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The model of homo œconomicus. ~ Its generalization to every form of behavior in American neo-liberalism. ~ Economic analysis and behavioral techniques. ~ Homo œconomicus as the basic element of the new governmental reason appeared in the eighteenth century. ~ Elements for a history of the notion of homo œconomicus before Walras and Pareto. ~ The subject of interest in English empiricist philosophy (Hume). ~ The heterogeneity of the subject of interest and the legal subject: (1) The irreducible nature of interest in comparison with juridical will. (2) The contrasting logics of the market and the contract. ~ Second innovation with regard to the juridical model: the economic subject's relationship with political power. Condorcet. Adam Smith's "invisible hand": invisibility of the link between the individual's pursuit of profit and the growth of collective wealth. The non-totalizable nature of the economic world. The sovereign's necessary ignorance. ~ Political economy as critique of governmental reason: rejection of the possibility of an economic sovereign in its two, mercantilist and physiocratic, forms. ~ Political economy as a science lateral to the art of government.

TODAY I WOULD LIKE to start from the things I have been explaining over the last weeks and go back a bit toward what I took as my starting point at the beginning of the year. Last week I tried to show how American neo-liberals apply, or at any rate try to apply economic analysis

to a series of objects, to domains of behavior or conduct which were not market forms of behavior or conduct: they attempt to apply economic analysis to marriage, the education of children, and criminality, for example. This of course poses a problem of both theory and method, the problem of the legitimacy of applying such an economic model, the practical problem of the heuristic value of this model, etcetera. These problems all revolve around a theme or a notion: *homo œconomicus*, economic man. To what extent is it legitimate, and to what extent is it fruitful, to apply the grid, the schema, and the model of *homo œconomicus* to not only every economic actor, but to every social actor in general inasmuch as he or she gets married, for example, or commits a crime, or raises children, gives affection and spends time with the kids? So there is a problem of the validity of the applicability of this grid of *homo œconomicus*. Actually, this problem of the application of *homo œconomicus* has become one of the classics of neo-liberal discussion in the United States. The background* of this analysis, well, the first text, is the book by von Mises, *Human Action*,¹ and you will also find in the years 1960-1970, and especially in 1962,² a series of articles in the *Journal of Political Economy*: articles by Becker,³ Kirzner,⁴ and others.

This problem of *homo œconomicus* and its applicability seems to me to be interesting because I think there are important stakes in the generalization of the grid of *homo œconomicus* to domains that are not immediately and directly economic. The most important stake is no doubt the problem of the identification of the object of economic analysis with any conduct whatsoever entailing an optimal allocation of scarce resources to alternative ends, which is the most general definition of the object of economic analysis as defined, roughly, by the neo-classical school.⁵ But behind this identification of the object of economic analysis with conducts involving an optimal allocation of scarce resources to alternative ends we find the possibility of a generalization of the economic object to any conduct which employs limited means to one end among others. And we reach the point at which maybe the object of economic analysis should be identified with any purposeful conduct which involves,

* In English in the lecture; G.B.

broadly speaking, a strategic choice of means, ways, and instruments: in short, the identification of the object of economic analysis with any rational conduct. In the end, is not economics the analysis of forms of rational conduct and does not all rational conduct, whatever it may be, fall under something like economic analysis? Is not a rational conduct, like that which consists in formal reasoning, an economic conduct in the sense we have just defined, that is to say, the optimal allocation of scarce resources to alternative ends, since formal reasoning consists in deploying certain scarce resources—a symbolic system, a set of axioms, rules of construction, and not just any symbolic system or any rules of construction, but just some—to be used to optimal effect for a determinate and alternative end, in this case a true rather than a false conclusion which we try to reach by the best possible allocation of scarce resources? So, if it comes to it, we do not see why we would not define any rational conduct or behavior whatsoever as the possible object of economic analysis.

In truth, this already extremely extensive definition is not even the only one, and Becker, for example—the most radical of the American neo-liberals, if you like—says that it is still not sufficient, that the object of economic analysis can be extended even beyond rational conduct as defined and understood in the way I have just described, and that economic laws and economic analysis can perfectly well be applied to non-rational conduct, that is to say, to conduct which does not seek at all, or, at any rate, not only to optimize the allocation of scarce resources to a determinate end.⁶ Becker says: Basically, economic analysis can perfectly well find its points of anchorage and effectiveness if an individual's conduct answers to the single clause that the conduct in question reacts to reality in a non-random way. That is to say, any conduct which responds systematically to modifications in the variables of the environment, in other words, any conduct, as Becker says, which “accepts reality,” must be susceptible to economic analysis.⁷ *Homo oeconomicus* is someone who accepts reality. Rational conduct is any conduct which is sensitive to modifications in the variables of the environment and which responds to this in a non-random way, in a systematic way, and economics can therefore be defined as the science of the systematic nature of responses to environmental variables.

This is a colossal definition, which obviously economists are far from endorsing, but it has a certain interest. It has a practical interest, if you

like, inasmuch as if you define the object of economic analysis as the set of systematic responses to the variables of the environment, then you can see the possibility of integrating within economics a set of techniques, those called behavioral techniques, which are currently in fashion in the United States. You find these methods in their purest, most rigorous, strictest or aberrant forms, as you wish, in Skinner,⁸ and precisely they do not consist in analyzing the meaning of different kinds of conduct, but simply in seeing how, through mechanisms of reinforcement, a given play of stimuli entail responses whose systematic nature can be observed and on the basis of which other variables of behavior can be introduced. In fact, all these behavioral techniques show how psychology understood in these terms can enter the definition of economics given by Becker. There is little literature on these behavioral techniques in France. In Castel's last book, *The Psychiatric Society*, there is a chapter on behavioral techniques and you will see how this is precisely the implementation, within a given situation—in this case, a hospital, a psychiatric clinic—of methods which are both experimental and involve a specifically economic analysis of behavior.⁹

