

Neo-Liberal Contradictions Regarding Subjective Perceptions of Themselves and Others

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Abstract

I argue that, in *The Birth of Biopolitics*, Foucault suggests pointing to the goal of undermining a healthy economic status for the working class through decimation of education and social institutions as a superior method of understanding the goals of the neo-liberal than pointing to some internal property like rationality qua economics. The neo-liberal conception of all persons in a capitalist society as simultaneously Homo Economicus and human capital contains an inherent contradiction. The two conceptions of persons in a capitalist system are differentiated by necessity and possibility: simple bearers of human capital inherit the properties that make them the ability-machines they happen to be (even if it is the case that those dispositions can be honed when properly practiced) Homo Economicus is only a possible state of one who bears human capital; the capacity for rationality must be honed qua economics for the Homo Economicus to come to be. Moreover, if Homo Economicus is always acting rationally and with the goal of wealth and satisfaction, promoting the economic well-being of those who simply bear human capital in ways that do not contribute to their own wealth and satisfaction will be irrational, but this is all they do by providing the capitalist with theoretical fodder for the exploitation of the working class. I argue that this contradiction is morally inconsolable and based on two misconceptions: (i) the market is an entity apart and (ii) that being a member of the species Homo Economicus is necessarily a means to obtaining wealth.

Neo-Liberal Contradictions Regarding Subjective Perceptions of Themselves and Others

Foucault's analysis in *The Birth of Biopolitics* exposes a contradiction in the neo-liberal's understanding of persons as simultaneously Homo Economicus and human capital. Foucault describes Homo Economicus as, "...divided in relation to himself" (Foucault, *The Birth of Biopolitics*, Lecture 9: 226). This statement requires a gentle and careful unpacking. The purpose of this paper is to unpack this divisive relation by providing concrete support for Foucault's critique of the neo-liberal conceptions of Homo Economicus and human capital. In doing so, I expose that which differentiates the two and thusly argue that the neo-liberal ultimately conceives of himself as Homo Economicus and not a simple bearer of human capital. This is because the neo-liberals agree amongst themselves, in virtue of the theoretical undertakings in which they participate, that they have the properties indicative of their definitions of Homo Economicus¹—namely rationality qua economics and the desire for wealth—whereas they do not conceive of the members of the working class as fitting the definition applied to Homo Economicus.

The capacity to judge the comparative efficacy of means for obtaining the end of wealth is not a capacity inherent to all persons. I take the neo-liberal to mean the capacity *for* this capacity, but this is unclear; this capacity is taught and learned, evidenced by the massive wealth gap in modern society. However, all persons who live under a capitalist umbrella can be conceived of as possessing human capital—the wage is, "...nothing other than...the income allocated to a certain capital...[that] cannot be separated from the human individual who is its bearer..." (Foucault: 226). On the implicit neo-liberal account of the difference between Homo Economicus and one who simply bears human capital is akin to (but does not map perfectly onto) the class difference between the proletariat and the bourgeoisie and comes in tow with similar antagonisms. The explicit neo-liberal conceptions of Homo Economicus and human capital are supposed to be all-encompassing for all persons and in some sense interchangeable terms, but I argue that it is clear that members of the species Homo Economicus exhibit capacities that differentiate them from persons who simply bear human capital. Moreover, Homo Economicus actively works to restrict those who simply bear human capital from gaining these capacities in virtue of their theoretical work being co-opted by the capitalist. I will continue to make the following point: I am not charging the neo-liberal with working intentionally towards these restrictions; I suggest that it is a result of contradictions that arise from the neo-liberal's subjective perceptions of themselves and others.²

Of Homo Economicus, Foucault tells readers, "*Homo [Economicus]* is an entrepreneur of himself, being for himself his own capital, being for himself his own producer, being for himself the source of [his] earnings" (Foucault: 226). The product which results from his entrepreneurship is, "...his own satisfaction" (Foucault: 226). On the caveat of satisfaction alone, the distinction between Homo Economicus and human capital becomes clear: Homo Economicus works rationally towards the ultimate ends of wealth—which may or may not encompass their satisfaction—while one who bears human capital works tirelessly towards their satisfaction which I suggest rarely includes the absolute possession of wealth as an ultimate end even when they explicitly claim that it does. Often, the end of human capital—their satisfaction—is to feed their families, make it through their lives with just enough to be able to live past their capacity to work—i.e., be able to retire and continue to survive—and so on.

