

A Foucauldian Critique of Neo-liberalism

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Abstract

This study attempts to make a contribution to the critique of contemporary capitalism. This has been conceptualised through a Foucauldian critique of neo-liberalism, that is, Foucault's concepts of power and governmentality have been used to criticise neo-liberalism. The study argues that neo-liberalism is a hegemonic and oppressive politico-economic social system. This has occurred in two ways; firstly, neo-liberalism came to dominate the global economy and, secondly, neo-liberalism has become the dominant politico-economic discourse. An attempt is made to expose the discourses and institutions that buttress the neo-liberal project by undertaking a Foucauldian critique. According to Foucault, knowledge shapes the social space through its 'mechanisms', discourses and institutions. In order to critique neo-liberalism, it is necessary to expose its power-knowledge base, which is what gives it legitimacy. By analysing and exposing neo-liberalism's power-knowledge base, its oppression becomes clear through an observation of the material effects of neo-liberal ideology and policy. This study also evaluates to what extent Marxism is a viable alternative to neo-liberalism, in order to ascertain what Foucault adds to already existing critiques of capitalism, and neo-liberalism, in particular. It concludes by arguing that even though Marxism provides a useful framework in which to understand neo-liberal domination, its labour based social theory is somewhat outdated in our contemporary age of the information society. Therefore, it is Foucault's concept of power-knowledge that is most pertinent in providing an effective critical theory of neo-liberalism in the age of the information society, as it focuses on the primacy of power-knowledge in matters of domination.

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Chapter 1: The Problem of Neo-liberalism

This chapter seeks to highlight the problem of neo-liberalism. It attempts to do this by firstly defining what neo-liberalism is and outlining how it has come to dominate our contemporary era. Secondly, this chapter will also provide a critique of neo-liberalism as a politico-social theory. The economic critiques of neo-liberalism have been extensively detailed by various academics and members within society. Thus, the main focus of this chapter is to analyse and critique the politico-social aspects of neo-liberalism. If it is to be argued that neo-liberalism has become a dominant economic, social and political system then an analysis and critique of how it operates within human society is highly necessary.

Neo-liberalism: the background

Neo-liberalism made its first appearance in the 1970's during the economic crisis in America which had persisted throughout that period and became firmly established under the Reagan administration of the 1980's. Harvey in an interview¹ states that neo-liberalism was a response to a dual crisis that emerged in the mid-1970's for the ruling class (Choonara, 2006). This crisis was firstly characterised by a "crisis of accumulation as the capitalist system was stagnating and profits had fallen from the rates achieved immediately after the Second World War" (Choonara, 2006). The second aspect of the crisis was characterised by "a rising tide of workers' struggle in the 1960's and 1970's [that] posed a threat to the political power of the ruling elite" (Choonara, 2006). In the light of this crisis the Reagan administration formulated the theoretical paradigm that was to become neo-liberalism. Harvey notes that throughout the 1970's the ideas that underlie neo-liberal policy such as

¹ Choonara, J. and Harvey, D. 2006. "A War Waged by the wealthy" - Interview with David Harvey. *Socialist Review*. <http://www.socialistreview.org.uk/article.php?articlenumber=10801>

deregulation, privatisation and the withdrawal of the state from many areas of social provision took ‘centre stage’ as an answer to the dual crisis (Choonara, 2006)². They were to find their material manifestation through the Reagan administration.

The Midnight Notes Collective (2009) notes that the primary economic system of the last 30 years, neo-liberalism, has sought to bring the global economy back to a ‘pre-New Deal’ stage of ‘free market’ capitalism in which the ‘market’ is sovereign (Midnight Notes, 2009:3). Harvey writes:

“The 1970s were troubled years. The global crisis of capital accumulation then unfolding was the worst since the 1930s. The strong state interventionism that had prevailed in most of the advanced capitalist countries after 1945 and delivered high rates of growth was in difficulty” (2006: x).

This was due to a number of factors. The first was the oil embargo initiated by the Arab states in response to the Israeli war in 1973 which marked the ‘onset of recession’, and, posed the question of how the money being paid to the Arab states for oil would be ‘recycled’ back into the global financial system (Harvey, 2006: x). On top of this problem were the concerns of ‘property crashes worldwide’ and the collapse of a number of important financial institutions in early 1973 (Harvey, 2006: x). Robinson notes:

“[s]tarting in the 1970s world capitalism entered into a deep crisis, expressed as a crisis of profitability, of investment opportunities, an energy crisis, the phenomenon of stagflation³ (inflation plus stagnation), and so forth. This was in essence, a crisis of nation-state capitalism” (2007: 17).

² <http://www.socialistreview.org.uk/article.php?articlenumber=10801>

³ Harvey states that the 1970’s were a ‘phase of chronic capital surplus’. This is because: “[p]rofitable uses for the surplus were hard to find because the existing outlets—speculation in property markets, surging state expenditures on the war, burgeoning expenditures on the welfare state—were either saturated or organized in ways that made profiteering difficult. A chronic crisis of stagflation set in” (2006: x). Stagflation is defined as: “[s]tagnation accompanied by inflation. It is an economic anomaly where high unemployment (due to economic stagnation) is accompanied by high inflation (instead of low inflation due to falling demand). Triggered first in 1973 by the OPEC’s four-fold increase in oil prices (which raised all prices, thus slowing economic growth)” (BusinessDictionary). <http://www.businessdictionary.com/definition/stagflation.html>.

Harvey states that in the light of the crisis of 1973, financial deregulation and budgetary austerity (tenets of neo-liberal policy) “were already being touted as solutions” (2006: x).

The New Deal instituted by Franklin Roosevelt’s government after the Great Depression in America sought to provide a solution to the economic and social crisis that engulfed the United States. The New Deal was based on three programs; the first was the official recognition of trade unions (Midnight Notes, 2009: 3), the second was the increase of wages in relation to a direct increase in productivity (Midnight Notes, 2009: 3) and the third was the creation of the welfare state (Midnight Notes, 2009:3) that provided social amenities for its citizens, especially those most adversely affected by the Depression. The Midnight Notes collective writes: “[t]he New Deal was struck in the context of an organized, rebellious workforce in the US, empowered by years of marches, by revolts against unemployment and evictions” (2009: 3). However, the Keynesian economic policies that underlined and justified the New Deal were “wiped out by the long cycle of waged and unwaged workers’ struggles, which in the 1960s and 1970s attempted to ‘storm the heavens’ and transcend the New Deal” (Midnight Notes, 2009: 3). This had happened within the context of the various movements that had mobilized in America from the mid 1960’s into the 1970’s.

These movements included the civil rights movement, the anti-war movements against American imperialism in Vietnam, the feminist movement centred on women’s liberation and cultural movements such as the gay rights movement. All these struggles coincided with the workers’ movement that was mobilising for greater improved working conditions and higher wages; in essence, an improvement on the New Deal in light of the new struggles and movements that existed in the America of the 1960’s and 1970’s. The Midnight Collective writes that the workers’ movement:

“circulated from the factories through the schools, the kitchens and bedrooms, as well as the farms of both the metropolises and the colonies, from wildcat strikes, to welfare office sit-ins, to guerrilla wars. They challenged the

sexual, racial, and international division of labor with its unequal exchanges and legacy of racism and sexism. In a word, Keynesianism was undone by the working class (waged and unwaged) in the 1970s” (2009: 3).

The end of Keynesianism led to the beginning of neo-liberalism. Harvey explains that the economic solutions that arose from the aftermath of the struggles and recession of the 1970's were termed neo-liberal and focused on finance capital as the basis of the economy (2006: xi). However, before looking at neo-liberalism it is necessary to take a brief look at the basic nature of Keynesianism.

Keynesianism stems from a school of economics founded by John Keynes. Keynesian economists urge and justify a government's intervention in the economy through public policies that aim to achieve full employment and price stability (Business Dictionary.com).⁴ Blinder⁵ explains:

“Keynesians’ belief in aggressive government action to stabilize the economy is based on value judgments and on the beliefs that (a) macroeconomic fluctuations significantly reduce economic well-being and (b) the government is knowledgeable and capable enough to improve on the free market” (2008).

Thus, Keynesian economics places much emphasis on the necessary and important role of the state in terms of the economy. In essence, one can argue that Keynesian economics promotes what is termed a ‘mixed economy’, an economy in which the government intervenes to regulate the ‘free market’. It can also be argued that Keynesian economics are to a degree sympathetic to workers and other citizens; for neoliberals such sympathy is misplaced and compromises the efficiency and profitability of business. Kumo⁶ writes:

⁴ <http://www.businessdictionary.com/definition/Keynesian-economics.html>

⁵ Blinder, A. 2008. “*Keynesian Economics*” *Library of Economics and Liberty*.
<http://www.econlib.org/library/Enc/KeynesianEconomics.html>

⁶ Kumo, W. 2009. “The Global Economic Crisis and the Resurgence of Keynesian Economics”. *Political Articles.Net*.
<http://www.politicalarticles.net/blog/2009/03/01/the-global-economic-crisis-and-the-resurgence-of-keynesian-economics/>

“From 1941 -1979 Keynesian economics dominated macroeconomic analyses and policy. Based on the Keynesian economic theory, governments in industrialised countries intervened in the business cycles by increasing spending and reducing taxes and interest rates to boost aggregate demand during recessions. However, the 1973 oil shock and repeated recessions with rising unemployment and inflation (stagflation) undermined the prescription of demand management. Monetarists and supply side economists began to provide alternative economic views on how business cycles ought to be managed” (2009).

This meant that monetarists ⁷ who believe that money is the focal point in economics were able to critique Keynesian economics for its inefficiency in terms of government intervention in the economy, as monetarists believe that once money supply is secure then the markets will “take care of the rest in the economy” (Kumo, 2009). Kumo notes that monetarists believe that markets are the best solution to economic problems like inflation and unemployment (2009). Kumo explains that supply side “economic thinking that focuses on [the] free market system that encourages supply or production of goods and services through such incentives as tax cuts” complemented monetarism as a “tool of neoliberal economic policies of Western governments since the 1980s” (2009). With Keynesian economics discredited and America baulking under the pressure of the workers’ struggle as well and the adverse effects of the 1973 oil crisis, neo-liberalism came to the fore as an alternative economic system. Harvey notes that the capitalist elites ‘emerged from the turmoil’ of the 1970’s having managed to maintain and secure their financial assets, as well as spread their influence globally (2006: xi).

The Midnight Collective argues that neo-liberalists responded to workers’ power- by firstly, relocating the means of production to outside of the United States to take advantage of

⁷ Kumo writes: “[m]onetarism is a type of macroeconomic theory that focuses on the role of money in the economy. This differs significantly from Keynesian economics, which emphasizes the role that the government plays in the economy through expenditures, rather than on the role of changes in monetary policy. According to monetarists, managing the money supply is a key in ensuring the stability in the economy. The markets will take care of the rest in the economy. Thus, according to this theory, markets are more efficient at dealing with inflation and unemployment” (2009). <http://www.politicalarticles.net/blog/2009/03/01/the-global-economic-crisis-and-the-resurgence-of-keynesian-economics>

the cheaper labour and lower taxes in the poorer countries; and, secondly, by initiating the deterritorialization of capital so as to spread risk (2009: 4). The third response was increasing competition amongst workers by expanding the labour market (Midnight Collective, 2009: 4). The fourth response was to allow the dissipation of the welfare state; and the final response to the workers' movement was land expropriation (Midnight Collective, 2009: 4). Thus, it can be observed that neo-liberalism was in part a calculated vicious attack and response to the workers' struggles of the 1960's and 1970's.

During the Reagan administration the dissolution of the welfare state was effected. Lipsey *et al* write: “[t]he Reagan administration consistently articulated a view that with a strong private economy there would be no role government transfers⁸ except to support a small group of the ‘truly needy’ ” (1990: 413). This meant that the American government was indirectly stating that it was extensively cutting down on the delivery of social services except for those who were denoted by the subjective phrase ‘truly needy’. The ‘central tenet’ of the neo-liberal programs of the Reagan administration was the notion that economic growth was the long term solution to the ‘war on poverty’ (Lipsey *et al.*, 1990: 413). President Reagan announced: “[o]ur aim is to increase national wealth so all will have more, not just a sharing of scarcity” (Lipsey *et al.*, 1990: 413). From such a statement one can see that there is emphasis on growth through the ‘increase of national wealth’. In order to make the economy more efficient and recover from the crisis of the 1970's the Reagan administration sought to decrease the American federal government's domestic expenditures by cutting spending on what they deemed ‘expensive’ welfare initiatives that they argued had not really made much difference ‘in any case’ (Lipsey *et al.*, 1990: 413).

⁸ This simply refers to government social assistance in the form of programs such as food stamps and Medicaid (health cover) (Lipsey *et al*, 1990: 412).

Thus, the Reagan administration cut the funds for social assistance programs like food stamps, Aid to Families with Dependent Children (AFDC) and Medicaid (health cover) with the hope that the economic recovery resulting from the reduction in government spending, accompanied by reduced inflation would ‘ameliorate the lot of the poor’ (Lipsey *et al.*, 1990 :413). Lipsey *et al* note that 20% of welfare recipients lost some or all of their benefits and that the number of the people living below the poverty line in America “increased sharply between 1979 and 1987” despite the fact that by 1987 the unemployment rate was lower than it had been in 1979 (1990: 413-14). Thus, it can be concluded that the neo-liberal approach to dealing with the problem of poverty in America has actually increased the poverty rates (Lipsey *et al.*, 1990: 416) instead of reducing them through proposed economic growth. Lipsey *et al* explain:

“The antipoverty policies that were developed between the 1930s and 1980 included attempts to expand employment opportunities; retraining programs intended to match people with available jobs; social insurance to help the able bodied meet the risks of unemployment and retirement; and categorical assistance designed to help those unable to care for themselves. *The evidence is clear that these policies greatly reduced poverty in the United States* [my emphasis]” (1990: 415).

It becomes clear that the neo-liberal approach in America led to an increase in poverty that undid the work Keynesian approaches to the economy and poverty had achieved. In other words, neo-liberalism reversed the gains established by a mixed economy which allowed for the role of a welfare state. Using America as a case study it becomes apparent that neo-liberalism *does not* alleviate poverty through its proposed growth approach.

Neo-liberalism guaranteed its dominance by weakening the workers’ movement. This can be observed through the anti-trade union policies of President Reagan and Prime Minister Thatcher. Examples include Reagan’s defeat of the air traffic controller’s strike in 1981 and Thatcher’s defeat of the miners’ strike in 1985 (Midnight notes, 2009: 4) both of which were

followed by “an orgy of union busting campaigns and continual threats to sabotage social security pensions and other guarantees (the ‘safety net’)” (Midnight notes, 2009: 4). The ‘ultimate triumph’ of neo-liberalism was guaranteed by the dissolution of the Soviet Union and subsequent collapse of the socialist Eastern European states (Midnight Notes, 2009: 4). This allowed for the unchallenged global extension of neo-liberal policies.

Neo-liberalism has managed to monopolise the global market and expand its capital base worldwide. Thus, the rise of contemporary globalization has gone hand in hand with the development of neo-liberalism. Harvey writes:

“[t]ariffs had to be reduced, anti-protectionist trade agreements constructed and an international order opened up that permitted the relatively free flow of capital worldwide. If this could not be accomplished peacefully then financial coercion (orchestrated through the IMF) or covert operations (organized by the CIA) were brought to bear” (2006: xxv).

To facilitate the global dominance of neo-liberalism America has international institutions like the International Monetary Fund (IMF) and World Trade Organization (WTO) which ensure the consistent application of neo-liberal principals and tenets worldwide. This is in order to make certain that “every possible barrier to the profitable deployment of [capital] surplus” is broken down (Harvey, 2006: xxv).

Neo-liberalism in Crisis

The financial crisis of 2007 to 2008 highlighted the fact that neo-liberalism is facing a major crisis. In essence, the financial crisis was caused by the excessiveness of neo-liberal economic policy through the unregulated dominance of ‘the market’. Harvey explains:

“Neoliberalisation has an astonishing record these last thirty years or so of breaking down innumerable barriers worldwide to the absorption of capital surpluses. It has also invented all manner of new forms of speculation in asset values that similarly suck in massive quantities of capital surplus, though at considerable risk. What is

equally astonishing is its capacity to organize and orchestrate gigantic devaluations of capital worldwide without, *up until now, crashing the whole system* [my emphasis]" (2006: xxvi).

Harvey writing in 2006 was able to predict the subsequent crisis that occurred between 2007 and 2008, that currently affects the world. It is important to look at the factors that led to the crisis.

Paul Krugman, noted American economist and Nobel laureate, stated that the immediate cause of the crisis was the 'housing bubble' in the US which in turn led to 'widespread' mortgage overdrafts and subsequently to large losses at "many financial institutions" (Krugman, 2008a)⁹. George Soros¹⁰ the well known investor writes:

"The proximate cause is to be found in the housing bubble or more exactly in the excesses of the subprime mortgage market. The longer a double-digit rise in house prices lasted, the more lax the lending practices became. In the end, people could borrow 100 percent of inflated house prices with no money down. Insiders referred to subprime loans as ninja loans—no income, no job, no questions asked" (2008).

