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Denationalization Neoliberalism after Foucault

Abstract Starting from Michel Foucault's considerations dedicated to economic knowledge (especially in *Il faut défendre la société* and *Naissance de la biopolitique*), this paper is about setting up a possible theoretical framework in which to situate the relationship between political power and neoliberalism as they appear in their modern articulation, analyzing in depth how international governmental organizations – such as, for example, the European Central Bank, the European Union and the International Monetary Fund – are involved in this process.

Keywords: Neoliberalism; Denationalization; Foucault; International organizations, European Central Bank

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As happened in previous cycles of its expansion, when capitalism broke out of the container of the nation state in the last third of the twentieth century and started to create a single global market, it began to destroy not merely the institution of the national market but also the framework of laws, conventions and organisations, built over two centuries, that had sustained and humanised it.

Prem Shankar Jha,
The Twilight of the Nation State, p. 96

Taking as a starting point some of Michel Foucault's remarks concerning economic knowledge, this paper aims to outline a possible theoretical framework within which to situate relations between political power and neoliberalism, as they manifest themselves in their current articulation. From within such paradigm, it will proceed by also problematising the concept of national sovereignty, proposing to interpret its dissolution in terms of a progressive *denationalization*, upon whose singular consequences – both philosophical and juridical – it will become necessary to dwell with due care. The reference I make to Foucault, here, is above all methodological in kind. In fact, I regard his research activity in the second half of the 1970s – to be precise, from *Il faut défendre la société* (1976) to *Naissance de la biopolitique* (1978–79) – as having laid the foundations, through fundamental intuitions at times only embryonically developed, for the elaboration of an adequate access strategy to the problem of the contemporary economy; one that thus moves beyond not only liberal thought but also the many interpretations of a Marxist inclination, however much penetrating the latter may be. But where should we place the start of the 'contemporary' in economic terms? A date, however much symbolic, seems fit for purpose: that of 6th August

1979, when Paul Volcker was appointed as Chairman of the Federal Reserve, inaugurating the kind of monetarist policies that, assiduously practiced to this day, also seem to represent the incontrovertible constant of the world economy in the past thirty years. It will be noted that, nonetheless, the last lecture of the aforementioned course on the *Birth of Biopolitics* is dated 4th April 1979. According to the proposed periodisation, the development of the contemporary economy therefore appears to be immediately succeeding the analyses performed by Foucault: how is it possible, then, to appeal to the latter in order to understand the former? I will try to show that the Foucauldian discourse, while paradigmatic for the forms of pre-Reaganian liberalism, contains numerous insights that we may make use of extending to the present day. In this sense his researches, far from being able to be doxographically repeated, prove to be incisive to the highest degree when, reacting with newly available materials, they undergo those modifications that every understanding of the present demands from the instruments it has inherited. At any rate, it is far from coincidental that the French thinker, committed to the attempt to penetrate the ‘dispositifs’ of current affairs by probing into its genealogical antecedents, has touched upon some of the founding principles of contemporary economics. What is astonishing instead is that – contrary to the numerous studies focused on psychiatric power, systems of imprisonment, or the concept of biopolitics, and save for a few exceptions that still are predominantly reconstructive in their orientation¹ – there exists no critical extension to the most recent ‘evolutions’ of financial capitalism of Foucault’s theses on economics.²

1 Cf. M. Bonnafeuf-Boucher, *Le libéralisme dans la pensée de Michel Foucault: un libéralisme sans liberté*, Paris 2001; J.-Y. Grenier, A. Orléan, *Michel Foucault, l'économie politique et le libéralisme*, in „Annales. Histoire, Sciences sociales“, 5, septembre–octobre 2007, pp. 1155–1182; I. Vigo De Lima, *Foucault's Archaeology of Political Economy*, Basingstoke (Hampshire) 2010 and A. Zanini, *L'ordine del discorso economico. Linguaggio delle ricchezze e pratiche di governo in Michel Foucault*, Verona 2010. A completely separate discussion should be made on the attempt accomplished in G. Agamben, *Il Regno e la Gloria. Per una genealogia teologica dell'economia e del governo*, Torino 2009 (1 ed. Venezia 2007), Eng. tr. Lorenzo Chiesa (with Matteo Mandarini), *The Kingdom and the Glory: For a Theological Genealogy of Economy and Government*, Stanford California 2011; where the relation between *oikonomia* and governmentality is developed along a completely autonomous trajectory – thus neither reconstructive nor historiographical – which however much it makes its own the analyses conducted by Foucault in *Sécurité, territoire, population* (cf. *Ibid.*, pp. 273–277), it overcomes them in the direction of what in them has remained unexamined. Agamben in fact writes, relatively to his research (*Ibid.*, p. xi): „It locates itself in the wake of Michel Foucault’s investigations on the genealogy of governmentality, but, at the same time, it also aims to understand the internal reasons why they failed to be completed.“

