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Following the Market: Rational Choice Theory and Neo-Liberal Governmentality

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Introduction

When political scientists examine the phenomenon of power they most often locate it in individuals, non-governmental organizations, and the state. Adopting a position of exteriority, they filter their object of study through supposedly neutral methodologies. This academic far-sightedness is deceiving and only captures a part of the story. Power relations are far too complex and insidious to be reduced in this fashion. One of this paper's objectives is to adopt another perspective on the phenomenon of power, and for once look back into the mirror.

This paper, inspired by Foucault's and contemporary scholars' work on hegemonic neo-liberal rationality, analyses rational choice theory, an increasingly prevalent paradigm in political science. Rational choice theory is demonstrably symbiotic with neo-liberalism as it poses the individual as entering all spheres of life as *homo oeconomicus*, a rational utility maximizer, and whose behaviour can be controlled by altering his environment. Besides being analogous at the ideological level, this methodological framework is exposed as a technology of power advancing neo-liberal mode of government, acting through both internalization and uniformization of market-based rationality. Hence, the object of this analysis is not to provide another critique of rational choice theory on epistemological grounds, but rather to assess the role that this conceptual framework plays as a catalyst for neo-liberal governmentality. This paper outlines and compares the principal tenets of rational-choice theory and neo-liberalism by drawing from political science textbooks and journals (for rational choice theory) and sources on the Ordo-liberal School and the Chicago School (for neo-liberal thought).

Besides being a critique of the rational choice paradigm, this paper implicitly upholds the view that political scientists should not restrain their exploration of power to the state apparatus. In the end, it is hoped that by looking at rational choice theory as a technology of power we can start to re-legitimize the existence of other forms of rationality.

Foucault and Power

The present analysis draws heavily on the French philosopher Michel Foucault and the Nietzschean method of genealogy he used to decipher the interconnection of knowledge and power. Since Foucault's view of power is heterodox to the traditional definition of political science, we will summarize his account of this phenomenon before explaining its relation to technologies of government.

According to Foucault, power is not located in any specific institution such as the state. On the contrary, power is seen as an always-mobile force relation that cannot be permanently crystallized. Statism is a technology of power, a social "*courroie de transmission*" imbued and forged by power relations, but power cannot be reduced to this peculiar social structure. However, we should not derive from this distinction that we can study power as a trans-historical essence. In fact, power – the interplay of a web of asymmetrical forces – only reveals itself by investing and passing through individuals, institutions, and the production of truths. As Dreyfus and Rabinow point out, "power is a general matrix of force relations at a given time, in a given moment"¹. This is precisely the reason why Foucault does not bring forward a theory of power but rather an analytic

¹ Hubert L. Dreyfus, Paul Rabinow, *Michel Foucault , Beyond Structuralism and Hermeneutics* (Chicago: The University of Chicago Press, 1983), 186

of power; he found it more heuristic to illustrate how power operates than try to uncover its everlasting essence².

Furthermore, Foucauldian scholars will regard the emphasis on the state apparatus³ as occulting the multi-directionality of power relations and the effect of different social spaces (prison, school, etc.). In Foucault's perspective where there is power there is resistance⁴. Power cannot be owned only exercised, and this exercise adapts itself to the subjectivity and resistance of the object of power:

[Power] is never localised here or there, never in anybody's hand, never appropriated as a commodity or piece of wealth. Power is employed and exercised through a net-like organisation. And not only do individuals circulate between its threads; they are always in the position of simultaneously undergoing and exercising this power. They are not only its inert or consenting target; they are always also the element of its articulation.⁵

The state is never in a position of exteriority, transcending the social as it were. Far from it, the state is adapting its mechanisms of control on the situation of its subjects. The state and the elite indeed 'care' about the thoughts and desires of their population because they need to govern their conduct so that they are compatible with their position of subjection⁶.

Distancing itself from the Hobbesian view of power⁷, Foucault distinguishes three kinds of power relationships: power as strategic games, governmental technologies, and

² *Ibid.*, 185

³ Or on any other monological actors like the Bourgeois class or Pareto's elite

⁴ Michel Foucault, *Dits et Écrits* (Paris : Gallimard, 1994), 160

⁵ Michel Foucault, "The Juridical Apparatus", in William Connolly, ed., *Legitimacy and the State* (Oxford: Basil Blackwell, 1984), 212-213

⁶ Michel Foucault, "The Subject and Power", in Hubert L. Dreyfus and Paul Ra binow, *Op. Cit.*, 214

