

# The ‘Bitter Necessity’ of Debt: Neoliberal Finance and the Society of Control

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In an essay originally published some twenty years ago, Gilles Deleuze argues that we are in process of moving away from Michel Foucault’s disciplinary society, and towards a new sort of social formation, which Deleuze calls the *control society*. The disciplinary society operates “by organizing major sites of confinement,” such as family, school, barracks, factory, and prison. In this system, “individuals are always going from one closed site to another, each with its own laws” (Deleuze 1995, 177). But at the end of the twentieth century, Deleuze writes, “we’re in the midst of a general breakdown of all sites of confinement.” Instead, “ultrarapid forms of apparently free-floating control. . . are taking over from the old disciplines at work within the time scales of closed systems” (178).

The differences between these two forms of social organization are numerous. Where the disciplinary society was analogical, the control society is digital (Deleuze 1995, 178). Where the disciplinary society applied rigid *molds* as forms of confinement, the control society works like “a modulation, like a self-transmuting molding continually changing from one moment to the next, or like a sieve whose mesh varies from one point to another” (178-179). Where the disciplinary society “molds the individuality” of each person, the control society addresses us instead as what Deleuze calls *dividuals* (180). That is to say, our identities are multiple, and they are continually being decomposed and recomposed, on various levels, through the modulation of numerous parameters (179-180). There’s my credit rating, and my medical record, and the databases that track my Visa card use and my web browsing habits. Each of these identifies me separately, for particular pur-

poses. Where the disciplinary society relies upon my *signature* as a guarantee of my fixed identity, the control society relies instead upon *passwords* that regulate my differential access to one service or another.

Deleuze suggests that, underlying all these other contrasts, “money, perhaps, best expresses the difference between the two kinds of society, since discipline was always related to molded currencies containing gold as a numerical standard, whereas control is based on floating exchange rates, modulations depending on a code setting sample percentages for various currencies” (180). The transition from discipline to control is an ongoing process of long duration. Indeed, it is never the case that one system entirely effaces the other, but rather that elements of the older system persist within the overall framework of the newer one. Nonetheless, we can perhaps symbolically date the transition from discipline to control to August 15, 1971. This is the date on which Richard Nixon ended the convertibility of US dollars to gold, thereby ushering in the system of floating exchange rates that we have today.

To summarize the differences between these two social formations, we may say that, where the disciplinary society is closed and hierarchical, the control society is open, fluid, and rhizomatic. Moreover, this difference in form is also a difference between the characteristic *media* of each. I am using “media” here in Marshall McLuhan’s sense; they are not just means of production and expression, but material and processual arrangements that are “extensions of some human faculty – psychic or physical,” and that “work us over completely. . . leave no part of us untouched, unaffected, unaltered” (McLuhan and Fiore 1967, 26). Media are extrapolated from our bodies; and they redound back upon our bodies and our sensoria. The ways that disciplinary institutions affected the human body are now well known – consider, for instance, how Taylorism and the assembly line molded the habits of generations of workers. In contrast, we do not yet entirely know just how the control society is changing our postures, our gestures, and our perceptions: though the proliferation of screens and data access points throughout private and public space, the growing importance of gestural and tactile interfaces, and the spread of multitasking all provide clues.

In Deleuze’s terms, the two types of society are organized around two different sorts of technologies, or *machines*. “Disciplinary societies were equipped with thermodynamic machines,” he says, whereas “control societies function. . . with information technology and computers” (Deleuze 1995, 180). This means that disciplinary societies operate directly on human bodies and physical objects, by man-

aging the flows of energy that pass through them. Control societies, in contrast, work by abstracting bodies and objects into data; they can then command the movements of these bodies and objects by manipulating their data. Thermodynamic machines are continually battling against entropy, and they can be directly subverted by sabotage; whereas informational machines are continually battling against noise, and they can be subverted by “piracy and viral contamination.” All in all, the social shift from discipline to control involves a technological shift from energetics to informatics, as the crucial means for organizing social interactions, and for generating, expropriating, and accumulating wealth.

