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The Making of the Indebted Man

An Essay on the Neoliberal Condition

Translated by Joshua David Jordan

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THE ASCENDENCY OF DEBT IN NEOLIBERALISM

FOUCAULT AND THE "BIRTH" OF NEOLIBERALISM

Debt constitutes the most deterritorialized and the most general power relation through which the neoliberal power bloc institutes its class struggle. Debt represents a transversal power relation unimpeded by State boundaries, the dualisms of production (active/non-active, employed/unemployed, productive/non-productive), and the distinction between the economy, the political, and the social. It immediately acts at the global level, affecting entire populations, calling for and contributing to the ethical construction of the indebted man.

How does this field of relations constructed by debt inhabit different mechanisms of power and different forms of subjectivation? To answer this question, we are going to join the theoretical tools

we have recovered with Michel Foucault's theory of power, whose origin in Nietzsche, our own starting point, Foucault recognized explicitly. How has debt, since the 1970s, reconfigured sovereign, disciplinary, and biopolitical power?

In his important book on neoliberalism, The *Birth of Biopolitics*, Foucault, setting aside what he had argued in the course mentioned above on the functions of money in ancient Greece, neglects the functions of finance, debt, and money, even though these constituted the strategic mechanisms of neoliberal government starting in the late 1970s. Indeed, the debt economy appears just as much in geopolitical areas (Southeast Asia, South America, Europe) as among national populations (Argentina, Greece, Ireland, Spain, Portugal, etc.). It provides leverage in most social conflicts; its power is exercised on individuals (family debt), thereby embodying the point of view of the "collective capitalist." We note in passing that the transformation of capitalism and its money occurring in the late 1970s did not, however, escape Deleuze, who summed up the transition from disciplinary governance to contemporary neoliberalism in this way: "A man is no longer a man confined [as in disciplinary societies] but a man in debt [in a control society]."[1]

For Foucault, neoliberals no longer conceive *homo economicus* as the subject of exchange and

the market but as an entrepreneur (of the self). Foucault's description of the neoliberal practices implemented in order to transform the worker into "human capital" is at once quite enlightening and misleading. The worker, on his own initiative, is supposed to guarantee the formation, growth, accumulation, improvement, and valorization of the "self" as "capital." No doubt the "worker" is no longer considered solely as a mere factor of production; he is no longer, properly speaking, a labor force, but a skill-capital, a "skill-machine," which goes hand in hand with a "lifestyle, a way of life," an "entrepreneurial" ethical position that creates "a form of relationship of the individual to himself, time, those around him, the group, and the family."[2]

Nonetheless, this injunction to make the individual "a sort of permanent and complex enterprise" occurs within a context—that of the debt economy—completely different from that described by Foucault. The perspective of *The Birth of Biopolitics* is thus still that of the German Ordoliberals for whom the industrial firm and entrepreneur were at the heart of the "social market economy." Foucault remained attached to this industrial" view of postwar neoliberalism at a time when, throughout the 1970s, a logic of business - financialized business—became the norm. With it came a capitalism whose collective interest is represented by financial entrepreneurs who have

imposed a new "government of conduct" and a new kind of individualization, which have little to do with postwar Ordoliberal politics. As Foucault suggests, neoliberal government must always act on society itself, by taking charge of social processes in order to make room within them for competition and business as well as and above all (here, a paramount distinction) for debt and the debt economy.

Ordoliberals advocated for an economic and social politics whose main objective was the "deproletarianization" of the population (the creation of small production units, property-ownership assistance, worker shareholders, etc.). The latter was supposed to ward off the political danger posed by large industrial firms in which the proletariat could organize and become an autonomous political force, which was the case from the late 19th century to the beginning of the 20th. A large portion of these "deproletarianization" policies were enacted through the Welfare State and through business co-management structures. The latter made a genuine transfer of wealth to workers possible while involving them in the capitalist management of society: "a wage-earner who is also a capitalist is no longer a proletarian" — and that, regardless of the "growing 'salarization' of the economy." In contemporary neoliberalism, deproletarianization has taken a leap forward in

terms of discourse ("everyone an owner, everyone an entrepreneur"), but it has been transformed into its opposite in fact, namely because of wage depression and State budget cuts. This is how the debt economy institutes economic and existential precariousness, which is but the new name for the old reality: proletarianization—especially of the middle class and the class of workers in those new fields of what was once called, before the bubble burst, the "new economy."

The economy of debt provides a clearer picture of the capital's new subjective types to which the whole of the population is made to correspond. The picture is quite different from the one announced by the new economy of the 1980s and 1990s as well as from that described by Foucault.

Even though neoliberalism equally involves the economy and subjectivity, "work" and "work on the self," it reduces the latter to an injunction to become one's own boss, in the sense of "taking upon oneself" the costs and risks that business and the State externalize onto society. The promise of what "work on the self" was supposed to bring to "labor" in terms of emancipation (pleasure, self-fulfillment, recognition, experimentation with different forms of life, mobility, etc.) has been rendered void, transformed into the imperative to take on the risks and costs that neither business nor the State are willing to undertake. By

capping wages (through wage deflation) and by drastically reducing public spending, today's neoliberal policies produce human capital and "entrepreneurs of the self" who are more or less in debt, more or less poor, but in any case always precarious. For the majority of the population, becoming an entrepreneur of the self is restricted to managing, according to the terms of business and competition, its employability, its debts, the drop in wages and income, and the reduction public services. With the new social welfare system in France, for example, "managerial" skills are demanded of the poor so that they are able to handle the many responsibilities of "assistance" and menial jobs. It then becomes unnecessary to create one's own small business in order to become an entrepreneur; one need only behave like one, adopt the same logic, the attitudes, the ways of relating to the world, to oneself, and to others.

Since the financial crisis following the dot-com bubble, capitalism has abandoned the epic narratives it constructed around the supposed freedom, innovation, and creativity of the entrepreneur, the knowledge society, etc. Now the population has only to worry itself with what finance, corporations, and the Welfare State "externalize" onto society—period!

The independence and freedom that entrepreneurism was supposed to bring to "labor" have in

reality led to a greater and more intense dependence not only on institutions (business, the State, finance), but also on the self. This independence might ironically be considered the economy's colonization of the Freudian superego, since the "ideal self" can no longer be limited to the role of custodian and guarantor of the "morals" and values of society. In addition and above all, it must be the custodian and guarantor of the individual's productivity. We always come back to the coupling of economics and ethics, work and work on the self. The ferocious critique leveled in *Anti-Oedipus* against Freudian and Lacanian psychoanalysis can be read as anticipating the expansion of the 'cure" and "analyst/analysand" transference to the management of the labor force in the corporation and to the population in society at large. The increase in psychologists', sociologists', and other "self-help" experts' interventions, the creation of "coaching" for better-off workers and obligatory individual monitoring for the poor and unemployed, the explosion of "care of the self" techniques in society—these are symptoms of the new forms of individual government, which include, above all, the shaping of subjectivity.

Before exploring how the debt economy forms subjectivity we need to return in some detail to the changes the debt economy makes to the organization of power and the economy at a more

general level in contemporary societies. This will allow us to understand how the economy of debt has radically transformed our possibilities for action both at a subjective and collective level.

DEBT'S RECONFIGURATION OF SOVEREIGN, DISCIPLINARY, AND BIOPOLITICAL POWER

In what way do the debt economy and the creditor-debtor relationship intersect with one of the most important and innovative categories of power established by Foucault? Although providing a remarkable real-time analysis of the rise of neoliberalism, Foucault was only able to anticipate in part the reconfiguration of sovereign, disciplinary, and biopolitical power it would operate.

Sovereign Power

The debt economy first reconfigures the sovereign power of the State by neutralizing and undermining one of its regal prerogatives, monetary sovereignty, that is, the power of destruction/creation of money. In the 1970s, "finance" began the process of privatizing money, the source of all privatizations. We remind the reader that to protect the privatization of money imperiled by the 2007 financial

crisis, neoliberals did not hesitate to raise the prospect of "nationalizing" losses, nationalizations—the State seizure of market freedom—which they viewed with absolute horror.

Finance has appropriated most of the functions of bank money to such an extent that central bank policies are strongly determined by the financial sector's demand for liquidity. Bank money, money that exists mostly on a computer screen, is issued by private banks based on a debt—a debt that then becomes its intrinsic nature such that it is also called "debt-money" or "credit money." It is not attached to any material standard, nor does it refer to any substance except for the debt relation itself. In this way, with bank money, not only does one produce debt, but money itself is "debt" and no more than a power relation between creditor and debtor. In the euro zone, the issuance of private debt/money represents 92.1% of all the money in circulation in the largest money aggregate.

Monetary sovereignty also has to compete with finance. Securities negotiated on the stock market represent an "incipient form of money." "Their liquidity is only partial [but] their circulation is already surprisingly vast, not only as a means of reserve but also as a means of exchange for certain transactions." As Marazzi suggests, starting in the 1990s, the money supply developed independently of any kind of quantitative objective set by the

central monetary authorities. National central banks restricted themselves to answering the demand for liquidity. The "independence" of the Central Bank with regard to Treasury is, in reality, a mask for its dependence on the markets.

