A species of economic liberalism haunted the 80s. Now John Hewson threatens to make a far stronger version the commonsense of the 90s. But just how well do we understand what neo-liberalism is all about? David Burchell quizzed British writer Graham Burchell on the subject.

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Your book explores the idea of government and 'governmentality' associated with the latter work of Michel Foucault. One of the themes which arises from that is Foucault's understanding of liberalism. What is distinctive about that conception of liberalism and how does it differ from traditional accounts of liberalism such as those of the marxist Left?

For the Left traditionally liberalism has been conceived in terms of some kind of ideology—whether it be a dishonest mystification or a justification of capitalist practices. What interests me about Foucault's approach is that he identifies liberalism as a way of thinking about governmental activities, how governments govern. Foucault identifies liberalism as preeminently a critical style of thinking about the necessary limits of government. It arose as a criticism of the characteristic form of government of the early modern period—*raison d'état*, or the 'police state'. The assumption of *raison d'état* was that states are able to 'know' social reality and the economy and able to act to determine them in the interests of the state. The decisive point of liberalism's critique of this view is its scepticism about the state, both about its capacity to know the details of the economy and also its capacity to act to determine it.

The Anglo-Scottish tradition of classical liberalism sees the economy and more broadly society as a quasi-natural domain with its own internal regulations and its own internal dynamic. Intervention by the state in this domain, according to classical liberals, is liable to produce quite
different effects from those which the state desires—and also probably unfortunate effects of some kind or another.

So we're not just talking about a different conception of liberalism, but also a different conception of the activity of government, and how government relates to the objects of government.

The view of liberalism that Foucault developed, and that we have tried to pursue in our book, is of liberalism as a distinctive 'art of government', a way of providing the activities of government with a principle of self-limitation. Foucault's focus is not so much on the liberal tradition of 'freedom of the individual' in terms of rights, but on freedom of the individual as a technical necessity for the ability of the economy to function in terms of its own natural dynamic. By an 'art of government' Foucault means a way in which the activities of government can be rationalised—how they can be thought of in terms of some kind of rational principle of what governments can and can't do. Foucault's idea of 'governmentality', then, is not simply an idea of government in which the state performs functions in an instrumental way. It implies an active relationship between the state and its subjects or citizens, however they're defined. And this is an important part of the liberal conception of the practice of government in the first place.

One of the features of classical liberalism is to identify the economy and society as a kind of natural historical entity with its own internal dynamic, with its own internal forms of self-government and self-regulation. Liberalism also identifies the individuals to be governed as both the object of government and the partners of government. Classical liberalism—and I would say that is true for modern forms of liberalism as well—sees the individual not just as a body with a set of capacities and internal forces to be shaped by a technical know-how, but as a natural reality that has to be taken into account in order to be able to govern its conduct. And the essential feature of that natural reality is its conduct according to a certain kind of rationality—in the case of early liberalism, a rationality of interest-motivated conduct of economic exchanges, but also conducted by an individual who also has relations on a communitarian basis, spontaneous passional relationships of enmity and hatred, affiliation, disaffiliation, association and so on.

You asked how Foucault's conception differs from the classical marxist or Left view. I would say that the Left traditionally has never elaborated a distinctive art of government. It has traditionally concerned itself with who is governing, rather than with how to govern and the principles which inform these techniques of government.

It may come as a surprise to people who look at neo-liberalism today to see the picture you've just created of classical liberalism. In a sense classical liberalism is distinctive as the first serious response to the problem of civil society. Yet critics of neo-liberalism today are more inclined to say that it has no conception of society as a distinct entity. What is the relationship between classical liberalism and neo-liberalism in this respect?

For modern forms of neo-liberalism the nature of liberalism is still as a kind of critical thought concerning the limits of governmental action. For the German school of Ordo liberals that developed in the Germany during and after the Second World War, and which was very influential in the building of the Federal German Republic, the problem
is marked particularly by the experience of National Socialism. Their argument was that National Socialism was not some gross aberration, but was the result of anti-liberal policies which were adopted in the face of the perceived consequences of classical liberalism—the growth of the 'dangerous classes', and all the social problems associated with the growth of industrial society. The Chicago School mounted a similar critique of state interventionism. The question is common to both of them—although they give slightly different answers—is how far can the competitive game of the market function as a principle for government itself. So there's both a continuity and a discontinuity with classical liberalism.

They're both looking for a principle for rationalising government preeminently in relation to the market. Where the neo-liberals differ, it seems to me, is that they don't regard that form of economic action in the market as being the product of human nature. It only exists, and can only exist, under certain political, institutional and legal conditions which have to be constructed. And this is another point at which Foucault's approach seems to me distinctive; when looking at these varieties of liberalism, he identifies the production of a set of problems to be solved rather than just a theory, or a utopian program, or even a set of policies—and least of all an ideology.