This is one way in which Homo Economicus is divided in relation to himself when he is also considered as human capital; Homo Economicus is both the producer and consumer of his own human capital while maintaining the ultimate desire of wealth. This division exposes how Homo Economicus's

¹ Homo economicus is understood as the target of political economy. As Mill states in *On the Definition of Political Economy, and on the Method of Investigation Proper to It*: [Political economy] does not treat the whole of man's nature as modified by the social state, nor of the whole conduct of man in society. It is concerned with him solely as a being who desires to possess wealth, and who is capable of judging the comparative efficacy of means for obtaining that end. I paraphrase this definition extensively.

² Tupac was well known for taking his favorite line from a freestyle and selecting a piece of that line as the title for the track on the record. I borrow this methodology here.

subjective perception of himself is not well understood as human capital, but as a hopeful capitalist. In this respect, Homo Economicus can seem to have opposing ends where the simple bearer of human capital cannot: Homo Economicus can wholly possess the subjective desire to live off the land or in the middle of nowhere with no capital other than his own—which, in the case of wilderness living, he would have relinquished, as capital is not *capital*³ in a void—and not do so simply on rational grounds. However, if he has already obtained considerable wealth and has set in motion the mechanics of his wealth-machine, he could obtain his wilderness-satisfaction *and* his rational ends of wealth. This is not a choice which is available to those who simply bear human capital. In either case, the working class, on the implicit neo-liberal conception of Homo Economicus, is not Homo Economicus. Their satisfaction—like their human capital—is more often than not predetermined by their biological and social genetics⁴.

When one is born into a lower social stratosphere to parents who have not accrued sufficient wealth such that they have the possibility to become Homo Economicus on the pure definition, they are at odds with the system in which they are born. Perhaps they cannot attend a good school because their parents cannot afford it, or they must work to earn a wage and contribute to their family-satisfaction. The simple bearers of human capital are taught two things: they must work graciously within their economic stratosphere to achieve basic necessities—food, shelter, and so on—while they must simultaneously sacrifice some of those necessities if they hope to move away from their predestined class. If Homo Economicus does not treat the whole of man's nature as their conduct in society but is strictly concerned with him as a being who desires to possess wealth, and if the satisfaction of one who simply bears their human capital requires a general relinquishing of the entirety of their wealth in order to survive, the ends of the working class under capital are insoluble with the end goal of Homo Economicus. In short, for Homo Economicus to obtain their definitional goal, they *require* persons who are not of the species Homo Economicus but possess human capital. This is the great falsehood of our modern society: anyone, given frugality, can become wealthy over time. If this were true, we would often see members of our society who go from being temporarily embarrassed millionaires⁵ to dropping the aspect of embarrassment.

The moral tragedy is that the neo-liberal conception propositions the working class to continually accept this agreement without imagining themselves in the same position. The neo-liberal will always see themselves as a temporarily embarrassed capitalist under the guise of their perspective on Homo Economicus instead of the bearer of human capital that they actually are. I suggest that neo-liberal theorizing is a result of the neo-liberal's inability to admit to their social position as proletarian and aspire to consider themselves higher class. By theorizing from atop their faux-ivory towers in defense of the market as an entity apart while simultaneously relying on the assumption that the market is an entity apart—question begging at best, and blind subordination to the capitalist at worst—the neo-liberal has failed to realize that the market cannot exist without persons who are not Homo Economicus, but only possess human capital. Without the exploitation of those who trade human capital for wages whose satisfaction does not consist in wealth but in the relinquishing of their wealth, the market ceases to exist.

According to Foucault—by relying on the work of Peter Schumpeter—neo-liberals lean on *innovation* to explain the fluctuation of markets over time. This term—innovation—is supposed to invoke some rational aspect of production; it is more than simple production by putting human capital to work. This rationality is an external injection into the development market circumstances. This is not the specific rationality of Homo Economicus, however; this is the general rationality inherent in human beings generally. Innovation is explained by Schumpeter in *The Theory of Economic Development* with an appeal to five conditions required for economic development. Schumpeter explains:

³ This is to suggest that for some entity which has the potential to be considered capital to be currently instantiated *as capital*, it must be currently bound up in the system of capitalism, as an organism's proper parts are bound up in its metabolism.

⁴ I mean here to compare someone's sociological standing from birth to their biological standing: out of their control.

⁵ A paraphrase of a quote from John Steinbeck's article "A Primer on the '30s." in *Esquire* (June 1960): "I guess the trouble was that we didn't have any self-admitted proletarians. Everyone was a temporarily embarrassed capitalist."