Today though, I would like to emphasize a different aspect. This is that Becker's definition, which, again, although it is not recognized by the average economist, or even by the majority of them, nonetheless, despite its isolated character, enables us to highlight a paradox, because *homo æconomicus* as he appears in the eighteenth century—I will come back to this shortly—basically functions as what could be called an intangible element with regard to the exercise of power. *Homo æconomicus* is someone who pursues his own interest, and whose interest is such that it converges spontaneously with the interest of others. From the point of view of a theory of government, *homo æconomicus* is the person who must be let alone. With regard to *homo æconomicus*, one must *laissez-faire*; he is the subject or object of *laissez-faire*. And now, in Becker's definition which I have just given, *homo æconomicus*, that is to say, the person who accepts reality or who responds systematically to modifications in the variables of the environment, appears precisely as someone manageable, someone who responds systematically to systematic modifications artificially introduced into the environment. *Homo æconomicus* is someone who is eminently governable. From being the intangible partner of *laissez-faire*,

homo æconomicus now becomes the correlate of a governmentality which will act on the environment and systematically modify its variables.

I think this paradox enables us to pinpoint the problem I would like to say something about, which is precisely this: since the eighteenth century, has *homo æconomicus* involved setting up an essentially and unconditionally irreducible element against any possible government? Does the definition of *homo æconomicus* involve marking out the zone that is definitively inaccessible to any government action? Is *homo æconomicus* an atom of freedom in the face of all the conditions, undertakings, legislation, and prohibitions of a possible government, or was he not already a certain type of subject who precisely enabled an art of government to be determined according to the principle of economy, both in the sense of political economy and in the sense of the restriction, self-limitation, and frugality of government? Obviously, the way in which I have formulated this question gives the answer straightaway, but this is what I would like to talk about, that is to say, *homo æconomicus* as the partner, the vis-à-vis, and the basic element of the new governmental reason formulated in the eighteenth century.

In actual fact, to tell the truth there is no theory of *homo æconomicus*, or even a history of his notion.¹⁰ You practically have to wait for what are called the neo-classical economists, Walras¹¹ and Pareto,¹² to see the more or less clear emergence of what is understood by *homo æconomicus*. But this notion was in fact employed even before Walras and Pareto, although it was not conceptualized very rigorously. How can we consider this problem of *homo æconomicus* and its appearance? To simplify things, and somewhat arbitrarily, I will start, as from a given, with English empiricism and the theory of the subject which is in fact put to work in English empiricist philosophy, with the view that—once again, I am making a somewhat arbitrary division—the theory of the subject in English empiricism probably represents one of the most important mutations, one of the most important theoretical transformations in Western thought since the Middle Ages.

What English empiricism introduces—let's say, roughly, with Locke¹³—and doubtless for the first time in Western philosophy, is a subject who is not so much defined by his freedom, or by the opposition of soul and body, or by the presence of a source or core of concupiscence

marked to a greater or lesser degree by the Fall or sin, but who appears in the form of a subject of individual choices which are both irreducible and non-transferable. What do I mean by irreducible? I will take Hume's very simple and frequently cited passage,¹⁴ which says: What type of question is it, and what irreducible element can you arrive at when you analyze an individual's choices and ask why he did one thing rather than another? Well, he says: "You ask someone, 'Why do you exercise?' He will reply, 'I exercise because I desire health.' You go on to ask him, 'Why do you desire health?' He will reply, 'Because I prefer health to illness.' Then you go on to ask him, 'Why do you prefer health to illness?' He will reply, 'Because illness is painful and so I don't want to fall ill.' And if you ask him why is illness painful, then at that point he will have the right not to answer, because the question has no meaning." The painful or non-painful nature of the thing is in itself a reason for the choice beyond which you cannot go. The choice between painful and non-painful is a sort of irreducible that does not refer to any judgment, reasoning, or calculation. It is a sort of regressive end point in the analysis.

Second, this type of choice is non-transferable. I do not mean that it is non-transferable in the sense that one choice could not be replaced by another. You could perfectly well say that if you prefer health to illness, you may also prefer illness to health, and then choose illness. It is also clear that you may perfectly well say: I prefer to be ill and that someone else is not. But, in any case, on what basis will this substitution of one choice for another be made? It will be made on the basis of my own preference and on the basis of the fact that I would find someone else being ill more painful, for example, than being ill myself. In the end the principle of my choice really will be my own feeling of painful or not-painful, of pain and pleasure. There is Hume's famous aphorism which says: If I am given the choice between cutting my little finger and the death of someone else, even if I am forced to cut my little finger, nothing can force me to think that cutting my little finger is preferable to the death of someone else.¹⁵

So, these are irreducible choices which are non-transferable in relation to the subject. This principle of an irreducible, non-transferable, atomistic individual choice which is unconditionally referred to the subject himself is what is called interest.

What I think is fundamental in English empiricist philosophy—which I am treating completely superficially—is that it reveals something which absolutely did not exist before. This is the idea of a subject of interest, by which I mean a subject as the source of interest, the starting point of an interest, or the site of a mechanism of interests. For sure, there is a series of discussions on the mechanism of interest itself and what may activate it: is it self-preservation, is it the body or the soul, or is it sympathy? But this is not what is important. What is important is the appearance of interest for the first time as a form of both immediately and absolutely subjective will.

