

Neoliberalism or the Seamier Side of Psychoanalysis by Peter Gillespie

Neoliberalism is arguably the dominant political theory and political/economic movement of our time. It is structured precisely like the capitalistic discourse that Lacan introduced at the University of Milan over 46 years ago.¹ The capitalistic discourse is a structure that results from a topological twist being made to the master's discourse. Stated formally, the master signifier of neoliberalism – that the “free” market is the sovereign information processing system – finds itself located in the position of truth. In these terms, neoliberalism should not be seen as resulting from the cynical manipulation of existing democratic processes for the benefit of a global elite but as a *regime of truth*, the unconscious truth of the contemporary social link.

Psychoanalysis is in a unique position to analyze neoliberalism from this perspective. Therefore I will briefly map the different positions in this new discursive structure that Lacan introduced with reference to our shared contemporary situation.

The Origins of the Concept of Neoliberalism

First a couple of historical coordinates: The term ‘neoliberalism’ was coined in 1938 during the Walter Lippmann Colloquium in Paris. This forum brought together corporate, state, and academic actors for the purpose of revitalizing 19th-century liberalism in the wake of the Great Depression and the subsequent “crisis of capitalism.” The forum attendees had to admit that classical liberalism had failed to predict the global economic crisis of the 1930s and were unable to offer any viable options to the ongoing political crisis and the ascendancy of Keynesian economic interventionism, particularly in the United States and Great Britain. In light of this sobering realization, something *new* had to be formulated in order to salvage liberalism from the advances of planned economies in all its forms.

Many economic historians consider the Colloquium as the precursor of the Mont Pèlerin Society, named after the Swiss resort where the first conference was held in 1947 and which still meets today, spawning hundreds of international think tanks loosely knotted together into a Neoliberal Thought Collective.² The conference organizer, the Austrian economist Friedrich Hayek, concluded in his bestselling 1944 book, *The Road to Serfdom*, that the lesson to be learned from the then recent series of disasters was that “government intervention into the markets through social and economic planning” – including the expansion of New Deal programs in the United States and the consolidation of social democratic governments throughout Western and Central Europe – inevitably leads to the “suppression of freedom” and the “rise of dictatorship.” The starting point of the Mont Pèlerin Society was to establish a comprehensive alternative political economic theory and practice distinct from both traditional laissez-faire liberalism and collectivism of all kinds.

¹ Lacan, Jacques. 1972, "On Psychoanalytic Discourse."

² Mirowski, Philip. *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*.

The Market Is the Sovereign Good

The first of the core principles of neoliberalism is that the market is the sovereign information processing system – more effective than any individual, group, or government. Through market processes, aggregates of information resulting from the independent choices and decisions made by multiple individuals in the marketplace, *constitutes a knowledge*. This knowledge-in-information consequently turns back upon the subject in an inverted form through market signals (such as profit and loss, winners and losers) validating an underlying truth. This effect-of-truth has less to do with any possible interpretation of human motivations that market interactions might reveal, than with the fact that *human freedom and autonomy is realized through the mechanism of the market* unfettered by “externalities.”

For neoliberal thought, the countless human actions comprising the free market is considered to be the result of a “spontaneous order” and therefore *not* determined by preconceived human intention or design. In this respect, the free market is structured like a language: an a priori order with its own rules and constraints through which the subject is both formed *and* sustained. As importantly, the market is also seen as a “subjectivist value system” in which the value of a commodity is *not* determined by any inherent property or the amount of labor necessary to produce it, but by the subjective importance an individual grants the object for “the purpose of achieving a desired end.”

The concept of “human action” is developed by the economist Ludwig Von Mises in his 1949 book of the same name, as *the* fundamental object of study and central problematic of the entire field of economics. This newly constituted “science of human action” specifically distinguishes itself from psychoanalysis. It defines psychoanalysis as concerned with the psychology underlying human action, while it deals with the centrality of the action itself. From the neoliberal perspective it doesn’t matter whether an action stems from clear rational deliberation or is the result of forgotten memories and repressed desires, because the important point is that *an action has been taken*. With this comparison, neoliberalism attempts both to incorporate and displace, if not marginalize, the importance of psychoanalysis to political theory and practice.