During the same period, a new power bloc formed based on the debt economy, uniting what continues stubbornly to be taken separately: the so-called 'real" economy, the "financial" economy, and the State. The State deliberately transferred its prerogative of creating money to the "private" sector. Contrary to what the vast majority of economists, experts, and journalists maintain, there is in fact no competition or conflict between State financial and monetary policy, but a new neoliberal alliance bringing together banks, institutional investors, private enterprise, governments, entire swaths of public administration, as well as the media and academics, etc.—an alliance that has systematically taken aim at the logic of the Welfare State and social spending. If there is any conflict, it is between two conceptions of the State and State monetary and social policy. But the neoliberal bloc came out on top long ago and now holds a hegemonic position within the economy, public administration, the State, political parties, business, and the media. This new bloc of power would never have seen the light of day without the help of public authorities (governments on the right as well

as the left—in France, essentially Socialist governments—States, and central banks). And as tbe latest financial crisis has shown, the State (as "lender of last resort") enables the reproduction of capitalist power relations founded on debt.

It has been remarked that, contrary to theories of the decline of nation-states, their number has in fact increased rather than diminished with the rise of neoliberalism. But that misses the point, since what has changed are the functions of the nation-state, the ways in which it intervenes, and its purpose. It is nonetheless surprising to see how States and governments never fail to dance to the ratings agencies' tune, whether in Greece, Ireland, Iceland, Portugal (where the governments fell), Spain, Italy, or the UK—and that is only the most recent financial crisis. The agencies are in the service of the financial power bloc and represent one of its strategic weapons. Ratings agencies, financial investors,[4] and institutions like the IMF have thus been able to seriously undermine State sovereign power. European Statesnow have no choice but to apply the economic and social policies dictated by the markets (that is, by the economic-political-financial power bloc) based on the new European stability pact. Elections in these countries take place against a backdrop of economic programs already determined by the economic and financial constraints imposed on them from outside the national territory.

Disciplinary Power

Having examined how the debt economy reconfigures State sovereign power, it is now necessary to look at how the debt economy reconfigures the most important disciplinary power described by Foucault, following Marx—that of private enterprise. Indeed, the debt economy revives Keynes's euthanasia of the rentier by reestablishing like never before in the history of capitalism the power of the shareholder over all other company actors, especially its workers. Owners of capital securities, along with managers, who are themselves transformed into shareholders, are the only ones to benefit from gains in productivity.

Finance has thus put in place a business "government" whose general principles are the following: "The primacy of the shareholder over the director of the company; the subordination of company management to shareholder interests; in the case of conflicts of interest, the primacy of the shareholder." Finance dictates to and imposes on private firms a new "measure" of value, implemented through new international accounting standards, called IFRS (International Financial Reporting Standards), developed in the exclusive interest of investors and shareholders and in force since January 1, 2005, in all listed European corporations. The new accounting is

supposed to allow for comparisons between companies' financial performance at any point in time and for any business sector.

> The accounting standards consider the company to be a financial asset whose value is determined by the market. [...] Only the joint stock company (an SA corporation, for example) has a legal existence. On the other hand, the law does not recognize the economic company, in the sense of an entity that produces goods and services. Company actors other than the shareholders, notably, the workers, are not considered owners of the wealth produced, even if they contribute to it directly.[6]

Shareholders and financial institutions decide, control, and prescribe the forms of valorization, the accounting procedures, the salary levels, the organization of labor, the pace, and the productivity of the company.

The contractualization of "social relations" is another "innovation" finance has imposed. First within companies and for several years now within "public services," it has been part of a process of individualization that aims to neutralize "collective" logics. Even with unemployment insurance and welfare assistance, beneficiaries are made to sign an "individual contract' in order to claim

their right to compensation. The company, then, is not a place of conflict between workers and bosses, nor are public services a place where highly asymmetrical powers are exercised between agents representing the administration and beneficiaries (the unemployed, the sick, welfare recipients). The private firm or public institution is a set of *individual contracts* linking different actors who, in the pursuit of their own individual interest, are all equal.

There is, therefore, no contradiction but a *convergence* between what one persists in calling the real economy and the virtual economy. A large part of company revenue is made up of financial revenue. Investments in financial products by non-financial companies have risen more quickly than their so-called productive investments in machinery or the labor force. Companies' dependence on financial revenue continues to increase. "With the tendency toward the financialization of the non-financial economy, not only is the manufacturing sector quantitatively dominant, but it is in fact the sector that drives the process." This is all that is needed, Christian Marazzi argues, for the distinction between the real economy and the financial economy to disappear completely, just as we must stop identifying capitalism with industrial capitalism alone, both from a theoretical and historical point of view.

Biopolitical Power

Finally, the politics of debt have come to completely pervade what Foucault calls biopower. The former is not limited to making public spending the source of new profits for creditors (insurance and institutional investors), but transforms the very nature of the Welfare State. The "collective" insurance against risks (old age, illness, unemployment, etc.) has been systematically replaced by private insurance wherever possible.

By simultaneously reducing social spending and taxes (reductions that above all benefit business and the wealthiest segments of the population), neoliberal State policies have engaged a twofold process: a massive transfer of revenue to business and the wealthiest and an expansion of deficits due to fiscal policies, deficits which have in turn become a source of revenue for creditors buying State debt. The "virtuous circle" of the debt economy is thus complete. This has prompted Warren Buffet, the oracle of the American stock martket to admit with the honesty and lucidity particular to reactionaries: "Everything is going quite well for the rich in this country. We've never had it so good. It's a class war, and my class is winning" As far as the Welfare State is concerned, the strategic process of the neoliberal program consists in a progressive transformation of "social rights"

into "social debts." Neoliberal policies in turn transform the latter into private debts, in parallel with the transformation of "beneficiaries" into "debtors" of unemployment insurance regimes (for the unemployed) and the State (for beneficiaries of welfare programs, etc.).

The transformation of social rights into debts and beneficiaries into debtors is part of a program of "patrimonial individualism," "whose basis is the assertion of individual rights, but according to a completely financial conception of these rights, rights understood as securities."[7] Unlike what happens on financial markets, the beneficiary as "debtor" is not expected to reimburse in actual money but rather in conduct, attitudes, ways of behaving, plans, subjective commitments, the time devoted to finding a job, the time used for conforming oneself to the criteria dictated by the market and business, etc. Debt directly entails life discipline and a way of life that requires "work on the self," a permanent negotiation with oneself, a specific form of subjectivity: that of the indebted man. In other words, debt reconfigures biopolitical power by demanding a production of subjectivity specific to indebted man.

In this way, by reconfiguring sovereign, disciplinary, and biopolitical power, the debt economy fulfills at once political, productive, and distributive functions.

What Is Capitalism?

Having looked at how the debt economy reconfigures different forms of power, we must now turn more specifically to how power is exercised within capitalism. What does the debt economy mean and what relationship does it establish between financial capital, industrial capital, and the State? Can we speak of the hegemony of financial capitalism over other forms of capital (industrial, commercial)? These are formidable questions, whose terms may not be the best.

It is useless to look for a foundation of what goes by the name of capitalism (industry, finance, the State, or even knowledge production), since there is no single site from which power relations emerge; there is no single place, institution, one mechanism more strategic than the others, in which capitalist power might be accumulated and from which transformations—whether neoliberal or revolutionary—might be effectuated. There is no one type of relation (economic, political, debt, knowledge) capable of containing, totalizing, and dominating the others. Every economic, political, or social mechanism produces effects of power specific to it, requires specific tactics and strategies,

and affects the "governed" according to different processes of subjection and subjugation [*asservissement*]. But how, then, is it possible to speak of the debt economy at all? What I am calling the debt economy is an arrangement that holds this multiplicity together. The unity is not systemic but operational, that is to say that it constitutes a "politics" which gives rise to always partial and temporary compositions and unifications. In any case, within capitalism, "politics" is always defined relative to the priorities and imperatives of class conflict.

The need to respond to and move beyond the power relations that crystallized around May '68 has led to the creation of a power bloc acting—often by trial and error—on different mechanisms of power at the same time (at times favoring the market, at others business or the State). But the underlying framework connecting these mechanisms has been the creditor-debtor relationship, which has not always had the same influence or the same function but has in practice shown itself to be the most useful and effective. The crisis of 2007 increased its usefulness and effectiveness even more in the eyes of the neoliberal power bloc, for it combined the "extraction of surplus value" and control of the population at a breadth and depth of which industrial capitalism is incapable. The creditor-debtor relationship is most

effective for dealing with crises in the liberal dynamic, since it brings the issue of property to the fore. For all that, are we really talking about hegemony? The Gramscian concept of "hegemony" (the hegemony of financial capital) seems less relevant here than Foucault's "governmentality."

Capitalism is not a *structure* or a *system*: it develops, transforms, plans, integrates more or less well-adapted procedures according to imperatives of exploitation and domination. The power of capitalism, like the world it aims to appropriate and control, is always *in the process of being made*. The power bloc amassed around the debt economy is constituted through power relations that are at once heterogeneous—because responding to different logics (the State with its sovereign functions, Welfare State control of the population; industry and its capital accumulation through labor; finance, which claims to have no need of labor; the political, which creates consensus, etc.)—and complementary, because the power bloc faces a common "enemy." The class struggle unites and consolidates these relations or splits and weakens them. Their unity and internal power relations are part of a political process in composition that cannot be taken a priori.