I think the problem and that which gets the problematic of *homo oeconomicus* underway is whether this subject of interest or form of will called interest can be considered as the same type of will as the juridical will or as capable of being connected to the juridical will. At first sight, we can say although interest and the juridical will cannot be completely assimilated to each other, they may perfectly well be reconciled. And in fact this is what we see from the end of the seventeenth century up to the middle of the eighteenth century and a jurist like Blackstone:¹⁶ a kind of mixture of juridical analysis and analysis in terms of interest. For example, when Blackstone addresses the problem of the original contract, of the social contract, he says: Why have individuals entered into the contract? Well, they have entered the contract because they have an interest. Every individual has his interests, but in the state of nature and before the contract, these interests are threatened. So, to protect at least some of their interests they are forced to sacrifice others. The immediate will be sacrificed for what is more important and possibly deferred.¹⁷ In short, interest appears here as an empirical source of the contract. And the juridical will which is then formed, the legal subject who is constituted through the contract, is basically the subject of interest, but a purified subject of interest who has become calculating, rationalized, and so on. Now in relation to this, if you like, somewhat loose analysis, in which juridical will and interest are mixed together and intertwined, generating each other, Hume notes that it's not like this and that things are not so simple. Why, Hume says, do you enter the contract? Out of interest. You enter the contract out of interest, because you realize that if you were alone and had no ties with others your interests would be

harm. But once you have entered the contract, why do you respect it? The jurists say, and Blackstone in particular said around this time: You respect the contract because once individual subjects of interest have recognized the interest in entering the contract, the obligation of the contract constitutes a sort of transcendence in relation to which the subject finds himself, in a way, subjected and constrained, so that, having become a subject of right, he will obey the contract. Hume replies to this: But this won't do at all, because in fact, if you obey a contract this is not because it is a contract, because you are held by the obligation of the contract, or, in other words, because you have suddenly become a subject of right and ceased being a subject of interest. If you continue to respect the contract it is simply because you hold to the following reasoning: "The commerce with our fellows from which we draw such great advantages would have no security if we did not respect our engagements."¹⁸ This means that it is not because we have contracted that we respect the contract, but because it is in our interest that there is a contract. That is to say, the appearance and the emergence of the contract have not replaced a subject of interest with a subject of right. In a calculation of interest, the subject of interest has constituted a form, an element in which he will continue to have a certain interest right to the end. And if, moreover, the contract no longer offers an interest, nothing can oblige me to continue to comply with it.¹⁹ So, juridical will does not take over from interest. The subject of right does not find a place for itself in the subject of interest. The subject of interest remains, subsists, and continues up to the time a juridical structure, a contract exists. For as long as the law exists, the subject of interest also continues to exist. The subject of interest constantly overflows the subject of right. He is therefore irreducible to the subject of right. He is not absorbed by him. He overflows him, surrounds him, and is the permanent condition of him functioning. So, interest constitutes something irreducible in relation to the juridical will. This is the first point.

Second, the subject of right and the subject of interest are not governed by the same logic. What characterizes the subject of right? Of course, at the outset he has natural rights. But he becomes a subject of right in a positive system only when he has agreed at least to the principle of ceding these rights, of relinquishing them, when he has subscribed to

their limitation and has accepted the principle of the transfer. That is to say, the subject of right is, by definition, a subject who accepts negativity, who agrees to a self-renunciation and splits himself, as it were, to be, at one level, the possessor of a number of natural and immediate rights, and, at another level, someone who agrees to the principle of relinquishing them and who is thereby constituted as a different subject of right superimposed on the first. The dialectic or mechanism of the subject of right is characterized by the division of the subject, the existence of a transcendence of the second subject in relation to the first, and a relationship of negativity, renunciation, and limitation between them, and it is in this movement that law and the prohibition emerge.

On the other hand—and this is where the economists' analysis links up with this theme of the subject of interest and gives it a sort of empirical content—the subject of interest is not at all governed by the same mechanism. What the analysis of the market shows, for example, what the physiocrats in France, the English economists, and even theorists like Mandeville²⁰ reveal, is that fundamentally the subject of interest is never called upon to relinquish his interest. Consider, for example, what takes place with the grain market—you recall, we talked about this last time²¹—when there is an abundant harvest in one country and dearth in another. The legislation in most countries prohibited unlimited export of wheat from the rich country to the country suffering from dearth so as not to cause shortages in the country which had reserves. The economists' [response] to this is: Absurdity! Let the mechanism of interests operate, let the sellers rush their grain to the countries where there is dearth, where grain is dear and sells easily, and you will see that the more they pursue their own interests the better things will be and you will have a general advantage which will be formed on the basis of the maximization of the interest of each. Not only may each pursue their own interest, they must pursue their own interest, and they must pursue it through and through by pushing it to the utmost, and then, at that point, you will find the elements on the basis of which not only will the interest of others be preserved, but will thereby be increased. So, with the subject of interest, as the economists make him function, there is a mechanism which is completely different from the dialectic of the subject of right, since it is an egoistic mechanism, a directly multiplying

mechanism without any transcendence in which the will of each harmonizes spontaneously and as it were involuntarily with the will and interest of others. We could not be more distant from the dialectic of renunciation, transcendence, and the voluntary bond of the juridical theory of the contract. The market and the contract function in exactly opposite ways and we have in fact two heterogeneous structures.

To summarize this, we could say that at first sight it seems that the analysis of interest in the eighteenth century can be linked to the theory of the contract without too much difficulty, but when it is examined more closely it in fact gives rise to what I think is a completely new, heterogeneous problematic in relation to the typical elements of the doctrine of the contract and the subject of right.* At the point of intersection, as it were, of the empirical conception of the subject of interest and the analyses of the economists, a subject can be defined who is a subject of interest and whose action has a multiplying and beneficial value through the intensification of interest, and it is this that characterizes *homo œconomicus*. In the eighteenth century the figure of *homo œconomicus* and the figure of what we could call *homo juridicus* or *homo legalis* are absolutely heterogeneous and cannot be superimposed on each other.

Given this heterogeneity, I think we need to go further and say first of all that not only are the economic subject and the subject of right formally heterogeneous for the reasons I have just given, but it seems to me that, partly as a consequence of this, the economic subject and the subject of right have an essentially different relationship with political power. Or, if you like, with regard to the question of the foundation and exercise of power, the question posed by the problematic of economic man is completely different from that which could be posed by the figure and element of juridical man, the legal subject. To understand what is radically new in economic man from the point of view of the problem of power and of the legitimate exercise of power, I would like to start by quoting a text from Condorcet, which seems to me to be rather illuminating on this.