2 That for Foucault the relation with the economy is of a fundamental importance, it can be evinced without any reserves from the following passage (which would certainly deserve a discussion in its own right, which is nonetheless impossible to elaborate on here): „The problem that is at issue in the research I am talking about can, I think,

Let us enter then into the heart of his argument. In the opening stages of the 1978–79 course, he presents us with the following reasoning. In the Middle Ages, the sovereign had managed to subject to their own dominion every other feudal authority, by relying on its monopoly over the administration of justice and the military apparatus; thus, the judiciary counted as a kind of „multiplier of royal power“ [„multiplicateur du pouvoir royal“].³ Beginning from the sixteenth century, but especially from the start of the seventeenth, we witness an essential mutation: juridical institutions no longer have the function of multiplying, but rather that of *limiting* the power of the king. In the balance of powers, they oppose themselves to the „indefinite extension of *raison d'État* that is becoming embodied in a police state“ [„extension indéfinie d'une raison d'État prenant corps dans un État de police“].⁴ Indeed, it extends even further than this: since laws constitute the backbone of the State, they *precede* it; they are its ‘condition of possibility’ and, therefore, they institute the very authority of the monarch, who must act within them and has no right to undermine them. So then, the reason of state is founded upon an *external law* that both precedes it and limits it. And the same is valid for the exercise of government, which is legitimised by a power that is other and exterior, and is held by the judiciary. Whenever in fact the sovereign

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be broken down as follows. First: Is power always secondary to the economy? Are its finality and function always determined by the economy? Is it designed to establish, solidify, perpetuate, and reproduce relations that are characteristic of the economy and essential to its workings? Second question: Is power modelled on the commodity? Is power something that can be possessed and acquired, that can be surrendered through a contract or by force, that can be alienated or recuperated, that circulates and fertilizes one region but avoids others. Or if we wish to analyze it, do we have to operate – on the contrary – with different instruments, even if power relations and economic relations always constitute a sort of network or loop? [„Le problème qui fait l'enjeu des recherches dont je parle peut, je crois, se décomposer de la manière suivante. Premièrement: le pouvoir est-il toujours dans une position seconde par rapport à l'économie? Est-il toujours finalisé et comme fonctionnalisé par l'économie? Le pouvoir a-t-il essentiellement pour raison d'être et pour fin de servir l'économie? Est-il destiné à la faire marcher, à solidifier, à maintenir, à reconduire des rapports qui sont caractéristiques de cette économie et essentiels à son fonctionnement? Deuxième question: le pouvoir est-il modelé sur la marchandise? Le pouvoir est-il quelque chose qui se possède, qui s'acquiert, qui se cède par contrat ou par force, qui s'aliène ou se récupère, qui circule, qui irrigue telle région, qui évite telle autre? Ou bien, faut-il, au contraire, pour l'analyser, essayer de mettre en œuvre des instruments différents, même si les rapports de pouvoir sont profondément intriqués dans et avec les relations économiques, même si effectivement les rapports de pouvoir constituent toujours une sorte de faisceau ou de boucle avec les relations économiques?“] (M. Foucault, *Il faut défendre la société*, Paris 1997, Eng. tr. David Macey, *Society Must be Defended: Lectures at the Collège de France, 1975–76*, London 2004, p. 14).

3 M. Foucault, *Naissance de la biopolitique. Cours au Collège de France 1978–1979*, Paris 2004, p. 9, Eng. tr. Arnold Davidson, *Birth of Biopolitics: Lectures at the Collège de France (1978–1979)*, Palgrave MacMillan 2008, p. 8.

4 *Ibid.*, Eng. tr. *ibid.*

violates the limit imposed by legislation, he can be declared illegitimate, and as a consequence his command over each of his subjects to obey is weakened.

At the height of the eighteenth century, Foucault recognises however the presence of a break of utmost importance, given by the need of „establishing a principle of limitation that will no longer be extrinsic to the art of government, as was law in the seventeenth century, [but] intrinsic to it“.⁵ But in what does it consist – „[w]hat can an internal limitation of governmental rationality be?“ [„*qu'est-ce que peut être une limitation interne de la rationalité gouvernementale?*“].⁶ Now the need to keep the sovereign's actions under control is no longer felt, and it is instead the activity of the executive that must be circumscribed. Or rather, it is the very government that must 'self-limit' *itself*, on the basis of a rational function that would allow it to achieve maximum results – in terms of increase in prosperity – by reducing its own operation to the minimum. Well, such rational function – or, as Foucault calls it, „intellectual instrument“ [„*instrument intellectuel*“]⁷ – is the *political economy*.⁸ It is thus the characteristic of a State that has within itself the principle of its own sovereignty, which indeed does not derive from any external foundation or legitimation; but which, ever since seventeenth century despotism, consists in fact in „an economic government which is not hemmed in and whose boundaries are not drawn by anything but an economy which it has itself defined and which it completely controls“ [„*un gouvernement économique, mais qui n'est enserré, qui n'est dessiné dans ses frontières par rien d'autre qu'une économie qu'il a lui-même définie et qu'il contrôle lui-même totalement*“].⁹ Therefore, we can deduce that at least at an early stage, *the political economy, as the principle of the State's constitution, is posed by the very same State of which precisely it is the primary foundation. This is the truly vicious circle of power, understood essentially as the government's self-legitimation.*