Governmentality has produced a collective capitalist—as Lenin would put it—which is not concentrated in finance, but operates throughout

business, administration, service industries, political parties, the media, and the university. This political subjectivation provides capitalists with the same education, the same vision of the economy and society, the same vocabulary, the same methods, in short, the same politics. Although neoliberal governmentality is undoubtedly based on debt, which encompasses the other power relations in an increasingly problematic way, its development must be historicized, since, in moving from one political moment to another, its form changes. The governmentality Foucault describes in *The Birth of Biopolitics* does not seem sufficient for understanding what it implies from the 1990s on, when governmentality began to limit the freedom which Foucault made the condition of "liberalism." The freedom in liberalism is always and primarily the freedom of private ownership and owners. When the "rights of man" are threatened—by a crisis, a revolt, or some other phenomenon—regimes of governmentality other than liberal governmentality are required in order to ensure their durability. In this way, the problem of "governing as little as possible" first created the conditions for, then gave way to, as has always been the case in the history of capitalism, ever more authoritarian politics. To read *The Birth of Biopolitics* in the light of what is taking place today is to be struck by a certain political naiveté,

since the parable of "liberalism' always describes, leads to, the same thing: crisis, limitations on democracy and "liberal" freedoms, and the institution of more or less authoritarian regimes according to the intensity of the class struggle to wage in order to maintain the "privileges" of private property.

We must therefore examine pragmatically and historically the function of different power relations, asking ourselves not what capitalism is but how it functions with regard to the class struggle, which only the great reactionaries, like Warren Buffet, talk about with any relevance.

The Subprime Crisis

This is why the current crisis is not only a financial crisis but also a failure of neoliberal governmentality of society. The mode of government founded on business and proprietary individualism has failed. By revealing the nature of power relations, the crisis has led to much more "repressive" and "authoritarian" forms of control, which no longer bother with the rhetoric of the 1980s and 1990s of greater "freedom," creativity, and wealth.

The genealogy and development of the subprime crisis uncovers how the power bloc functions, how the "real" economy, finance, and the State represent the moving parts of the same mechanism and

the same political project—what we have called the debt economy. Here again, the "real" economy and financial "speculation" are inseparable. Whereas the "real" economy impoverishes the governed as "wage-earners" (through wage freezes, precarization, etc.) and possessors of social rights (through narrower income redistribution, decreases in social services, unemployment insurance, and student grants, etc.), finance claims to enrich them through credit and stock. No direct or indirect wage hikes (pensions); instead, consumer credit and the push for stock market investment (pension funds, private insurance). No right to housing; instead, real estate loans. No right to tuition; instead, university loans. No risk mutualization (unemployment, health, retirement, etc.); instead, investment in private insurance.

The wage-earner and the beneficiary of public programs must earn and spend as little as possible in order to reduce labor costs and the costs of public services, whereas the consumer must spend as much as possible in order to use up production. But in modern-day capitalism, the worker, the beneficiary, and the consumer are all one and the same. This is where finance steps in to resolve the paradox. Neoliberal economic growth creates ever greater disparities in income and power by impoverishing workers, public assistance beneficiaries, and a

portion of the middle class, while simultaneously aiming to make them rich through a mechanism best exemplified by subprime credit: income redistribution that leaves profits untouched; redistribution while reducing taxes (above all for business and the rich); redistribution while cutting into wages and social spending. With declines in wages and the destruction of the Welfare State, credit is the only solution if everyone is to get rich. How does this kind of politics function? "You don't make much money? Not a problem! Take out loans to buy a house, its value will increase, and that will serve as collateral on new loans." But once interest rates rise, the whole mechanism of income 'distribution" through debt and financing collapses.

The logic of debt/credit is a political logic for governing social classes within globalization. The way subprimes have worked offers a paradigmatic example.

> The boom in real estate and easy credit were two ways to pacify workers and the middle class and make them go along with the long-term program of the "liberal system.' When we wanted to buy a house, a car, or a vacation to Paris on credit, we were made to believe in the success of globalization. Now people are beginning to realize that this was a Wall Street strategy for robbing them

> of everything they owned. Now they don't know where to turn, because their house was their last reserve in case of an emergency.[8]

The American economy is fundamentally a debt economy. Within it finance does not primarily represent speculation but rather is the driver and determines the nature of growth. On June 30, 2008, the aggregate US debt—for families, businesses, banks, and government—exceeded $51 trillion, compared to a GDP of $14 trillion. In the US, the average household debt increased by 22% over the eight years under George W. Bush. The amount of unpaid loans rose by 15%. Student debt doubled. Learning how to "live with debt" has now been made part of certain American school curricula.

Demand no longer increases by and large through State deficits but through private debt, which unloads the costs and risks on "indebted" families. Over the last several years, their debt has been a major contributing factor to the rise and expansion of finance. And lest we forget, real estate loans set off the latest financial crisis. In other words, as Christian Marazzi argues, we have moved from public deficit spending to private deficit spending in order to prop up the global demand for goods and services. The public deficit has not, of course, disappeared, especially in the US, where income taxes are largely insufficient to

offset the growth in public spending. However, global demand has been maintained through financial markets and banks, as in the case of subprime loans.

Finance is a war machine for privatization, which transforms social debt into credit, into individual insurance, and rent (shareholders) and, thus, individual property. Stop by your bank: finance has discovered the most ingenious techniques for transforming everyone into credit-card wielding owners and consumers. "Speculation' has not failed, nor the supposed uncoupling of finance and the real economy, but the claim that everyone can get rich without affecting the private property regime. Property is the stumbling block of all capitalist politics: *hic Rhodus, hic salta*! At this level, the class struggle manifests itself in the opposition between two models of wealth "socialization": rights for all and mutualized risks and costs versus individual credit and insurance. What has failed is the political project of transforming everyone into "human capital" and entrepreneurs of the self. With the subprime market, capitalists believed in their own ideology of transforming everyone into "owners," even the poorest of the working and middle classes. "Everyone an owner!" proclaimed Sarkozy's election platform in 2007, borrowing from Bush's proclamation of an "ownership society." What has proved true, however, is that the majority

of the population has been converted into debtors and a minority into rentiers. The failure of proprietary individualism brings the debt economy to the fore as well as the least pleasant aspect of the creditor-debtor relationship: repayment.

The objectives of the debt economy are thoroughly political: the neutralization of collective attitudes (mutualization, solidarity, cooperation, rights for all, etc.) and the memory of the collective struggles, action, and organization of "wage-earners" and the "proletariat." Growth gained on credit (finance) aims to diffuse the conflict. Having to confront subjectivities that consider public assistance, retirement, education, etc., as collective rights guaranteed by past struggle is not the same thing as governing "debtors," small business owners, and minor shareholders.

The subprime crisis is thus not solely a financial crisis. It also marks the failure of the political program of proprietary and patrimonial individualism. The crisis is highly symbolic in that it strikes at the emblem par excellence of "individual property": home ownership. In the short term, the failure of neoliberal politics provides the occasion for the power bloc instituted by the debt economy to benefit from the crisis in which the whole world now finds itself.

Who is going to pay the mountains of debt piled up to save the banks and the system of

power of the debt economy? The response coming from the neoliberal power bloc could not be clearer. Yet it relies on a strategy over which the neoliberal sorcerer's apprentices may not have any control.

The Sovereign Debt Crisis

The debt problem is still very much with us. It has only shifted from private debt to sovereign State debt. The enormous sums that States have handed over to banks, insurance companies, and institutional investors must now be "reimbursed" by the taxpayers (and not by the shareholders and purchasers of stock). The highest costs will be borne by wage-earners, beneficiaries of public programs, and the poorest of the population.

Banks were saved through the use of "public" money to nationalize their losses. The State injected a money flow into society—which is, as Deleuze has shown us, a flow of power—in order to reestablish and reinforce the power relation between creditors and debtors. States have not rescued a functional structure of real economy financing, but rather a mechanism for domination and exploitation specific to modern-day capitalism. And, in a cynical turn, the costs of reestablishing this relation of exploitation and domination will have to be paid for by its victims.

A new political moment has begun whose consequences are impossible to foresee. The drive to profit from the crisis in order to fully accomplish the neoliberal program (by reducing wages to subsistence levels, reducing public spending, transforming the Welfare State, accelerating privatizations) is risky for Capital because it weakens the State, a fundamental structure for political control and the formation of subjectivity. It also energizes the class struggle. Believing their own rhetoric, according to which the market can do without the State, ratings agencies opened hostilities when they revealed their attack on sovereign debt (Europe's first of all). By putting States on the verge of default, the agencies have compelled deficit countries to impose the social and wage policies which neoliberals have dreamed of since the 1970s. Because "there is no choice," creditors, already fattened on forty years' worth of preying on public debt, will have to be reimbursed. After having lowered wages, Greece, in 2010, moved back the retirement age, froze pensions, increased the VAT, and implemented, under orders from Europe and the IMF, a second economic plan. The latter, adding austerity to austerity, forecasts 6 billion euros in savings in 2011, 26 billion from 2012 to 2015, privatizations (electricity, the lottery, Athens's former airport, ports, marinas) coming to 50 billion euros, an

additional two and a half hours to the work week, and the elimination of 200,000 public sector jobs. In 2010, 120,000 stores closed, in 2011, 6,000 restaurants, whose clientele had already dropped by 54% on average. Everything worth anything must go. That revenue drops proportionally for the State budget does not seem to worry the IMF nor that bastion of neoliberalism, Europe. The only thing that matters is that creditors are repaid (and above all German and French banks, which, because they hold Greek debt obligations, will be saved with "public" money for a second time). To ensure that the program works, the sale of all these assets will be under the close scrutiny, if not the control, of foreign experts. Under the new "assistance" plan, Greek debt went from 150 to 170% of GDP.[9] European and IMF rescue plans are also in the process of plunging Ireland into a recession with no end in sight.

