

Keynesianism as the Governmentality of the Golden Age of Capitalism

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Overview

- Introduction;
- Michel Foucault, power and the role of economics;
- Government and governmentality;
- Liberalism, neoliberalism, Keynesianism;
- Keynes, Keynesian economics and policy-making;
- Keynesianism as an art of government;
- Concluding remarks.

Introduction

- Michel Foucault, economic thought and power relations: recent advances;
- Changing the notion of *government*, and what principles should the government follow accordingly;
- Role of economic ideas and their transition into practice;
- Classic liberalism and neoliberalism;
- What about other schools of thought and policies, such as Keynesian economics (1930-1970)?
- Economic crisis, population management, employment policies, welfare state.

Foucault, economics and power

- French philosopher Michel Foucault always put economics in a central role within his works (discourse, language, systems of knowledge, *epistemes*)
- Foucault's lectures at College de France in 1978 and 1979 investigated the role of classical liberalism and neoliberalism in creating new forms of governmentality, i.e. biopolitics .
- By bringing the market mechanism, self-interest and laissez-faire, liberalism and neoliberalism limit the action of the state within economics, but creates other forms of control. (Liberalism ≠ Freedom)

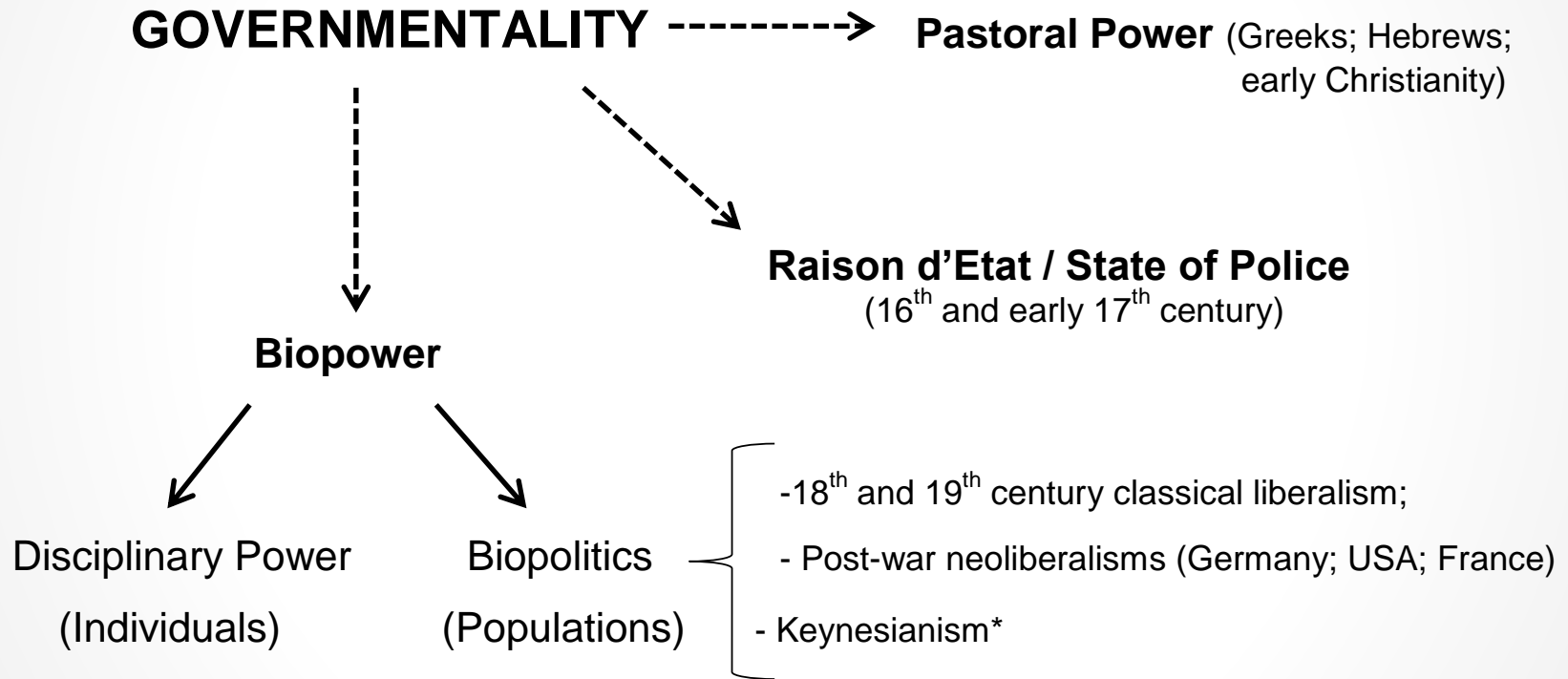
Government and Governmentality

- For Foucault, power is not only repressive or punitive; it *produces* subjects, truths, conducts and patterns. It is not something exclusive to the state and to other formal macro institutions.
- Power creates forms of government, or *governmentalities*, that is, techniques, strategies, forms of knowledge, truths that help in the government of individuals or populations.
- The Foucauldian notion of governmentality helps us understand the processes of conduct, norms and behaviors beyond traditional economic and political institutions.

Liberalism, Neoliberalism and Keynesianism

- Foucault's genealogy of liberalism and neoliberalism: role of economic rationality in the rise of new forms of collective and individual control.
- Classical liberalism was responsible for “the birth of biopolitics” insofar as it created a *liberal art of government*.
- By minimizing the size and intervention of the state, neoliberalism (which is not a resurrection of classical liberalism) proposed a new form of governmentality by inserting economistic elements into other institutions and categories of life – i.e. education, medical, urban, psychological.
- However, Foucault left aside other approaches that also influence on policy-making and on life. How could we analyse those???

Governmentality and biopolitics from a dynamic perspective



Source: Author's own work based on Gordon (1991).

Keynes, Keynesian economics and policy-making

- From WWII to mid-1970s, Keynesianism dominated the economic paradigm of policy-making: employment policies, social security systems, capital controls, high rates of economic growth.
- “Golden Age of Capitalism”
- John Maynard Keynes and early Keynesians .
- Liberal critique, anti-*laissez-faire*, organicism and state as an economic entity to minimize and/or guide markets to a better situation.
- Employment policies, economic stabilization, high aggregate demand levels, consumption, welfare state.

Keynesianism as an art of government

- “An art of government answers the question of how to introduce the economy and the way of proper managing individuals, goods and wealth into the management of the State” (Foucault, 2004, p. 94-95)
- How Keynesianism became the art of government of the post-war world?
 - **Sweden (1932):** Ernst Wigforss and Gustav Möller defended an unbalanced budget to support public works and employment policies (social Keynesianism);
 - **Britain (1941-44):** Keynes, James Meade, William Beveridge and the White Papers of 1941 and 1944 for war finance, social security and health systems;
 - **United States:** Alvin Hansen, Paul Samuelson, 1944 US Employment Bill, expansionary fiscal policy and “commercial Keynesianism”.

Concluding remarks

- How can we understand Keynesian policies from a power perspective?
- Non-liberal policies that advocate state intervention to *improve and stabilize economic outputs, minimize conflicts and provide collective welfare*.
- New forms to control and regulate population via *protection* from a number of risks, uncertainty and crisis.
- Rigidity of institutional mechanisms and growing dependency: “on the one hand, we give people greater security and, on the other hand, we increase their dependency.
- “Security pact” between the state and the population: a new design of biopolitics that seeks to improve individuals, make them better, safe and equal.

Thank you!

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