First and foremost, large amounts of money were being lent out on credit to allow the American consumer to acquire housing or purchase particular assets, without the necessary precautions or regulations to check if they could then repay back the amount(s) they had borrowed. Krugman¹¹ notes that the 'initial shock' of the widespread mortgage defaults was:

"compounded by secondary effects, as lack of capital forced banks to pull back, leading to further declines in the prices of assets, leading to more losses, and so on — a vicious circle of 'deleveraging'.¹² Pervasive loss of trust in banks, including on the part of other banks, reinforced the vicious circle" (2008a).

⁹ Krugman, P. 2008a. 'Moment of Truth'. *New York Times*. <http://www.nytimes.com/2008/10/10/opinion/10krugman.html>

¹⁰ Soros, G. 2008. 'The Crisis & What to Do About It'. *New York Review of Books*. <http://www.nybooks.com/articles/22756>

¹¹ <http://www.nytimes.com/2008/10/10/opinion/10krugman.html>

¹² Deleveraging is defined as: "[a] company's attempt to decrease its financial leverage. The best way for a company to delever is to immediately pay off any existing debt on its balance sheet. If it is unable to do this, the company will be in significant risk of defaulting... Any sign of deleverage shown by a company is a red flag to investors who require growth in their companies" (Investopedia). <http://www.investopedia.com/terms/d/deleverage.asp>

As a result, money markets which are a “[n]etwork of banks, discount houses, institutional investors, and money dealers who borrow and lend among themselves for the short-term (typically 90 days)” (BusinessDictionary.com)¹³ became ineffective and the network ceased to operate efficiently, if at all. Krugman notes that consequently the money markets ‘effectively shut down’ (2008a)¹⁴. This in turn led to the financial crisis. Even though its origins were in America the crisis affected the whole globe. Krugman states:

“[w]hy do we need international cooperation? Because we have a globalized financial system in which a crisis that began with a bubble in Florida condos and California McMansions has caused monetary catastrophe in Iceland. We’re all in this together, and need a shared solution” (2008a)¹⁵.

Thus, the ‘globalized financial system’ that neo-liberalism established in the 1980’s is facing an unprecedented crisis. Having discussed the immediate reasons leading up to the crisis, it is now important to discuss the deeper causes of the crisis of neo-liberalism.

Krugman writing in the *New York Review of Books*¹⁶ states that in the ‘aftermath’ of the Great Depression banks were tightly regulated and that “international movements of capital which played a disruptive role in the 1930s, were also limited. The financial system became a little boring but much safer” (2008b). Krugman goes on to explain:

“Then things got interesting and dangerous again. Growing international capital flows set the stage for devastating currency crises in the 1990s and for a globalized financial crisis in 2008. The growth of the shadow banking

¹³ BusinessDictionary. “Money Market”. <http://www.businessdictionary.com/definition/money-market.html>

¹⁴ <http://www.nytimes.com/2008/10/10/opinion/10krugman.html>

¹⁵ *Ibid*

¹⁶ Krugman, P. 2008b. “The Crisis and What to Do About It”. *New York Review of Books*.
<http://www.nybooks.com/articles/22151>

system, without any corresponding extension of regulation, set the stage for latter-day bank runs on a massive scale. These runs involved frantic mouse clicks rather than frantic mobs outside locked bank doors, but they were no less devastating” (2008b)¹⁷.

Krugman’s point is that neo-liberal economic measures such as shadow banking and hedge funds which facilitate the rapid movement of capital flows and profit making had been to a greater extent unregulated. This in turn led to excessiveness in terms of financial transactions, eventually culminating in recession and the subsequent financial crisis. Shadow banking is defined as a system of non-financial institutions which borrow money on a short term basis and then use it to ‘invest in long-term assets’; shadow banking systems are however able to avoid general banking regulations through their use of credit derivatives¹⁸ (Investor Words.com).¹⁹ Hedge funds are defined as an: “[e]xceptionally risky and largely unregulated US investment partnership which employs aggressive leverage to multiply gains (or losses) from fluctuations in the prices of financial instruments (bonds, notes, securities)” (Business Dictionary.com)²⁰ Soros in an interview²¹ says :

“I think hedge funds should be regulated like everything else. In other words, you have to control leverage—credit obtained for investment purposes—somewhere. Excessive use of leverage is at the bottom of this problem. And there have been hedge funds that have been using leverage excessively and some of those have gone broke. The amount of leverage that people are allowed to use has to be regulated” (2008).

¹⁷ Krugman, P. 2008b. “The Crisis and What to Do About It”. *New York Review of Books*.
<http://www.nybooks.com/articles/22151>

¹⁸ Credit derivatives are defined as: “[o]ption or swap contract which serves as a hedge or insurance policy, and whose payoff depends on risk factors associated with a credit event (such as a firm’s bankruptcy or changes in its prospects for bankruptcy)” (Business Dictionary.com).
<http://www.businessdictionary.com/definition/credit-derivative-CD.html>

¹⁹ http://www.investorwords.com/7711/shadow_banking_system.html

²⁰ <http://www.businessdictionary.com/definition/hedge-fund.html>

²¹ Woodruff, J. and Soros, G. 2008. “The Financial Crisis: An Interview with George Soros”. *New York Review of Books*. <http://www.nybooks.com/articles/21352>

Thus, it appears that the financial crisis was caused by the failure to regulate capital flows within the neo-liberal economic system. Both shadow banking and hedge funds were beyond regulation meaning that the economic system was open to abuse and inordinateness. Soros in relation to the financial crisis states that the dominant notion that underlies the neo-liberal economic system is that of ‘market fundamentalism’ which holds that ‘markets are self-correcting’ (2008)²². Soros in the *New York Review of Books* writes:

“Although market fundamentalism is based on false premises, it has served well the interests of the owners and managers of financial capital. The globalization of financial markets allowed financial capital to move around freely and made it difficult for individual states to tax it or regulate it. Deregulation of financial transactions also served the interests of the managers of financial capital; and the freedom to innovate enhanced the profitability of financial enterprises” (2008)²³.

It becomes clear from Soros’ sentiments that the absence of regulation, with regards to financial institutions and systems based on the belief in the ‘market’, is the deep seated cause of the financial crisis. Wade asserts that the financial crisis was a result of inefficient regulation; he terms this failure to regulate capital, the “biggest regulatory failure in modern history” (2008: 12). Hence, the belief in the sovereignty of the market as espoused by neo-liberalism has been drastically undermined by the 2007-2008 financial crises. This in turn jeopardises neo-liberalism as an economic policy. Wade writes:

“The shocks of the past year—another thirty years on from the last major shift—support the conjecture that we are witnessing a third regime change, propelled by a wholesale loss of confidence in the Anglo-American model of transactions-oriented capitalism and the neoliberal economics that legitimized it (and by the US’s loss of moral authority, now at rock bottom in much of the world)” (2008: 6).

²² Woodruff, J. and Soros, G. 2008. “The Financial Crisis: An Interview with George Soros”. *New York Review of Books*. <http://www.nybooks.com/articles/21352>

²³ Soros, G. 2008. ‘The Crisis & What to Do About It’. <http://www.nybooks.com/articles/22756>

Thus it is apparent that the financial crisis has dealt a heavy blow to the theoretical paradigm that is neo-liberalism. Wade goes on to note that the response to the financial crisis has been the imposition of closer regulation of the market due to the suffering and disorder caused by neo-liberalism (2008:6). Wade writes somewhat humorously:

“As recently as May 2008 some commentators were still arguing that the crisis was a blip, analogous to a muscle strain in a champion athlete which could be healed with some rest and physiotherapy—as opposed to a heart attack in a 60-a-day smoker whose cure would require surgery and major changes in lifestyle” (2008: 7).

Therefore it is clear that neo-liberalism is in a crisis and that its economic policies have been shown to be disastrous and harmful. Wade notes that neo-liberalism as a global ‘model of financial architecture’ for the last twenty years, has been one of the victims of the crisis and its credibility has been ‘seriously damaged’ (2008: 16).

Even though the neo-liberal project has suffered a heavy blow in terms of the recent economic recession and the credit crisis in America this does not mean it has been completely defeated. Its structures and institutions are still in place. Indeed it is quite astonishing to observe how extensively neo-liberalism has permeated human society. The whole world has been affected by neo-liberalism; this then serves as testament to its dominance. One immediate explanation for this is that neo-liberalism has become intertwined with contemporary globalization and, as a result, has been able to take full advantage of the technologies and opportunities that contemporary globalization presents. These include media like the internet, electronic flows of money, satellite television as well as cellular technology. The aforementioned are a part of our daily human existence, of course not to the same degree everywhere, as social and economic contexts differ greatly. Globalization has created a context in which those who benefit the most from neo-liberal policies can operate virtually anywhere around the globe. McEwan notes: “[w]hile the basic tenets of neo-liberalism

operate in the rich countries the policy plays its most powerful role in many of the low-income countries of Latin America, Africa, Asia and Central and Eastern Europe” (1999: 4).

This section has sought to give a background to the origins and implementation of neo-liberalism. Neo-liberalism was an American construction to a large extent; however through globalization neo-liberalism has become the dominant economic system of the world. Yet, in recent years it has faced challenges from the global recession as well relatively strong resistance from left leaning nations such as Venezuela and Bolivia, who act in defiance of neo-liberal policies in order to protect their citizens from the adverse effects of neo-liberal policies. Nevertheless, neo-liberalism still remains the dominant framework for financial systems. In order to understand why this is the case an analysis of neo-liberalism as a politico-socio manifestation is essential.

The Oppression of Neo-liberalism

If one is to provide a critique of a particular social system one must expose its oppressive nature. Young’s definition of oppression is broad and therefore useful for this study. According to Young oppression is ‘structural’ in the sense that its causes are ‘embedded’ within “norms, rules, daily habits, customs and institutions” (1990: 41). This type of oppression is always present in modern society and is part of our lives on a consistent basis, through the normal ‘processes of everyday life’ (Young, 1990: 41). Young explains that structural oppression is “systematically reproduced in major economic, political, and cultural institutions’ (1990: 41). Neo-liberal society involves the economic, political and cultural because neo-liberalism is not just an economic system; it is also a politico-socio system that structures and determines social life. This means that neo-liberalism is an all encompassing phenomenon that determines how we live our lives. Neo-liberalism’s major tenet is the sovereignty of the market, and not the people. Thus the fact that neo-liberalism is

not people oriented hints that it could marginalise and exploit. By using Young's definition one is able to then look out for the oppression that stems from the institutions of the neo-liberal system. The argument is that neo-liberalism is a form of 'systematic oppression' (Young, 1990: 41). Young also discusses how capitalist society is an example of systematic oppression in that there is exploitation in that "some people have great wealth while most have little" (1990:49). Thus, exploitation appears to be an inherent feature of the capitalist system.

Young discusses how the privileged group, the capitalist class, is able to gain from the labour of the rest of society, through control of industrial production. Young also explains how marginalization is part of this oppressive system since people are excluded from participating meaningfully in social life due to their being poor or unemployed (1990: 53). Young argues that such people are likely to experience 'severe material deprivation' (1990: 53). Thus, it can be argued that neo-liberal society is a form of systematic oppression that exploits and marginalizes people.

As has been noted in the previous section neo-liberalism does *not* reduce the amount of poverty in a society. As shown by Lipsey *et al* (1990) during the Reagan administration poverty levels increased as a result of the application of neo-liberal policies. The growth principle does not alleviate poverty and actually increases inequality. The irony of this is: if America could not alleviate the poverty in its own country through neo-liberal policies how could the same policies achieve this goal on the international scale? In fact we might question what was the point of the neo-liberal policies implemented by the IMF and the World Bank? The answer is that this was done in order to coerce developing nations into adopting neo-liberal policies. Fraser writes:

“[i]n the Third [World (sic)], by contrast, neoliberalization was imposed at the gunpoint of debt, as an enforced programme of ‘structural adjustment’ which overturned all the central tenets of developmentalism and compelled post-colonial states to divest their assets, open their markets and slash social spending” (2009: 107).

This had disastrous consequences for many poor nations, especially in Africa which were hit hardest by the cutting of state expenditure in relation to education and health. Stromquist writes: “comparison of educational conditions in Africa with other regions, such as Latin America ...shows a consistent pattern of negative impacts of SAPs upon education” (1999: 20). Stromquist goes on to explain that the African and Latin American countries that have implemented IMF structural adjustment programmes (SAPs) have experienced ‘reductions’ in educational budgets and subsequently in enrolments in ‘primary and secondary schooling’ (1999: 21). The result has been that most African states do not have adequate health infrastructure and education levels are compromised. In Africa a preventable disease like malaria kills over 700 000, people most of them children (Unicef).²⁴ This highlights the lack of adequate investment in terms of health infrastructure. McEwan notes that democratic economic development is undermined by neo-liberalism (1999: 5). As a result the “rapid expansion of literacy programmes and other educational efforts would be hampered because they would require a major role for the public sector” (McEwan, 1999: 5). McEwan also writes: “heavy investment in health-care programmes runs contrary to neo-liberalism’s prescription of a minimal role for government in economic affairs” (1999: 5). Even efforts by the government to provide employment through an initiative like public works programmes cannot be implemented because neo-liberal policy deems that ‘production activity’ must be left to the private sector (McEwan, 1999: 5). Thus government should not get involved in employment creation.

²⁴ United Children’s Fund: http://www.unicef.org/media/media_39453.html

McNally states that WTO agreements have clauses through which private corporations can ‘punish’ governments that refuse to follow WTO stipulations, by putting the needs of their people as the top priority instead of the promotion of the free market (2002:195). The institutions that legitimize neo-liberalism such as the WTO and IMF have made it mandatory to adapt and follow neo-liberal policies because by not conforming to the norm a nation faces an indirect threat in the withholding of necessary loans and capital, which are absolutely vital for developing nations. Burchill writes:

“Developing societies are expected to adopt the free market blueprint (sometimes called the ‘Washington Consensus’) - opening up their economies up to foreign investment, financial de-regulation, reductions in government expenditure and budgetary deficits, the privatization of government - owned enterprises, the abolition of protection and subsidies, developing export oriented economies - or risk the withholding of much needed aid and finance” (2005: 76).

McNally argues that the WTO agreements preserve neo-liberal ideology and goals. He states that at the core of the ‘trade’ agreements are laws that prevent any democratic engagement by the people of a particular nation with the ‘unaccountable powers of capital’ (2002: 195). Burchill notes that neo-liberalism places emphasis on profit opportunities rather than national or community interest (2005: 76). The World Commission on the Social Dimension of Globalization (WCSDG) stated that the trade expansion that has accompanied globalization has not really benefitted the poor nations. The WCSDG notes:

“...the majority of developing countries did not experience significant trade expansion. Indeed, most of the Least Developed Countries (LDCs), a group that includes most countries in sub-Saharan Africa experienced a proportional decline in their share of world markets - despite the fact that many of these countries had implemented trade liberalization measures” (2004 :25).

The example of South Africa illustrates the dominance and adverse effects of neo-liberalism. Gumede (2005) notes that the African National Congress (ANC) during the transition phase from apartheid believed that nationalisation was the only way the poverty and structural

inequalities facing South Africa could be dealt with. Quoting Mandela, Gumede writes: “nationalisation of the mines, banks, and monopoly industry is the policy of the ANC, and a change or modification of our views in this regard is inconceivable” (2005: 68). Gumede goes on to state that Mandela at the time saw this as the only measure that would “eradicate [the] inequalities of apartheid” (2005: 68). The irony of this is that during his premiership Mandela adopted neo-liberal economic policies, contradicting his initial declarations of nationalisation as the ANC’s only economic alternative.

Gumede notes that by the end of the ANC’s first year as a legal political organization “nationalisation had become such an albatross that Mbeki, senior ANC strategists and the Brenthurst Group, as the business group became known, suggested that Mandela should refrain from further reference to the concept” (2005: 70). The logic behind this was that South Africa could not attract foreign investment nor have the support of white business (which had thrived during apartheid and was therefore in control of most of the financial assets and institutions) by speaking in favour of nationalising the economy. Thus, a compromise had to be made; ultimately this compromise was to lead to the implementation of neo-liberal policies. Mandela following the advice of Mbeki and other ANC strategist changed his rhetoric. Addressing business leaders in America Mandela stated:

“let me assure you that the ANC is not an enemy of private enterprise...The rates of economic growth we seek cannot be achieved without important inflows of foreign capital. We are determined to create the necessary climate that the foreign investor will find attractive” (Mandela in Gumede, 2005: 70).