* The manuscript, p. 9, adds: "a) First by an empirical radicalism in the manner of Hume, b) then by an analysis of the mechanisms of the market."

It comes from *Les Progrès de l'esprit humain*, in the Ninth era. Condorcet says: If we consider the interest of an individual apart from the general system of a society—he does not mean an individual isolated from society (that is to say, he does not consider an individual alone), he means: take an individual in society, and consider his own, peculiar interest—then this specifically individual interest of someone who finds himself within the general system of not only one society, but of societies, has two characteristics. The first is that it is an interest which is dependent upon on an infinite number of things. The interest of the individual will depend on accidents of nature about which he can do nothing and which he cannot foresee. It depends on more or less distant political events. In short, the individual's enjoyment is linked to a course of the world that outstrips him and eludes him in every respect. The second characteristic is that, on the other hand, despite everything “in this apparent chaos,” Condorcet says, “we see nonetheless, through a general law of the moral world, the efforts each makes for himself serving the good of all.”²² This means, on the one hand, that each is dependent on an uncontrollable, unspecified whole of the flow of things and the world. In a way, the most distant event taking place on the other side of the world may affect my interest, and there is nothing I can do about it. The will of each, the interest of each, and the way in which this interest is or is not realized are bound up with a mass of elements which elude individuals. At the same time, this individual's interest, without him knowing it, wishing it, or being able to control it, is linked to a series of positive effects which mean that everything which is to his advantage will turn out to be to the advantage of others. So that economic man is situated in what we could call an indefinite field of immanence which, on the one hand, links him, in the form of dependence, to a series of accidents, and, on the other, links him, in the form of production, to the advantage of others, or which links his advantage to the production of the advantage of others. The convergence of interests thus doubles and covers the indefinite diversity of accidents.

The situation of *homo æconomicus* could therefore be described as doubly involuntary, with regard to the accidents which happen to him and with regard to the benefit he unintentionally produces for others. It is also doubly indefinite since, on the one hand, the accidents upon which

his interest depends belong to a domain which cannot be covered or totalized and, on the other, the benefit he produces for others by producing his own benefit is also indefinite and cannot be totalized. His situation is therefore doubly involuntary, indefinite, and non-totalizable, but all these involuntary, indefinite, uncontrollable, and non-totalizable features of his situation do not disqualify his interest or the calculation he may make to maximize it. On the contrary, all these indefinite features of his situation found, as it were, the specifically individual calculation that he makes; they give it consistency, effect, insert it in reality, and connect it in the best possible way to the rest of the world. So, we have a system in which *homo œconomicus* owes the positive nature of his calculation precisely to everything which eludes his calculation. We arrive here, of course, at the unavoidable text, Adam Smith's famous words in the second chapter of Book IV, the only place, as you know, in *The Wealth of Nations*, where he speaks of this famous thing, and where he says: "By preferring the support of domestick to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention."²³ So we are at the heart of the problematic of the invisible hand, which is the correlate of *homo œconomicus* if you like, or rather is that kind of bizarre mechanism which makes *homo œconomicus* function as an individual subject of interest within a totality which eludes him and which nevertheless founds the rationality of his egoistic choices.

What is this invisible hand? Well, of course, it is usually said that the invisible hand refers to a more or less well thought-out economic optimism in Smith's thought. It is also usually said that we should see the invisible hand as the remains of a theological conception of the natural order. Through the notion of the invisible hand, Smith would be someone who more or less implicitly fixed the empty, but nonetheless secretly occupied place of a providential god who would occupy the economic process a bit like Malebranche's God occupies the entire world down to the least gesture of every individual through the relay of an intelligible extension of which He is the absolute master.²⁴ Smith's invisible hand would be something like Malebranche's God, whose

intelligible extension would not be occupied by lines, surfaces, and bodies, but by merchants, markets, ships, carriages, and roads. A consequence of this would be the idea that there is an essential transparency in this economic world and that if the totality of the process eludes each economic man, there is however a point where the whole is completely transparent to a sort of gaze of someone whose invisible hand, following the logic of this gaze and what it sees, draws together the threads of all these dispersed interests. Therefore, there is the requirement, if not a postulate, of the total transparency of the economic world. Now if we read the text a bit further on, what does Adam Smith say? He is speaking of those people who, without really knowing why or how, pursue their own interest and this ends up benefiting everyone. Each only thinks of his own gain and, in the end, the whole of industry benefits. People, he says, only think of their own gain and do not think about the benefit of everyone. And he adds that it is not always the worse for society that the end of benefiting all does not enter into merchants' concerns.²⁵ "I have never known much good done by those who affected to trade for the publick good. It is an affectation, indeed, not very common among merchants."²⁶ We can say, roughly: Thank heaven people are only concerned about their interests, thank heaven merchants are perfect egoists and rarely concern themselves with the public good, because that's when things start to go wrong.

So, in other words, there are two, absolutely coupled elements. For there to be certainty of collective benefit, for it to be certain that the greatest good is attained for the greatest number of people, not only is it possible, but it is absolutely necessary that each actor be blind with regard to this totality. Everyone must be uncertain with regard to the collective outcome if this positive collective outcome is really to be expected. Being in the dark and the blindness of all the economic agents are absolutely necessary.²⁷ The collective good must not be an objective. It must not be an objective because it cannot be calculated, at least, not within an economic strategy. Here we are at the heart of a principle of invisibility. In other words, what is usually stressed in Smith's famous theory of the invisible hand is, if you like, the "hand," that is to say, the existence of something like providence which would tie together all the dispersed threads. But I think the other element, invisibility, is at least

as important. Invisibility is not just a fact arising from the imperfect nature of human intelligence which prevents people from realizing that there is a hand behind them which arranges or connects everything that each individual does on their own account. Invisibility is absolutely indispensable. It is an invisibility which means that no economic agent should or can pursue the collective good.