In an interview in *La Stampa* on July 9, 2011, the American economist John Coffee discussed Italy's public debt, which had just fallen prey to market attacks, and what lay behind the Greek rescue. In response to a question regarding Italian debt, whose obligations are held in large part by Italian "families," that is, by small and very small savers, he remarked:

> In absolute terms, it is true that if the debt is in the hands of actual families, that offers some stability. But we are in a phase where Greek risks default and the European Central Bank wants to avoid it in order to save the French and German banks that would suffer the fallout. If, on the other hand, Italy were to default, most of the weight would fall on families and not on European banks. This might push the ECB to help Greece more than Italy. The markets are well aware of this and behave accordingly.

The markets are well aware of it, whereas journalists, it seems, are not. Can we even imagine what would happen if the media had the courage to say the truth, replacing every "Greek rescue" with "French and German bank rescue"? Things would be happening within an entirely different political framework.

Portugal, after four austerity plans in one year to try to escape European and IMF rescue plans, which impose conditions, as Brazilian ex-president Lula recently recalled, that make problems worse rather than better, ended up having to accept $80 billion in aid which it immediately disbursed among its French, Spanish, and German creditors (banks), which hold the lion's share of its debt. As for Icelanders, they will have to pay 12,000 euros per person for one private bank's default. The

only citizens to have been asked by referendum, they twice refused the austerity plans proposed.

The British government has implemented an austerity plan that looks to reduce public spending by 81 billion pounds (92.7 billion euros) by 2015, which means an average drop of 28% for local community budgets over the period. In those European countries which the ratings agencies have yet to descend upon, and even in countries like Germany, austerity plans figured in the billions of euros have been put in place, affecting workers, incomes, and ways of life especially among the most vulnerable.

But it is in the US, the epicenter of the crisis and the cradle of neoliberalism, that neoconservative politicians are threatening to make the most of the financial crisis by following the neoliberal logic to the end. The Democrat Barack Obama boasts of having negotiated the largest cut in public spending ever made in the US, as if he were priding himself on signing a new New Deal, only in reverse. In November 2010, he made an agreement with the majority-Republican Congress to prolong by two years the tax cuts George W. Bush had given to the wealthiest Americans. The Bush-Obama law extends the tax cuts even to those making more than $250,000. The income bracket represents only 5% of the population, whereas their taxes account for more than 40% of income tax revenue.

In exchange for peanuts for the unemployed, the rich received $315 billion over two years. To have an idea of the size of the handout, one should remember that the US government investment in the economy came to $800 billion in 2008, the highest level in the country's history. Neo-conservatives are having a high time drastically reducing "welfare" spending at the state level as they wait to do the same at the federal level. In a recent book, Arianna Huffington reminds us that such cuts are already law in forty-five states.[10] In February, 2011, over the course of three days thousands descended on Madison, Wisconsin, to protest the proposals of the new Republican governor, Scott Walker. He had been elected on the promise of reducing deficits while lowering taxes at the same time. His plan was supposed to allow the state to save $300 million over the next two years (the state's budget deficit is around $5.4 billion). The debt reduction plan included a partial freeze on state-employee wages, a drop in employee pensions as well as in other social services, and the elimination of union organizing rights, which is not the least of austerity plan objectives the world over.

The negotiations over the debt ceiling between Democrats and Republicans looked like a caricature—though unfortunately a very real one—of the struggle between social classes in the US.

Conservatives refuse to touch the scandalous tax cuts on the wealthy and businesses and want to reduce the deficit through savage cuts on public spending, in other words, they want to apply to the federal budget what is already happening in states around the country.

Since the early 2000s France has quickly made up the ground it had lost to the US with regard to fiscal policies favoring the rich (especially the richest of the rich)[11] and corporations. The debate in spring 2011 about welfare assistance and the wealth tax is another version of the class struggle carried out through fiscal and social policies, with the aim of enforcing a "double penalty' on beneficiaries of welfare assistance (400 euros per month). Blamed for their situation, the latter are supposed to respect the "duties" imposed on them (the obligation to have their cases monitored, to accept any reasonable employment after two refusals, etc.) and, furthermore, work for free, while the government cuts checks of several billion euros to those paying the wealth tax, cutting the rate for the richest by nearly three-quarters (from 1.8% to 0.5% on more than 17 million euros). Tax exemptions, another mechanism for "assisting" the wealthiest, represent between 60 and 80 billion euros per year, a handout with nothing asked in return, neither in terms of duties nor in terms of "socially

useful work"—billions of euros which the least well-off will have to pay for.

Through sovereign debt, indebted man may end up becoming the most widespread economic-existential condition in the world. The blow to neoliberal governmentality from the subprime crisis will, in the short run, be transformed into a victory for the universal debt economy. It is therefore essential to see how, through the sovereign debt crisis, the logic of debt has come to pervade what Foucault called "the social."

DEBT AND THE SOCIAL WORLD

Three Kinds of Debt: Private, Sovereign, and Social

During periods of crisis such as the one occurring right now, it is not hard to see what "confidence"—spoken about ad nauseam by politicians, economists, and experts—really means. It certainly has nothing to do with other people, oneself, or the world. Instead, it has to do with those mechanisms of power capable of reproducing and governing capitalist relations of exploitation and domination. In particular, it has to do with money and sovereign debt with the State standing guarantor of last resort of their continuity. Private money (debt) has shown for the umpteenth time

that it can guarantee the reproduction and government of power relations solely through greed, privatization, and the exploitation of every physical, intellectual, and ethical resource. If it does anything at all, the State does nothing to reestablish confidence but rather "security," which the State alone can guarantee.

Coordinating private debt always requires the intervention of State transcendence. In the final analysis, it is sovereign debt and not the market that makes possible and guarantees the circulation of private debt. The privatization of money thus inevitably leads to what market liberals are supposedly horrified of—namely, State intervention. That is what the current crisis reveals: the private issuance of credit money has required the State to intervene, since private debt is incapable of immanent coordination (self-regulation of the market). And it is at this point that something surprising has happened, which demonstrates the "madness" of capitalism. Sovereign debt has become the target of speculation and exploitation on the part of creditors and their representatives, who have sought to systematically destroy the very visible hand that saved them. We would be the last to lament the "madness" undermining one of the mainstays of control over the population—the nation-State and its administration. From one financial crisis to the next, we have now entered a

period of permanent crisis, which we shall call "catastrophe" to refer to the discontinuity of the concept of crisis itself.

With money and credit, then, we rediscover the impasses of capitalism described by Foucault in *The Birth of Biopolitics*. In order to govern the heterogeneity of both the economic and political spheres, a third element, a third point of reference, is needed: the social. The political power of the sovereign, according to Foucault, is exercised within a territory and over subjects of right, a territory also inhabited by economic subjects, who, instead of having rights, have (economic) interests. *Homo economicus* is a heterogeneous figure that *homo juridicus* cannot completely account for. Economic man and the subject of right involve two radically different constitutional processes: every subject of right becomes integrated into a political community through a dialectics of renunciation, since political constitution presupposes that the legal subject transfer his rights to someone else. Economic man, on the other hand, becomes integrated into the economic whole through a spontaneous proliferation of his interests, all of which he retains. Indeed, it is only by maintaining his own selfish interest that everyone's needs can be met. According to Foucault, neither legal theory, nor economic theory, neither law, nor the market is capable of reconciling this

heterogeneity. Another domain, another field, a new system of reference is needed that is neither the entirety of subjects of right nor the entirety of economic subjects. In order for governmentality to conserve its global character, in order for it not to split into two branches (the art of governing economically and the art of governing juridically), liberalism has invented and implemented a set of techniques for government it applies within a whole new system of reference: civil society, society, or the social. Society is supposed to be the aim of this great mechanism which reached its height of development in "welfare." In order to govern, the Welfare State must be introduced between the economy and the political system, and social rights must be introduced between political rights and economic interests.

Society is not the space in which a certain distance or a certain autonomy is created with respect to the State; rather, it is the correlate of governmental techniques. Society is not a primary and immediate reality but part of the modern technology of government, its product.

Debt operates in the same way. Between private debt and sovereign State debt, "social debt" (the Welfare State) must be introduced, a debt whose management, through what Foucault describes as a technique of "pastoral" control, makes it possible to individualize the government of behavior and

totalize the regulation of the population. This is how processes of subjectivation, which we are now going to explore, and the more macroeconomic aspects of the debt economy are linked, and why it has seemed to us indispensable to consider them together. It is especially important to do so given that the failure of neoliberal governmentality brought on by the latest economic and financial crisis will undoubtedly intensify the debt economy's investment of the social sphere in Western societies.

Accordingly, the organization of the market, the State, and the social, which defines the government of society for Foucault, corresponds to the organization of the three kinds of debt which define the government of money/debt: private debt, sovereign debt, and social debt (the debt of the Welfare State). In order for governmentality to work, individualizing and totalizing management of social debt must be introduced between the polarizations capitalism continuously reproduces (the individualism of the market and the collectivism of the State, the freedom of the individual and the totalizing freedom of the State, etc.). Events occurring since the 1990s and greatly accelerating over the 2000s reveal a gap in Foucault's thinking in *The Birth of Biopolitics*, however. In the current crisis, the heterogeneity between *homo economicus* and *homo juridicus* is no longer

maintained by the "social" but by the production of *homo debitor* (indebted man).