The ‘necessary climate’ meant creating the necessary conditions in South Africa for neo-liberal policies. In 1993 the ANC accepted signed an “\$ 850- million IMF Compensatory and Contingency Financing Facility” (Gumede, 2005: 77). In essence, this ‘facility’ was a conditional IMF loan. As Gumede writes:

“[t]he secret letter of intent that accompanied the loan pointed out the dangers of increases in real wages in the private and public sector, stressed the importance of controlling inflation, promised monetary targeting, and trade and industrial liberalisation, and argued in favour of the virtues of *market forces over regulatory interventions* [my emphasis]” (2005: 77).

This quotation shows how institutions like the IMF initiate neo-liberal policies in developing nations during transitional phases, be they at independence or after a war. In the light of having accepted the loan, the ANC government as a sign of goodwill that would attract investor confidence agreed to repay the apartheid government’s outstanding debts to international commercial banks as well as any remaining national debts (Gumede, 2005: 78). In 1994 at the time the ANC officially came into power the debt totalled R190 billion, by March 1999 this debt had ballooned to R376 billion (Gumede, 2005: 78). The reasoning behind paying the debt is described by Gumede:

“...agreeing to pay the debt would elicit a positive response from the market, and South Africa’s first black government would gain enormous stature in the international community by doing what none of its counterparts elsewhere in Africa had been willing to do” (2005: 78).

Unfortunately, this would be at a grave disadvantage if not disservice to the majority of South Africans, especially the poor, who were still experiencing the harsh legacy of apartheid. Lodge notes that by the year 2000 the government had built 1 129 612 cheap housing units accommodating 5 million of an estimated 12.5 million who were without adequate housing at a cost of R40 billion (2000: 57). What is disturbing about this is that in six years government had only spent R40 billion on housing. Yet it was willing to pay off a debt that it did not incur, over triple the amount it had spent on housing, in order to ‘gain enormous stature’ and ‘elicit a positive response from the market’! It becomes apparent that the ANC’s loyalties lay more with the ‘market’ than with its electorate: the South African people.

The recent service delivery protests that rocked South Africa in 2009 are testimony to the fact that South African citizens are not happy with the government's efforts to improve their lives and deal with issues like poverty and unemployment. Burger²⁵ writing for the Institute for Security Studies (ISS) states that the most immediate reason for the protests was the dissatisfaction by residents in relation to the delivery of municipal services such as running water, electricity and sanitation facilities like toilets especially in informal settlements (2008). However, the underlying causes are unemployment (which officially stands at around 23%), high poverty levels, poor infrastructure, inadequate housing, and lack of housing as well (Burger, 2008). South Africa's current economic policy is Growth, Employment and Redistribution (GEAR) which focuses on: attaining high economic growth so as to attract foreign direct investment, which in turn requires a 'higher domestic saving effort', moderation of wage increases, and an exchange rate policy that is 'consistent with improved international competitiveness' and 'responsible monetary policies' (Gumede, 2005:89). Such an economic policy is not geared towards redistribution and effectively dealing with poverty because it adheres to neo-liberal logic. With the limited national subsidy or revenue due to the GEAR economic policy, local government cannot effectively improve conditions in the poverty stricken areas and provide social services in the process (Makgetla, 2007:146). Makgetla notes bleakly that "[o]vercoming apartheid inequalities would require a far more substantial redistribution of resources to the poorest municipalities" (2007: 147) which is not possible unless the government changes its current economic policy. Gumede writes:

“The tragedy is that those who suffered the worst deprivation under apartheid also ended up paying the highest price for democracy. The legacy of apartheid, the ANC's compromises and the wrong economic choices would all

²⁵Burger, J. 2009. “The Reasons Behind Service Delivery Protests in South Africa”. Institute for Security Studies.http://www.iss.co.za/static/templates/tmpl_html.php?node_id=4351&slink_id=7982&slink_type=12&link_id=14

combine to prevent the ANC from fulfilling its promise of a better life for those who need it most. A decade into democracy, the poorest of the poor, with laudable exceptions, remain mired in gut-wrenching misery” (2005: 95).

In the light of this one can note that the governments of poor nations cannot act on the behalf of their people and provide for even their essential needs: health and work, through neo-liberal policies. More than half of the world is affected by poverty yet the world economic system is not designed to cater for their needs and improve their conditions. Of a total world population of 6.8 billion people (Population Reference Bureau, 2009: 3); 3 billion survive on less than \$2.50 a day (Shah, 2009)²⁶. This shows how almost half the world is adversely affected by poverty. According to the United Nations Children’s Fund (UNICEF), 25 000 children die everyday due to poverty in the developing world (Shah, 2009)²⁷. The global economy is geared towards profit accumulation for those who already have huge amounts of capital. Cammack states, in this regard, that the World Bank’s policy with regards to poverty in the developing world is to advise developing nations to:

“intervene less in the industrial and agricultural pricing; deregulate restrictions to entry and exit; ensure adequate infrastructure and institutions; remove restrictions on trade and investments, lower tariffs and move away from discretionary forms of trade control; and introduce appropriate market-based incentives for savings and investment” (2002: 133).

Cammack’s statement makes it clear that neo-liberal policies do not seek to reduce poverty or suit poor nations’ needs and context; rather they suit the principles of the market and promote global trade in which developed countries benefit the most. Harvey notes that in the late 1990’s the gap between the rich and poor had become colossal; referring to UN reports he writes:

²⁶ Shah, A. 2009. “Poverty Facts and Stats”. *Global Issues*. <http://www.globalissues.org/article/26/poverty-facts-and-stats>

²⁷ *Ibid*

“[t]he world’s 200 richest people ‘more than doubled their net worth in the four years to 1998, to more than \$1 trillion,’ so that ‘the assets of the world’s top three billionaires were more than the combined GNP of all least developed countries and their 600 million people’ (2006: xi).

Moreover, he notes that in 1985 the combined worth of the *Forbes* 400 richest people in the US was ‘\$ 283 billion’ with ‘an average net worth of \$ 600 million’; by 2005 their average net worth was \$2,8 billion and “their collective assets amounted to \$1,13 trillion more than the gross domestic product of Canada” (2006: xi). Harvey’s most astounding fact is that “[a] billion or so [people], it is said, are struggling to survive on *less* [my emphasis] than a dollar a day and 2 billion on two dollars a day, while the rich are piling up fortunes across the globe at an astonishing rate” (2006: xii). Hedge funds manage \$1 trillion even though they are largely unregulated (Harvey, 2006: xxvi), whilst bets on credit defaults now make up a \$45 trillion market that is entirely unregulated (Soros, 2008)²⁸. Therefore, it can be noted that neo-liberalism is a system that caters to a very large extent for the rich at the expense of the poor. The oppression of neo-liberalism is glaring.

Neo-liberalism and Society

Having established the oppressive nature of neo-liberalism, it is now important to discuss how it is able to be dominant. I believe the answer lies in exposing how neo-liberalism operates within human society. Exposing the power mechanisms of neo-liberalism will facilitate its critique. A lot of scholarly work has been written and produced through various media in relation to the global dominance of neo-liberalism through international institutions like the IMF and WTO, as well as through the strategies of powerful nations like America (Harvey 2005; Stiglitz 2002). I would like to steer away from such arguments and analysis to rather focus on how neo-liberalism operates as a form of social oppression.

²⁸ Woodruff, J. and Soros, G. 2008. “The Financial Crisis: An Interview with George Soros” *New York Review of Books*. <http://www.nybooks.com/articles/21352>

Dufour (2008) notes that the current form of capitalism, neo-liberalism, is unique in that it has the effect of ‘shrinking our heads’. By this Dufour means that neo-liberalism has managed to establish a system that adversely affects how human beings reason and understand the world around them. He writes:

“[i]t is as though the full development of instrumental reason (technology), which was made possible by capitalism has resulted in a deficit of pure reason (the ability to judge a priori what is true and what is false, or even what is good and what is evil)” (2008:2).

Dufour argues that the fact we live in a neo-liberal era and continue with our lives shows how neo-liberalism has drastically impaired our notion of reason. Neo-liberalism is an absurd and cruel system yet the majority of society willingly participates in it; for Dufour, this is truly worrying because it shows a serious lack of reasoning and effective human agency. Dufour argues that human society has become overwhelmingly dominated by the market. Harvey puts it thus:

“[t]he widespread acceptance of the benefits to be had from the individualism and freedoms that a free market supposedly confers, the acceptance of personal responsibility for one’s own well being together constitute serious ideological barrier to the creation of oppositional solidarities. They point to modes of oppression based on human rights and voluntary associations (such as NGOs) rather than to social solidarities, political parties and the capture of state power. There is a sense, therefore, in which we have all become neoliberals” (2006: xiii).

Dufour argues that neo-liberalism is eliding any sense of symbolic value that lies beyond the dominance of the market. Symbolic value refers to the transcendental values that underpin human commercial exchange (Dufour, 2008: 4). Dufour (2008: 4) argues that neo-liberalism has no reference to any ‘absolute or metasocial guarantor’; hence human exchanges are underpinned by the values of the market, which include profit maximization first and foremost and consumerism. Dufour explains that as a result “[w]e have now ceased to refer to any transcendental values when we become involved in exchanges” (2008: 4). As a result,

commercial exchanges are no longer guided nor guaranteed by a higher transcendental or ethical power (Dufour, 2008: 4); instead they are “valid by virtue of the direct relationship they establish as commodities” (Dufour, 2008: 4). The ultimate result of this is that commodity exchanges “are, in a word, beginning to desymbolize the world” (Dufour, 2008: 4). This is indeed a grave situation in that human society has for decades been desensitized to the adverse effects and oppressive nature of neo-liberalism.

Without a sense of moral outrage at neo-liberalism it is difficult to imagine mobilizing against it. Dufour states that without symbolic value there is no deliberation “ethical, traditional, transcendent or transcendental” that opposes or counters the values of the market (2008: 5). The end result is frightening, as Dufour explains:

“[t]he outcome is the desymbolization of the world. Human beings no longer have to agree about transcendent symbolic values; they simply have to go along with the never-ending and expanded circulation of commodities” (2008 :5).

This amounts to a searing critique of the effects of neo-liberalism on human society. But Dufour’s analysis raises an important additional question: now that the market is supreme and indeed employs the powers of the state, does it now have the ‘governmental technologies’ (borrowing the term from Foucault) it needs to govern individuals within society? This is a question that will be answered in chapter four.

The ‘market’ has also affected society in terms of education. Education is important because “while education means knowledge, information and understanding, it also means socialization and, as part of socialization, *behaviour*” (McEwan, 1999: 180). This is important in that McEwan (1999) notes that education is divided into two kinds: firstly, one that emphasises behaviour which focuses on ‘discipline and compliancy’, and secondly, a more empowering kind which focuses on ‘skills development, innovation and independence’.

McEwan states that education can “instil in people characteristics appropriate to the regime of a hierarchical workplace [and] can prepare them to accept a hierarchical political system as well” (1999: 187). McEwan advocates an empowering knowledge based on creativity and critique (in terms of the ability to question and evaluate) as well. He argues that poor education adversely affects how people live their lives because it limits their ability to participate effectively in democratic processes and live valuable lives (1999: 186). The issue of education is important in that, as McEwan has noted, education is not only knowledge (power) but the socialization²⁹ of behaviour. This is vital when one observes that “the sphere of influence, the social reach of an individual by virtue of his or her social role or social identity affects the life opportunities of people in each region” (Gordon, 2006: 44). Thus, the socializing role that education plays is of critical importance with regards to individuals’ life opportunities. Gordon writes:

“[a]n oppressing people have options available to them to avoid implosion; oppressed people do not. That is why oppressed people are always trying to “fix” themselves. They live in a world where Foucault observed, their bodies are forced to become prisons of their souls” (2006: 45).

Knowledge allows for options and gives one choice. However if the ‘market’ declares neo-liberal values as the ‘only alternative’ then people’s agency and life choices are adversely affected. This raises the following question: has the ‘market’ through neo-liberalism forced people’s bodies to become ‘prisons of their soul’? This is an issue that will be addressed later.

Conclusion

This chapter has firstly sought to provide an outline of neo-liberalism and secondly, show that neo-liberalism is an oppressive social system. Neo-liberalism is the dominant

²⁹ Socialization here relates to behaviour, in that education is often used to instruct individuals on how to ‘behave’. Thus, socialization refers to how individuals are taught and conditioned on how to act in society and particular social contexts through education for instance.

economic system of the world yet it serves the interest of only a few as highlighted by the high poverty rates and huge income disparities. Neo-liberalism promotes economic growth as the solution to all social problems within society. It also promotes values like consumerism and profit maximization at the expense of transcendental symbolic values that give meaning and purpose to society. Ultimately, neo-liberalism adversely affects individual agency and choice. The consequences of this are severe, in particular, how can individuals in society exercise democracy if their agency is undermined by the suppression of any alternatives to the market? The question is: How can we counter the evils of the neo-liberal system using social theory? The next chapter will discuss the Marxist critique of neo-liberalism.

Chapter 2: Marxism: A Valid Alternative to Neo-liberalism?

Marxism³⁰ since Karl Marx's own lifetime has been the main emancipatory social theory and alternative to capitalism. This is to a great extent due to how Marxism explicitly and thoroughly critiques capitalism as an economic system that causes both oppression and inequality. Wright writes: "[h]istorically, the most influential approach to thinking about alternatives to capitalism is that developed by Karl Marx" (2006: 102). The previous chapter has set out the 'problem' of neo-liberalism, which essentially can be defined as the current epoch of capitalism. Ultimately, Marxism seeks to provide not only a critique of capitalism but the establishment of an alternative economic system. This chapter will provide a discussion of Marxism and will try to evaluate to what extent Marxism constitutes a valid critique of neo-liberalism.

Capitalism can be defined as a form of social and economic organization in which two fundamental properties are present; the first is the class structure which is determined by the private ownership of the 'means of production', in which the majority of people earn a living by selling their capacity to work in the 'labour market' (Wright, 2006: 100). The second fundamental property that characterizes capitalism is economic coordination organized through 'decentralized market exchange' (Wright, 2006: 100). Wright notes that "[c]apitalism is not simply a 'free market economy'; it is a market economy with a particular form of class relations" (2006: 100). Wright explains that historically capitalism is one of the 'most powerful' and fundamental economic systems ever established in terms of its capacity to develop technological advances and stimulate economic growth (Wright, 2006: 100). The

³⁰ Fetscher notes: "The term 'Marxism' was unknown in Marx's lifetime. His comment, reported by Engels, that 'all I know is that I am not a Marxist' was made with reference to phrases used by his son in law... It is of course impossible to infer from this that Marx rejected in principal the idea of a theoretical system emerging from his work, but it is evident that he did not claim to offer a comprehensive world view" (1983:309).

dominance of capitalism is highlighted in part by how it has endured over a number of centuries and is the established economic system that facilitates international trade through its current form, that is, neo-liberalism. Robinson claims that neo-liberalism is essentially the new transnational phase of capitalism that displaces the national phase of capitalism as ‘a social system’ (2007: 18). In the transnational phase of capitalism, capital is able to attain a ‘global mobility’ which transforms class and social relations worldwide (Robinson, 2007: 18). According to Robinson, the current era of capitalism, that of ‘global capitalism’ or neo-liberalism, has succeeded the capitalist epoch of corporate or ‘monopoly’ capitalism (2007: 16). Thus, neo-liberalism has become hegemonic. Two particular characteristics mark neo-liberalism, firstly: “[a] global and regulatory structure to facilitate emerging globalized circuits of accumulation is being created (the World Trade Organization, etc.)” (Robinson, 2007: 19) and secondly:

“[t]he neo-liberal model has swept the planet. This model seeks to create the conditions for the free operation of capital both *within* and *across* borders, to harmonize the conditions under which trans-border accumulation circuits can operate and to create a *single, unified field for global capitalism*” (Robinson, 2007: 19).

We have already given an account of the central features of neo-liberalism. One result of this analysis is the idea that the ‘dynamics of capitalistic growth’ inherent within neo-liberalism ‘systematically generate’ escalating concentrations of ‘wealth and privilege’ whilst augmenting the “pools of deprivation, marginalization, and poverty” both on a national and global scale (Wright, 2006: 100). Harvey writes:

“...Marx shows that the closer a society conforms to a deregulated free market economy, the more the asymmetry of power between those who own and those excluded from ownership of the means of production will produce an ‘accumulation of wealth at one pole’ and an ‘accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation at the opposite pole’” (2006: xi).

Marxism: A brief overview

It is in this respect that Marxism as an alternative to neo-liberal capitalism comes to the fore. Edgely writes that as a philosophy Marxism is a form of socialism as well as a practical political movement (1983: 368). Edgely states that Marxism is distinguishable from other forms of socialism because of its blend of ‘revolutionary practice’ with a ‘radical and comprehensive’ theory (1983: 368). Marx conceived his theoretical work primarily as a critique of political economy from the standpoint of the revolutionary proletariat or working class (Fetscher, 1983: 310). During Marx’s lifetime the type of capitalism that was present was classical industrial or competitive capitalism which started approximately during the late 17th century and ran all the way through to the end of the 19th century (Robinson, 2006: 16). In this epoch of capitalism, the state played a major role in controlling and regulating the economy and capitalism was firmly located within the nation state. Wright states that Marx’s theory centres on the “problem-solving capacity of creative and solidaristic” workers’ to ‘seize’ economic power and establish a new order that is substantially more just and egalitarian than that of capitalism (2006: 102). The mobilization and organization of the working class occurs within the context of how as:

“capitalism moves towards long-term, intensifying crisis and decline, the working class develops the collective political organization needed to seize state power, create a rupture with capitalism and experimentally construct a socialist alternative” (Wright, 2006: 102).