But we must no doubt go further than economic agents; not only no economic agent, but also no political agent. In other words, the world of the economy must be and can only be obscure to the sovereign, and it is so in two ways. We are already familiar with one of these and there's no point in stressing it too much, which is that since the economic mechanism involves each pursuing his own interest, then each must be left alone to do so. Political power is not to interfere with this dynamic naturally inscribed in the heart of man. The government is thus prohibited from obstructing individual interests. This is what Adam Smith says when he writes: the common interest requires that each knows how to interpret his own interest and is able to pursue it without obstruction.²⁸ In other words, power, government, must not obstruct the interplay of individual interests. But it is necessary to go further. Not only must government not obstruct the interests of each, but it is impossible for the sovereign to have a point of view on the economic mechanism which totalizes every element and enables them to be combined artificially or voluntarily. The invisible hand which spontaneously combines interests also prohibits any form of intervention and, even better, any form of overarching gaze which would enable the economic process to be totalized. A text from Ferguson is very clear on this point. In his *Essay on the History of Civil Society*,²⁹ he says: "the more [the individual] gains for himself, the more he augments the wealth of his country ... When the refined politician would lend an active hand, he only multiplies interruptions and grounds of complaint; when the merchant forgets his own interest to lay plans for his country, the period of vision and chimera is near."³⁰ Ferguson takes the example of French and English settlements in America, and analyzing the French and English mode of colonization, he says: The French arrived with projects, administration, and their definition of what would be best for their American colonies. They constructed "great projects" that were only ever "in idea" and the French

colonies in America collapsed. What did the English bring to colonize America? Did they bring grand projects? Not at all. They arrived with “limited views.” They had no other project than the immediate advantage of each, or rather, each had in mind only the limited view of their own project. As a result, industry was active and settlements flourished.³¹ Consequently, the economy, understood as a practice but also as a type of government intervention, as a form of action of the state or sovereign, can only be short-sighted, and if there were a sovereign who claimed to be long-sighted, to have a global and totalizing gaze, he would only ever see chimeras. In the middle of the eighteenth century, political economy denounces the paralogue of political totalization of the economic process.

That the sovereign is, can, and must be ignorant is what Adam Smith says in chapter 9 of Book IV of *The Wealth of Nations*, clarifying perfectly what he means by the invisible hand and what is important in the adjective “invisible.” Smith says: “Every man, as long as he does not violate the laws of justice, must be able to pursue his interest and bring his capital where he pleases.”³² So, the principle of *laissez-faire*: in any case, every man must follow his own interest. And as a result, he says somewhat hypocritically—I am the one saying it is hypocritical—the sovereign can only find this to his advantage, since he “is completely discharged of a duty, in the attempting to perform which he must always be exposed to innumerable delusions ... the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society.”³³ I say this sentence is “hypocritical” because it could also be taken to mean that if the sovereign, one person surrounded by more or less loyal advisors, were to undertake the infinite task of superintending the totality of the economic process, there is no doubt that he would be deceived by disloyal administrators and ministers. But Smith also means that it is not just due to his ministers’ disloyalty or the complexity of an inevitably uncontrollable administration that he would make mistakes. He would make mistakes for an, as it were, essential and fundamental reason. He could not fail to be mistaken, and what is more this is what the sentence says when speaking of this task, this duty, of which the sovereign must be relieved, that of superintending the totality of the economic process,

“for the proper performance of which no human wisdom or knowledge could ever be sufficient.”³⁴

Economic rationality is not only surrounded by, but founded on the unknowability of the totality of the process. *Homo œconomicus* is the one island of rationality possible within an economic process whose uncontrollable nature does not challenge, but instead founds the rationality of the atomistic behavior of *homo œconomicus*. Thus the economic world is naturally opaque and naturally non-totalizable. It is originally and definitively constituted from a multiplicity of points of view which is all the more irreducible as this same multiplicity assures their ultimate and spontaneous convergence. Economics is an atheistic discipline; economics is a discipline without God; economics is a discipline without totality; economics is a discipline that begins to demonstrate not only the pointlessness, but also the impossibility of a sovereign point of view over the totality of the state that he has to govern. Economics steals away from the juridical form of the sovereign exercising sovereignty within a state precisely that which is emerging as the essential element of a society's life, namely economic processes. Liberalism acquired its modern shape precisely with the formulation of this essential incompatibility between the non-totalizable multiplicity of economic subjects of interest and the totalizing unity of the juridical sovereign.

The problematic of the economy is by no means the logical completion of the great problematic of sovereignty through which eighteenth century juridical-political thought strove to show how, by starting from individual subjects of natural right, one could arrive at the constitution of a political unity defined by the existence of an individual or collective sovereign who is the holder of part of the totality of these individual rights and at the same time the principle of their limitation. The economic problematic, the problematic of economic interest, is governed by a completely different configuration, by a completely different logic, type of reasoning, and rationality. In fact, from the eighteenth century the political-juridical world and the economic world appear as heterogeneous and incompatible worlds. The idea of an economic-juridical science is strictly impossible and what is more it has never in fact been constituted. *Homo œconomicus* is someone who can say to the juridical sovereign, to the sovereign possessor of rights and founder of positive

law on the basis of the natural right of individuals: You must not. But he does not say: You must not, because I have rights and you must not touch them. This is what the man of right, *homo juridicus*, says to the sovereign: I have rights, I have entrusted some of them to you, the others you must not touch, or: I have entrusted you with my rights for a particular end. *Homo æconomicus* does not say this. He also tells the sovereign: You must not. But why must he not? You must not because you cannot. And you cannot in the sense that “you are powerless.” And why are you powerless, why can’t you? You cannot because you do not know, and you do not know because you cannot know.