Of course, “thermodynamic machines” like heavy industrial plants – not to mention automobiles – haven’t disappeared from our information-centric world, and are not likely to in the foreseeable future. People still drive cars; and now they need to buy computing and communications hardware as well. If places like the American Midwest have been deindustrialized, this is because factories and sweatshops have merely been transferred to “developing” countries like China, Mexico, and Indonesia, where the wage rate is much lower. Nevertheless, the transition from the disciplinary to the control society marks a radical change in the way that physical production is organized and governed. Deleuze carefully points out that “this technological development is more deeply rooted in a mutation of capitalism” (Deleuze 1995, 180). He goes on to show how the transition from discipline to control is coordinated with the major changes in capitalism that other commentators have noted: the transition from the welfare state to the neoliberal state; from Taylorism to Toyotism; from Fordism to post-Fordism and flexible accumulation (Harvey 1990, 141-172); from demands for obedience on the part of workers to demands that workers be adaptable, flexible, versatile and “entrepreneurial” (Boltanski and Chiapello 2007, 108-121); from industrial capital and “material expansion” to finance capital and “financial expansion” (Arrighi 1994, 6); and from the formal to the real subsumption of labor under capital (Hardt and Negri 2001, 254-256).

Michel Foucault himself, despite his thinly veiled hostility to Marxism, nonetheless comes to many of the same conclusions as Deleuze. The one place where Foucault overtly considers the question of what comes after the disciplinary society is in *The Birth of Biopolitics* (2008), his 1978-1979 lecture series at the Collège de France. Despite his title and his initial premises, Foucault ends up not speaking about biopolitics at all. He doesn’t even say much about the ostensibly central subject of his late philosophical reflections: what he calls “governmental-

ity” (15-16) or “the art of government” (1-2). Instead of tracing the disciplinary logic of the management of bodies and populations, Foucault in these lectures looks at what was then only starting to be called “neoliberalism.” Specifically, he describes the construction of a new figure of *Homo œconomicus*, far different from the familiar figure of the eighteenth century. With the icy objectivity of an entomologist describing the habits of parasitic wasps, Foucault outlines the emerging logic of “human capital,” and its “investment” in conditions of supposed scarcity.

Classical liberalism was founded upon a logic of exchange: what Adam Smith conceived as the univocal human “propensity to truck, barter, and exchange one thing for another.” In Foucault’s terms, “the characteristic feature of the classical conception of *Homo œconomicus* is the partner of exchange and the theory of utility based on a problematic of needs” (2008, 225). But according to Foucault, neoliberalism is founded upon a radically new logic: “a shift from exchange to competition in the principle of the market. . . the most important thing about the market is competition, that is to say, not equivalence but on the contrary inequality.” For the neoliberals, “competition, and only competition, can ensure economic rationality” (118-119). In consequence of this, the neoliberals propose a new image of *Homo œconomicus*. Now “he is not at all a partner of exchange,” but rather “an entrepreneur, an entrepreneur of himself. . . being for himself his own capital, being for himself his own producer, being for himself the source of [his] earnings” (226).

In thus presenting a new vision of economic man, Foucault says, neoliberalism effects “an inversion of the relationships of the social to the economic” (2008, 240). Instead of seeing political economy as just one facet of a broader social landscape, neoliberal logic regards all social phenomena as resulting from the economic calculations and investment decisions of individual actors. As Foucault puts it, neoliberalism “involves, in fact, the generalization of the economic form of the market. It involves generalizing it throughout the social body and including the whole of the social system not usually conducted through or sanctioned by monetary exchanges” (243). This means that all social phenomena and relations, without exception, “are analyzed in terms of investment, capital costs, and profit. . . on the capital invested” (244). Even such things as “marriage, the education of children, and criminality” (268) must be conceived in this way. Economic analysis can be applied to any and all human conduct that “reacts to reality in a non-random way” (269). This is to say that market logic can be applied – and *should* be applied, according to neoliberal dogma – to all human activity and be-

havior whatsoever.

Following Foucault, we can thus trace three stages in the development of bourgeois institutions and bourgeois political thought. In the mid-17th century, Thomas Hobbes posited the authoritarian State as the one and only entity capable of founding civil society, by ending the otherwise incessant war of all against all. This provides a rationale for what Foucault calls the society of sovereignty. In the latter part of the 18th century, Adam Smith argued that manufacture, commerce, and trade, fueled by the propensity to exchange, offered a smoother way to suspend the war of all against all, and thereby to allow civil society to flourish. This is the position of classical liberalism. The role of the State is to promote the peaceful conditions for industry and trade, and for the increasing specialization of labor. And the division of labor, in turn, provides the material basis for what Foucault calls the disciplinary society.