Jacobs observes that Marx’s critique of capitalism is not necessarily based on the notion of equality because Marx’s critique is not in reality based on a moral argument, but rather on a scientific analysis of ‘society and human history’ (1997: 97). One of the basic concepts of Marxism is that of ‘materialism’. For Marx, human beings working on the material world in

order to meet their needs is the basis of social, political and intellectual life (Graham, 1992: 10). Marx states:

“life involves before everything else eating and drinking, a habitation, clothing and many other things. The first historical act is thus the production of the means to satisfy these needs, the production of material life itself” (Marx in Graham, 2002:10).

Therefore, it becomes apparent that without the production of material life there can be no social, political or intellectual life (Graham, 1992: 10-11). This in turn highlights the importance and significance of material needs to human society. The production of material needs, as noted by Marx, is “a fundamental condition for all history, which today, as thousands of years ago, must daily and hourly be fulfilled merely in order to sustain human life” (Marx in Graham, 1992: 11). Marx focuses on material needs as they are vital for human survival and growth; and also because material needs are empirical realities. This means that material needs can be easily observed and precisely measured. This is in contrast to aspects of consciousness such as intellectual ideas. Graham notes that Marx:

“recognizes that an important precondition of changing the world is precisely to change the way we conceive it. But he is not concerned with *just* changing consciousness. Reality itself must be changed, and that must include – and pre-eminently for Marx – the material reality constituted by the mode of producing life” (1992: 16-17).

This forms the basis of Marx’s critique of capitalist society. Marx undertakes a critique of capitalist society primarily because he seeks an alternative to a society that allows for the exploitation of one class by another. Thus, the ‘reality’ of capitalist society must be analysed and critiqued to expose its fundamental exploitative nature. In order to do this Marx uses a materialist scientific analysis to critique capitalist society instead of one rooted in philosophical idealism. Idealism is essentially the theoretical view that gives priority to the:

“mind - specifically the divine mind ...Material objects are only *ideas* [my emphasis] in the divine mind. Hence all things, whether material or mental, as we commonly understand these words, are in a deeper sense mental, because

they are no more than divine ideas. This view is called ‘idealism’, and it was taken over by Hegel from a long tradition of Christian thinkers” (Schmitt, 1987: 31).

For Marx, idealism is not able to change or reform the material realities of life because it views reform or change from a predominantly ideational perspective which does not acknowledge the empirical reality of the material world. For those who subscribe to idealism, the only way to change the world is to change the way we think about it and come up with new notions of how to view the world. Schmitt states that “Marx and Engels’ materialism is opposed to this idealism” (1987: 31). This argument is well captured by Edgely who writes:

“[a]uthorization by philosophy is something that science cannot have and does not need. Science has no foundations within theory itself. Indeed, all theory has its basis in material reality, but science is the only form of theory that recognizes this and thus the only form capable of adequately representing reality” (1983: 370).

This explains why Marx chooses to base his theory on economics and the material fact of a class system. By having a materialist theory Marx is able to show what accounts for capitalism and its various evils. Hence, logic clearly shows that for there to be a rupture with capitalism material economic power *must* be attained by the oppressed class and the class system must be destroyed along with its privileges in order to establish an egalitarian society. By transforming material conditions people in effect transform all of human society.

From the material ‘economic foundations’ arise the ‘superstructure’, which consists of the state, political ideas, religious ideas, legal ideas and related social institutions (Eddy, 1979: 21). The ‘economic foundations’ or ‘base’ consists of the ‘relations of production’ (Schmitt, 1987: 31). The ‘relations of production’ are essentially the “relations of ownership and control - which are the ways in which the production process is organized” (Schmitt, 1987: 30). The ownership of the means of production which include raw materials, tools, machinery and the actual workers that produce goods, are determined by the relations of production (Schmitt, 1987: 30). The combination of the forces of production and relations

constitute what is known as the ‘mode of production’ (Schmitt, 1987: 31). Thus, society is a combination of the mode of production and the superstructure. Schmitt states that the superstructure consists of “the legal system, the political system, and, more generally forms of social consciousness” (1987: 31). The economy is the foundation of human activities in general, as humans take part in productive activities so as to meet their material needs. Schmitt writes:

“The practices that constitute the base may well be understood – people generally know what they are doing – without having been put into words. At some time in the history of the group, the practices are put into words, described, codified, and defended – and these descriptions, codifications, and defenses form the superstructure.
The base is what we do; the superstructure is how we talk about it” (1987: 37).

Thus, it becomes apparent that the mode of production ultimately determines the nature of the superstructure, which in turn gives rise to various forms of consciousness.

According to Mandel:

“Humanity is unique in that it cannot assure its survival except by *social labour*, which implies social relations between people. These indispensable bonds imply the necessity of communication, of language, which permits the development of consciousness, reflection, and the ‘production of ideas’. Thus all important actions in human life are accompanied by reflections on these actions in people’s heads” (1979: 29).

The problem with ideas that emanate from the superstructure is that they tend to distort things so that the “superstructural descriptions sometimes serve their function by misrepresenting our practices to ourselves” (Schmitt, 1987: 37). Schmitt argues that the superstructure essentially ‘plays its role’ by deceiving society about its daily activities or practices; it is in this sense that the superstructure is ideological (Schmitt, 1987: 38). Schmitt defines ideology as beliefs that are adopted by people not because they are rational, but, because they are affirmed by society through ‘force or deception’ (1987: 52). Reflections on the nature of human action in relation to the mode of production do not come about randomly. Mandel

explains that individuals do not just ‘invent’ new ideas; rather “most individuals think with the help of ideas learnt in school or in church, and...with the help of ideas borrowed from the TV, radio, advertising and the newspapers as well” (1979: 29). Mandel writes: “[t]he current production of ideas, and of *systems of ideas* [my emphasis] called ideologies, is rather limited. It is to a large extent ...the monopoly of a small minority in society” (1979: 29). Marx critiqued ideologists (makers of ideology) as having incomplete concepts and ideas (Schmitt, 1987: 54). This is because they “provide us with only part of the truth. They distort reality by giving a one sided account. Ideology is not literally the opposite of truth but a truncated version of it” (Schmitt, 1987: 54). Mandel bluntly asserts that the ‘dominant ideology’ within class society is that of the capitalist or ‘ruling class’ (1979: 30-1). The function of ideology is to stabilise society or rather more precisely to stabilise class rule (Mandel, 1979: 30). Mandel states:

“The *law* protects and justifies the predominant form of ownership. The *family* plays the same role. *Religion* teaches the exploited to accept their fate. The *predominant moral and political ideas* seek to justify the rule of the dominant class with the help of sophisms and half-truths” (1979: 30).

Ultimately, it can be argued that true revolutionary transformation can only be achieved by changing the mode of production. Reforming the institutions within the superstructure does not lead to revolution because these institutions are themselves the effect of a particular mode of production. The institutions within the superstructure and ideology cannot transform the mode of production; rather when the mode of production is changed the superstructure also undergoes change and massive transformation. Thus, it is the superstructure that is changed through the transformation of the modes of production, not the other way round. Wood writes:

“Marx holds...that both the prevailing moral ideologies and the moral or juridical relations which are valid for a given society arise out of the economic relations belonging to its mode of production. Changes in prevailing

standards of right and justice *do not* [my emphasis] cause social revolutions, but only accompany them” (1981: 148).

This then means that there is a correlation between the mode of production and the superstructure. Wood argues that superstructures have economic power and appear in history because they are established in order to ‘serve the interests’ of the mode of production they complement (1981:148). Mandel states that the mode of production ‘determines all’ social activities within class society (1979: 174). The significance of this is that real transformation through revolution happens when the mode of production is changed from one based on capitalist principles to a fairer and more humane economic system based on socialist values³¹.

Harvey notes that, for Marxism, production occurs in ‘the context of definite social relations’ (2006: 22). Harvey goes on to write:

“The social relation that dominates under the capitalist mode of production is that between wage labour and capital. Capitalists control the means of production³², the production process and disposition of the final product. Labourers sell their labour as a commodity in return for wages” (2006:22).

What is apparent from this quotation is that in Marxist analysis the main focus is on the tensions and antagonism between the two major classes, that is, between the capitalist or ‘bourgeoisie’ class and the working class or ‘proletariat’³³. Marx observed during his time that society was being split into two ‘great hostile classes’ opposing each other– the bourgeoisie and proletariat (Marx in Graham, 1992: 89). Although Graham notes that

³¹ Socialist values here refers to “the replacement of bourgeois society, based on the struggle of all against all, by a classless community in which social solidarity replaces the search for individual wealth as the essential motive for action, and in which the wealth of society assures the development of all individuals” (Mandel, 1979: 149). A socialist society “requires an economy developed to the point where *production for need* supersedes production for *profit*” (Mandel, 1979: 149).

³² Harris notes: “[r]elations of production are constituted by the economic ownership of productive forces; under capitalism the most fundamental of these relations is the bourgeoisie’s ownership of means of production while the proletariat owns only its labour power” (1983:178).

³³ Marx and Engels note: “[b]y proletariat [is meant] the class of modern wage labourers who having no means of production of their own, are reduced to selling their labour-power in order to live” (Graham, 1992:90).

“[n]owhere does Marx give a systematic exposition of his conception of class” (1992: 19), we can still discern what the notion of class means. Thus Graham:

“Class membership...depends on very general structural properties shared with others and on the relation to individuals who do not share those properties; it does not depend on superficial, brute, observable features” (1992: 200)

These ‘structural properties’ are predominantly based on the issue of revenue, in the light of whether one as a member of a particular class earns a wage or makes a profit. Graham explains that one is a member of the working class because one receives a wage and not because of the work one does (1992: 20). Therefore it does not matter whether one works in a ‘field, forest or mine’; the fact that one is paid a wage is what determines if one is a member of the working class (Graham, 1992: 20); whilst, on the other hand, a member of the capitalist class lives off the returns gained from ‘the investment of capital’ (Graham, 1992: 94). The essence of capitalism is that neither class can exist without the other and, as a result, they are caught in ‘symbiotic but inexorable opposition’ (Harvey, 2006: 27).

The Exploitative Nature of Capitalism

For Marx, the capitalist system is an exploitative system that allows for the exploitation of the working class by the bourgeoisie. Harvey notes that competition amongst capitalists results in each of them trying to use the most efficient labour process so as to ensure high levels of productivity and maximum profits. The result of this is that there is a “perpetual incentive for individual capitalists to increase the rate of accumulation through increasing exploitation in the labour process relative to the social average rate of exploitation” (Harvey, 2006: 29). Harvey argues that due to competition amongst the capitalists in order to achieve maximum profits, the capitalists may increase the hours of the working day to the detriment of the labourers (2006: 29). The result of this is naturally an

instant reaction by the proletariat demanding a ‘normal working day’ (Harvey, 2006: 29). This is because the workers are likely to suffer if such policies (like increasing working hours for profit) of the capitalist class are accepted for the sake of maximum returns and profitability (Harvey, 2006: 29). A major concern for the working class is oppression by ‘the machine’. Harvey states that the machine becomes a ‘powerful device’ used for regulating the activity and productivity of workers (2006: 32).

Thus, the worker has to ‘conform to the dictates’ of the machine which is under the control of the capitalist (Harvey, 2006:32); this shows how the capitalist indirectly controls the worker. There is also a sense of objectification in terms of how the worker labours under the ‘dictates’ of a machine; in this instance an inanimate apparatus dehumanizes an individual through the labour process. Marx observes this when he talks of how through the domination of a machine there is the reversal of the subject-object relation as the “labourer becomes the object of the machine” (Poster, 1984: 49). The exploitative nature of the capitalist system is well captured by Harvey in the following quotation:

“The overall result is this. The competition for accumulation requires that capitalists inflict a daily violence upon the working class in the work place. The intensity of that violence is not under individual capitalists’ control, particularly if competition is unregulated. The restless search for relative surplus value raises the productivity of labour at the same time as it devalues and depreciates labour power, to say nothing of the loss of dignity, or sense of control over the work process, of the perpetual harassment by overseers, and the necessity to conform to the dictates of the machine” (2006: 33).

Marx himself notes: “[s]ince the surplus – value, the additional capital created by labour, is the source of the capitalist’s privileged position, it is in their interest to receive as much labour as possible for as little money as possible” (Marx in Graham,1992: 106). Thus, exploitation in capitalism centers on surplus value. Himmelweit notes that the extraction of surplus is the ‘specific way’ in which exploitation takes place within capitalist society (1983: 472). Surplus value takes the form of ‘profit’, and “exploitation is observed in terms of how

the proletariat produces a net product which is essentially sold at a higher sum than the amount workers receive as wages” (Himmelweit, 1983: 472). Exploitation in capitalist society is also visible in relation to the issue of how the proletariat lacks access to the means of production. Wood explains that capitalist society is ‘characterized fundamentally’ by the reality that the means of production are owned by an elite minority who in turn ‘employ these means’ in order to achieve profit maximization through investment (1981: 47). Mandel notes, that as material production develops and as relations of production become those of a society divided into classes, “the mass of humanity no longer controls the entirety of its production or the whole of its productive activity. It therefore no longer controls its social existence” (1987: 185). Thus, workers having to work so as to secure their basic material needs, participate in the capitalist system and thus help reproduce capitalist relations of production. Schmitt explains that the implication of this is that the activity of working which is

“potentially the source of human self-definition and human freedom, is...degraded to a necessity for staying alive. Work could be the source of a genuinely human life; but here it comes to no more than the prerequisite for maintaining biological existence” (1987: 154).

Thus, survival literally becomes ‘everything’ (Schmitt, 1997: 154).

Sabine and Thorson write: “Marx removed from Hegel’s theory the assumption that national cultures are the effective units of social history ...and replaced the struggle of nations with the struggle of social classes” (1973:681). Thus, the struggle is between social classes rather than nations and the struggle for power is economic in that power is integrally economic rather than political, political power ‘being in Marx’s theory a consequence of economic position’ (Sabine and Thorson, 1973: 682).

With the advent of neo-liberal capitalism the structure of ‘global capitalism’ enabled multinational corporations to base their operations in developing countries so as to take advantage of cheaper labour, ‘surplus extraction’, lower taxes and the diminished role and

influence of trade unions. All this was possible as developing countries are generally desperate for any foreign investment and inclusion in the ‘global economy’³⁴. Thus, Marxism is still very relevant and pertinent as the class system is still applicable, globally as well as nationally. Billions of workers are to be found all around the world working just to earn a living but having no control over the means of production. Shoe corporations are an example of this, as are many other corporations and their subsidiaries. Harvey writes:

“The global labour force...has been put under intense pressure. Reports rolled in from all around the world in the mid -1990s graphically describing the desperate conditions of workers in, for example, Nike factories in Vietnam, Gap workers in El Salvador and garment workers in Dacca...Scandals over child-labour in Pakistan in the manufacture of carpets and soccer balls became common grist in the media and Michael Jordan’s \$ 30 million retainer for Nike was set against press accounts of the appalling conditions of Nike workers in Indonesia and Vietnam” (2006: xii).

Harvey also notes that over a billion people struggle to survive with earnings of no more than \$2 a day (2006: xii). In the light of this, the exploitative nature of the capitalist system is clearly apparent.

Limitations of Marxism

One of the major limitations of Marxism is its totalizing nature. This is because of Marx’s assumption that the individual theorist should be able to ‘conceptualize the totality’ (Poster, 1984: 55). In terms of an intellectual being able to ‘conceptualize the totality’, Poster states that “[i]n Marx’s writings one cannot find the slightest hesitation on this question” (1984: 55). The result of this is that “Marxism, although explicitly revolutionary, is implicitly a conservative doctrine tied to a traditional epistemological premise” (Poster, 1984: 55). Marx thus becomes the traditional theorist who formulates a totalizing theory “apart from the

³⁴ This is because of the neo-liberal market fundamentalism on a global scale which seeks to “promote a general acceptance of the global regime by manipulating information in order to favour pro-market solutions to the problems of ...development, while mounting an ideological offensive to persuade the world’s population that there [is] no alternative” (Cammack, 2002:127).

masses and leads them with it”³⁵. This leads to problems of representation and agency in that the question of Marx’s authority to determine action can be brought into question. This is tied in to the notion of how Marx speaks on behalf of numerous people yet he may not have personally shared their lived experiences or thoroughly understood their unique contexts. Speaking on the behalf of people is a power relation and one that undermines peoples’ power whilst elevating the power of the speaker. Ironically, Marx by postulating a theory of society about human beings becoming their own subjects undermines their agency indirectly. Marx assumes that with the ‘proper effort’ the intellectual is able to represent reality in ‘conceptual terms’ (Poster, 1984: 55). Poster criticizes Marx’s assumption by stating:

“[b]y fashioning itself as a theory of the totality, [Marxism] ends in affirming the power of reason itself, appropriating for discourse the very revolutionary capacity it would attribute to the proletariat” (1984:55)

Arising from Marxism’s totalizing doctrine is the issue of the universalizing of the proletariat (Poster, 1984: 55). Poster notes that Marx applies universality in relation to the working class so as to illustrate how the working class will emancipate society in all respects from capitalist oppression. Poster writes:

“If the bourgeois revolution emancipated humanity only in the political sphere (and therefore only partially), the proletarian revolution would emancipate humanity in the social sphere and therefore totally. Complete emancipation is possible because factory workers, unlike the bourgeoisies, constitute a *universal* class” (1984: 56).