I think this is an important moment when political economy is able to present itself as a critique of governmental reason. I am using “critique” here in the specific, philosophical sense of the term.³⁵ Kant too, a little later moreover, had to tell man that he cannot know the totality of the world. Well, some decades earlier, political economy had told the sovereign: Not even you can know the totality of the economic process. There is no sovereign in economics. There is no economic sovereign. This is a very important point in the history of economic thought, certainly, but also and above all in the history of governmental reason. The absence or impossibility of an economic sovereign is a problem which will ultimately be raised throughout Europe, and throughout the modern world, by governmental practices, economic problems, socialism, planning, and welfare economics. All the returns and revivals of nineteenth and twentieth century liberal and neo-liberal thought are still a way of posing the problem of the impossibility of the existence of an economic sovereign. And with the appearance of planning, the state-controlled economy, socialism, and state socialism the problem will be whether we may not overcome in some way this curse against the economic sovereign which was formulated by political economy at its foundation and which is also the very condition of existence of political economy: In spite of everything, may there not be a point through which we can define an economic sovereignty?

On a more limited scale, it seems to me that the basic function or role of the theory of the invisible hand is to disqualify the political sovereign. If we situate it in its immediate context, and not in the history of liberalism over the last two centuries, it is very clear that this theory, understood

as the disqualification of the very possibility of an economic sovereign, amounts to a challenge to the police state I talked about last year.³⁶ The police state, or the state governed by *raison d'État*, with its mercantilist policies, was, from the seventeenth century, the perfectly explicit effort to constitute a sovereign who would no longer be a sovereign of right and in terms of right, but who could also be an administrative sovereign, that is to say, a sovereign who would, of course, be able to administer the subjects over whom he exercises sovereignty, but also the possible economic processes taking place between individuals, groups, and states. The police state, the state which implements the both voluntarist and mercantilist policy of sovereigns, or at any rate, of some seventeenth and eighteenth century sovereigns, like the French sovereign, rests in fact on the postulate that there must be an economic sovereign. Political economy is not just a refutation of mercantilist doctrines or practices. Adam Smith's political economy, economic liberalism, amounts to a disqualification of this entire project and, even more radically, a disqualification of a political reason indexed to the state and its sovereignty.

It is interesting to see even more precisely what the theory of the invisible hand is opposed to. It is opposed, very precisely, to what the physiocrats said almost at the same time or, at any rate, to what they were saying some years earlier, because from this point of view the position of the physiocrats is very interesting and very paradoxical. In France, the physiocrats analyzed the market and market mechanisms in precisely the terms I have talked about several times³⁷ and proved that the government, the state, or the sovereign must absolutely not interfere with the mechanism of interest which ensures that commodities go where they most easily find buyers and the best price. Physiocracy was therefore a strict critique of all the administrative rules and regulations through which the sovereign's power was exercised on the economy. But the physiocrats straightaway added this: Economic agents must be left free, but, first, we must take account of the fact that the entire territory of a country is basically the sovereign's property, or at any rate that the sovereign is co-owner of all the land of the country and so is therefore co-producer. This enabled them to justify taxation. So, in the physiocrat's conception, the sovereign, as co-owner of a country's lands and co-producer of its products, will correspond perfectly, as it were, in

principle and right as well as in fact, to all the production and all the economic activity of a country.

Second, the physiocrats say that the existence of an Economic Table, which enables the circuit of production and the formation of rent to be followed very exactly, gives the sovereign the possibility of exact knowledge of everything taking place within his country, thus giving him the power to control economic processes. That is to say, the Economic Table will offer the sovereign a principle of analysis and a sort of principle of transparency in relation to the whole of the economic process. So that if the sovereign leaves economic agents free, it is because, thanks to the Economic Table, he knows both what is taking place and how it should be taking place. Thus, in the name of this total knowledge, he will be able to accept freely and rationally, or rather, he will be forced by reason, knowledge, and truth to accept the principle of the freedom of economic agents. So that there will be a second perfect correspondence between the sovereign's knowledge and the freedom of individuals.

Finally, third, a good government—that is to say, the government of a sovereign who, thanks to the Economic Table, knows exactly what is taking place with regard to economic processes—will have to explain to the different economic agents, to the different subjects, how and why things are as they are and what they have to do to maximize their profit. There will have to be an economic knowledge spread as widely and uniformly as possible among all these subjects, and this economic knowledge, whose principle is found in the Economic Table drawn up by the physiocrats, will be common to economically well-educated subjects and to the sovereign who will be able to recognize the fundamental laws of the economy. So at the level of knowledge, at the level of the consciousness of truth, there will be a third perfect correspondence between the sovereign and the economic processes, or at least the economic agents. You can see therefore that the principle of *laissez-faire* in the physiocrats, the principle of the necessary freedom of economic agents can coincide with the existence of a sovereign who is all the more despotic and unrestrained by traditions, customs, rules, and fundamental laws as his only law is that of *évidence*, of a well-formed, well-constructed knowledge which he will share with the economic agents. It is here, and only here, that we have in fact the idea of a mutual transparency of the economic

and the political. It is here, and only here, that we can find the idea that economic agents must be allowed their freedom and that a political sovereignty will cover the totality of the economic process with a gaze in the uniform light, as it were, of evidence.

Adam Smith's invisible hand is the exact opposite of this. It is the critique of this paradoxical idea of total economic freedom and absolute despotism which the physiocrats tried to maintain in the theory of economic evidence. The invisible hand posits instead, as a rule, that this is not possible, that there cannot be a sovereign in the physiocratic sense, and that there cannot be despotism in the physiocratic sense, because there cannot be economic evidence. So you can see, from the start—if we call Adam Smith's theory and liberal theory the start of political economy—economic science never claimed that it had to be the line of conduct, the complete programming of what could be called governmental rationality. Political economy is indeed a science, a type of knowledge (*savoir*), a mode of knowledge (*connaissance*) which those who govern must take into account. But economic science cannot be the science of government and economics cannot be the internal principle, law, rule of conduct, or rationality of government. Economics is a science lateral to the art of governing. One must govern with economics, one must govern alongside economists, one must govern by listening to the economists, but economics must not be and there is no question that it can be the governmental rationality itself.