“[The concept of economic development] covers the following five cases:

- (1) The introduction of a new good—that is one with which consumers are not yet familiar—or of a new quality of a good.
- (2) The introduction of a new method of production, that is one not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new, and can also exist in a new way of handling a commodity commercially.
- (3) The opening of a new market, that is a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before.
- (4) The conquest of a new source of supply of raw materials or half-manufactured goods, again irrespective of whether this source already exists or whether it has first to be created.
- (5) The carrying out of the new organisation of any industry, like the creation of a monopoly position (for example through trustification) or the breaking up of a monopoly position.”⁶

What is fundamental to each of these five conditions for development is that none can occur sans the presence of the simple bearers of human capital, yet the neo-liberal would suggest that it is the work of Homo Economicus. The neo-liberal would be incorrect to make this suggestion; while a precondition for economics as a study may be Homo Economicus, the precondition for economies, market economies included, is the collection of those who bear human capital. In light of this characterization, the definition of a simple bearer of human capital can contain the phrase, “An entity on which markets depend for their existence.” Once this theoretical move is accepted it is evident that the usual characterization of markets is a bit of a category mistake and markets do not exist apart any more than Cartesian selves. One can point to (1-5) above and in doing so lose the ability to ask the question, “But where is the market?” The question becomes empty and meaningless. The fundamental entities pointed to in (1-5) just are the aspects that, when properly combined, entail market conditions. Thus, human capital is an ontological precondition for market economies, and Homo Economicus arises from analysis of these market economies—that which gives us expositions such as in (1-5)—and the potential for exploitation of these pre-conditions with the end goal of possessing wealth (regardless of their actually obtaining wealth). This ontological pre-condition, as I have argued in line with Foucault, can be understood through biological and social genetics, both of which lack the necessity of exercising or become skilled in some capacity like is required for Homo Economicus.

If we attempt to analyze Homo Economicus via some inherited property along the same methodological lines of the way that human capital is understood, we should find it to be quite difficult. The closest property which might be a candidate is an exercised capacity: rationality qua economies. After all, this is what differentiates Homo Economicus from a simple bearer of human capital. As previously noted, this is really an exercise of a capacity of a capacity; the capacity to rationalize is exercised via the capacity to understand and theorize about the economy. It seems to follow that to be Homo Economicus is more or less just to be an economist. It is not a prerequisite of Homo Economicus that they actually possess wealth, just that they aim to possess wealth through rational means. Homo Economicus requires market economies. In order for an economist—one who studies the economy—to come to be, there must be something for him to study. Thus, there must be an ontological precondition for markets made up by human capital as it is explained; in my view and analysis human capital is not unique to capitalism given its expression as hereditary traits. Once it is understood that human capital is an ontological pre-cursor to markets, the contradiction between the neo-liberal perception of Homo

⁶ Schumpeter: 66.

Economicus and human capital once again rises to the surface. On human capital *per se*, Foucault begins this discussion as follows:

“How is human capital made up? Well, they say, it is made up of innate elements and other, acquired elements. Let's talk about the innate elements. There are those we can call hereditary, and others which are just innate; differences which are, of course, self-evident for anyone with the vaguest acquaintance with biology. [...] In actual fact, in the—I was going to say, classical—analyses of these neo-liberals, in the analyses of Schultz or Becker, for example, it is indeed said that the formation of human capital only has interest and only becomes relevant for the economists inasmuch as this capital is formed thanks to the use of scarce means, to the alternative use of scarce means for a given end. In other words, one of the current interests in the application of genetics to human populations is to make it possible to recognize individuals at risk and the type of risk individuals incur throughout their life.”⁷

Without taking the necessary but ill-allowable time to unpack the generally clever jabs in Foucault's comparison between the neo-liberal conception of human capital and the way in which the proletariat is understood through classical political economy, there is a clear-cut exposition of the neo-liberal position on human capital in this extended passage. That human capital can come in and out of relevancy for economists—those persons who I have argued are in the best position to be considered Homo Economicus—says much about the social positioning of Homo Economicus in the economic stratosphere. In giving oneself permission to analyze persons in terms of their human capital as relevant or irrelevant, they are implicitly placing themselves higher up on the economic hierarchy. Thus, Homo Economicus cannot analyze themselves in terms of their human capital, but only in terms of what they have to gain by exploiting the human capital of others. The neo-liberal explicitly recognizes this but cannot admit it without admitting to themselves that they are actually composed of human capital and not Homo Economicus in the sense in which they define it. They are not producers in the classical sense nor are they capitalists, but analysts which provide the capitalist with the tools to sharpen techniques by which more producers themselves are produced. Moreover, these techniques are used to produce *better* producers in the sense that they restrict the possibility of simple bearers of human capital from crossing the boundaries from proletariat into capitalist. The fruits of the labor of Homo Economicus are not found in wealth, but in the generation of wealth for others by providing novel techniques for exploitation.