Poster’s critique stems from the following remark of Marx:

“A class must be formed which has radical chains, a class in civil society which is not a class of civil society, a class which is the dissolution of all classes, a sphere of society which has a *universal character because its sufferings are universal* [my emphasis], and which does not claim a particular wrong but wrong in general” (Marx in Poster, 1984: 56).

³⁵ The concept of the traditional theorist is explained by Pickett (1996: 453).

This statement by Marx highlights how he regards the oppression and exploitation of the working class as a ‘universal suffering’ (Poster, 1984: 57). Marx’s claim to ‘proletarian universality’ is based on the notion that only the working class is able to establish a classless society because only the workers have experienced ‘total subjugation’ and have no interests to protect, unlike the capitalists (Poster, 1984: 57). Poster notes that the working class from Marx’s understanding have ‘no interest in domination’ (Poster, 1984: 57). The reasoning behind this is that the bourgeoisie had failed to establish a free classless society because of its overriding interest in protecting its property (Poster, 1984: 58). Thus, when aristocratic rule had been abolished the bourgeois erected ‘new class divisions’ (Poster, 1984: 58). “Not so with the proletariat, Marx maintains”, writes Poster (1984: 58). However, Poster explains that even if the proletariat is able to overthrow the capitalist system this will not do away with all domination. Oppression will still exist in the ‘free society’ established by the proletariat. Poster writes:

“Even the wretched state of the nineteenth-century factory worker was not devoid of interests in domination. The male proletarian had ‘interests’ in dominating his wife and children so that his revolution would be one that would perpetuate patriarchy and the authoritarian family” (1984: 58).

From Poster’s statement it becomes clear that even within the working class the issue of domination was still very much present and they were indeed particular ‘interests in domination’ such as the maintenance of the patriarchal order. The issue of domination is one that continues to pose a challenge for Marxism. Mandel argues that the ‘special demands’ and struggles of women, minorities and youth still require attention in the context of the workers’ movement (1979: 147). Mandel by stating this is highlighting that even within the workers’ movement the issues of domination and interests are still present and they require ‘special attention’ (1979: 147). This can be illustrated by Hobsbawn’s example of how race undermined the workers’ movement in England. Hobsbawn talks about how in the 1960’s,

Labour Loyalists supported a racist politician who called for the repatriation of ‘coloured immigrants’ (1988: 15). Hobsbawm explains as follows:

“We were shocked not because class conscious proletarians were revealed to have racist beliefs. That was sad, but not totally unexpected. What was shocking was that on the issue of racism they were prepared publicly and actively to support a *Conservative* politician against their class party” (1988: 16).

It is disappointing to note how Hobsbawm observes that the ‘racist beliefs’ of the loyalists were ‘not totally unexpected’, which emphasises the point that the workers’ movement is hardly devoid of particular interests and contradictions. Furthermore, the fact that the workers’ movement can actually be jeopardised by an issue like race, brings into question the notion that there can ever be united workers’ movement. Mandel writes: “the proletariat cannot finally free itself, and, above all, cannot abolish wage labour and construct a classless society, unless it radically eliminates *all* forms of discrimination, oppression and social inequality” (1979: 147). Thus, Marx overlooked the fact that even within the society established by the proletariat, domination could still be present. Even though the working class were ‘sufferers’ they also had their own specific ‘interests’, some of which included seeking domination through patriarchy, religion or race. Poster states that emancipatory discourse “need not attribute the universal to a particular social group and it need not theorize totality” (1984: 59). This is because by doing this, emancipatory discourse, firstly, removes agency from the people’s movement and, secondly, the intellectual power of the theorist dominates what is meant to be a ‘popular liberation movement’ based on the perceptions and experiences of the people directly participating in such a movement (Poster, 1984: 59). Poster in summing up his critique of Marx writes: “[b]y totalizing the social field in terms of the universal suffering of wage labour, Marx at the same time effected a closure which prevents other modes of domination from being named and analyzed” (Poster, 1984: 59). The consequences of this for Marxism have been rather negative. Drainville writes:

“Starting in the late 1960s, ‘new social movements’ proclaimed socialism dead, and its historic subject extinct, and its holism dangerous. Andre Gorz bid farewell to the working class, while Ernesto Laclau and Chantal Mouffe announced that there was no totality and that bourgeois ‘society was not a valid object of discourse’ ” (1995: 226).

Smart writing about the social movements that took place in the 1960’s (in particular the May 1968 protests in France) writes that they were ‘formed independently’ from the trade unions and Leftist political parties (1983: 6). Smart goes on to note that these movements were informally organized with no bureaucracy and could not be plainly ‘conceptualized as class struggles’ (1983: 6). Drainville remarks:

“the new left internationalism appears to mark, if not the wholesale defeat of socialist internationalism and appearance of piecemeal reformism, at least its weakening in a series of particularized struggles having little to do with socialism, or any political project at all” (1995: 226).

The quotation from Drainville shows how today localized resistance which is context specific is taking precedence over the resistance of broader and larger political movements. These localized struggles do not necessarily subscribe to any political theory but rather focus on specific issues; examples of such struggles include the feminist and ecological movements. However, Mandel remarks that since the late 1960’s there has been a social crisis precipitated by late capitalism in which:

“social-political struggles in imperialist countries are characterized by a combination of ‘pure’ working class struggles and explosions of discontent and social revolt on the part of large sectors of the population whose composition is not *entirely proletarian*: [my emphasis] youth in rebellion, the women’s liberation movement, the revolt of oppressed nationalities” (1979: 146).

Mandel goes on to write:

“[w]hen we say ‘not entirely proletarian in composition’ we mean exactly that. It is absurd to describe the youth, women, or racial and ethnic minorities as ‘non – proletarian’ or even ‘petty-bourgeois’ as a whole on the basis of ideological or psychological criteria” (1979: 146-7).

According to Mandel, this is because a substantial number of the female population in capitalist countries is made up of women workers (1979: 147). Mandel also notes that a large number of the youth are ‘young workers or apprentices’ (1979: 147). He also gives the example of the Puerto Ricans and Chicanos in the USA, and the Asian, and West Indian immigrants in England who “form a considerable part of the working class as a whole in these states” (1979: 147). In the light of this Mandel asserts:

“Revolutionary Marxists recognize as justified the autonomous liberation movements of women, of youth, of oppressed nationalities and races – not only before but even after the overthrow capitalism, which will not remove in one day the vestiges of thousands of years of sexist, racist, chauvinistic and xenophobic prejudices inside the working masses” (1979:148).

The approach described by Mandel has been adopted by Open Marxists. Open Marxists essentially believe in the revision of Marxist theory so as to suit contemporary forms of knowledge and the current social context. Open Marxism also seeks to incorporate other critical theories and emancipatory theories. Gill notes that Open Marxism steers away from Marxist fundamentalism and adopts a critique of the ‘positivist, mechanical and economical’ theoretical explanations found in Marxism and other theoretical perspectives (Gill in Drainville, 1994: 107). Open Marxism also attempts to establish “alternative institutions and alternative intellectual resources within existing society and [build] bridges between workers and other subordinate classes” (Cox in Drainville, 1994: 107). Open Marxism extends invitations to all progressive social movements in its struggle against neo-liberalism. Open Marxism understands and respects the autonomy of social movements and sees this as an advantage in the battle against capitalism. Hence, Open Marxism issued political invitations to the following:

“organizations and movements that might form part of a counter-hegemonic bloc include[ing] Amnesty International, green parties and ecological groups, socialist think-tanks like the Transnational Institute, peace

groups such as OXFAM, and religious organizations such as the World Council of Churches” (Gill and Law in Drainville, 2004: 218).

One notion that becomes clear from Open Marxism is that there is no longer the concept of a monolithic and hegemonic working class; instead, Open Marxism is ‘open’ to all groups, and organizations that seek to oppose neo-liberalism as a dominant economic system. In terms of who belongs, the list is quite long as neo-liberalism has permeated society and affected almost all of humanity. This means that cultural groups should be included if, for example, they believe their values are threatened by consumer culture and the materialistic values of neo-liberalism. Feminists mobilize against the ‘feminization of poverty’ and ecological groups, human rights campaign groups and indigenous peoples all try to resist neo-liberalism in defence of their own way of life. This counter-hegemonic bloc of various social movements is opposed to neo-liberalism. However, despite this, even though it is a bloc, it is still made up of many parts, with each particular struggle retaining its own identity, character, and method of struggle.

Conclusion

We can therefore conclude that Marxism, at least in its ‘open’ form is still a relevant social theory. However, it is well to remember the following: resistance does not have to be in the form of class resistance; even within the working class are particular forms of localized resistance since different groups of workers fight to realise their own specific goals. Smart writes:

“[t]he emergence of new ‘social subjects’ or new political groupings, ‘groupuscles’, around specific issues, such as education, women’s liberation, ecology, gay liberation, prisoners’s rights, and so forth, has...constituted a problem for conventional Marxist analysis” (Smart, 1983:7).

As we have seen, Marxism fails to meet the needs and desires of people who may be mobilizing in terms of issues that are not directly connected to class. Smart states as follows:

“The tendency to conceptualise politics in terms of class politics and thereby to reduce the political to the level of class relations, class alliances and class struggles has proven less than satisfactory, causing some Marxist theoreticians to consider alternative non-Marxist conceptualizations of power and politics” (Poulantzas in Smart, 1983:7).

Thus, Marxism alone surely cannot provide an alternative to neo-liberal capitalism for it has its own limitations, even though it is still a useful framework in which to understand neo-liberal domination. It is in the light of the limitations of Marxism that the thought of Foucault is particularly relevant. Smart notes that Foucault’s work avoids ‘global theorising’ and the ‘totalising forms of analysis’ (1983: 73). In essence, Foucault’s work focuses more on critique as opposed to seeking to create ‘an alternative theory and practice’ (Smart, 1983: 74). Foucault’s work also seems to avoid being mired in global totalizing notions such as ‘class relations’ and, in this respect, it is clearly superior to Marxism. In what follows we will try to demonstrate the usefulness of Foucauldian social theory in critiquing neo-liberalism. We begin the next chapter with an exposition and analysis of Foucault’s unique understanding of social power.

Chapter3: Foucault's Concept of Power

This chapter will discuss how Foucault's concept of power can be used to provide a critique of neo-liberalism as an economic theory and social system. By using Foucault's concept of power it will be then possible to effectively critique neo-liberalism.

Foucault's concept of power describes the means by which power operates and shapes the social world. Power is seen by Foucault as being inherent in society. Thus, human relations are only possible because of power. However, human society is afflicted by the adverse effects of power such as inequality, for instance. The harmful material effects of power include poverty and marginalisation. For Foucault, power cannot be taken for granted, especially since it shapes our lives to a significant extent. Thus, every manifestation of power must be questioned and critiqued so as to not only understand the various power contexts but also to expose domination and oppression. Neo-liberalism as an economic theory and politico-socio system is steeped in power relations. Neo-liberalism has real material effects that adversely affect people (as discussed in depth in the first chapter). By applying Foucault's concept of power one can hopefully launch a critique of neo-liberalism and effectively expose its arbitrariness and oppressiveness. It is important then to discuss in detail Foucault's understanding of power.

Foucault states that power operates within societal networks. He claims that power "profoundly and subtly penetrates an entire societal network" (1996: 75). Foucault also states the following:

"[n]o one, strictly speaking, has an official right to power; and yet it is always exerted in a particular direction, with some people on one side and some on the other. It is often difficult to say who holds power in a precise sense, but it is easy to see who lacks power" (1996: 79).

It is important to note two aspects in regard to Foucault's statement; firstly power is intrinsic to society and social relationships, meaning that it permeates society and is, in essence, everywhere. For Foucault, power is a 'positive force' which permeates social space through a 'multiplicity of relations' of which those pertaining to domination are an example (McNay, 1994: 90). McNay notes that such an understanding of power as a positive and diffuse phenomenon highlights the point that the study of power relations must be 'decentred' (1994: 91). This is because:

“[p]ower can no longer be analysed either in terms of intentionality- ‘who then has power and what has he (sic) in mind?’ – or by focusing exclusively on legitimate and institutionalized centres of power, such as state apparatuses.

This can only lead to an oversimplified and functionalist understanding of power” (McNay, 1994: 91).

Moreover, power is not a commodity or entity in the possession of anyone; nevertheless, the operation of power results in material effects that shape society. Power creates roles, legitimates, marginalizes and normalizes various sorts of behaviour. Society in all its complexity is an effect of power. Foucault puts things as follows:

“[t]he question of power is greatly impoverished if posed solely in terms of legislation, or the constitution, or the state, the state apparatus. Power is much more complicated, much more dense and diffuse than a set of laws or state apparatus” (1996: 235).

Power cannot be understood as a phenomenon irrespective of context. Indeed, Foucault maintains that power arises out of particular contexts or sets of relationships that occur in human society. Thus, power according to Foucault is 'heterogeneous' and “is always born of something other than itself” (1996: 259). When processes take place within society, power is present because of the complex relationships that these processes bring into play. Foucault gives the example of the context of 16th century Europe when “the problem of the poor, of the homeless, of fluctuating populations” begins to be understood and viewed as both an

economic and political problem (1996: 259). Such a particular context is saturated in power relations. This is highlighted by how:

“an attempt is made to resolve [the above context] with an entire arsenal of implements and arms (the laws concerning the poor, the more-or-less forced isolation and, finally, imprisonment of these people-in particular, what took place in France and in Paris in 1660-1661)”(1996: 259).

Thus, the laws, imprisonment and mental institutions that arose in 17th century France are manifestations of power. These institutions arose out of a specific context, in this case, an increase in population and the problems that accompanied it---poverty and homelessness. This in turn led to the manifestation of power relations through measures designed to “deal” with the context of a sudden increase in population. To illustrate this example at a very basic level one can imagine human relations thousands of years ago. The division of labour amongst ancient societies is another example of a context resulting in the manifestation of power. For example, in ancient Egypt there was a social class hierarchy which established and denoted each individual’s role in society (Grajetzki *et al.*, 2003)³⁶. At the apex of this hierarchy was the sovereign leader the Pharaoh; whilst immediately below him were the royal family, priests and court officials (Grajetzki *et al.*, 2003). This ruling class was followed by the craftsmen (sic), scribes and artists, with the farmers below these craftsmen (Grajetzki *et al.*, 2003). At the bottom of the hierarchy were the slaves and servants (Grajetzki *et al.*, 2003). Power thus shaped the way human society was organised by delineating roles and defining what each member of society could or not do; but this was only due to the fact that there was a specific social context of human existence and awareness underpinned by particular power relations.

Foucault states that power is a “certain modification, or the form, differing from time to time, of a series of clashes which constitute the social body, clashes of the political,

³⁶ Grajetzki, W; Quirke, S; and Shiode, N. 2003. “Social classes in ancient Egypt”. *Digital Egypt for Universities*. University College London. <http://www.digitalegypt.ucl.ac.uk/social/index.html>

economic type, etc” (1996: 260). These ‘clashes’ arise from particular contexts and give birth to relations of power in the form of tensions, contradictions and conflict. Social constructions like gender, race and social institutions often lead to ‘clashes’ as they result in processes that generate power relations. Foucault states:

“Power, then, is something like the stratification, the institutionalization, the definition of tactics, of implements and arms which are useful in all these clashes. It is this which can be considered in a given moment as a certain power relationship, a certain exercising of power” (1996:260).

Power thus is ingrained in social relationships and manifests itself through stratification, institutionalization and various ‘tactics’, all of which have material effects. The normalizing of neo-liberalism is a manifestation of power and its adverse effects are material power effects.