It seems to me that this is how we can comment on the theory of the invisible hand in relation to the problem of governmental rationality or of the art of governing. So, a problem arises: what will government be concerned with if the economic process, and the whole of the economic process, is not in principle its object? I think it is the theory of civil society, which I will try to talk about next week.

1. Ludwig von Mises, *Human Action: A treatise on economics*.
2. See in particular *Journal of Political Economy*, vol. 70 (5), October 1962, 2nd part, coordinated by T. Schultz, entirely devoted to the problem of the "investment in human beings."
3. G. Becker, "Investment in human capital: a theoretical analysis."
4. I.M. Kirzner, "Rational action and economic theory," *Journal of Political Economy*, vol. 70 (4), August 1962, pp. 380-385.
5. See above, lecture of 14 March 1979, notes 23 and 25.
6. See G. Becker, "Irrational action and economic theory," *Journal of Political Economy*, vol. 70 (1), August 1962, pp. 153-168.
7. *Ibid.*, p. 167: "Even irrational decision units must accept reality and could not, for example, maintain a choice that was no longer within their opportunity set. And these sets are not fixed or dominated by erratic variation, but are systematically changed by different economic variables (...)."
8. Burrhus Frederic Skinner (1904-1990), American psychologist and psycho-linguist, is one of the main representatives of the behaviorist school. Harvard professor from 1947, he published many books, amongst which, *Science and Human Behavior* (London: Collier-Macmillan, 1953); *Verbal Behavior* (Englewood Cliffs, NJ: Prentice Hall, 1957); and *Beyond Freedom and Dignity* (New York: A.A. Knopf, 1971). Hostile to the use of statistics, he thought individual behavior should be studied, "which presupposes control of the environment in which the subject is placed and the definition of informative measures of response. (...) When a subject moves in his environment, some of his behavior produces detectable modifications in the latter (contingencies of reinforcement). The effective response is a class of responses defined by the consequences it has for the subject and emitted in a given situation without being causally dependent on a stimulus of the situation. A rigorous control of the contingencies thus enables repeatable behavior to be selected" *Encyclopaedia Universalis*, Thesaurus, 1975, vol. 20, p. 1797. The end sought is therefore "selection of the relevant behavior by manipulation of programs of reinforcement" *ibid.*
9. F. Castel, R. Castel and A. Lovell, *La Société psychiatrique avancée: le modèle américain* (Paris: Grasset, 1979) ch. 4, pp. 138-139; English translation by Arthur Goldhammer, *The Psychiatric Society* (New York: Columbia University Press) pp. 113-115, on behavior modification, inspired by the principles of conditioning (Pavlov) and behaviorism (Thorndike, Skinner) in the psychiatric milieu (see also ch. 8, pp. 299-302; English, pp. 265-266).
10. See now P. Demeulenaere's book, *Homo œconomicus. Enquête sur la constitution d'un paradigme* (Paris: PUF, 1996).
11. See above, lecture of 21 February 1979, note 12.
12. Vilfredo Pareto (1848-1923), Italian sociologist and economist, Walras' successor at the University of Lausanne. *Manuel d'économie politique* (1906), in *Œuvres complètes*, vol. VII (Geneva: Droz, 1981) pp. 7-18; English translation by Ann S. Schwier, *Manual of Political Economy* (London: Macmillan, 1972) pp. 12-14. See J. Freund, *Pareto, la théorie de l'équilibre* (Paris: Seghers, 1974) pp. 26-27 (*homo œconomicus* according to Pareto), which Foucault had read.
13. John Locke (1632-1704), the author of *Essay concerning Human Understanding* (London: printed by E. Holt for T. Basset, 1690).
14. David Hume (1711-1776), *An Enquiry Concerning the Principles of Morals* (1751) in *Enquiries Concerning Human Understanding and Concerning the Principles of Morals*, ed. L.A. Selby-Bigge (Oxford: The Clarendon Press, 1975, 3rd edition), Appendix 1, "Concerning Moral Sentiment" p. 293: "Ask a man *why he uses exercise*; he will answer, *because he desires to keep his health*. If you then enquire, *why he desires health*, he will readily reply, *because sickness is painful*. If you push your enquiries farther, and desire a reason *why he hates pain*, it is impossible he can ever give any. This is an ultimate end, and is never referred to any other object."
15. See D. Hume, *A Treatise of Human Nature* (1739-40), ed. L.A. Selby-Bigge (Oxford: Clarendon Press, 1978) Book III, Part III, section III, p. 416: "Where a passion is neither founded on false supposition, nor chuses means insufficient for the end, the understanding