But in relation to the question of civil society, neo-liberalism has a paradoxical aspect. On the one hand it argues that society is a product of government intervention and construction; society has been shaped by things like social insurance, workers compensation, welfare, social workers, teachers—the whole social apparatus of government. It argues this has become an obstacle to the economy and leads to the inexorable growth of the state. So in one sense neo-liberalism is anti-civil society; and also anti-government itself.

Yet in another sense one could see neo-liberalism as a kind of autonomisation of society. An example might clarify this. In watching the UK experience it has been interesting the extent to which the Conservative government, while often presented as 'rolling back the state', as returning to the 80s. The situation was quite similar; the Left was accusing the government of interventionism, while the Right was arguing this has become an obstacle to the economy and leads to the inexorable growth of the state. So in one sense neo-liberalism is anti-civil society; and also anti-government itself.

An example is their education reforms. In one sense they're based on an economic model—the model of the enterprise. So, for example, each individual school has to operate according to a kind of competitive logic. It has to manage itself, it has to allocate the resources it is still given by the state, it has to carry out the program of the national curriculum set by government, and also carry out tests of pupils which are established by government. But within that framework each individual school is a quasi-enterprise, which has to engage in a kind of competitive relationship with other schools, both in terms of the results it tries to get, and thereby the pupils it attracts to the school, and therefore more money, and therefore a more successful school.

So in one sense there's a kind of economisation of what traditionally would have been seen as a public service institution, something which would traditionally have been managed in other ways according to a social service philosophy. However, on the other hand, this is still a governmental technology; it is still a way of acting on the conduct of individuals and populations so as to form their conduct and their capacities.

It seems to me, then, that in a number of areas one can see taking place a kind of autonomisation of society, and not necessarily a destruction of society. It's recasting that space that was created by classical liberalism as preeminently the space for government, civil society, or 'the social'. A characteristic feature of modern liberalisation, which classical liberalism created, is this interface between society and the state, in which society is instrumentalised for the purposes of government. It seems to me that modern forms of liberalism are continuing in that vein.

There seems to be a paradox here. A large part of the rhetoric of neo-liberalism is deregulatory. Yet as Grahame Thompson and others have pointed out, a large part of the practice of, for instance, Thatcherism in Britain has been as regulatory in some ways as it has been deregulatory in others.

And the same was exactly true of classical liberalism. As Colin Gordon puts it in the introduction of our book, liberalism doesn't mean a 'bonfire of controls'. On the contrary, it means precisely finding those regulations which would enable other types of natural regulations to work. In the case of modern liberalism it's a matter of finding those regulations which would enable a competitive game of entrepreneurial conduct to function to its optimum, and to use that as a principle for both limiting and rationalising government itself. Government itself in a certain sense should become a quasi-enterprise.

One of the striking things about the current political debate in Australia which, in some senses, is a debate about neo-liberalism, is that both John Hewson and Paul Keating are conducting the debate about neo-liberalism as if they're talking about classical liberalism. So Paul Keating when he wants to attack John Hewson talks about Hewson wanting to 'return' Australia to the 19th century. But I take you as arguing two things in this context: first that their conception of classical liberalism is to some extent misplaced; and second that in fact neo-liberalism isn't simply a rerun of classical liberalism in any case.

I don't want to comment on the Australian situation because I don't know enough about it, but I think this same attitude imposed limitations on the critical response to the policies of the Conservative government in the UK during the 80s. The situation was quite similar; the Left was accusing the Tories of taking us back to the dark ages of laissez faire and the god of the market. On the other hand, Margaret Thatcher tried to 'confiscate critique' from the Left; to say the Conservatives were the radicals, that it was actually Labour which was the dinosaur.
That attitude certainly did weaken our ability to understand what was going on, and to think precisely about the inventiveness of what was happening—that it was actually new. Some American critics have been much more perceptive in that regard, pointing out that modern forms of economic liberalism have very little in common with the people they invoke. They have little in common with Adam Smith, and operate an incredibly selective reading of Adam Smith, ignoring vast swathes of his work—as well as other Anglo-Scottish classical liberals.

The relationship between government and the economy is another aspect of the Left’s response. Liberals have pegged their conception of government to some form of economic rationality, the rationality of the market—whether it be the ‘natural’ market of classical liberalism or the constructed market of the neo-liberals. Thus they have always had to peg this conception to some sense of the performance of that economy. It would be rather odd to claim the superiority of liberalism as a rationality of government pegged to economic action if the economy fails to perform—although I don’t think it’s ever been clear, either for classical liberalism or modern neo-liberalism, what actually is unequivocally going to count as success.