Justified by Foucault,¹⁰ I now allow myself to jump to the heart of the twentieth century. Germany, 1948: while Europe as a whole – with the exception, at

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5 „Cette transformation, elle consiste en quoi? Eh bien, d'un mot, elle consiste dans la mise en place d'un principe de limitation de l'art de gouverner qui lui ne soit plus extrinsèque comme l'était le droit au XVII^e siècle, [mais] qui va lui être intrinsèque“ (*ibid.*, p. 12, Eng. tr. *Ibid.*, p. 10).

6 *Ibid.*, Eng. tr. *ibid.*

7 *Ibid.*, p. 15, Eng. tr. *Ibid.*, p. 13.

8 Cf. *Ibid.*, Eng. tr. *Ibid.*: „Well, once again, the intellectual instrument, the type of calculation or form of rationality that made possible the self-limitation of governmental reason was not the law. What is it, starting from the middle of the eighteenth century? Obviously, it is political economy.“ [„Eh bien, cet instrument intellectuel, le type de calcul, la forme de rationalité qui permet ainsi à la raison gouvernementale de s'autolimiter, encore une fois ce n'est pas le droit. Qu'est-ce que ça va être à partir du milieu du XVIII^e siècle? Eh bien, évidemment, l'économie politique.“]

9 *Ibid.*, pp. 16–17, Eng. tr. *Ibid.*, p. 14.

10 „So I will skip two centuries, because obviously I do not claim to be able to undertake the overall, general, and continuous history of liberalism from the eighteenth to

any rate partial, of Belgium and Italy¹¹ – is governed by political economies that are Keynesian in kind, Ludwig Erhard, then in charge of the economic administration of the Anglo-American area and future chancellor, delivers a speech where the following affirmation appears: „Wenn auch nicht im Ziele völlig einig, so ist doch die Richtung klar, die wir einzuschlagen haben – die Befreiung von der staatlichen Befehlswirtschaft.“¹² That is, he advocated „to free the economy from State control“ – to return to that *laissez-faire* that Keynes, in that notorious 1926 article,¹³ had too precociously decreed at an end. But what does this all mean, within which – with Foucault – we have to recognise the most important outcome of the long parabola of liberalism before 1979? Let us just imagine what Germany was like during those years. In full reconstruction, occupied by the Allies and politically annihilated after the regime’s dramatic capitulation, the German nation has no legitimate foundation on which it can constitute the new ‘democratic’ State. It is not possible to refer to any preceding institution, since Nazism has severed any historical continuity with the past; and „[i]t is not possible to claim juridical legitimacy inasmuch as no apparatus, no consensus, and no collective will can manifest itself in a situation in which Germany is on the one hand divided, and on the other occupied“.¹⁴ What will the constitutive criterion be, then, demanded to give legitimacy to the new State; that criterion which Foucault – with a subtlety and capacity of penetration difficult to equal – glimpses in Erhard’s abovementioned externalisation? *The German State will have to found itself upon the principles of its own economic model: it will be the very institution of the new economic freedom that will legitimate the formation of the nascent sovereign political entity.* To put it in the author’s unequivocal words: „in contemporary Germany, the economy, economic development and economic growth, produces sovereignty; it produces political sovereignty through the institution and institutional game that, precisely, makes this economy work. The economy produces legitimacy for the state that is its guarantor. In other words, the economy creates public law“

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the twentieth century“ [„Je vais donc faire un saut de deux siècles, car je n’ai pas la prétention de vous faire bien sûr l’histoire globale, générale et continue du libéralisme du XVIII^e au XX^e siècle“]. *Ibid.*, p. 80, Eng. tr. *Ibid.*, p. 78).

11 I refer to an acute observation Foucault makes, cf. *Ibid.*, p. 83, Eng. tr. *Ibid.*, p. 81.

12 L. Erhard, *Gedanken aus fünf Jahrzehnten. Reden und Schriften*, Dusseldorf 1988, p. 110, cit. in M. Foucault, *Naissance de la biopolitique. Cours au Collège de France 1978–1979*, cit., p. 82, Eng. tr. Arnold Davidson, *Birth of Biopolitics: Lectures at the Collège de France (1978–1979)*, Palgrave MacMillan 2008, pp. 80–81.