Power and its Mechanizations

Foucault notes that power cannot be exercised “unless a certain economy of discourses of truth functions in, on the basis of, and thanks to, that power” (2004: 24). On the basis of this statement of Foucault one is able to observe that power needs to be legitimized in order to function effectively and have the desired effects. This need for legitimacy can only be fulfilled by discourses that claim truth as their foundation. Foucault also notes that “[p]ower constantly asks questions and questions us; it constantly investigates and records; it institutionalizes the search for truth, professionalizes it, and rewards it” (2004: 25). This statement shows the material benefits of power and its diversity. Not only can power marginalise, it can also reward and generate benefits. Just as power can open up possibilities for an individual it can also constrain an individual. Foucault argues that power through discourses places judgment on our actions and determines how we live our lives (2004:25). He writes: “we are...destined to live and die in certain ways by discourses that are true, and which bring with them special power – effects” (Foucault, 2004: 25). Foucault emphasises

the subtle role that discourses of health, government, the state, sex, crime and economy play in society and our lives.

These discourses shape our lives and have ‘power-effects’ which become expressed in a real material sense. For example, the discourses pertaining to mental health have created the mental institution; within our society one can be classified as being mad and thus be condemned to a mental institution. Discourses pertaining to criminology stipulate what is legal and what is illegal. If one commits a crime then one faces penalties such as imprisonment or the death penalty (in some countries), both of which are real ‘power-effects’. Foucault traces the origins of these discourses through his archaeology, which seeks to uncover notions that have generally being accepted as ‘given’. Archaeology for Foucault means the process of uncovering notions such as madness, criminology and others within their historical contexts. In essence, archaeology asks the question: under what circumstances did particular discourses emerge? Foucault argues that these discourses are not to be taken for granted or as though they are always present, for they only appear within a specific period and social context. Mills puts it as follows: “[a]rchaeological analysis is not interpretive; that is, it does not offer explanations of what happened in the past- it simply describes what happens and the discursive conditions under which it was possible for that to happen” (2003: 24).

Genealogy on the other hand is a historical analysis which describes events in the past without making causal connections (Mills, 2003: 25). This is because genealogy seeks to counter the narratives of traditional historical analysis which often depend on ‘uninterrupted continuity’ and causal connections by inserting events into “grand explanatory systems and linear processes” that celebrate great moments and individuals, and attempt to document a ‘point of origin’ as the “source of emanation of a specific historical process or sequence” (Smart, 1989: 75-6). Genealogy therefore seeks to assert and maintain the ‘singularity of

events' and provides a history of the "discounted and unspectacular phenomena" which are often 'denied a history' (Smart, 1989: 76); examples of such phenomena would be reason, punishment and sexuality (Smart, 1989: 76). Smart writes:

"Foucault's reflections on genealogical analysis reveal his basic commitment to critique, to critical analysis. Such a commitment is evident in the description of genealogy as giving expression to subjugated knowledges, as giving voice to histories which have become lost or neglected within global theoretical systems, and as rescuing other disqualified forms of knowledge from ignominy" (1989: 77).

Genealogy is used by Foucault to critique the "scientific hierarchisation of knowledges and their effects", in particular, the 'centralising powers' of the institution and scientific discourses within society (Smart, 1989: 77). Smart notes that whilst archaeological investigations are directed to an analysis of the "unconscious rules of formation which regulate the emergence of discourses in the human sciences" (Smart in Mills, 2003: 24-5), genealogical analyses expose the conditions that allowed for the emergence of particular discourses which led to the creation of the human sciences (Mills, 2003: 25). Genealogy also allows scholars to understand how specific discourses came to be combined with certain 'technologies of power' and became 'embodied' in various social practices (Mills, 2003: 25). Thus, by using the processes of archaeology and genealogy Foucault is able to expose the mechanisms of power. In essence the use of archaeology and genealogy show how power operates within society through mechanizations such as institutions which have a particular historical context and which promote ongoing discourses that continue to affect present day society.

Foucault follows five methodological rules in exposing the mechanisms or workings of power through discourses. The first is that in order to critique power it is important to analyse how it operates on a regional and local level. By using a local or regional analysis it is easier to isolate the local and regional contexts and thus expose how power really operates

in that specific context. For example, Foucault (2004) states that rather than trying to see where and how the power to punish finds its basis or origin in the notion of sovereignty as described within philosophy (due to either monarchical right or democratic right), one should try and look at how the power to punish was embodied in “a certain number of local, regional, and material institutions” such as torture and imprisonment as well as the ‘institutionalised’ violent symbolism of the “actual apparatuses of punishment” (2004: 28). By doing this one is able to understand power by “looking at its extremities, at where its exercise became less and less juridical” (2004: 28). This rule is constructed so as to avoid an analysis of power solely in terms of sovereignty and obedience and “recommends a ‘bracketing’ of the regulated, legitimate, and centralised forms of power and a concern instead with ‘power at its extremities’, with its regional and local forms, where it becomes less legal” (Smart, 1989: 83). The focus is on decentring power and doing so by avoiding an analysis of power limited to juridical sovereignty or the state (McNay, 1994: 91). Juridical sovereignty refers to the notion of how power was understood in terms of ‘negation or prohibition’ in relation to the development of monarchical and state institutions in the Middle Ages (Smart, 1989: 88) and their “achievement of legitimacy and acceptability through the construction of regulated order out of a myriad of conflicting power relations” (Smart, 1989:88).

Foucault in his work observed that formal academic understandings of power stem from such a notion of power with the assumption that power is derived from the ‘notions of sovereignty’ (Clegg, 1998: 31). Clegg notes that in such a context sovereignty pertains to an ‘originating subject’ that exercises power through will (1998: 31). This ‘originary subject’ in Western history “becomes transmuted from the monarch into ‘the state’ ” (Clegg, 1998: 31). Foucault notes that the power of such an ‘originary subject’ is that “essentially juridical, centred on nothing more than a statement of the law and the operation of taboos. All modes

of domination, submission, and subjugation are ultimately reduced to an effect of obedience” (Foucault in Smart:1989: 88). Foucault argues that such a negative understanding of power undermines the concept of power in its ‘capillary form’, a power which “reaches into the very grain of individuals” and is a “synaptic regime of power, a regime of its exercise *within* the social body, rather than *from above* it” (Foucault in Clegg, 1998: 31).

Smart notes that this ‘juridico-discursive’ conception of power is “not adequate for the task of analysing the exercise or operation of sovereign power” (Smart, 1988: 88). This is because it prevents an analysis of the ‘actual practice of power’ (Smart, 1988: 88). Smart writes:

“[t]he juridico-discursive conception has been all that we have known of power; it has been synonymous for us with the exercise and practice of power. Thus, the subterranean operation of other mechanisms of power has passed undetected” (1988: 88).

Foucault moves away from the ‘juridico-discursive’ understanding of power because it only applied to a particular period of Western civilisation (Smart, 1988: 89). Smart writes: “[w]ith the emergence of new methods and techniques of power and their penetration of earlier forms the juridico-discursive conception has become an obstacle to the development of an effective analytics of power” (1989: 89).

The second methodological recommendation is that one must not seek to understand power based on the ‘level of intentions or decisions’. Thus questions like: who has power? What is their intention? (Foucault, 2004: 28) are not important; rather one should seek to study power at the point it comes into effect, where it is manifested. Foucault notes that power according to the second methodological recommendation must be studied by looking at its “external face, at the point where it relates directly and immediately to---its object, its target, its field of application, or, in other words, the places where it implants itself and produces real effects” (2004: 28). The subjugation of the human body through discourses of

accepted social behaviour is an example of the workings of power, the object in this case being the human body.

Foucault's third methodological rule is that one must realise that power is not a phenomenon of mass homogenous domination; rather one must seek to understand how power functions within social networks through a multiplicity of processes (2004: 28-9). By this Foucault means that power is not static, tangible or a commodity. He states: "...power is not something that is divided between those who have it and hold it exclusively, and those who do not have it and are subject to it" (Foucault, 2004: 29). Instead power should be viewed as something that 'circulates' and functions as part of a chain (Foucault, 2004: 29). This methodological rule seeks to highlight the point that

"power ought not to be conceptualised as the property of an individual or of a class. Power is not possessed or 'appropriated as a commodity or piece of wealth'; rather it has the character of a network, its threads extend everywhere" (Smart, 1989: 83).

Thus, individuals themselves do not actually possess power; rather they are the conduit of power, which they articulate through various social mechanisms. Foucault states that individuals are power's 'element of articulation' and 'its vehicle (Foucault in Smart, 1989: 83). Power functions through networks and individuals either exercise it or submit to it. Foucault states: "[t]he individual is in fact a power-effect, and at the same time, and to the extent that he is a power-effect, the individual is a relay: power passes through the individuals it has constituted" (2004: 30) via complex social networks.

The fourth methodological rule is that one must seek to understand power using a bottom up analysis, that is, one which focuses on how the low level mechanizations of power lead to universal normalization. Foucault puts the matter as follows:

"I think we have to analyse the way in which the phenomena, techniques, and procedures of power came into play at the lowest levels; we have to show, obviously, how these procedures are displaced, extended, and modified and

above all, how they are invested or annexed by global phenomena, and how more general powers or economic benefits can slip into the play of these technologies of power, which are at once relatively autonomous and infinitesimal” (2004: 30-1).

Hence, by observing processes of power at the lowest levels of society one can therefore understand how these combine to give the appearance of a universalized norm in the form of ‘global phenomena’. An example would be the phenomenon of the family which is maintained by millions of parents, teachers, siblings, religious leaders and government officials at the lowest levels on a daily basis. All these individuals operate as a whole functioning network that gives the family an appearance of universal normality.

The fifth and last methodological rule is that the functioning of power coexists with ideological production or essentially knowledge. Foucault states: “the delicate mechanisms of power cannot function unless knowledge, or rather knowledge apparatuses, are formed, organized, and put into circulation” (2004: 33-3). Thus, power can be seen as power-knowledge. In essence, the exercise of power is accompanied by the ‘production of apparatuses of knowledge’ (Smart, 1989: 84). An example of this would be the emergence of discipline as a form of power in the 18th century. For discipline to function as a form of power, Foucault notes, there was the need for knowledge apparatuses to be formed through institutions such as the army, church and schools and expressed through the methods of observation, recording, calculation, regulation and training with the goal of promoting normalisation and the somewhat subtle control of individuals (Smart, 1989: 110). Foucault states:

“Discipline may be identified neither with an institution nor with an apparatus; it is a type of power, a modality for its exercise, comprising a whole set of instruments, techniques, procedures, levels of application, targets; it is a ‘physics’ or an anatomy of power, a technology. And it may be taken over either by ‘specialized’ institutions (the penitentiaries...) or by institutions that use it as an essential instrument for a particular end (schools...), or ...by

pre-existing authorities...or finally by state apparatuses whose major, if not exclusive, function is to assure that discipline reigns over society as a whole (the police)” (Foucault in Smart, 1989: 110).

By adopting these five rules one avoids viewing power in terms of juridical sovereignty and instead retains the complexity and nuances that are intrinsic to power. One is able to see the multiple relationships that are implicit in all power situations and, most importantly, one is able to expose the mechanisms of power and in doing so not take discourses and institutions for granted.

The Role of Discourses

The power-knowledge couple is determined by discourses. Discourses can be defined as fields of knowledge. Examples include medicine, economics, psychiatry and biology (Foucault, 1991: 54). Foucault suggests three criteria which allow a form of knowledge to be labelled a discourse. The first criterion is that each discourse has its own set of rules, laws or regulations (1991: 54). The second criterion is that each discourse has its own processes of transformation that in the beginning led to its formation and these processes, as they develop, continue to define the discourse (Foucault, 1991: 54). The last criterion is that each discourse must have some connection to other discourses due to its subject or discipline and the set of relations that define it (Foucault, 1991: 54). A good example of this would be the university and its disciplines: humanities, commerce and the sciences.

Foucault in seeking to analyse discourses as manifestations of power-knowledge does not ask what the intention or purpose of the discourse is but rather what its power effects are. He writes: “I do not question discourses about their silently intended meanings but about the fact and conditions of their manifest appearance” (1991: 60). Foucault is interested in the “transformations which they [discourses] have effected” (1991: 60). An example of this would be the discourse of madness and how it had the power effects of firstly, forming

psychiatry as a discipline and secondly, the creation of the mental institution to facilitate the discipline of psychiatry. Foucault also seeks to understand the conditions of existence of a particular discourse (1991: 60), as this exposes the context which led to its power effects. The importance of this is highlighted by what Foucault calls ‘eventalization’. By seeking to understand the effects and conditions of existence of particular discourses Foucault is attempting to avoid “the temptation to invoke a historical constant...or an obviousness which imposes itself uniformly on all” (1991: 76). Thus Foucault:

“[t]o show that things ‘weren’t as necessary as all that’; it wasn’t as a matter of course that mad people came to be regarded as mentally ill; it wasn’t self-evident that the only thing to be done with a criminal was to lock him up; it wasn’t self-evident that the causes of illness were to be sought through the individual examination of bodies; and so on. A breach of self-evidence, of those self-evidences on which our knowledges, acquiescences, and practices rest: this is the first theoretico-political function of ‘eventalization’ ” (1991: 76).

By stating this Foucault is exposing how power functions through discourses like psychiatry and criminology. Foucault is highlighting the fact that these discourses are not ‘self-evident’ and should not be taken at face value. Foucault thus seeks to examine the complexity of discourses by denying them the appearance of being ‘self-evident’. This is because these discourses have power effects; they shape our lives in a material sense and are saturated with power-knowledge. To accept them as being self-evident is to take them as a given and not critique them and expose the domination that underlies them.

Foucault gives the example of the penal incarceration system. He analyses this practice as an ‘event’ and not as an institutional fact. Based on the specific discourse one is able to flesh out the complexity of the event of penal incarceration. The result is that processes such as ‘carceralization’ and ‘penalization’ are exposed and laid bare as power effects (1991: 76). ‘Carceralization’ pertaining to the practices of penal justice in terms of how “imprisonment as form of punishment and technique of correction becomes a central

component of the penal order” (Foucault, 1991: 77), whereas ‘penalization’ refers to various modes or forms of legal punishment (Foucault, 1991:77). Discourses tend to normalize processes and make them appear as occurring as a ‘matter of course’ when in fact these processes are events that involve complex power relations.

In order for discourses to manifest themselves in processes or actions they depend on various knowledge based tools, Foucault gives the example of clinical discourse which according to him is broader than medical discourse. In order to manifest itself as a power effect it encompasses knowledge based tools such as “political reflections, reform programs, legislative measures, administrative settlements and ethical considerations” (1998: 323). Thus discourses need knowledge in order to be not only legitimized but to be institutionalized and projected as norm or ‘matter of course’. Foucault notes that the knowledge that is law “refers to a norm, and that the role and function of the law therefore- the very operation of the law- is to codify a norm, to carry out codification in relation to the norm” (2007: 56). The question that arises then is where law emanates from; the answer is institutions like the judiciary, parliament and executive state government are knowledge producing institutions that are in turn the pillar of the state and governmentality discourses.

The Role of Institutions

Caputo and Yount point out that Foucault “situated institutions within the thin but all entangling web of power relations” (1993: 4). Caputo and Yount note that institutions are the means that power uses; they are not the origins of power (1993: 4). In essence, institutions are a mechanism of power. Disciplines based on particular discourses introduced the power of the norm and thus, power depends on the production of truth (knowledge) (Caputo and Yount, 1993: 6). Through the norm or rather normalization there is homogeneity but at the same time normalization “makes it possible to individualize, to measure gaps, [and] to

differentiate according to the norm whose function is to make differences intelligible *as such*” (Caputo and Yount, 1993: 6). Caputo and Yount explain that even though on the surface the norm appears to allow for tolerance and to encourage diversity, it ultimately ‘constrains all deviations’ by its established rule (1993: 6). Normalization in essence keeps watch over the “excessive and exceptional, delimiting the outcasts who threaten the order of normalcy” (Caputo and Yount, 1993:6). In order to do this power becomes power-knowledge with the power effect of making human individuals subjects; this then allows for the individual to be the site of power effects; the individual can thus be observed, counted, documented and shaped by power mechanisms. Once humans are subjects they can be observed and regulated according to the norms facilitated by different institutions. For Foucault, institutions must be critiqued so as to expose their arbitrariness and their oppressiveness. The norm occurs because of the work of institutions and their attendant discourses; the norm must thus be exposed for what it is, an exercise of power. It must not be taken as a given, an unaccountable occurrence.

Caputo and Yount note that, “[p]roblems are not always there-not as problems anyway. It has taken the work of hundreds and thousands of people for problems like the prison, medical power, and the like to come onto the agenda” (1993: 8)³⁷. Foucault thus calls for the problematizing and interrogation of institutions. Caputo and Yount remark that: “Foucault believed that the very idea of power-as-right serves to conceal the fact of domination and all domination effects” (1993: 9). If power permeates social space and constrains, regulates, determines, and legitimates, then it is vital that as members of society we must be constantly vigilant. Foucault says: “If everything is dangerous, then we always have something to do” (Foucault in Smart, 1993: 10).

³⁷ This is reference to the testimonies of those who have been affected by medical and disciplinary institutions; their co-operation with academics or human rights organisations amongst many others has shown the limitations and problems associated with these institutions.