To convert the production of the social into the production of indebted man, changes must be made in the Welfare State, which is what the power bloc built around a politics of debt has been attempting to do for the last forty years. Here again, the theoretical tools we now have in our arsenal help us to grasp what the production of indebted man implies. Since the start of the latest financial crisis, we have seen a decisive turn in such a direction. The battles that once were fought over wages are now being fought over debt, and especially public debt, which represents a kind of socialized wage. Indeed, neoliberal austerity policies are concentrated in and fundamentally implemented through restrictions on all social rights (retirement, health care, unemployment, etc.), reductions in public services and employment, and wages for public workers—all for the purpose of constituting indebted man.

The production of the social through "welfare" used to act as an instrument for control over the lives of beneficiaries and as a means of reforming income redistribution and access to myriad services and rights. At present, the reformist route is blocked; only control remains, exercised through a politics of debt. From a means of capitalist reform, the Welfare State has become a means by

which to establish authoritarian regimes. The function of the Welfare State has thus completely changed. Under these circumstances, a new New Deal is quite simply impossible. There is no question of economic equilibrium or economic imperatives, but rather of a politics of totalization and individualization of authoritarian control over indebted man. It is this fact that explains why it is impossible to return to reformist capitalism.

Hypocrisy, Cynicism, and Distrust in the Techniques of Debt Subjectivation

The theories of Marx and Nietzsche which we have thus far put to use also prove quite effective in helping to explain the way in which the debt economy forms the processes of subjectivity production. On the one hand, it appropriates and transforms from within what Foucault calls pastoral power: "an art of conducting, directing, leading, guiding, taking in hand, and manipulating men, an art of monitoring them and urging them on step by step, an art with the function of taking charge of men collectively and individually throughout their life and at every moment of their existence."[12] We are going to trace these processes of control and subjectivity production that today's Welfare State institutions execute on beneficiaries (the unemployed, poor workers, and

welfare recipients). On the other hand, evaluation, whose importance within the debt economy both Nietzsche and Marx recognized, has become an extremely effective governmental technique in every sphere—economic, social, as well as education (especially at the university level)—for classifying, hierarchizing, and dividing the governed. Earlier we examined "objective debt," how it functions systemically or machinically. Now we shall look at the effects of "subjective debt," of "existential" debt, on the behavior of the governed.

In the text from 1844 we have already looked at, Marx adds that the affective environment in which the relationship between creditor and debtor occurs in both public and private sectors is ruled by hypocrisy, cynicism, and distrust.

> Mutual dissimulation, hypocrisy and sanctimoniousness are carried to extreme lengths [...]. [O]wing to this completely nominal existence of money, counterfeiting cannot be undertaken by man in any other material than his own person, he has to make himself into counterfeit coin, obtain credit by stealth, by lying, etc., and this credit relationship—both on the part of the man who trusts and of the man who needs trust—becomes an object of commerce, an object of mutual deception and misuse.[13]

We find this same affective environment in the modern-day Welfare State. With neoliberalism, the creditor-debtor relationship redefines biopolitical power, since the Welfare State not only intervenes in the "biology" of the population (birth, death, illness, risks, etc.), it requires ethico-political work on the self, an individualization involving a mix of responsibility, guilt, hypocrisy, and distrust. When social rights (unemployment insurance, the minimum wage, healthcare, etc.) are transformed into social debt and private debt, and beneficiaries into debtors whose repayment means adopting prescribed behavior, subjective relations between "creditor' institutions, which allocate rights, and "debtors," who benefit from assistance or services, begin to function in a radically different way, just as Marx foresaw.

If the mnemotechnics neoliberal government puts in place are usually not as gory and cruel as those described by Nietzsche (torture, mutilation, etc.), their purpose remains the same: to construct memory, inscribe "guilt" in the mind and body, fear and "bad conscience" in the individual economic subject. In order for the power of debt over the subjectivity of the welfare user to have its effect, the logic of individual and collective rights must be replaced by a logic of credit (investments of human capital).

I came to understand this phenomenon in all its violence while doing research and activist work

with the Coordination des intermittents et précaires d'Île-de France (CIP) (Coordination of Intermittent and Precarious Workers of Île-de-France).[14] I have transcribed some remarks below from the study groups carried out with intermittent workers and welfare recipients that attest to the end of an era of "social rights." The transformation of unemployment compensation into debt is part of a long process in which we have witnessed techniques for making a debtor "subject." Indeed, rights are universal and automatic since they are recognized socially and politically, but debt is administered by evaluating "morality" and involves the individual as well as the work on the self which the individual must undertake. The logic of debt now structures and conditions the process of individualization, a constant of social policies. Each individual is a particular case which must be studied carefully, because, as with a loan application, it is the debtor's future plans, his style of life, his "solvency" that guarantees reimbursement of the social debt he owes. As with bank credit, rights are granted on the basis of a personal application, following review, after information on the individual's life, behavior, and modes of existence has been obtained. The individualization carried out by credit institutions introduces arbitrariness and chance, since everything is indexed, not to general and equal standards, but

to the idiosyncrasies of each subjectivity. One intermittent worker described the process in the following way:

> The payment and amount of compensation are determined by my conduct at work (with a big dose of morality involved: a bonus for seniority, perseverance, consistency, "professionalism,' etc.). My unemployment office "file" (where they figure out the compensation) is specially adapted to my "case"; they measure me out a custom-made suit and my case becomes more and more specific. It is an up-to-date, personal "profile." There is little possibility of getting back to some kind of common measure that would be clearly stated and the same for everyone.

The individualization carried out by institutions now involves "morality' by mobilizing the "self," since the debtor's future actions must be molded, his uncertain future established in advance. Future behavior and conduct must be structured and controlled. Within neoliberalism, what the institution judges, appraises, and measures is, in the end, the style of life of individuals, who must be made to conform to the conception of the "good life" of the economy. Evaluations reflect the modes of existence, the ways of being of those who judge and, thus, of the economy.[15] The following are short

excerpts from the workshops we undertook with public assistance beneficiaries as part of our research. The focus of our meeting was the "individual interview" (a monthly appointment with a counselor who 'follows" unemployment insurance recipients, actualizing what Foucault called "pastoral power"), which specifically targets beneficiaries' style of life, their modes of being.

> She once asked me what I was interested in or what I wanted to do with my life or why I had chosen to do what I had been doing and I turned the question around on her: "And you, why are you in social work?" Because I thought it was all going a bit too far; I didn't have to tell her whole my life story. [...] I think if she kept on going like that it had to do with the image she had of me, how she understood my situation: that I'm someone who hasn't found her way, her career, and that she has to help me better understand what's going on with me, because I have skills but I have to find my career path. I couldn't tolerate that kind of relationship where I had to justify myself, tell her my life story, and so I told her absolutely nothing. She must have thought I was crazy.

The relationship with the institution always comes down to the user's 'self." It requires the user/debtor to constantly consider the "self," to

negotiate and compete with oneself. As Nietzsche says, the main purpose of debt lies in its construction of a subject and a conscience, a self that believes in its specific individuality and that stands as guarantor of its actions, its way of life (and not only employment) and takes responsibility for them. The techniques used in the individual interviews, which intrude on one's private life, that which is most subjective, push the welfare recipient to examine his life, his plans, and their validity. The State and its institutions act on subjectivities, mobilize the "innermost depths of the human heart," in order to orient behavior.

> The skills assessments, for example, they ask you to do all the time—and whatever you might think it's supposed to be about, there is always a part of it that intrudes on your personal life. I know people who have done detailed skills assessments and despite being super geared toward finding a job, the exercise isn't for everyone. It's something you're not necessarily used to doing, a kind of assessment of your life where you start to ask yourself questions, you think about yourself, like a kind of invasion of privacy couched in really appalling language, but that still makes you think.

In "individual monitoring," one is expected to come clean. Once a month, those on public assistance

must talk about themselves (or make a show of themselves) and justify what they are doing with their lives and their time. But even in the case where the recipient resists this invasion of privacy, the violence against his person and his subjectivity, he is no less troubled by the "work on the self" these institutions oblige him to undertake.

Within the system of debt, the individualization of Welfare State policies is no longer solely disciplinary, since it entails a detailed analysis of the ability to "repay," which is repeatedly assessed on an individual basis. It always implies a "moral" evaluation of the individual's actions and modes of life. Repayment will be made not in money but through the debtor's constant efforts to maximize his employability, to take a proactive role in his integration into the work or social environment, to be available and flexible on the job market. Debt repayment is part of a standardization of behavior that requires conformity to the life norms dictated by the institution. This "subjective" relation between the public sector worker and the public assistance recipient, rather than moving beyond fetishism by reestablishing the "relation of man to man" spoken of by Marx, reveals itself instead as the source and height of the cynicism and hypocrisy of our "financialized" society. Continuous cynicism and hypocrisy not only in relations between bankers and customers,

but also in relations between the State and the users of social services. In the same way as credit turns trust into distrust, the Welfare State suspects all users, and especially the poorest, of being cheats, of living at society's expense by taking advantage of public assistance instead of working. Under the conditions of ubiquitous distrust created by neoliberal policies, hypocrisy and cynicism now form the content of social relations.