But 20th- and 21st-century neoliberalism inverts this whole tradition. For neoliberalism, the legitimate role of the State is precisely to destroy civil society, and instead to incite a war of all against all, in the form of unfettered economic competition. Where Hobbes sees the war of all against all as a primordial condition that we need to escape from, neoliberalism sees the war of all against all as a desirable state that does not arise spontaneously, but needs to be actively engendered. And where Smith finds a harmony between the pursuit of self-interest and the natural human tendency towards sympathy, neoliberalism seeks to extirpate the latter, in order to compel human beings to act in accordance with the former. This is why, as Margaret Thatcher so notoriously put it, “there is no such thing as society” in the neoliberal vision; “there are individual men and women, and there are families.” It would be absurd to criticize neoliberalism for failing to recognize the social; for in fact, the extermination of the social – or of any form of relation of broader scope than that of the family – is precisely the *goal* of neoliberal policy.

It is in this context that neoliberalism claims to dispose of the whole problem of labor and exploitation. The antagonism between capital and labor has, of course, haunted capitalism since the very beginning. All the conditions that Marx explicitly noted in his analysis of capitalism were already implicitly acknowledged in the work of Smith and Ricardo. And as a practical matter, problems arising from the conflict of interests between labor and capital continued to trouble capitalism for most of the twentieth century. But neoliberalism eliminates this tension by simply redefining it out of existence. When I sell my labor-power as a commodity, receiving in return money as the means for a certain level of subsistence, what

I am *really* doing, according to the neoliberals, is “investing” my “human capital” in the competitive marketplace, and receiving a return on this investment. We are now, Foucault says, “at the opposite extreme of a conception of labor power sold at the market price to a capital invested in an enterprise. This is not a conception of labor-power; it is a conception of capital-ability,” formulated in such a way that “the worker himself appears as a sort of enterprise for himself” (Foucault 2008, 225). Economic competition as an endless war of all against all thus entirely displaces class antagonism.

Of course, I don’t mean to imply that a theoretical redefinition, in and of itself, has the power to change the way that things are organized and managed in the world. Workers are still being exploited – which is to say, a surplus is still being extracted from their labor – regardless of how this process is described. But this does not mean that neoliberal dogma is simply mystification, or ideology. Rather, we should see the theoretical shifts dissected by Foucault as performative utterances. The expression of such theories is particular sort of *action*, which is coordinated with other kinds of political, social, and economic actions. The rise of neoliberalism as a mode of understanding goes together with the actual destruction of labor unions, and the deregulation of financial markets, that took place under the rule of Reagan and Clinton, and Thatcher and Blair.

In other words, although neoliberal dogma is not “true,” it is nonetheless frighteningly effective. It does not provide an alibi for exploiting workers, so much as it positively works to make the status of the worker, and the process of labor-as-exploitation, literally *unthinkable*. It makes the very things that I am saying now seem hokey, old-fashioned, and flat-out unbelievable – even to myself. Neoliberalism has entered into all our preconscious assumptions; it permeates our habits of thought and speech. Even when we seek to oppose the most outrageous deprivations of human livelihoods and of the physical environment, we find ourselves using the language and the presuppositions of cost-benefit analysis, optimization, and so on. We no longer have the language to articulate radical demands. We suffer from a failure of imagination. As Fredric Jameson and Slavoj Žižek have both suggested, we find it easier today to imagine the total extermination of human existence than to imagine a humane alternative to global capitalism.

In the course of *The Birth of Biopolitics*, Foucault explicitly states that the neoliberal regime cannot be explained in terms of the disciplinary society and its “normative mechanisms” (2008, 259). Rather, he says, neoliberalism involves “the image, idea, or theme-program of a society in which there is an optimization of

systems of difference, in which the field is left open to fluctuating processes,” and “in which there is an environmental type of intervention instead of the internal subjugation of individuals” (259-260). To the best of my knowledge, this is the one and only place where Foucault explicitly theorizes a post-disciplinary social arrangement. And his formulations are quite close to Deleuze’s later formulations regarding the control society. Both accounts see the multiplication of differences, and the continuing “optimization,” or “modulation” of loose, “fluctuating processes” as a practice of control.