13 Cf. J. M. Keynes, *The End of Laissez-Faire*, in *The Collected Writings of John Maynard Keynes* (29 voll.), London 1971. IX. *Essays in Persuasion*, pp. 272–294.

14 „Il n’est pas possible de revendiquer une légitimité juridique dans la mesure où il n’y a pas d’appareil, il n’y a pas de consensus, il n’y a pas de volonté collective qui puisse se manifester dans une situation où l’Allemagne, d’une part, est partagée et, d’autre part, occupée.“ (M. Foucault, *Naissance de la biopolitique. Cours au Collège de France 1978–1979*, cit., p. 84, Eng. tr. Arnold Davidson, *Birth of Biopolitics: Lectures at the Collège de France (1978–1979)*, Palgrave MacMillan 2008, p. 82).

[„dans l'Allemagne contemporaine, l'économie, le développement économique, la croissance économique produit de la souveraineté, produit de la souveraineté politique par l'institution et le jeu institutionnel qui fait précisément fonctionner cette économie. L'économie produit de la légitimité pour l'État qui en est le garant. Autrement dit, [...] l'économie est créatrice de droit public“].¹⁵

The importance of this thesis is rather difficult to assess. In my view, it identifies what we may perhaps indicate as a veritable *principium individuationis* of the liberal State from 1945 to 1979. But after that? What changes after that date? And in what way do the analyses conducted by Foucault prove themselves useful to understand the transformations that follow it? Before turning to a discussion of my hypotheses on the matter, let us first summarise in three points – *three theses on the foundation of sovereignty* – what has been gained by reading Foucault:

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- (1) The modern State (seventeenth century) is founded upon an external law, which legitimates and at the same time limits the exercise of sovereignty.
- (2) The liberal State (eighteenth century) is founded upon an internal function of its own: the political economy, which it has instituted itself and through which it self-limits its own governmental action.
- (3) The 'post-Keynesian' State (1945–1979) is a product of the free market economy. Insofar as it „creates public law“, it is that very same economic freedom which institutes the sovereignty of the State.

Some observations are in order regarding this. Indicating the variable *economy* with the letter ε , and having to recognise the *modality* in which it is present in each of the three theses just enunciated, and thus its respective degree of incidence, in (1), (2) and (3), I would indicate it in the following way:

- (1): ε^0 In the first thesis, the economy does not appear. The modern State (seventeenth century) is founded upon an external law, and at this level the economic variable does not play any role.
- (2): ε^1 In the second thesis, the economy is a function internal to the liberal State (eighteenth century), legitimates its power but still remains a 'theoretical instance', an „intellectual instrument“ produced by the State.
- (3): ε^2 In the third thesis, it is the economy that institutes the 'post-Keynesian' State (1945–1979), which thus is totally subordinate to it.

The three theses manifest therefore a *patent progression*, according to which *the economy acquires ever more importance with respect to the State*. In fact, if the economy at first does not even appear (ε^0), it then enters the scene in

15 *Ibid.*, pp. 85–86, Eng. tr. *Ibid.*, p. 84.

the guise of a function that is inherent and subordinate to the State (ε^1), proposing itself in the end as that which even ‘produces’ it (ε^2). In parallel, we also witness some significant variations in the power expressed by the State, σ :

- (1): σ^1 The instance of the modern State (seventeenth century) is subordinated to an external law.
- (2): σ^2 The liberal State (eighteenth century) is essentially autarchic: it derives from itself, by instituting it within itself, the principle of its own legitimacy.
- (3): σ^1 The ‘post-Keynesian’ State (1945–1979) is a product of its own economic model and thus becomes subordinate to it.

By observing (2) and (3) in relation to the behaviour of ε as much as that of σ , we can evince the following consideration: they are ‘inversely proportional’ instances. The closer we get to the contemporary the more a tendency makes itself clear: *to the growth of the economy’s influence corresponds a reduction in the State’s political weight*. So then, the attempt to think the contemporary in light of the frame obtained from Foucault will not at all mean to take up again one of his three theses, in order to ‘recycle’ it and apply it ‘as it is’ to the present-day financial dispositif. None of this. To think the contemporary in light of the itinerary traced in *Birth of Biopolitics* will mean instead to carry on such way autonomously with a view to formulate one’s own thesis relatively to the subsequent stage, the one dominated by monetarist economics: (4) *The neoliberal State (1979–2011)*. Expressed with the variables deployed up to here, my hypothesis is the following:

- (4): ε^3, σ^0

Before illustrating its meaning and sketching an attempt of its articulation, some considerations are however necessary.