In the same way, according to Marx, as credit encroaches on the private life of the person who applies for it by "spying" on him, the Welfare State invites itself into individuals' private lives in order to control the users' existence:

> Here it is also glaringly evident that distrust is the basis of economic trust; distrustful calculation whether credit ought to be given or not; spying into the secrets of the private life, etc. [...] As regards government loans, the state occupies exactly the same place as the man does in the earlier example... Owing to the fact that in the credit system the moral recognition of a man, as also trust in the state, etc. take the form of credit, the secret contained in the lie of moral recognition, the immoral vileness of this morality, as also the sanctimoniousness and egoism of that trust in the state, become evident and show themselves for what they really are.[16]

"Spying into the secrets of the private life" of assistance applicants is what welfare agents increasingly do, since underlying their work is "distrust" of the poor, the unemployed, precarious workers, all the potential "cheats" and "profiteers."

Institutions are not satisfied with intruding into a person's private life, with monitoring recipients' behavior. They enter people's private lives physically. Through their functionaries, they *invite themselves* into homes in order to investigate recipients' styles of life: an agent shows up at a person's home, enters the apartment or house, inspects the rooms, the bathroom to check how many toothbrushes there are, asks to see the electricity and phone bills, rent receipts, asks about lifestyle, and above all checks if the person is living alone. Indeed, if a partner is present, the latter is supposed to provide for one's needs, and then public assistance is stopped.

Debt operates not only in the manipulation of enormous quantities of money, in sophisticated financial and monetary policies; it informs and configures techniques for the control and production of users' existence, without which the economy would not have a hold on subjectivity.

Evaluation and Debt

Out of those texts by Nietzsche and Marx examined earlier, another, eminently topical consideration

comes to light. It is through debt that evaluation as a technique for governing behavior comes to takes hold, a technique that today is employed in every economic and social sphere.

Heterodox economics, which studies financial power, seems to confirm Nietzsche's and Marx's intuition. Unlike the opacity and secretiveness that characterizes the factory and industry, financial power is essentially a power of "public" evaluation, whose claim is to make all organizations transparent, to make visible and thus assessable (measurable) the relations and behavior of the actors in each institution, whether it is a corporation, unemployment insurance, medicine, or the university. The creditor-debtor relationship entails a radical change in the measure of value. We have moved from an objective measure to a subjective one, carried out through evaluation. Thus André Orléan's argument:

> The power of the market is the power of public evaluation [...]. Financial power is a power of influence which controls debtors by subjecting them to a certified judgment, which generates a great deal of publicity within the financial community [...]. From this perspective, we can go so far as to say that it is a power of opinion.[17]

André Orléan goes so far as to say that "power moves from production to evaluation, from labor to opinion."

Given this, it seems relevant to examine the supposedly public nature of financial evaluation. Ratings agencies' assessment of UNEDIC with which we began our essay shows us the limits of the concept of public evaluation. There is nothing democratic about it, since only the financial community is involved. Assessment is done solely by ratings agencies, which are paid by the businesses, banks, or institutions they rate. This entails a huge conflict of interest which no one seems the least troubled by. Ratings agencies are not independent assessment firms but are rather integral to the "credit power" bloc. The public space of financial evaluation is that of the new oligarchies whose methods are thoroughly antidemocratic, for they aim to replace and destroy what is left of "co-determination" (the equal shared management—unions and bosses—of welfare institutions) as it emerged in the 20th century, starting with the New Deal. Even after it degenerated into corporatism, co-determination represented a rough attempt at institutional "social democracy." Since then, it has ossified under the debilitating monopoly of owner and worker unions. And while it has unhesitatingly opened up to the judgment and assessments of finance, it still refuses to consider those primarily concerned (the unemployed, welfare users, citizens). In order for social evaluation to be democratic, other authorities, other democratic mechanisms

must see the light of day—mechanisms other than those involved in the corporatism of union-backed co-determination supported by financial power.

The rise of financial evaluation represents in practice an expropriation and deprivation of the power to act. Indeed, the increase in management techniques based on evaluation has narrowed the space left to wage-earners, users, and the governed in general to understand what is going on, to choose, and to decide. This state of affairs is particularly obvious in trades and professions still today considered as paradigmatic of the autonomy, independence, and freedom of self-employed work ("be your own boss"). To take one example: a collective of animal farmers, drawn together in opposition to the use of electronic chips on their herds, has articulated thinking which sheds light on what we have called the end of the 1980s and 90s rhetoric of the entrepreneur of the self and human capital. The small farmer, who was supposed to represent the very model of independent, autonomous, and free labor, has here been subjected to constraints that prevent him from working, if by working we mean not only performing an activity, but the possibility of understanding problems and situations and making choices. The control exercised by domestic and European administrations, which require that one scrupulously follow regulations while submitting to computer monitoring, has

transformed the independent worker into a small entrepreneur, into a recipient of State aid.

Common Agricultural Policy (CAP) assistance in reality represents "debts" disbursed on the condition that "debtors" strictly adhere, throughout their operations, to what the "creditor" agencies decide: when and where to graze the animals, the number of animals per acre, etc. Everything must be reported and backed up with proof (dates, number of animals, vaccinations, diseases). Whenever a problem arises, a decision comes down from above and is uniformly applied to everyone. Sheep farmers, for example, are no longer permitted to evaluate risks and make choices based on their skills and know-how. Their actions are accounted for in advance and standardized through computer modeling, which makes them controllable. Behavior becomes automatic, includes no "value" for on-the-ground understanding, no specific assessment, but rather reproduces the assessments and evaluations codified by the administration, which the farmer has no choice but to follow.

The freedom and independence that work "in nature" was supposed to provide have made farmers dependent on institutions that regulate the production and distribution of revenues, a dependence characteristic of the indebted man.

> In the controversy over "chips," our dependence is also an issue. In the West today we all receive aid, from the small business owner to the welfare user, from the farmer to the star manager, from the State worker to the subsidized artist. Whether one is actually drugged at work or not, our way of life, based on the ever-increasing importance of money, high-speed telecommunications, unlimited energy, and the omnipresent State, is itself a form of generalized assistance.[18]

Let us simply add that businesses and especially large corporations receive the most "aid" from the State.

The control of movement, behavior, and decisions is ensured by computer management tools which, through an electronic chip implanted in each animal (the same used for public transportation in Paris), enter animals and farmers into models and programs containing options and scenarios already planned out, decided on by domestic and European authorities. The microchip transforms the animal into a 'flow of meat" whose number, location, health, etc., can be known in real time. The industrial just-in-time process applied to animal farming transforms the animals into "databases" and the farmers into no more than monitors of the technico-economic process they manage for the State. Farmers become "human" components of this sociotechnical and administrative process

encompassing them, stripping them of any control over what they do. It is impossible to "think," to decide, and to act outside of these accounting and computer management apparatuses and their semiotics (statistics, percentages, rates, and discourses).

Farmers are deprived of the possibility of evaluating risks and taking them; they are prohibited from challenging themselves in unexpected situations, working things out, and coming up with solutions. They are restricted to following the established protocols and procedures. What puts us at risk (in the so-called "risk society"[19]) is not the complexity of the technico-socio-economic infrastructure, but the fact that the process for evaluating and deciding is detached from any kind of democratic challenge or validation and exercised instead by minority (financial, economic, political, etc.) groups, which, given their very position, are utterly "unqualified." The stakes for subjectivity, once the claim of autonomy and independence has gone, come down to an injunction to take responsibility, on an individual basis, for all the risks of the trade and the economic situation by carefully executing the authorities' directives.

The rhetoric of "human capital" and the entrepreneur of the self has faded all the more quickly since the 2007 financial crisis. This has intensified the proletarianization of social groups that had until then been made up of the self-employed as

well as the proletarianization of new kinds of workers from the service and knowledge economy (following the capitalist rhetoric).

In neoliberalism, contrary to the promises of freedom and independence, the economy is administered and controlled by the State. Farmers' relationship with the administration and institutions of control is, as it is for welfare users, informed by suspicion, distrust, and hypocrisy. Like the users of social services and the beneficiaries of different social rights, farmers are potential cheats.

Privatizations have introduced management practices that concentrate and centralize evaluation in the hands of large corporations (France Télécom, Renault, etc.) and State administrations. The effects of the expropriation are literally deadly to wage-earners and users. Unemployment agencies and what is left of the Welfare State want to make the unemployed and users in general autonomous while at the same time stripping them of the possibility of making judgments for themselves. In utter contradiction to the meaning of the word "autonomy," they increase the constraints, multiply the control mechanisms, monitoring, personal counseling; they call in the unemployed and welfare recipients every month, contact them through e-mail, send them out to experience their uselessness first-hand in training courses. To make them "freer," more active and dynamic, they impose behavior, language,

semiotics, and procedures. Etymologically, autonomy means to make one's own law. At the unemployment and welfare agencies, employment, competition, and the market are the law. Autonomy means being able to find one's own bearings. At the unemployment office, everything always points to employment, the market, and competition.

In the institutions of the disciplinary society (school, the army, the factory, prison), the injunction to remain passive was dominant; now, the injunction to remain "active" mobilizes subjectivities. But the activity is empty because it offers no possibility to evaluate, choose, or decide. Becoming "human capital" and being an entrepreneur of the self are the new standards of employability. The height of this deprivation came when European countries' austerity plans were put in place. Citizens were excluded from evaluation, choice, and decision-making, which was taken over by the experts (financiers, bankers, politicians, the IMF) whose actions and theories are at the root of the crisis.

Debt as Social Subjection and Machinic Subjugation

A final remark taken from Marx will allow us to examine in more detail the way in which debt/money has a "hold" on subjectivity.