Conclusion

This chapter has sought to provide a detailed discussion of Foucault's concept of power. This is because his concept of power invariably leads to a critique of institutions, which are the major mechanizations of power. Unfortunately, as highlighted in the first chapter, the institutions that support neo-liberal ideology and allow for its material effects are not formulated in the interests of the majority of humanity³⁸. Having understood how power is exercised and is complex, a critique of neo-liberalism is possible based on Foucault's ideas. The next chapter will therefore attempt to critique neo-liberal governmentality (art of governance) firstly, to expose the exploitative power relations that underpin neo-liberalism and secondly, reveal the adverse power effects of neo-liberal governance.

³⁸ It is of interest to mention a view of power that is similar to that of Foucault's to some degree. This is the "radical view" of power as articulated by Steven Lukes. In essence Lukes argues for an analysis of what he terms the "third dimension of power", which is the "power to prevent the formation of grievances by shaping perceptions, cognitions, and preferences in such a way as to ensure the acceptance of a certain role in the existing order" (Lorenzi, 2006: 92). Lukes notes: "the bias of the system is not sustained simply by a series of individually chosen acts, but also, most importantly, socially structured and culturally patterned behaviour of groups, and practices of institutions" (2005: 26). For Lukes, the 'supreme and most insidious' exercise of power is that of shaping people's "perceptions, cognitions and preferences" to such a degree that they no longer see an alternative in terms of the existing order or they view it "as natural and unchangeable" (2005: 28). This is similar to Foucault's critique: highlighting the danger of not interrogating the role and purpose of institutions even when they seem benevolent, by investigating how the institutions came about and analysing what role their discourses still play in our day to day lives. Neo-liberalism has become the *global* economic system and the norm. Foucault would seek to expose the arbitrariness of this, whilst Lukes would argue that an alternative does exist. Both however see the danger of institutions and normalization.

Chapter 4: A Foucauldian Critique of Neo-liberal Society

This chapter will carry out a Foucauldian critique of neo-liberal society.³⁹ In order to do this Foucault's concept of governmentality will be applied to the workings of neo-liberalism. Governmentality in essence is the 'science' of controlling and managing individuals within human society. This chapter will therefore apply Foucault's concept of governmentality and his understanding of power to neo-liberal society. As has been discussed in the previous chapters it can be noted that neo-liberalism has permeated contemporary human relations and society to such an extent that the market is now completely hegemonic. Giroux notes that in the United States, for example, there has been the notion that the market⁴⁰ should be the 'organizing principle' for all political, social, and economic decisions (2005: 2). Thus, the market has become supreme and is the framework through which human society is to be configured and organized. Globalization and international institutions have extended the logic and tenets of neo-liberalism throughout the world, forcing developing societies worldwide to conform to market fundamentalism⁴¹ so as to be integrated into the international system. In the light of this it becomes apparent that a critique of neo-liberal society is essential. Giroux notes that neo-liberalism:

³⁹ It is noted that neo-liberalism is in serious crisis, which might possibly lead to its demise. But neo-liberalism still remains the dominant overall framework for economic, political, and social organization.

⁴⁰ 'Market' refers to "social arenas that exist for the production and sale of some good or service, and ...are characterized by structured exchange. Structured exchange implies that actors expect repeated exchanges for their products and that therefore, they need rules and social structures to guide and organize exchange"(Fligstein, 2001: 30).

⁴¹ Market Fundamentalism here refers to the notion there is no alternative other than neo-liberalism, a sentiment that was voiced forcefully by Margret Thatcher. Amin notes: "[t]he language through which the market is evoked is akin to fundamentalist interpretation of religion. Just as the God of fundamentalism created the entire universe, leaving us no choice but to submit to His will as revealed in the sacred text, the market commands the world; one must submit to its rule. The peculiar rationality of the market becomes that of the totality of social life" (2000: 583).

“is an economic and implicitly cultural theory - a historical and socially constructed ideology that needs to be made visible, critically engaged, and shaken from the stranglehold of power it currently exercises over most of the commanding institutions of national and global life” (2005:13).

Foucault and Governmentality

In order to make sense of neo-liberal society it is helpful to view it through Foucault’s concept of governmentality. Lemke writes:

“government defines a discursive field in which exercising power is ‘rationalized’. This occurs, among other things, by the delineation of concepts, the specification of objects and borders, the provision of arguments and justifications” (2001: 191).

Government in fact becomes the mechanism through which any and all problems are to be addressed; government offers strategies and techniques for solving or handling *all* problems (Lemke, 2001: 191). Tied to the issue of government is the political rationality that allows for intervention into the social space (Lemke, 2001: 191). Lemke writes:

“political rationality is not pure, neutral knowledge which simply ‘re-presents’ the governing reality; instead, it itself constitutes the intellectual processing of the reality which political technologies can then tackle. This is understood to include agencies, procedures, institutions, legal forms, etc., that are intended to enable us to govern the objects and subjects of a political rationality” (2001: 191).

It is clear then that governmentality involves the control and management of human society through political technologies such as institutions (these include the family and the education system) and the law, amongst others. Through the concept of government, the exercise of power becomes legitimised and rationalized. It is this process that is termed governmentality.

According to Foucault, the question or rather ‘problematic of government’ emerged in 16th century Europe (Smart, 2002: 127). Smart notes, however, that some elements of the ‘problematic’ have a history dating back to classical Antiquity and early Christianity (2002:

128). These elements are tied to the concept of ‘pastorship’⁴², which was essentially the “knowledge of the individual, of their needs, actions and conduct, and of their conscience or ‘soul’ ” (Smart, 2002: 128). The result of this was an “important chapter in the history of the government of individuals” (Smart, 2002: 128). Following on from the notion of ‘pastorship’ was the question of what the model of government was to be, and this was the problem of government during the 16th century. Foucault notes:

“[h]ow to govern oneself, how to be governed, how to govern others, by whom the people will accept being governed, how to become the best governor- all these problems, in their multiplicity and intensity, seem to me to be characteristic of the sixteenth century” (2000: 202).

Foucault’s argument then is that during the 16th and 17th centuries the art of government was “conceived in terms of the model of the family” (Smart, 2002: 129). Foucault states:

“[t]o govern a state will mean, therefore, to apply economy⁴³, to set up an economy at the level of the entire state, which means exercising toward its inhabitants, and the wealth and behaviour of each and all, a form of surveillance and control as attentive as that of the head of a family over his [sic] household and his [sic] goods” (2000: 207).

Government, as a result, took on the appearance of a patriarchal head of the household who makes decisions based on his position and what they deem to be the interests of the family. Smart states that the catalyst for the development of the ‘art of government’ was the emergence of the problem of population (2002: 129). Foucault explains:

⁴² The notion of ‘pastoral power’ is derived from Christian thought through the metaphors of the ‘shepherd and the flock’ (Smart, 2002: 126). The objective of pastorship or rather ‘pastoral power’ is to “ensure, sustain and improve the lives of each and every one” (Smart, 2002: 126). The significance of this is that Foucault noted that pastorship is essentially the exercise of power over individuals with the objective of improving people’s lives. This was a policy of government in 16th century Europe.

⁴³ Economy here refers to “...the wise government of the family for the common welfare of all” (Foucault, 2002: 207).

“In what way did the problem of population make possible the unfreezing of the art of government? The perspective of population, the reality accorded to the specific phenomena of population, render possible the final elimination of the model of the family and the recentering of the notion of the economy⁴⁴” (2000:215).

Instead the family became a political mechanism of government used in the observation, regulation, and management of the population (Smart, 2002: 129). In essence, then, the ‘condition of the population’ became the aim and focus of government (Smart, 2002: 130). Moreover, in order for government to understand and govern the population a science termed ‘political economy’ was created (Smart, 2002: 130). Smart explains that the transition in the 18th century from authority and power being administered through juridical sovereignty to governmental techniques was directly linked to the question of population and the creation of political economy (Smart, 2002: 130). Techniques of government then involve the use of ‘political technologies’ like the state apparatus, family, education system and police to control populations. Within the social space that is the state, political technologies operate on the population via what Foucault terms ‘power networks’, which affect the human body and influence social understandings of knowledge, sexuality and family (Smart, 2002: 124). Hindess notes that in essence government is “the regulation of conduct by the more or less rational application of the appropriate technical means” (Hindess in Lemke, 2002: 54).

Neo-liberal governance

Having established what government is in terms of Foucault’s understanding of governmentality, it is now important to look at neo-liberal forms of government. Lemke argues that the neo-liberalism of the Chicago School opposed state intervention in the economy in the interests of ‘economic liberty’ as well as governmental institutions and

⁴⁴ Smart notes that the development of a science of government initiated a change in the conception of the economy from “wise government of the family for the common welfare of all” to that of the ‘economic’ as we know it (2002: 129).

policies that sought to regulate society in the interests of securing market freedoms (2001: 197). However, what is central to a critique of neo-liberal society or governance is what Foucault noted, that is, that the key element of the Chicago School in terms of neo-liberal governance was the “expansion of the economic form to apply to the social sphere, thus eliding any difference between the economy and the social” (Foucault in Lemke, 2001: 197). Lemke points out that the Chicago school sought to impose economic decision making and discourse onto social spheres which had generally nothing to do with economics (2001: 197); thus, the Chicago school was attempting to impose widespread economic rationality throughout society (2001: 197). It thus becomes apparent that neo-liberal governance involves re-defining the social sphere as an ‘economic domain’ (Lemke, 2001: 197). Foucault writes:

“[t]he model of rational-economic action serves as a principle for justifying and limiting governmental action, in which context government itself becomes a sort of enterprise whose task it is to universalize competition and invent market-shaped systems of action for individuals, groups and institutions” (Foucault in Lemke, 2001: 197).

Thus, one can see that the market becomes the focus of neo-liberal governance. This in turn means that the market is supported and protected by political technologies like the legal system and security institutions. The use of these political technologies can be legitimised in terms of the ‘rational-economic’ logic of neo-liberal governance.

The fact that neo-liberal governance seeks to make the social into the economic is a sign of the arbitrariness of neo-liberalism. The arbitrariness is highlighted by the notion of neo-liberal governance forcing complex social phenomena into the narrow perspective of economics. Reducing everything to the economic realm can have highly detrimental effects for society. Bourdieu (1998)⁴⁵ writes:

⁴⁵ Bourdieu, P.1998. ‘The essence of neo-liberalism’. *Le Monde Diplomatic*.
<http://mondediplo.com/1998/12/08bourdieu>.

“[n]eoliberalism tends on the whole to favour severing the economy from social realities and thereby constructing, in reality, an economic system conforming to its description in pure theory, that is a sort of logical machine that presents itself as a chain of constraints regulating economic agents.”

The primacy of the market and the ‘economical-rational’ individual become the dominant factors in neo-liberal society. This has an adverse effect on society in terms of culture and community, as Alexander notes:

“[i]n free markets, the exchange of labour, land, currency, and consumer goods must not be encumbered by clan loyalties, village responsibilities, guild rights, charity, family obligations, social roles, or religious values. Since cultural traditions ‘distort’ the free play of the laws of supply and demand, they must be suppressed to establish a free market society” (2001)⁴⁶.

The governmental focus of neo-liberal governance is ‘homo oeconomicus’⁴⁷ through which neo-liberal governance “admittedly ties the rationality of the government to the rational action of individuals” (Lemeke, 2001: 200). The effect of this is to make neo-liberalism appear as a highly efficient, logical and effective economic system; that increases prosperity and rewards to those who are willing to be innovative entrepreneurs by taking advantage of the opportunities provided by the neo-liberal system (Giroux, 2005: 12). Thus, neo-liberalism attempts to establish what Bourdieu⁴⁸ (1998) terms a ‘scientific description of

⁴⁶ Alexander, B.K. 2001. *The Roots of Addiction in Free Market Society*. Canadian Centre for Policy Alternatives. <http://www.cfdp.ca/roots.pdf>

⁴⁷ According to Rodriguez–Sickert homoeconomicus refers to “an individual that acts so as to maximize his well-being given the constraints he faces. *Homo economicus* is the prevalent model of human behavior among economists, and has also permeated other social sciences through so called rational choice theory” (Rodriguez –Sickert, 2009:223)

⁴⁸ <http://mondediplo.com/1998/12/08bourdieu>

reality' in which individuals act as rational agents in market society so as to meet their goals by means of self-interested maximizing behaviour.

The Political Technologies of Neo-liberal governance

This section seeks to look at the techniques or political technologies of neo-liberal governance and how they affect the 'market'. Fligstein writes:

“[t]he modern nation state is linked to the development of market society in myriad ways. The historical problem of producing stable capital, labor, and product markets eventually required governments and the representatives of capital and labor to produce general institutional arrangements around property rights, governance structures, and rules of exchange for all markets in capitalist societies” (2001: 27).

It is important to note that the 'general institutional arrangements' that Fligstein talks about form part of the necessary political technologies or techniques that neo-liberal government uses in order to maintain and expand the market. Fligstein explains that markets are governed by particular cultural and historical rules or practices, which determine the relations between suppliers, customers and workers (2001: 27). An example of a practice that underpins the market and is an example of 'political technology' is the legal aspect of property rights. Fligstein (2001: 33) states that property rights “are necessary to markets because they define the social relationships between owners and everyone else in society”. This is important in that property rights stabilize “markets by making it clear who is risking what and who gets the reward in a particular market situation” (Fligstein, 2001: 33). Other examples of 'political technologies' are the rules that apply to competition and cooperation amongst business entities in market society. These include various laws, such as antitrust and anticartel laws, which promote fair competition and regulate the activities of business entities in neo-liberal society (Fligstein, 2001: 34). Neo-liberal governance involves underwriting technology, regulating competition and adjudication between competing firms (Fligstein, 2001) through

the use of ‘political technologies’ like competition laws and property rights. Neo-liberal governance develops institutions and rules by means of which it can regulate markets (Fligstein, 2001: 13). A neo-liberal government also uses legal institutions to intervene in the market as well as particular firms it may own to regulate the markets (Fligstein, 2001: 13).

Whilst the state intervenes in order to sustain and maintain markets, it cuts back on direct governance of the population. Neo-liberal governance emphasises a kind of indirect rule which promotes the ‘freedom’ of individuals and allows them to achieve the best they can by means of their skills and entrepreneurial talents. Lemke writes:

“[t]he strategy of rendering individual subjects ‘responsible’ (and also collectives, such as families, associations, etc.) entails shifting the responsibility for social risks such as illness, unemployment, poverty, etc. and for life in society into the domain for which the individual is responsible and transforming it into a problem of ‘self-care’ ” (2003: 9).

Bluntly put, one can observe that neo-liberal governance simply exists to serve the market so as to ensure the survival and profitability of business in the market place. Thus, by reducing government spending and direct involvement in the welfare of citizens, neo-liberal governance focuses overwhelmingly on profit maximization. This underlay President Reagan’s whole approach to governance, which was the idea that markets were more efficient at organizing society than governments (Fligstein, 2001: 220). Reagan therefore proposed a program underpinned by deregulation, in which taxes were cut and there was to be a ‘roll back’ of government (Fligstein, 2001: 220). However, government was to act primarily as the referee of the market ensuring that there was fair competition, security and that the ‘rule of law’ was upheld. Bourdieu states that government officials and political leaders:

“sanctify the power of markets in the name of economic efficiency, which requires the elimination of administrative or political barriers capable of inconveniencing the owners of capital in their individual quest for the maximisation of individual profit, which has been turned into a model of rationality” (1998)⁴⁹.

This is because political leaders just like financiers, the owners and managers of large corporations have become adherents of what Bourdieu (1998) calls the ‘free trade faith’- a belief in the complete supremacy of the market and economic rationality⁵⁰.

The main goal of neo-liberal governance is to create opportunities for the citizen-entrepreneur and to stimulate the production of a wide range of consumer goods. The citizen-entrepreneur is viewed as being a rational economic individual ‘who optimises subject to constraints’ (Fine and Leopold, 1993: 47). Fine and Leopold write:

“For the individual consumer, there are given tastes or preferences and the individual’s motivation is to extract as much utility⁵¹ as possible from the given income available. They do so by choosing between a mix of goods whose enduring ability to satisfy utility is tempered by the price that each commands” (1993: 47).

Jenkins, referring to the work of Evans, argues that neo-liberal government’s leading priority has become that of being the primary supplier of consumer goods and services to citizens (2000: 22). Neo-liberal governments owe their tenure in government, in part to corporations and various financiers as they are the ones who finance the campaigns of political candidates and can also lobby on their behalf. As Giroux writes: “[u]nder neoliberalism, the state now makes a grim alignment with corporate capital and transnational corporations” (2004)⁵². It is therefore apparent that the role of neo-liberal government is to create the most conducive

⁴⁹ <http://mondediplo.com/1998/12/08bourdieu>.

⁵⁰ *Ibid*

⁵¹ We can define utility as the satisfaction gained by a person from the consumption of the goods and services of the market economy.