In a recent work, André Orléan summarises with fairly good precision what is perhaps the most striking – as well as unexamined – contradiction of the current economic order: the one between the State and financial capitalism. I will refer then directly to his words: „Market liquidity, insofar as it allows capital to be rapidly invested wherever profitable opportunities for present themselves, is perceived as eminently positive, and must absolutely be pursued. On the contrary, to obstruct the free movement of capital is regarded as the source of a rigidity that diminishes general prosperity. For this reason, the theoretical approach we are describing moves towards the suppression of all those barriers erected following the great crisis of the Thirties; a suppression which should lead to the advent on a world scale of a market of unified capital for all financial products (shares, bonds, derivatives, currencies), all durations (short, medium and long term) and all actors (enterprises, families, States). *This is the ultimate aim pursued with constancy for*

the past thirty years by all the ruling classes, both on the left and the right: to create financial liquidity on a world scale.¹⁶ Well then, with respect to the creation of such „liquidity“ belonging to the economic movement as such – a liquidity which, in a Spinozian way, is the physical state of the new ‘substance’ (the fluid aggregate of „products“, „durations“ and „actors“) – the borders of the State and the *resistance* of its sovereignty immediately transform themselves into dams slowing down or impeding the flow. As Shankar Jha notes, taking up the study conducted by Lash and Urry¹⁷ (which still remains perhaps the most exhaustive on the matter): „The assault on the nation state has begun in the realm of the economy. By creating a market and a manufacturing network that transcends the national market, globalisation is eroding the economic foundations of the nation state.“¹⁸ Until here nothing new – it is a matter of processes, in all truth, that are anything but underground. Which should drive us instead to revise the traditional categories of our political thought – the keystone of which still continues to implicitly be the State. And yet, precisely insofar as it is a matter of transformations that are for the large part evident, perhaps it is precisely for this reason that their authentically revolutionary coefficient escapes us, hiding inside that evidence. I resort once more to referring to Foucault, who justified his rejection of any theory of the State that presupposes it as a given by arguing: „the state does not have an essence. The state is not a universal nor in itself an autonomous source of power. The state is nothing else but the effect, the profile, the mobile shape of a perpetual statification (*étatisation*) or statifications (*étatisations*), in the sense of incessant transactions [...] it has no interior. The state is nothing else but the mobile effect of a regime of multiple governmentalities“ [„l’État n’a pas d’essence. L’État ce n’est pas un universel, l’État ce n’est pas en lui-même une source autonome de pouvoir. L’État, ce n’est rien d’autre que l’effet, le profil, la découpe mobile d’une perpétuelle étatisation, ou de perpétuelles étatisations, de transactions incessantes [...] il n’a pas d’intérieur. L’État, ce n’est rien d’autre que l’effet mobile d’un régime de gouvernementalités multiples“].¹⁹ Confronting these observations, what immediately catches the eye here, as well as in the previous reflections advancing from *Birth of Biopolitics*, is that we never come across a ‘description’ of the

16 A. Orléan, *De l’euphorie à la panique. Penser la crise financière*, Paris 2009, tr. it. *Dall’euforia al panico. Pensare la crisi finanziaria e altri saggi*, a cura di A. Fumagalli e S. Lucarelli, Verona 2010, pp. 58–59. My trans. The concept of ‘financial’ *liquidity* – and for this reason virtual and dehumanised – expressed by Orléan, seems to me more poignant than the one, more notorious, thematised in Z. Bauman, *Liquid Modernity*, Cambridge 2000, which in my view suffers the influence of a still essentially humanist approach.

17 S. Lash, J. Urry, *The End of Organised Capitalism*, Cambridge 1987.

18 P. Shankar Jha, *The Twilight of the Nation State. Globalisation, Chaos and War*, London 2006, p. 97.

19 M. Foucault, *Naissance de la biopolitique. Cours au Collège de France 1978–1979*, cit., p. 79, Eng. tr. Arnold Davidson, *Birth of Biopolitics: Lectures at the Collège de France (1978–1979)*, Palgrave MacMillan 2008, p. 77.

State but always the highlighting of its own *forming*, of the process of its own constituting, without which the State would remain nothing. This is so because the State – in the same way as politics, the economy or any other ‘disembodied institution’ of the historical being-there²⁰ – is not in itself something existing; in spite of this, it can become ‘something’ as soon as it becomes indispensable for a *practice* so as to produce itself. This practice alone makes it exist, according to a peculiar modality of presence that may be assimilated perhaps to *commingling*; that is, the commingling of a real event with the intangible instance that it expects in order that it may concretely assert itself. But then, what is it that Foucault achieves in making us understand? Precisely that the State does not exist: that, as such, neither it existed before nor it exists now. All that has undoubtedly existed, instead, and to which the theses previously listed ((1), (2) and (3)) alluded to, is not so much the State but rather *three different processes of statification*; which, strictly speaking, have had as their ‘outcome’ the formation of three distinct entities, certainly comparable, but which we could also name by recurring to different terminology. If prior to 1979, therefore, those practices effectively put in place translated themselves into configuring the ‘State’, today inverse processes (or even more simply different ones) could concretise themselves in its ‘dismantling’; which is exactly what coincides with the thesis that is here sustained and ‘gathered’ under the concept of *denationalization*. As the above recalled observations by Orléan and Shankar Jha illustrate, *the current economic model demands the progressive denationalization of political power: the attainment of a state of absolute liquidity capable to optimise the performance of financial capital – the current form of the ‘economic’ – thus entails the dissolution of any national sovereignty whatsoever*. In continuity with the trend lines already found in (1), (2) and (3), the formula previously identified²¹ will therefore mean:

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20 Cfr. *Ibid.*, p. 22, Eng. tr. *Ibid.*, p. 21.

21 A brief remark – in the form of a mere critical hint – on the term ε . The exponent which accompanies the variable ε may be thus interpreted: while in the presence of the classical liberal State – that which Marx speaks about, let’s say – the dimensions of the economy are still two (production and exchange) – from which the expression ε^2 derives, indicating a horizontal kind of economic model –, in the epoch of the dissolution of the State the economy develops instead a *third* dimension, relatively to finance. From this derives the expression ε^3 , so as to indicate precisely this ‘verticalization’ of the economic, which, abstracting itself both from production and from exchange (which are nonetheless maintained), it also operates within a dimension that is other, and reveals aspects of virtuality. In brief: the economy becomes *volumetric* (which does not exclude that in the future further dimensions may be developed: ε^{n-x} ?) Clearly, though, finance was already present much before 1979 (it is sufficient to think of the investigations carried out in the first half of the twentieth century by R. Hilferding, *Das Finanzkapital. Eine Studie über die jüngste Entwicklung des Kapitalismus*, Wien 1910). How can we then avoid such observation? It should be explained that, for instance, the analyses here presented, as much as Foucault’s own, identify tendencies and do not describe ‘facts’. When, for example, it is said that the liberal State of the eighteenth century is founded upon the political

- (4): ε^3 , σ^0 The neoliberal State (1979–2011) is progressively annihilated by the real movement of the economy. Such economy, which had already subordinated to itself – by making use of it – the ‘post-Keynesian’ State (1945–1979), conceiving it as a product of its own ‘performance’, now no longer needs the State. In order to fully assert itself it requires, rather, the ability of suppressing those ties imposed by the existence of statal sovereignty and its laws. The formula ε^3 , σ^0 therefore reduces itself to a very simple assertion: *the economy without the State*.

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The context in which the research here proposed aims to operate has thus been delineated: *to think the economy – and the whole of what it articulates politically – in a regime of ‘zero sovereignty’: to think the liquidity of the economic environment in the epoch of neoliberalism*. The point we have reached, however, can only be a consistent starting point in the general framework of the problem and in elucidating its provenance, its complex stratification of the historical forms upon which it rests, and which also allows its ‘consisting’, its crystallising in an emersion, however much temporary but still nonetheless long-lasting with respect to the biological time of the experience perceiving it. I will thus conclude this brief presentation by comparing the hypothesis that has been formulated ((4)) with the three theses in which

economy as its own internal function, do I intend to say perhaps that the State is no longer legitimated by any law whatsoever that limits its power? If that were the case, we could bring forward as ‘evidence’ a whole series of strictly historiographical events and analyses, which in appearance would subvert the thesis advanced in *Birth of Biopolitics*. Nonetheless, it is not a matter here of having recourse to a positivistic vision of history – which pretends to be based on ascertaining ‘facts’ as if they were incontrovertible – so as to destitute every attempt to obtain dominant complexes in the *political* articulation of power and of its development. The question that ought to be posed is not so much what factually exists – or has ‘existed’ – and what has not, but rather: what is, in a given period, the dominant function which power makes use of (or has made use of) in order to govern *real processes* – as pose itself as real? In these terms, it should be said then that while in the regime ε^2 , σ^1 the axis of power relies on the relation between the horizontal economy (production, exchange) and the State (where the latter, however much subordinated to the former, remains *nonetheless* fundamental for the interests of power), in the epoch of contemporary neoliberalism the above mentioned formula ε^3 , σ^0 seems prevalent, entailing the imposition of a three-dimensional economy (production, exchange, finance) which is essentially *destatifying* – which, in its turn, does not mean that materially there are no longer nations, but that what about these is truly significant does not consist so much in the fact that they, out of a kind of ‘hereditary bureaucratic automatism’, continue to perform the tasks classically attributed to the State, but in the process of disintegration to which they are subjected. Put more explicitly, σ^0 does not indicate a ‘factual’ annihilation of the State, but the fact that today the State is a function of economic power insofar as it is subject to *denationalization*. That which, of the State, sets off real processes, derives from its own dissolution, and not from the ‘insistence’ with which – in a totally fictitious way – it continues to exercise its hereditary prerogatives.

the Foucauldian reflection on the State has been summarised. Beginning from such comparison, the actual problematic articulations that the paper proposes to confront will thus be made more evidently clear.