> As a matter of course, the creditor possesses, besides moral guarantees, also the guarantee of legal compulsion and still other more or less real guarantees for his man.[20]

Morality, the promise, and one's word are mostly insufficient to guarantee debt repayment. To have a real "hold" on subjectivity, there must also be legal and police "machines" (Marx) as well as mnemotechnical "machines" in effect which work on and manufacture the subject (Nietzsche). Based on Deleuze and Guattari's work, it is possible to articulate the joint action of "morality" and speech on the one hand, with machines on the other. Debt/money involves subjectivity in two different but complementary ways. "Social subjection" operates molar control on the subject through the mobilization of his conscience, memory, and representations, whereas "machinic subjugation" has a molecular, infrapersonal, and pre-individual hold on subjectivity that does not pass through reflexive consciousness and its representations, nor through the "self."

Debt/money functions by constituting a legal, economic, and moral subject (creditor and debtor). It represents a powerful vector for social subjection, a mechanism for the production of individual and collective subjectivity. The Germans and the Deutsche Mark, or Americans and the dollar, are

a good example of the power of this subjection (and the euro a good example of its weakness). Debt/money solicits and produces individuals' trust by appealing to their conscience, their memory, and their representations. By creating an object of identification, it powerfully contributes to their constitution as individuals/citizens of the nation.

But this *hold* on the individual would remain "discursive," ideological, "moral," were there not a form of subjectivity implicated at a molecular and pre-individual level—machinic subjugation—that did not involve consciousness, representation, or the subject. The "intersubjective" relationship founded on trust, for example, is part of the machinic function of the credit card, progressively fragmented "into sociotechnical operations and artificially recomposed as paper transactions on the monetary network.'[21]

The machinic functions without the "subject." When you use an ATM, it asks you to respond to the demands of the machine, which requires you to "enter your code," "choose your amount," or "take your bills." These operations "clearly do not require acts of intellectual virtuosity—quite the opposite, one is tempted to say. What you are asked to do is to react appropriately, react quickly and without making errors, otherwise you run the risk of being momentarily excluded from the system."[22] There is no subject who *acts* here, but

a "dividual" that *functions* in an "enslaved" way to the sociotechnical apparatus of the banking network. The ATM activates the "dividual" not the individual. Deleuze uses this concept to show that in machinic subjugation, "Individuals become '*dividuals*,' and masses become samples, data, markets, or '*banks*.'"[23]

The credit card is an apparatus in which the dividual functions like a cogwheel, a "human" element that conforms to the "non-human" elements of the sociotechnical machine constituted by the banking network. Social subjection mobilizes individuals, whereas machinic subjugation activates "dividuals" as "human" operators, agents, elements, or pieces of the sociotechnical machine of the debt economy. Thus, the individual "subject" writes and signs checks, he commits and gives his word, whereas the dividual's payment with a bank card

> is no more than an inscription in the hypertext of the electronic network. With the check we control our writing, since we alone can produce it, but with the bank card the only thing left is the imposition or application of a mark or trace (signature, initials, secret code, or fingerprint). The banking hypertext awaits our stimulus to carry out its transactions [...]. These transactions no longer have an author, but engage in self-processing, in creating figures of meaning which

> will forever remain foreign to us. The stimulus that we provide in order to activate the system simultaneously marks our exclusion as objective, rational, minimally reflexive agents.[24]

The individual makes "use" of money, the dividual is adjacent to the credit-machine, he does not act, does not use, he functions according to the programs that use him as one of its component parts. Debt/money asks neither trust nor consent from the dividual. It asks only that he function correctly according to the received instructions. And the same is true for all the machines that we encounter every day. Following the prescribed orders determines access to information, to money, to plane and train tickets bought on the internet, parking ramps, computers, bank accounts, etc.

This twofold "hold" on subjectivity, this dual way of involving and exploiting it, is perhaps one of the most important of Deleuze and Guattari's contributions to our understanding of capitalism. By considering subjection alone, current critical theories risk withdrawing into a kind of subjective idealism, in which there are no more machines, machinism, sociotechnical systems, procedures, or dividuals. Once one leaves the factory, Marx's teachings on the "machinic" nature of capitalism seem to be lost. In these theories, machines and machinic subjugation disappear, whereas, in fact,

they have invaded our daily lives: we speak, see, think, and live with the assistance of all sorts of machinisms. The Foucauldian concept of governmentality also comes up short when it comes to machinic subjugation and its functioning. Government has a hold on behavior, that is, on the conduct, the actions, of individuated "subjects," but not on the machinic functioning of dividuals. Debt/money clearly represents a technique for governing behavior, but it also and above all functions as a subjugation "governing" dividuals "cybernetically" through machinic recurrence and feedback. With subjugation, "there is a process of learning the nearly automatic, procedural movements."[25]

We could make the same critique of the sociology and philosophy of the norm, of which Foucault was one of the subtlest critics. Social subjection functions according to norms, rules, and law, but subjugation, inversely, involves only protocols, techniques, procedures, instructions, and asignifying semiotics requiring reaction rather than action. Subjection implies and demands a certain self-relation, it brings into play techniques of the self. Machinic subjugation, on the other hand, dismantles the self, the subject, and the individual. The norm, the rule, and the law have a hold on the subject, but none on the dividual. Much attention has been paid to subjection. In

reality, it is but one form of the production and control of subjectivity. A critique of neoliberalism must on no account neglect subjugation, since machinisms are incomparably more developed now than during the industrial age.

ANTIPRODUCTION AND ANTIDEMOCRACY

In conclusion, we must now turn our attention to the current situation. Can we still speak of a financial crisis, a nuclear crisis, a food crisis, a climate crisis? Crisis still has a positive connotation. It can refer to a situation capable of being overcome. It has long provided capitalism with the occasion for a new beginning, a New Deal, a new "pact" for new growth. Today, at least, we have the distinct impression that such is no longer the case, that we have reached a turning point, for present circumstances look less like a crisis than a catastrophe. If we understand the reasons why a New Deal is impossible today—which will allow us to better grasp the concept of "antiproduction"—we can then identify which solutions are possible and which are not for confronting today's catastrophe.

In modern-day capitalism, "production" is inseparable from "destruction," since, as Ulrich Beck suggests, terror emerges from the productive parts of society. The "considerable advances" of

science simultaneously produce nuclear power capable of destroying several earth-sized planets; its "civil" uses pollute the ecosystem beyond human time and force us to live in a permanent state of exception. Industry multiplies the production of consumer goods while at the same time multiplying water, air, and soil pollution and degrading the climate. Agricultural production poisons us at the same time it provides us with food; cognitive capitalism destroys the "public" education system at every level; cultural capitalism produces historically unprecedented conformism; the image society kills imagination, and so on.

Deleuze and Guattari call this capitalist process "antiproduction" and consider it the sign of a break with capitalism as Smith, Marx, or Weber defined it. Indeed, Marx, in line with classical economists, distinguished the productive (labor employed by a capitalist) from the unproductive (domestic laborers, according to Adam Smith's example, who, although more numerous than factory workers, consumed but did not produce new wealth). This is still the point of view from which one offers critiques of "finance' for being unproductive, unlike "industry," which is considered the source of national wealth. Deleuze and Guattari argue that the productive/unproductive dichotomy no longer holds. Antiproduction establishes a new division in capitalist economic reality that goes

beyond the productive/non-productive distinction because it develops within what Marx and classical political economy defined as "productive."

Antiproduction (Smith's domestic laborers, the army, the police, the "unproductive" spending of the rentier classes, etc.) does not run contrary to production, it neither restricts it nor precludes it. "This effusion from the apparatus of antiproduction is characteristic of the entire capitalist system; the capitalist effusion is that of antiproduction within production at all levels of the process."[26] The 19th century, Marx and the Marxists included, still had a "progressive" notion of capitalism. The future of humanity owed much to the development of "production' and the "producer." There was a "revolutionary" side to capitalism with regard to rent that only needed to be developed, pushed to the extreme, in order to create the conditions for another political and social system. The first half of the 20th century belied such a scenario, and following the Second World War it was obvious that a new era had begun.

Once one recognizes the presence of antiproduction within production, capitalism loses its progressive character. We can find additional confirmation of what we have argued above by considering certain of Foucault's remarks: the impossibility of reform and a new New Deal is part of antiproduction.

The permanent crisis we have been living through since the 1970s is one of the manifestations of antiproduction. With the bust of the new economy bubble, the antiproductive side came to surpass the "productive" side of capitalism. The "progressive" illusion which Silicon Valley, the dot-com economy, the new economy, etc., had implanted in people's minds, has given way to what Ulrich Beck calls the power of capitalism to "self-destruct," of which the 2007 financial collapse was but one example.[27] Antiproduction apparatuses are not only inextricable from but are above all indispensable to capitalism. Antiproduction "introduce[s] a lack where there is always too much,"[28] that is to say that growth (this "too much') is a never-fulfilled and impossible promise of happiness, since antiproduction produces a lack in whatever level of wealth a nation achieves.

Capitalism is not only a system that continuously expands its limits, it is also an apparatus that infinitely reproduces, independently of the level of wealth achieved, conditions of exploitation and domination, that is, conditions of "lack." The "weak" growth of the last thirty years has doubled the GDP of Western countries, while deepening social, economic, and political inequality. Modern-day antiproduction (the antiproduction of the knowledge society, cultural capitalism, cognitive capitalism)

has not only worsened the economic conditions of the vast majority of the population, it is also a subjective catastrophe. As *Anti-Oedipus* humorously puts it, antiproduction

> doubles the capital and the flow of knowledge with a capital and an equivalent flow of *stupidity* that [...] ensures the integration of groups and individuals into the system. Not only lack amid overabundance, but stupidity in the midst of knowledge and science [...].[29]

One need only add the art, culture, and communication colonized by the culture industry as sites and vectors of "stupidity." Cognitive and cultural capitalism does not endow subjectivity with "knowledge" but with stupidity, even when qualified or overqualified (BA, MBA, PhD).