The Dethronement of Politics

The corollary to the first neoliberal axiom (that the market is sovereign) is that politics defined as the decision-making processes concerning the “affairs of the city” on behalf of the citizenry in a democratic system has to be rethought based on the same logical presupposition concerning the market. Since democratic societies are ruled by either majorities or well-organized minorities who have taken over the levers of state power, any political decision is necessarily particular, serving the self-interest of one group over another, and therefore not universally true. Therefore politics is engaged in a “decisionist” struggle between coalitions of special interest groups pitted one against the other. This renders the political process arbitrary and not likely to be grounded on ethical norms or

universal legal principles. Because of this view “politics has to be dethroned” in the words of Hayek in one of his last writings.³

Following this line of thinking, neoliberal thought parallels a central tenet of Carl Schmitt’s political and legal analysis. Schmitt concluded that in order to foreclose the possibility of the breakdown of the general rule of law “an *economic constitutional order* with rules and procedures” had to be created “with the principal purpose of insulating a range of economic activities and institutions from democratic politics.”⁴ As importantly, all other institutions outside the economic sector should also be mobilized to sustain the extra-constitutional system and to immunize the private economic sector from democratic accountability. It is this latter proposal that neoliberalism has incorporated out of whole cloth into its theory and practice while distancing itself from its source. This proposition brings to the surface a contradiction at the heart of the neoliberal project: While the market derives its claim to truth because it is considered to be a spontaneous order created through free individual actions, the broader social symbolic framework ensuring the markets’ proper functioning has to be *vigilantly constructed and maintained*.

The Divided Neoliberal Subject

The third fundamental concept of neoliberal thought concerns a new theory of the subject. Neoliberalism *completely abandons* the classical liberal conception of ‘economic man.’ In classical liberalism economic man is viewed as a rational and autonomous individual entering the marketplace with all the necessary knowledge to make appropriate and rational choices based on his or her own unique desires and needs. This conception is replaced in neoliberalism with a new political *subject that is irrevocably divided* between knowledge and ignorance, thought and action, and risk and uncertainty.

Moreover, neoliberalism rejects both the conservative appeals to reconstitute time-tested transcendental categories such as religion and the family *and* the more recent progressive alternative of grounding the social link on cultural diversity where the shared beliefs and values of particular identity groups⁵ serve the same purpose of grounding subjectivity. With the sweeping away of all old and new symbolic reference points, the “spontaneous order” of the market remains as the sole guarantor supplanting all past or present transcendental categories.

Neoliberal thought also accepts without reservation that “ignorance is the natural state of humanity” and far from proposing measures to reduce this gap (through universal education, for example) instead embraces ignorance as both an absolute precondition for subjectivity *and* to determine the distinction between risk and uncertainty. Whereas risk can ultimately be calculated through probability calculations (like homeowners or life insurance), uncertainty is absolute. The capacity to recognize the gap between risk and uncertainty and still “make the leap” into action is the calling card of the entrepreneur,

³ Hayek, Friedrich. *Law, Legislation, and Liberty*, 1973.

⁴ Jayasuriya, Kanishka . *Globalization, Sovereignty, and the Rule of Law*, 2001, pp., 9-10.

⁵ Such as ethnic, racial, and gender identities.

the ideal divided subject of neoliberalism where the worker, consumer, and capitalist ultimately meet.

The Entrepreneur of the Self

The final element of neoliberalism is the concept of “the entrepreneur of the self” introduced by Foucault in his 1978-1979 lectures.⁶ Foucault juxtaposes the entrepreneur of the self with his concept of *governmentality* to describe the epistemological shift in the administration of state power from its traditional liberal ‘night watchman’ role toward a totalizing entrepreneurial regime extending its purview to every conceivable social activity. The goal is ultimately to shape and guide people’s thoughts, affects, and behaviors through market mechanisms.

The entrepreneurial self becomes *human capital* displacing the traditional forms of modern subjectivity. These include the critical subject ruled by reason that was supposed both to guide one’s thoughts and actions and to serve as its ethical foundation. It also includes the Freudian subject who finds it impossible to negotiate successfully the conflicting and oftentimes contradictory identifications and ideals introjected from its social milieu and the transcendental signifiers grounding the individual within the social order. As a result suffering is produced in the form of guilt and anxiety and their many derivatives.⁷ However, the sweeping away of the old traditional forms of modern subjectivity does not reveal a “true self” unshackled from the disciplinary measures of the past but a fragmented, ignorant, and (most importantly) malleable self made up of arbitrary bundles of “investments”: skill sets, temporary social alliances, and statistical attributes gathered together in social networking sites as if they were Initial Public Offerings on the stock exchange.

Viewing Lacan’s capitalistic discourse through the prism of neoliberalism can also help clarify many disparate social and clinical phenomena that would require further elaboration, such as the following:

- the constant requirement to update and improve one’s Facebook profile
- fungible bodies to conform to unattainable physical ideals of desirability
- the expansion of disorders in the DSM to cover every human affect and foible
- the proliferation of “new symptoms” that seem immune to symbolic or imaginary mediation, and
- the creation of “sophisticated” financial instruments to mitigate market uncertainty (but which actually reveals the system’s inherent instability).

A recent series of US Supreme Court decisions determined that “corporations are people” – much to the surprise and anger of mainstream liberals and progressives alike. But doesn’t this decision obscure the underlying truth of neoliberalism: namely that *people*

⁶ Foucault, Michel. *The Birth of Biopolitics*.

⁷ Dufour, Dany-Robert. *The Art of Shrinking Heads*, 2003.

have become corporations, where the success or failure of any human encounter is evaluated in terms of the return on one's investment?