In a preliminary way, I would like to sketch a brief reflection. The accent has been placed on the fact that statal sovereignty, overwhelmed by the contradiction with the supranational character of the financialised economy, finds itself gradually forced out from the exercise of government. But how does this exclusion happen concretely? Its modalities are multiple and complex. Herein I will limit myself to indicate one way, which is particularly relevant since it is inherently political, and which concerns the handing over – juridically regulated – of a part of its national sovereignty to any political subject or organisation whatsoever, such the European Union or the International Monetary Fund. Let us consider, for instance, specifically the latter example, the IMF: its economic role in the management and in conditioning the market is evident, and thus it does not necessitate to be argued for. What matters is the fact that its power is located outside of representational mechanisms. Even it is true that members of the IMF still are elected by the single governments of the member states, this does not take away from the fact that the government of a nation is not necessarily, in its turn, composed by elected members; and that, equally, the absence of a direct election constitutes a very serious problem with regard to the political legitimacy of activities carried out by the IMF. In whichever state it is – it is impossible here to linger on the details of such question – , we find ourselves before an extraordinary significant circumstance: an international organism that is endowed with enormous power, acting without any *direct* political control on the part of the populations upon which it is legitimised to intervene. Put otherwise: a significant portion of sovereignty, handed over to an international organism that exercises economic power, is subtracted from the State's political intervention. State power is thus forcefully limited: there exists a *law external to the State* that, exercised by a subject that is other, circumscribes its power. In the case of the IMF, such law concerns precisely the economy, upon which each single State cannot completely call itself sovereign. But let us return for a moment to the first of the Foucauldian theses we had identified. It went like this: (1) The modern State (seventeenth century) is founded upon an external law, which legitimates and at the same time limits the exercise of sovereignty. With respect to the neoliberal State – but to a lesser extent this is valid also for the 'post-Keynesian' one – we have just said that there exists a law external to the State which, exercised by a supranational organism such as the IMF, limits State power. The analogy between the two statements is evident: both, precisely, refer to an external law that limits State power. There is also, however, a substantial difference: whilst in the case of the modern State (seventeenth century) the external power was conceived as founding, even antecedent with regard to the State,

now in this case we witness something different but perhaps not less significant: *the 'external' law, the law exercised by the IMF as a supranational organism, is produced by a specific economic need; that of subtracting from statal political power the possibility of exercising its own governmental activity over the free market.* Reformulating the above cited Foucauldian thesis, according to which „the economy creates public law“, we will say that, in light of the case just analysed, the following argument could be substantiated: *the economy creates international law, where precisely such 'creation' is an eminent form of denationalization.* Among the tasks that the present paper aims towards, the following should be included: to study the process of denationalization in relation to the creation of international law triggered by economic power so as to reduce the State's power of control: how does all of this actually happen? Which economic subjects are capable of promoting similar operations? What is their juridical *status*? And if it were to concern private subjects – what sorts of political problems would need to be posed, were such situation to take place? Is it possible to come across a trace of this in all the documents that are produced, for instance, by an organization such as the IMF and by its diplomatic relations with States and institutions? We should therefore push ourselves even further. There exist in fact private subjects (holding, investment banking, multinational corporations) whose actions, intensely *destatifying*, are dedicated to creating so-called *private international law*, an appellative whose legitimacy is nonetheless theoretically resisted in multiple ways. Beyond the discussion on this definition's validity or lack thereof – which should at any rate at least be put under examination – , in my view it poses an unassailable problem: *the economy creates a peculiar form of law, private international law, which affirms itself hand in hand with denationalization, and which in fact has as its primary aim that of weakening both governmental action and the State's legislative action.* Such law interacts with public international law and heavily conditions it. Furthermore, it expresses itself in a whole series of collateral fields with respect to the law's formal sphere; which, equally, would need to be probed into (we refer, for example, to the economic interactions on an international scale between different private subjects and to the level of material relations that they imply).