To summarize, both Foucault, in his analysis of neoliberalism, and Deleuze, in his analysis of the control society, insist upon what I can only call an *economism* at the heart of postmodernity. I use this word advisedly. “Economism” has long been a cardinal sin in Marxist and progressive circles. And, looking more widely, many people on the left have rejected or criticized Marxism precisely because of its insistence upon the economic in the “last instance” – even if, as per Althusser, “the lonely hour of the ‘last instance’ never comes” (Althusser 2006, 113)). Deleuze, and especially Foucault, are often associated with these criticisms; their work opened up other ways, more indebted to Nietzsche than to Marx, of considering power, desire, and the social.

And yet, when Deleuze and Foucault contemplate the futurity knocking at the door, they both rediscover the force of the economic, returning with a vengeance. Far from focusing on biopower or biopolitics, Foucault abandons this direction of his thought. He suggests – contrary to so much of the theorizing that has been done in his name in the years since his death – that we cannot understand contemporary society in terms of the supposed postulation of “life” as a target and focus of power. We need to follow the proliferation of market logic instead. As for Deleuze, far from being the rapturous poet of flows, rhizomatic structures, and open systems that he is so often taken to be, he explicitly warns us that these new, flexible forms of social organization in fact have their own traps, their own mechanisms of oppression, their own devices of exploitation and subordination. Almost in spite of themselves, both Deleuze and Foucault rediscover political economy at the heart of social processes that had previously seemed to be of an entirely different order.

And this is where we get – finally – to the question of *debt*. Under the logic of neoliberalism and the control society, the traditional disciplinary regimes of schools, factories, and so on lose their power; they are replaced by the so-called “discipline of the market,” with its accounting for all areas of human life in financial

terms. Everything is now subject to market competition – or to what the godfather of neoliberalism, Friedrich von Hayek, called “the bitter necessity of [man’s] submitting himself to rules he does not like in order to maintain himself against competing groups.” The financialization of human life means that market competition, with its calculus of credit and debt, is forcibly built into all situations, and made into a necessary precondition for all potential actions. Nietzsche traced the transformation of a primordial indebtedness into such things as interiority and guilt. But today, this process seems to have been reversed; interiority and guilt, like everything else, are analyzed back into indebtedness. Debt has become our universal condition, and the “servicing” of debt – that is to say, the extraction of payments for debt – has become a major resource for capital accumulation in the world today. As Deleuze says, in the control society “a man is no longer a man confined but a man in debt” (Deleuze 1995, 181).

For neoliberalism and the control society – if not necessarily for Adam Smith and the disciplinary society – the “free market” functions as an instrument of control. The objective function of the market is that it “forces us to be free,” forces us to behave “rationally” and “efficiently,” forces us to act concertedly in our own individual interests – any broader considerations be damned. Ethics, aesthetics, sympathy, solidarity, and care for others are all simply excluded, except to the extent that they can be packaged as commodities and put up for sale. The “price system” continually forces us into debt. And thereby it confines, restricts, and channels our behavior far more rigidly, and effectively, than any compulsion based upon mere brute force would be able to do. One of the lessons of the twentieth century has been that totalitarian regimes tend to have short lives. No matter how rigid and repressive they endeavor to be, they tend towards a point of implosion, at which they consume themselves. So far in our experience, an expansive and predatory capitalism is the only system that has found a way to perpetuate itself by means of its own inequities and crises. No State apparatus, no “governmentality,” no measure of surveillance, and no form of education or propaganda has been able to constrain human freedom as comprehensively – or as invisibly – as the neoliberal market has done.

If the economic collapse of 2008 has demonstrated that the capitalist debt economy is not viable in the long term, it has nonetheless also become an alibi, and a mechanism, for extending the reach of this economy even further. Ultimately, financial debt is a way of colonizing and pre-empting (or *premediating*, in Richard Grusin’s term) the future, of pricing its unknowability according to a measure that



is graspable and controllable in the present – despite the fact that such a practice is madness and delusion, since the future is intrinsically unknowable and unpredictable. In this sense, capitalist debt as we know it today is a kind of double process. It ravages the present in the name of a future that will never actually arrive; and it depletes our hopes for, and imaginings of, the future by turning it into nothing but a projection and endless repetition of the present.

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