In Britain, under the guise of monetarism, the government started off with one indicator, the money supply. That became two, then it became three, then other things had to be taken into account, then, of course, there were all these circumstances which were external. So that sense of liberal rationality becomes incredibly blurred. What hasn’t become blurred, however, is economic action itself as a principle for governmental action. Whether the economy performs well or not, nonetheless the enterprise form can be adopted and have a certain degree of success, even if its principal reference point fails to deliver the goods.

That’s the sense in which it seems to me liberalism is preeminently a reflection on the art of government. The way in which liberalism takes hold is in providing a way of thinking about government activity and a way of constructing techniques for governing, rather than by its success measured in economic indicators. I think, broadly speaking, Left critiques of neo-liberalism have not taken that on board. And they haven’t taken it on board precisely because the Left has never developed an art of government of its own. Socialism has never developed a systematic reflection on how to govern, and on inventive techniques for governing.

There’s a further paradox. In some senses the Left operates a double-sided critique. On the one hand it calls upon the state to protect us, to provide security for us, to secure our jobs and maintain our standard of living. On the other hand it critiques the state for constantly growing, interfering in our lives, directing our conduct, and so on. So, it has a schizophrenic relationship to the state. And I think that’s partly because its relationship to the state is conceived in terms of political sovereignty. At the popular level, much Left discourse is pegged to some idea of popular sovereignty, and of democratisation as a kind of generalised solution for everything, without thinking at all about the fact that however democratic any institution is, it’s still going to have to have methods for managing its affairs. There are still going to be forms of power exercised over individuals, and there have to be people exercising that power over individuals. There are going to be problems of government, both in terms of performance and in terms of practicability and acceptability of those forms of government. Traditionally the Left has been seriously weak in developing that side of its thought.

As I said earlier, it is an open question whether there can be such a thing as a socialist art of government. That isn’t to say one might not think of other ways of governing, or providing a critical reflection on how we govern ourselves and each other, or a critical inventiveness around techniques of doing that are in some sense still attached to critical values like increased equity, decreased domination and so on. But it is an open question whether one would want to call that form of critical reflection socialist. Having said that, I would still want to retain one of the traditional questions of socialism—one which still poses a serious question for an art of government. That is the question of how do we live together in such a way that we maximise the capacities of each while minimising the restraints on how those capacities can be exercised.

Up to this point we’ve been discussing the failure of the radical Left, of the socialist tradition, to create an art of government which might provide an alternative to that of liberalism. But maybe there’s also a broader problem here. As the context of the rise of neo-liberalism, particularly in the anglo-saxon countries, we’ve seen the breakdown of the postwar political ‘historic compromise’ upon which in certain respects postwar social democracy was based. And also, economically speaking, of the tools
and techniques which were loosely labelled Keynesian. All of this was associated with social democracy, whether or not it was carried out by governments which called themselves social democratic. And so neo-liberalism has been able to hold the field. It's been able to say: we alone have a conception of the proper limits of government vis-a-vis society. We alone have an antidote to the 'nanny state'.

I’d agree with that. In fact, I’d perhaps qualify something I said earlier, in the sense that I’m not sure it is a question of creating an ‘alternative model’. Any kind of alternative way of thinking about government is obviously not something that is just dreamed up and then proposed; it has to start from what is perceived to be a way of identifying the problems of government in a definite situation. I don’t think it’s a problem of model-building. And in that sense it is a generalised problem which extends to all candidates to government in the West in the postwar period.

I wouldn’t be quite so pessimistic as you, however. In the practice of neo-social democracy in both Germany and France, there has been much more imaginative thought on the part of a governmental Left, if one can put it that way, than there has in the anglo-saxon countries. I’m thinking particularly about France around Jacques Delors’ wing of the Socialist Party.

Might the ground for some neo-social democratic or post-social democratic art of government then be some of the things which neo-liberalism does address but which historically the Left has not been very good at—having more of a sense of the proper limits of government, more of a sense of the importance of the techniques of government, rather than simply the ends of governments?

I’d agree with that. It seems to me the level I’d like to see addressed is to start thinking in terms of practical experiments, in terms of ways of governing—for example, in all the intermediate areas of society: practical ways in which education might be conducted differently, and so on. In that regard I’d make one last point. The interesting thing about some of the neo-liberal innovations is that they are not unambiguously bad; there are things the Left can learn from them as techniques and practices of government. This may be true of some of the education reforms in Britain, for instance. But I also want to see in that some kind of critical valuation of what the costs are, in the sense of the human costs of different techniques. I’m not just saying: let’s all become technocrats. I’m not suggesting it’s just a question of dreaming up a new gadget of government. I’m suggesting there are more desirable ways of conducting government as well.

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