Let us now reconsider also the following assertion – which corresponds *latu sensu* to the second ((2)) of the theses above listed: „I think that fundamentally it was political economy that made it possible to ensure the self-limitation of governmental reason“ [„*L'économie politique, je crois que c'est fondamentalement ce qui a permis d'assurer l'autolimitation de la raison gouvernementale*“].²² Nevertheless, as for the epoch of neoliberalism, if the

22 M. Foucault, *Naissance de la biopolitique. Cours au Collège de France 1978–1979*, cit., p. 15, Eng. tr. Arnold Davidson, *Birth of Biopolitics: Lectures at the Collège de France (1978–1979)*, Palgrave MacMillan 2008, p. 13.

horizon taking shape ((4)) is that of the absolute absence of statal government, what role does the political economy take on when there is no national sovereignty 'to limit' any longer? And once the State is extinct – as it is happening to this day – does it still make sense to speak of a *political economy*? Should we not, rather, invert the expression, and thus speak of the *economic politics* of international organisms and supranational subjects that exercise actual power without any restraint on the part of statal authorities? In what is the political economy *transforming* itself in order to survive the State's financial suppression? Does it perhaps take on the appearance of a *juridical economy*, which disciplines the relations between those international organisms that are in charge of regulating the market, and the subjects that hold the highest concentrations of capital? And what role will the military apparatus assume in the epoch of the State's economic overcoming – in what is it destined to transform itself? Only one thing is certain: the economy, which was born in order to limit State power ((2)), now perceives State power as its own limit. An essential inversion has taken place, which has at its summit *the economic destitution of the State so as to free the market once and for all*. The fourth of the theses presented, the one concerning contemporary neoliberalism, is therefore the exact overturning of the third Foucauldian thesis. Therefore, it is no longer as such:

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(3) It is economic freedom itself that institutes the sovereignty of the State,

but rather:

(4) It is economic freedom itself which destitutes the sovereignty of the State.

Before concluding the present reflection, a few more remarks on the problematic at hand. The first concerns the *constitutional synthesis* incarnated by the State. That there exists an irreconcilable conflict between some of the constitutionally sanctioned principles and the development of the market, it is plain for all to see. It would in fact be legitimate to postulate – but this is something that should be demonstrated more in depth – that *economic power works actively towards the suppression of the State even with the aim of freeing the market from those obligations the Constitution requires*. But there is a problem that is perhaps more significant, for it concerns the current situation: the contradiction which starts to take shape when, during the progressive dissolution of the State, it still conserves some of its principal prerogatives, such as the expenses for maintaining national public health services, for social security, or to promote public works. The circumstance in which modern Western nations now find all these costs to be almost unsustainable, has perhaps something to do with the fact that, in order to be managed, they would require the State to have complete control of its own resources. Except that it is precisely this that has become impossible,

since the economy has forced the State to hand over its sovereignty, and to be made to survive through implementing perpetual extraordinary measures. But the repercussions for domestic policies are enormous: harsh austerity, increases in income tax, contractions in consumption, the definitive abolition of what was left of the welfare State – I propose to interpret these factors of instability as consequences of economic power forcing the State to hand over its sovereignty; a transfer in which the State is no longer able to plan its own economic functioning as a whole. The social collapse of the civil society that occurs in these cases should thus be understood as an *internal* effect of the process of denationalization to which sovereign power is submitted – something analogous to what has been happening in Greece.

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André Orléan writes: „*the survival of the financial system has only been assured by the massive intervention of public authorities; an intervention made possible precisely because these authorities have ends that are not of a financial order.*“²³ And what is then the „*order*“ of these ends? They are nothing but the attempt to realise an action, a political practice capable of justifying – and in a certain sense producing – the existence of the State required in order for such order to emerge. More or less the same took place at the time of the New Deal, when the unemployed were demanded to dig some holes so as to immediately refill them up again, in such a way that they would count as *really* being employed even when they were performing an *illusory* job, contributing to maintaining the production *but* through a totally unproductive activity. And yet such similitude has its merits: it is fitting, perhaps, insofar as it unmaskes the false consciousness of the State in dissolution and the absurdity of those stratagems that its advocates contrive in order not to accept seeing it die. If there may be some good in reasoning on neoliberal policies, this may perhaps be in realising that there is nothing much there to salvage, in that disheartening factory of conservation. There is nothing more deleterious than lamenting the old nation-state precisely now that its parabola is coming to an end; or than for critique pleading, in the intent to transform itself into a strategy, for a ‘surrogate’ of the State. Better the shoreless sea of liquid transactions, with its vortices and desert islands. It will be out of the metastasis of capital that new forms will be born.

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Marčelo Barison

Denacionalizacija Neoliberalizam nakon Fukoa

Apstrakt

Polazeći od razmatranja Mišela Fukoa posvećenim ekonomskom znanju (posebno u *Il faut défendre la société* and *Naissance de la biopolitique*), ovaj tekst nastoji da uspostavi mogući teorijski okvir u kojem se smestaju odnosi između političke moći i neoliberalizma kakvi se pojavljuju u njihovim savremenim artikulacijama, kao i dubinsku analizu načina na koji su međunarodne organizacije vladavine – kao što su, na primer, Evropska centralna banka, Evropska unija i Međunarodni monetarni fond – uključene u ovaj proces.

Ključne reči: Neoliberalizam, denacionalizacija, Fuko, međunarodne organizacije, Evropska centralna banka