By controlling the institutions that nurture the working class—or fail to nurture the working class—the neo-liberal determines the post-natural development—or lack of development—of its members. Foucault explains the neo-liberal approach to the determination of the development of human capital in the following way:

“Obviously, the neo-liberals pose their problems and set out their new type of analysis much more from the angle of acquired human capital, that is to say, of the more or less voluntary formation of human capital in the course of individuals' lives. What does it mean to form human capital, and so to form these kinds of abilities-machines which will produce income, which will be remunerated by income? It means, of course, making what are called educational investments.”⁸

The neo-liberal hopes to forge abilities-machines from human capital but takes great measures to put theoretical roadblocks in place such that the simple bearers of human capital which do not have the rational capacities required for upward social mobility never achieve those capacities. This is a harsh

⁷ Foucault: 226-8.

⁸ Foucault: 229.

accusation, and so I include a caveat for their sake and mine: I am not of the opinion that the neo-liberal does this out of malice or with ill-intentions. I take it to be the case that the neo-liberal cannot accept that they are members of the working class simpliciter, and so their theorizing comes along with this dangerous aspect of their worldview. Given that they see themselves as existing outside the scope of their own analysis; the neo-liberal sees themselves as more rational than the working class, and thus, better.

Thusly, the neo-liberal conception of Homo Economicus as human capital contains a contradiction that, when brought to the light ought to be very unsettling for the neo-liberal. The natures human capital *and* Homo Economicus are both supposed to revolve around, at the very least, some elements innate to all humans. In the case of human capital, these elements are hereditary. In the case of Homo Economicus, these elements are also hereditary, but must be further cultivated through economic education coupled with a certain rational capacity. The luddite cannot come to be Homo Economicus. This harkens back to my original conception of Homo Economicus: the elements inherent in Homo Economicus as an entrepreneur are rooted in nurture. Moreover, on Foucault's conception of human capital falling in and out of relevance according to risk incurrence, Homo Economicus—what can and should be understand as an economist—will want to prevent the simple bearer of human capital from traversing into the realm of Homo Economicus (if for no other reason than in an attempt to limit their competition). Given the end goal of the possession of wealth, Homo Economicus has the potential to decimate educational institutions in order to reign in the potential of the working class in order to obtain that wealth. Their possession of wealth requires the exploitation and restriction of the working class, and so their rational ends will promote a specific kind of satisfaction for the working class—namely, they will restrict them to surviving, but not thriving—and will do so under the great falsehood of framing the working class as temporarily embarrassed millionaires. To reiterate, I am not charging the neo-liberal of committing this act intentionally. It is likely a result of their distorted self-image.

If one was careful, they might object that I have simply pushed the contradiction back one step, or worse, posed a further contradiction in my own analysis, but I contend that this is not so. I am not suggesting that Homo Economicus represents the capitalist or the bourgeoisie in my comparative analysis to the antagonisms found in the contradiction presented in neo-liberal theorizing, but this could not be further from the case I have presented. Homo Economicus, I have argued, need not actually possess real wealth to maintain their definitive status but only the rational desire to possess wealth. His perceiving himself as being outside of the realm of his analysis is a direct result of his agreed upon definition of what it means to be himself. An implicit problem of other minds or economic solipsism. The capitalist will loom large as the actual daemon⁹ of wealth, exploiting the analysis of the economist time and time again.

When Homo Economicus considers himself to be above those who purely bear human capital, it is because they have raised their own status of themselves by their own agreed-upon definition of what it means to be at the top of the economic food-chain. One need only bring to light the definition of the capitalist—he who owns the means of production—to see that Homo Economicus is simply one who bears human capital like anyone else, although they have nurtured their capacities for economic rationality in a theoretical sense. The capitalist who owns the universities which publish and profit from their work profit from the labor power of the analyst and theorizer. Worst, the capitalist exploits Homo Economicus in virtue of the theoretical work presented by Homo Economicus to their own detriment. If one was to take a stance against the work of the neo-liberal, he need only accuse them of doing theoretical work for the benefit of the capitalist, if unknowingly. If the intellectual resources of the neo-liberal think-tank could theorize sans the assumption of the market being an entity apart while simultaneously seeing themselves as self-admitted proletarian instead of temporarily embarrassed capitalists, perhaps they could acknowledge the foley of their subjective stance towards themselves.

⁹ A daemon which possesses wealth; the neo-liberal's theoretical body of work will require Father Marx to exorcise the intentionally evil capitalist to which they are continuously genuflecting.

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