⁵² Giroux, H. 2004. “Neoliberalism and the Demise of Democracy : Resurrecting Hope in Dark Times.” *Dissident Voice*. <http://dissidentvoice.org/Aug04/Giroux0807.htm>

environment possible for the market so as to allow for profit maximization and consumer satisfaction. Halal, a respected American management professor and consultant, states:

“The emerging role for government is to provide a cooperative economic infrastructure that supports sound economic growth. As a global economy enables firms to locate anywhere, governments are under increasing pressure to attract responsible business formation by providing low taxes, information superhighways, minimal regulations, access to advanced technology, educated workers, product markets, and social amenities” (1998: 239).

From Halal’s statement one is able to observe that neo-liberal government intervenes in society on behalf of corporate interests. The notion behind this is to create an atmosphere that is highly favourable for business transactions and operations. Lemeke observes how through neo-liberal governance the state intervenes in society through various ‘specialized state apparatuses’ not only in the interests of capital, but also in order to maintain an indirect form of control over citizens that does not assume responsibility for their welfare (2001: 201). It is these processes of intervention in relation to the regulation of the market and the indirect management of the population that inform Foucault’s ‘political technologies’. Examples of government intervening in the market include the Defense Department of the United States working with early Silicon Valley firms such as Hewlett Packard and Loral in order to develop computer technology and advanced electronic products (Fligstein, 2001: 225). Fligstein explains that the American federal government through the Defence Department funded research at tertiary institutions like Stanford and the University of California that led to important ‘scientific breakthroughs’ that have transformed society (2001: 225). This shows how neo-liberal government is willing to co-operate with particular institutions if it leads to innovations that will stimulate business and subsequently the economy (Fligstein, 2001: 225). The American Congress passed the Telecommunications Act (1996) in order to provide rules of competition that were favourable to the incumbent phone and cable firms (Fligstein, 2001: 226).

In terms of individual citizens neo-liberal government promotes the notion of the responsible citizen. Thus, the ideal individual in neo-liberal society practises personal responsibility by making informed rational decisions. Neo-liberal democracy therefore “aspires to construct prudent subjects whose moral quality is based on the fact that they rationally assess the costs and benefits of a certain act as opposed to other alternative acts” (Lemke, 2001: 201). Neo-liberal governments together with corporations create conditions in which the responsible rational individual can become a successful entrepreneur or consumer. The success or failure of the individual depends on his or her skill and work ethic. Hence, life for an individual in neo-liberal society becomes one of personal responsibility to a greater extent. Giroux⁵³ argues that under neo-liberalism the state no longer assumes responsibility for social needs and rather focuses on initiating various ‘deregulations and privatizations’, whilst relinquishing all social responsibility to the ‘market and private philanthropy’ (2004). The neo-liberal state has no real obligation towards its citizens except to provide the necessary conditions for entrepreneurship and consumerism. As a result, a kind of Darwinist ‘survival of the fittest’ ethic becomes apparent; Giroux argues that:

“[s]ocial Darwinism has been resurrected from the ashes of the 19th century sweatshops and can now be seen in full bloom in most reality TV programs and in the unfettered self-interests that now drives popular culture. As narcissism is replaced by unadulterated materialism, public concerns collapse into utterly private considerations and where public space does exist it is mainly used as a confessional for private woes, a cut throat game of winner take all, or an advertisement for consumerism” (2004)⁵⁴.

This is a sentiment that is echoed by Bourdieu⁵⁵, who states that this form of ‘moral Darwinism’ establishes what he terms the ‘cult of the winner’ and ultimately institutes a survival of the fittest mentality that is underpinned by cynicism and self interest (1998).

⁵³ <http://dissidentvoice.org/Aug04/Giroux0807.htm>

⁵⁴ *Ibid*

⁵⁵ <http://mondediplo.com/1998/12/08bourdieu>.

The neo-liberal state utilises knowledge like market research as a technique of power. This is similar to how the government in the 17th century viewed statistics as the ‘science of the state’ and a component of the technology of government (Smart, 2002: 129). The neo-liberal government can now use market research to indirectly control its citizens as well as gather information about their personal lives. Market research with its use of modern technology and accurate data supersedes census studies and statistics. Dufour writes: “[v]ast numbers of market researchers are therefore always taking the pulse of consumers and surveying their sexual and emotional lives, so as to anticipate their needs and to give their desires possible names and credible destinations” (2008: 58). The collecting of such information and the use of it to control citizens fits the Foucauldian critique. The field of marketing is a highly efficient technology of neo-liberal governance; it becomes a mechanism through which neo-liberal government can regulate a consumer society and provide specific products to cater for the varied needs of different individuals. Dufour notes:

“[t]here is no such thing as a small profit. A profit can be made from babies who ‘want’ their favourite shampoo, senior citizens who ‘want’ to occupy their spare time and invest their savings, poor adolescents who ‘want’ cheap brand names and rich adolescents who ‘want’ their own cars. They must all be satisfied. ‘I’ is now central to every advert” (2008: 58).

Neo-liberalism dominates society through subtle means. Thus, neo-liberalism does not seek ‘to assert itself by placing disciplinary controls on life’ (Dufour, 2008: 157). Neo-liberalism has permeated society by using subtle ‘political technologies’. These mechanisms of power transcend the old overt ‘technologies’: religion, the police and family, and are more flexible in that they are less reliant on coercion and are less costly, as noted by Dufour (2008: 157). The new political technologies of neo-liberal governance include: the internet, multimedia software, the fields of marketing and management, as well as telecommunications technology (cellular phones, mp3’s and so on) and ‘popular culture’. These new tools of neo-liberal

governance have yielded more control, management and surveillance than any traditional government could have hoped for.

Neo-liberal governance has also managed to dehumanise human society by forcing the complexity of human difference into the narrow confines of entrepreneurialism, consumerism and the logic of self interest. Fine and Leopold write:

“[a]re we the manipulated mannequins of the advertising industry, the sovereignless victims of profit-hungry corporate capital, rational economic man and women trading off one commodity against another according to their relative prices and utilities?” (1993: 3).

This is indeed a grim question to fathom but one which neo-liberal governance has made pertinent.

Neo-liberalism and the Information Society

The dominance and hegemony of neo-liberalism has coincided with the “rapid growth of an information society that is spreading across the world and transforming all our activities” (Touraine, 2001: 8). Touraine argues that society has developed from an industrial society to a post-industrial society, it is this society that is termed information society (2001: 8). This therefore means that society has developed from industrial society to what is now known as the information society. Touraine notes that the information society has come about as a result of the “real-time availability of information” due to relatively new technological innovations such as the internet, personal computer (PC), software based multimedia, and cellular communication, for example. The term ‘information society’ therefore refers to how society has become knowledge based due to the systematic use of information in almost every facet of human existence. Moore defines the information society as a “society where ... information is used as an economic resource, the community harnesses/exploits it, and behind

it all an industry develops which produces the necessary information” (Moore in Karvalics, 2007:10).

However, with the development of the information society there has been a ‘rapid de-industrialization’ of the economy. Smart observes that the appearance of information society has led to the decline of the manufacturing sector due to ‘rapid de-industrialization’, whilst, on the other hand there has been an increase of jobs in the service and information – processing sectors of the economy (2003: 155). This is an example of what Touriane terms the ‘profound transformations’ that accompany the information society and initiate sweeping changes in societal relations and organization (2001: 8). An example of such a ‘profound transformation’ is the de-industrialization of society and the subsequent creation of jobs within the service and information–processing sectors.

It is important to explain the differences between the industrial age and the information society. Industrial society is largely characterised by the presence of a large manufacturing sector which focuses on producing durable and non durable goods (Bell in Karvalics, 2007: 11). The energy that is created from industrial society takes the form of electricity, oil, gas, coal and nuclear power, amongst others (Bell in Karvalics, 2007: 11). The strategic resource that underpins industrial society is finance capital and the methodology used to analyse this society is scientific empiricism coupled with experimentation (Bell in Karvalics, 2007: 11). On the other hand, the information society is characterised by an economic sector focused on providing various services in the health and education sectors, as well as the technology sector of the economy (Bell in Karvalics, 2007: 11). Bell notes that the strategic resource that underpins information society is knowledge (Bell in Karvalics, 2007:11). The methodology used to analyse and observe the information society includes system analysis and abstract theories amongst others (Bell in Karvalics, 2007: 11). Masuda explains that the products usually available within the information society are related to

information and technology (Masuda in Karvalics, 2007: 11); examples include personal computers, cell phones and multimedia software. The services provided within the information society do not require machinery nor factory plants as they are developed within ‘information networks and data banks’ (Masuda in Karvalics, 2007: 11). This has led to the development of what is termed the ‘information industry’. Schement and Curtis define the information industry as “industries built on the large-scale manufacturing, production, distribution and consumption of information in an increasingly global competitive arena, where information export is the measure of economic ‘fitness’ ” (Schement and Curtis in Karvalics, 2007: 12). Castells asserts that it is ‘evident’ that information based technologies have led to a ‘fundamental transformation’ of work and the relations tied to it (Castells in Smart, 2003: 155). The information society has suited the needs of neo-liberalism very well. Smart writes:

“The combination of a deregulation of markets coupled with the deployment of new information technologies provided the appropriate conditions within which capital could become more mobile and extensive, opening up and taking advantage of the economic opportunities represented by new locations and new markets” (2003:155).

This in turn allowed for vast amounts of capital to be transmitted across the globe via information networks, in the form of various financial investment packages such as hedge funds or shadow banking systems without regulation. This lack of regulation has been established as one of the main causes of the current financial crisis. Bauman argues that in the era of industrial society people engaged in such a society as producers and that the “poor and unemployed would have constituted a reserve army of labour” (Bauman in Smart, 2003: 156). However, the de-industrialization of the economy and the subsequent large-scale decrease of manufacturing jobs makes the need for a ‘reserve army of labour’ obsolete (Smart, 2003: 156). The result of this has been high levels of unemployment and the marginalization of the poor as a result of the rapid deindustrialization of society and

subsequent decline of jobs in the manufacturing sector. Castells writes that the ‘new information-based global economy’ (Smart, 2003: 156) has led to:

“the rise of structural unemployment in Europe; declining real wages, increasing inequality, and job instability in the United States; underemployment and stepped-up segmentation of the labour force in Japan; informalisation and downgrading of newly incorporated urban labour in industrialising countries; and increasing marginalisation of the agricultural labour force in stagnant, underdeveloped economies” (Castells in Smart, 2003: 156).

It therefore becomes apparent that information society is highly beneficial to neo-liberalism and its policies. These policies include the deregulation of the economy and capital flows, and the need for ‘lean cost effective labour’ (Smart, 2003: 156).

How would a Foucauldian perspective illuminate this information society? Foucault’s concept of power deals with the effects power-knowledge has on society. One can even argue that a constant theme in Foucault’s work is the issue of how knowledge operates as power to shape human society through discourses, institutions and other mechanisms of power-knowledge. Therefore, a Foucauldian critique can be applied to information society, as the information society is underpinned by a whole system of power-knowledge. Poster writes that Foucauldian critique can be applied to information society since there is the existence of a “network of information and the awareness of it by ... the population” (1984: 163). This network of information operates within the social field of a “grid of technologies of power which act upon the human body” (Poster, 1984: 52). The information society is in fact steeped in various power relations.

Marx bases his critique of capitalism on the factual premise that “men and women work in order to survive” (Poster, 1984: 47). Marx asserts that the first historical act within society is the production of material life in order to satisfy basic human needs (Marx in Poster, 1984: 47). Poster argues that although Marx’s labour premise might have been relevant within the context of industrial society, it is now difficult to support this premise in

light of the changes industrial society has brought about (1984: 53). This is because neo-liberalism has become dominant in a post-industrial context, that of the information society, to be precise. The result is that social theory cannot simply assume as basis for critique the notion of humans ‘working on things’ (Poster, 1984: 53), especially in the light of how the factory system has been marginalized by the service and information based industries (Poster, 1984: 53). The implications of this for critical theory are immense and Foucauldian critique is surely highly pertinent in the light of Poster’s observation.

With the de-industrialization that has taken place in the information society there has been a subsequent decline in manufacturing jobs; consequently, as Poster observes (within an information society such as the US), over half of the working population is not employed in manufacturing industry (agriculture or minerals) but rather in the services or tertiary industry (1984: 53). The importance of this is that labour now:

“takes the form of men and women acting on other men and women, or more significantly, people acting on information and information acting on people. Especially in the advanced sectors of the economy, the manipulation of information tends to characterize human activity” (Poster, 1984:53).

The world now operates to a greater extent by means of the manipulation of information to initiate various activities. Poster notes that in our contemporary world people can be at a standstill whilst ‘pulsations of electronic energy’ flow through the social network (1984: 53). Contemporary society is now defined by flows of knowledge being channelled by various technologies through the networks of power relations that make up society. Marx’s conception of production dominated by labour is no longer applicable in the era of the information society. There has been a shift from the mode of production to the ‘mode of information’. Any theoretical perspective that wishes to effectively critique capitalism must take cognisance of this. Foucault’s concept of power is able to do this effectively. Poster writes:

“If advanced capitalism is becoming an information society, in addition to the older configuration of a labor society, the labor premise can no longer be the first principal of critical theory. Domination cannot be theorized from the point of view of labor activity, of subject acting on matter to produce things. A new logic is called for that conceptualizes the social field on a different basis” (1984: 53).

Foucault’s work certainly “conceptualizes the social field on a different basis”; domination in Foucauldian logic takes place when power-knowledge in the form of discourses and practices which act on people within society resulting in the domination of one group by another (Poster, 1984: 52). It is usually the group that formulates knowledge and utilises the mechanisms of power-knowledge that carries out the process of domination. In the light of this Foucault’s work is able to successfully critique information society which is, of course an essential component of contemporary neo-liberalism. Poster notes that Foucault’s understanding of power-knowledge suits the new premise of theoretical social critique as it explains the prominence and effects of the information society today (1984: 53). Poster states: “Marxism, clutching to the theory of the mode of production, does not provide seminal pathways into the new social world” (1984: 168). Foucault’s discourse analysis is relevant if not necessary for critical theory as it allows for an effective analysis of the ‘mode of information’ (Poster, 1984: 168). Thus a Foucauldian critique of capitalist information society is vital in order to expose the domination and marginalisation characteristic of such an ‘advanced’ society.

Conclusion

This chapter has sought to provide a Foucauldian critique of neo-liberal society. It did so by using Foucault’s understandings of governance and power. Foucault understood neo-liberal governance as a means of removing the differences between the social and economic

in order to ensure the dominance of the latter (Lemke, 2001: 197). Amin notes: “[t]he peculiar rationality of the market becomes that of the totality of social life” (2000: 583). Through the state institutions and organs of governance the discourse of the ‘market’ is overwhelmingly promoted. The ‘market’ becomes the norm and is accepted as the ‘only way’. Ultimately the ‘market’ begins to overcome the state and acquire the mechanisms of power or ‘political technologies’ of the state such as educational institutions, policing (to protect property) and technology. Thus, the market is able to indirectly control citizens through marketing research on one hand and unprecedented surveillance on the other, brought about through the development of technological innovation. It is difficult to say if Foucault would have foreseen the usurping of the state by the ‘market’ since he died in 1984, just as neo-liberalism was gaining ground. It is quite possible that Foucault’s understanding of power would have shifted from governmentality in terms of the state as a ‘superstructure’ that incorporated various power networks in its makeup, to governmentality in relation to state governmental technologies being appropriated by the ‘market’. By using a Foucauldian critique we have been able to see that neo-liberalism does not emanate from a single locale or context of power but from a multiplicity of social contexts. In other words, the paradigm of neo-liberalism does not originate from a single dominant source; rather it is to be found within government discourse, the academic discipline of economics and the commerce faculties within universities, and various international institutions such as the World Bank and the IMF. Ultimately, it becomes apparent that neo-liberalism is a complex system of power that cannot be reduced to a single source. This serves as testament to the extent to which neo-liberalism dominates the contemporary world.

Neo-liberalism may be in crisis but the extent of its reach into human society still cannot be underestimated, as Giroux⁵⁶ notes:

⁵⁶ <http://dissidentvoice.org/Aug04/Giroux0807.htm>

“[n]eoliberalism is not simply an economic policy designed to cut government spending, pursue free trade policies, and free market forces from government regulations; it is also a political philosophy and ideology that effects every dimension of social life” (2004).

This chapter has also argued that ultimately a Foucauldian critique of neo-liberalism cannot be complete without an analysis of the social context in which neo-liberalism operates and has entrenched itself. This social context is that of the information society. The information society has changed labour relations and the way society operates in a profound manner. There has been a shift from the mode of production to the ‘mode of information’ because of the extensive deindustrialisation that has accompanied the development of the information society. The information society is characterised by people manipulating knowledge in order to control other people. Thus, within the information society labour has to be analysed in terms of how “people act on information and information acts on people” (Poster, 1984:53). In the light of this, Marx’s labour based social theory is somewhat outdated in the age of the information society and it is Foucault’s concept of power-knowledge, rather, that is most pertinent in providing a relevant critical theory of the current capitalist society world order.

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