> Here Andre Gorz's double portrait of the "scientific and technical worker" takes on its full meaning. Although he has mastered a flow of knowledge, information, and training, he is so absorbed in capital that the reflux of organized, axiomatized stupidity coincides with him, so that, when he goes home in the evening, he rediscovers his little desiring-machines by tinkering with a television set—O despair. Of course the scientist as such has no revolutionary potential;

> he is the first integrated agent of integration, a refuge for bad conscience, and the *forced* destroyer of his own creativity.[30]

Fifteen years later, the sociology of the "risk society" would come up with a watered-down theory of antiproduction in which it completely loses its political connotations and political force. Ulrich Beck, the pope of the risk society, does this in two ways. First, he recognizes the "power of self-destruction of capitalism triumphant." The "social production of wealth' is now inseparable from "the social production of risks." The old politics for redistributing the "goods" of the industrial society (income, labor, social welfare) has combined with a politics for distributing "ills" (ecological risks and dangers). "Those who put the nation at risk today are those responsible for law, order, rationality, and democracy itself."[31] Furthermore, not only does he clear those "responsible" of all responsibility, he makes antiproduction humanity's only hope for salvation. In the case of nuclear power, for example, the practices and forms of mobilization of the anti-nuclear movement, that is, the forms of collective thought and action, could never create, according to him, the conditions necessary for forcing a reversal on energy policies. "In the last analysis, if there is a challenge to nuclear energy, it should be sought less among the protesters blocking the transportation of

fuel. The mainspring of opposition to nuclear energy lies in the nuclear industry itself,"[32] since the industry and institutions are supposed to have acquired a capacity to identify the problems and reflect on them which allows them to adjust, correct, adapt, and improve their activities under the influence of a citizenry itself enlightened by such self-awareness. The mountain of the "second modernity' has engendered a molehill of power that has morphed into a counter-power, into self-awareness and a capacity of companies like Tepco, which managed the Fukushima nuclear plant, to reflect on their strategy, discuss it, and modify it. By the same logic, the "mainspring of opposition" to debt politics is none other than the power bloc that led to the financial catastrophe in the first place. We are going to be waiting a long a time for this supposed self-awareness of the second modernity. Indeed, now that losses have been nationalized, the "awareness" that banks, investors, and insurance companies have adopted is the following: "Everything must go on just as it did before!"

Contrary to the consensual theory of the "risk society," which is part of modern-day capitalist rhetoric, the only way to stop and turn back, not the "risks" of financialization, but the destructive power of debt (the antiproduction of contemporaty capitalism now manifest in the politics of indebtedness), lies in the capacity of debtors to think and act

collectively. Exactly as in industrial societies, "awareness" must be imposed on the institutions and structures of government through a struggle that divides society, that breaks the consensus. The exact same thing can be said about nuclear policies. Change depends solely on the strength of the anti-nuclear movement, and certainly not on the self-awareness of the nuclear industry and the authorities. Only just recently in Italy and Germany, the abandonment of nuclear power was *imposed* on industry and government. The only self-awareness the nuclear industry and the financial power bloc are capable of is the following: how do we keep going until catastrophe hits? "Everything must go on just as it did before": that is Benjamin's very definition of catastrophe.

Debt functions in such a way as to sweep aside the politics of "panels" of citizens, experts and counter-experts, politicians, businesspeople, etc. It completely eliminates the consensual democracy of a "second democracy" à la Beck, since the current process is utterly different.

The debt economy is characterized not only by antiproduction but also by what we might call anti-democracy. If we use the categories of political regimes established by the "Greeks," we can easily see that credit is not the site of "public evaluation" in which the power of the people (democracy) is exercised. Quite the opposite, for forty years of

neoliberal policies have undermined already weak representative institutions and the crisis has strengthened all the political systems the Greeks considered opposed to democracy. Choices and decisions concerning whole peoples have been made by an oligarchy, a plutocracy, and an aristocracy (the power of the "best," quite well-represented by ratings agencies, which are the best experts due solely to their sensitivity to the interests of creditors). Taken together, the three antidemocratic regimes produce corruption rather than growth. In certain European countries (Italy, Greece, Spain, the UK), such is more obviously the case than elsewhere, and yet it concerns us all. Corruption, hypocrisy, and distrust are not the phenomena of a *mal governo*, but, as Marx reminds us, a structural condition of the politics of debt and credit. With the threat of national defaults, therefore, the oldest counter-revolutionary project, the Trilateral Commission (1973) is being fulfilled: to govern the economy through drastic limits to democracy and a no less drastic drop in the expectations of the governed.

In early July 2011, the Italian government presented an austerity plan with the goal of 87.7 billion euros in savings by 2014. In addition to being as unfair as those adopted by other European governments, the plan contained some ambiguity as to the content and timeline of its implementation. It took only two days of speculation on Italian

sovereign debt to speed up the process. A day after a massive selloff of State securities by investors, the majority and the opposition, under "market" pressure, rushed to agree on the plan. National governments and parliaments are mere executors of the decisions and timelines decided outside what one still calls national "sovereignty."

The difficulty for liberalism is not, as Foucault believed, that of "governing as little as possible," but rather, pushed by the contradictions it engenders and exacerbates, that of ruling and controlling as much as possible with "as little democracy as possible." In liberalism, there is no competition; there is instead an unprecedented monopoly on and centralization of power and money. In forty years, neoliberalism has become an economy that, given what has happened with sovereign debt, can only be defined as an "extortion economy." In the same vein, the management of "human resources" in businesses and social services has been carried out under threats of unemployment and relocation. The same political extortion constantly looms over political conflicts regarding retirement and social services. It is thus completely logical that a criminal economy has developed in parallel with liberalism and become at once a structural phenomenon and linchpin. Extortion is the mode of "democratic" government to which neoliberalism leads.

purchasing power determines a series of powerless signs which receive their power from another flow—financing. And just as money as purchasing power is regulated by the laws of exchange, the other flow is regulated by all the other laws, that is, those of the creation and destruction of money." http://www.le-terrier.net/deleuze/anti-oedipe1000plateaux/1404-06-73.htm.

44. Yet another curiosity! A paper from the Bank for International Settlements (BIS) published by Claudio Borio and Piti Disyatat criticizes US economic leadership for confusing revenue money and capital money. Based on the distinction, they criticize the Federal Reserve's argument, mainly Bernanke's, that the monetary conditions of the crisis are principally the result of easy money, the "global savings glut," which is itself the result of current account balances accumulated by emerging countries (China, above all) and reinvested in the US. The excess savings argument, which relieves European and American banks and monetary authorities of all responsibility, is based on confusion between money as revenue and money as capital. As the authors put it, "The misleading focus on current accounts arguably reflects the failure to distinguish sufficiently clearly between *saving* and *financing*." The first is income not consumed, the second is access to purchasing power. "Investment, and expenditures more generally, require financing, not saving," http://www.bis.org/publ/work346.pdf.

45. F. Guattari and G. Deleuze, *Anti-Oedipus*, op. cit. 228.

46. These remarks on money have a more general significance, since they touch on power relations specific to more than just the economy. The formation of utterances, as in the expression of opinions or communication, does not occur through verbal exchange, which presupposes the equality of speakers (as in Jacques Rancière's theory, for example), but through differentials in flow power. "Power consists precisely in the primacy that superior power flows have over inferior ones. In other words, to conceive of power in terms of exchange and exchange value is as stupid as viewing exchange as the condition for producing speech [...]. It is for this reason that the creation of utterances never works within an exchange circuit. This is because, in reality, the exchange circuit comes into play or is operative only relative to a circuit of another power, which is itself the circuit of creation/destruction." G. Deleuze, Course of June 4, 1973. Op. cit.

47. F. Guattari and G. Deleuze, *Anti-Oedipus*, op. cit., 197–198.

3. The Ascendency of Debt in Neoliberalism

1. G. Deleuze, "Postscript on Control Societies," Negotiations, 1972–1990, op. cit., 81.

2. M. Foucault, *The Birth of Biopolitics*, trans. Graham Burchell (New York: Palgrave Macmillan, 2008), 242.

3. A. Orléan, *Le Pouvoir de la finance* (The Power of Finance) (Paris: Odile Jacob, 1999), 242.

4. "There are three categories of institutional investor: Pension funds, which manage retirement savings in countries where retirement financing is based on a system of capitalization (mainly in the US and UK), mutual funds or investment companies, called SICAVs (open-end collective investment schemes), and insurance companies. The weight of institutional investors in the world economy has become considerable. In late 2006, their total outstanding assets came to around $62 trillion, which exceeded the combined GDP of the largest industrialized nations. That amount should be compared to the approximately $2 trillion in assets China has accumulated through its trade surpluses." E. M. Mouhoud and D. Pilhon, op. cit., 44.

5. A. Orléan, *Le Pouvoir de la finance*, op. cit., 216.

6. E. M. Mouhoud and D. Pilhon, *Le Savoir et la finance*, op. cit., 75.

7. A. Orléan, *Le Pouvoir de la finance*, op. cit., 244.