- can neither justify nor condemn it. 'Tis not contrary to reason to prefer the destruction of the whole world to the scratching of my finger."
16. William Blackstone (1723-1780): conservative jurist and professor of Law at Oxford, where Bentham was his student 1763-64 (who later appears, on the basis of his *Fragment on Government* (1776) as the "anti-Blackstone" (Halévy)). The author of *Commentaries on the Laws of England* (Oxford: Clarendon Press, 1765-1769) in 4 volumes. See E. Halévy, *La Formation du radicalisme philosophique*, vol. 1, 1995 ed., pp. 55-56; *The Growth of Philosophic Radicalism*, pp. 35-36; Mohammed El Shakankiri, *La Philosophie juridique de Jeremy Bentham* (Paris: LJDJ, 1970) pp. 223-237.
 17. See *Commentaries*, vol. 1 (there is a good summary in M. El Shakankiri, pp. 236-238). On the mixture of juridical and utilitarian principles in Blackstone's justification of the penalty, see E. Halévy, *La Formation du radicalisme philosophique* p. 101; *The Growth of Philosophic Radicalism*, p. 58, who detects here a lack of coherence.
 18. D. Hume, "Of the Original Contract" in *Essays Moral, Political, and Literary*, ed. Eugene F. Miller (Indianapolis: LibertyClassics, 1987) p. 481: "We are bound to obey our sovereign, it is said; because we have given a tacit promise to that purpose. But why are we bound to observe our promise? It must here be asserted, that the commerce and intercourse of mankind, which are of such mighty advantage, can have no security where men pay no regard to their engagements." See also *A Treatise of Human Nature*, Book III, Part II, section VIII, "Of the source of allegiance."
 19. *A Treatise of Human Nature*, Book III, Part II, section IX, p. 553: "(...) if interest first produces obedience to government, the obligation to obedience must cease, whenever the interest ceases, in any great degree, and in a considerable number of instances."
 20. Bernard Mandeville (1670-1733), author of the famous *Fable of the Bees, or Private Vices, Publick Benefits* (1714) (Oxford: Clarendon Press, 1924; reprinted Indianapolis: LibertyClassics, 1988).
 21. Foucault means "last year." See *Sécurité, Territoire, Population; Security, Territory, Population*, lectures of 18 January and 5 April 1978.
 22. Condorcet (Jean-Antoine-Nicolas Caritat, marquis de, 1743-1794), *Esquisse d'un tableau historique des progrès de l'esprit humain* (1793), Ninth era (Paris: Garnier-Flammarion, 1988) p. 219: "How, in this astonishing variety of works and products, of needs and resources, in this frightening complication of interests, which links the isolated individual's subsistence and well-being to the general system of societies, which makes him dependent on all the accidents of nature and every political event, which, as it were, extends his capacity to experience enjoyment or privation to the entire globe, how, in this apparent chaos, do we see nonetheless, through a general law of the moral world, the efforts each makes for himself serving the well-being of all, and, despite the external clash of opposed interests, the common interest requires that each knows how to interpret his own interest and is able pursue it without obstruction?" [See below, note 28; G.B.]
 23. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, eds. R.H. Campbell and A.S. Skinner (Oxford: Oxford University Press, 1976), Vol. I, Book IV, ch. 2, p. 456.
 24. Nicolas Malebranche (1638-1715), philosopher and theologian, member of the Oratorians. Foucault is referring here to the "occasionalist" thesis, or theory of "occasional causes," defended by Malebranche in several of his works—*De la Recherche de la vérité* (1674), XV^e Éclaircissement, *Œuvres*, t. I (Paris: Gallimard, 1979) pp. 969-1014; *Entretiens sur la métaphysique et la religion* (1688), VII, *Œuvres*, t. II (1992) pp. 777-800, etcetera—according to which "only God is a real cause. What we call a natural cause is not at all a real and genuine cause, but simply, if we insist on keeping the name, an occasional cause, which, as a consequence of general laws, determines that God manifests his action, which alone is effective, in this way" (V. Delbos, "Malebranche et Maine de Biran," *Revue de métaphysique*, 1916, pp. 147-148). This omnipresent, but hidden God is the source of every movement and active inclination: "God, who alone can act in us, is now hidden from our eyes; his operations are not perceptible, and although he produces and conserves every being, the mind that so ardently seeks the cause of every thing has difficulty recognizing it, although it encounters it at every moment" (*De la Recherche de la vérité*, XV^e Éclaircissement, p. 969). On the theological sources of Smith's conception of the "invisible hand," see J. Viner, *The*

Role of Providence in Social Order (Philadelphia: Independence Square, 1972) ch. 3: "The invisible hand and the economic order."

25. A. Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, p. 456: "Nor is it always the worse for the society that it [the end, promotion of the publick interest] was no part of it [the individual's intention]."
26. Ibid. Smith adds: "and very few words need be employed in dissuading them from it."
27. On this necessary "blindness," see above, lecture of 21 February 1979, the analysis of the Rule of law and the criticism of planning according to Hayek.
28. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, p. 456: "By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it." [The words Foucault attributes to Adam Smith here are in fact from Condorcet's *Esquisse d'un tableau historique des progrès de l'esprit humain*, quoted above in note 22. But see too, Smith, p. 531: "But the law ought always to trust people with the care of their own interest, as in their local situations they must generally be able to judge better of it than their legislator can do" and p. 540: "The natural effort of every individual to better his own condition ... is so powerful a principle, that it is alone, and without any assistance, not only capable of carrying on the society to wealth and prosperity, but of surmounting a hundred impertinent obstructions with which the folly of human laws too often incumbers its operations"; G.B.]
29. Adam Ferguson, *An Essay on the History of Civil Society*, ed. Duncan Forbes (Edinburgh: Edinburgh University Press, 1966). Ferguson's *Essay* was first published in Edinburgh in 1767. The French translation by M. Bergier, *Essai sur l'histoire de la société civile*, appeared in the Librairie Mme Yves Desaint in 1783, although the text was printed five years previously. This translation, revised and corrected, was republished with an important introduction by C. Gautier (Paris: PUF, 1992).
30. Adam Ferguson, *An Essay on the History of Civil Society*, p. 144. The sentence ends with these words "and the solid basis of commerce withdrawn."
31. Ibid. p. 144: "the event has shewn, that private interest is a better patron of commerce and plenty, than the refinements of state. One nation lays the refined plan of a settlement on the continent of North America, and trusts little to the conduct of traders and short-sighted men; another leaves men to find their own position in a state of freedom, and to think of themselves. The active industry and limited views of the one, made a thriving settlement; the great projects of the other were still in idea."
32. A. Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, p. 687: "Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest in his own way, and to bring both his industry and capital into competition with those of any other man, or order of men."
33. Ibid.
34. Ibid.
35. On the way in which Foucault interprets the Kantian critique at this time, see his lecture the previous year, "Qu'est-ce que la critique?" delivered on 27 May 1978 at the Société française de philosophie, *Bulletin de la société française de philosophie*, no. 2, April-June 1990, pp. 38-39 (not included in *Dits et Écrits*).
36. See *Sécurité, Territoire, Population; Security, Territory, Population*, lectures of 29 March and 5 April 1978.
37. See above, lecture of 17 January 1979 and *Sécurité, Territoire, Population; Security, Territory, Population*, lectures of 18 January and 5 April 1978.