⁷ For Hobbes, power is the capacity (that can be 'owned' through personal qualities and social resources) to get future goods, see Thomas Hobbes, *Leviathan* (Indianapolis: Hackett, 1994), 50

states of domination⁸. (1) Power as strategic games is, to put it simply, an exercise of power over free agents to influence their choices. As Lemke explains, this form of power pervades the social sphere in a multitude of ways: “power as strategic games is a ubiquitous feature of human interaction, insofar as it signifies structuring the possible field of action of others.”⁹ Besides the instability of these relations, not much can be said about this form of power as it is omnipresent, available to anyone, passes through heterogeneous means, and can be exercised for multiple objectives¹⁰. (2) Governmental power is certainly one of the great innovations of Foucault’s theory. It will also be the form of power at play in our analysis of rational choice theory and neo-liberalism. More stable, it refers to the art of governing the way people conduct themselves¹¹ through different strategies, techniques and procedures¹². Moreover, governmental power always involves a rationality or mentality of government, structuring and calculating the agents’ behaviour – hence the term governmentality coined by Foucault (*gouvernementalité*, word derived from *gouvernement* and *mentalité*). Governmentality is an ‘array of technologies of government’¹³ and a political rationality, both characteristics influencing each other. It must thus be understood that the terms governmentality, governmental, or technique of government do not refer specifically to the state, but are rather used in a broader sense to define a rationality of governance linked to systematized technologies engaged in the ‘conduct of conducts’. (3) Finally, Foucault calls domination the

⁸ Tomas Lemke, ‘Foucault, Governmentality, and Critique’, paper presented at the *Rethinking Marxism Conference*, University of Amherst (MA), September 21-24. available online at: <http://www.thomaslemkeweb.de>

⁹ *Ibid.*, 5

¹⁰ Barry Hindess, *Discourse of Power, From Hobbes to Foucault* (Oxford: Blackwell, 1996), 100

¹¹ Graham Burchell, ‘Liberal government and technique of the self’, in Andrew Barry, Thomas Osborne and Nikolas Rose, eds., *Foucault and Political Reason* (Chicago: The University of Chicago Press, 1996), 19

¹² Michel Foucault, *Surveiller et punir* (Paris: Gallimard, 1975), 251

¹³ Graham Burchell, ‘Liberal government and technique of the self’, in Andrew Barry, Thomas Osborne and Nikolas Rose, eds., *Op. Cit.*, 42

phenomenon political scientists normally qualify as power. It differs from the two previous modalities of power in that the subordinate person has a very limited margin of freedom¹⁴. In such relationships, the dominant player has most chances to be capable of imposing his will against the resistance of the other¹⁵.

From this perspective, rational choice theory and more largely ‘economism’ in the social sciences can be understood as articulating in a specific context (the *academia*) the prevalent rationality of government (neo-liberalism). Although rational choice theory presents itself as an objective methodological framework and not as a technique of governance, we will show that this transformation is merely the persuading device that neo-liberal governmentality adopts to colonize the social sciences. Our analysis aims to expose rational choice theory as a technology being promoted by and advancing further the ‘political rationality’ of neo-liberal governmentality. In line with the neo-liberal governmental agenda, it presents an idealized vision of human interactions, attempts to render this model hegemonic, and through it, controls more effectively individuals through their choices or freedoms¹⁶:

As political rationality, governmentalities are to be analyzed as practices for the “formulation and justification of idealized schemata for representing reality, analysing it and rectifying it”- as a kind of intellectual machinery or apparatus for rendering reality thinkable in such a way that it is amenable to political programming (Rose & Miller 1992: cf Miller & Rose 1990)¹⁷

¹⁴ Barry Hindess, *Op. Cit.*, 102

¹⁵ *Ibid.*, 102

¹⁶ This phenomenon is also revealed by social psychology experiences attesting that a declaration of freedom increases the probability of positive behaviour. See R. V. Joule and J.L. Beauvois, *Petit traité de manipulation à l'usage des honnêtes gens* (Grenoble : Presse Universitaire de Grenoble, 1987) and R.V Joule, J.L Beauvois, *La soumission librement consentie, comment amener les gens à faire librement ce qu'ils doivent faire* (Paris : Presse Universitaire de France, 1998)

¹⁷ Barry Hindess, *Op. Cit.*, 42

Rational choice theory will thus be illustrated as a technique through which the understanding of political reality is reframed in a way symbiotic with neo-liberal rationality, thereby colonizing academia and using this institution to foster this model of social control. Rational choice theory, just like neo-classical economic theory, legitimizes neo-liberal rule by presenting its utopian project and the profit-maximizing atomized individual underpinning it through a scientific gaze¹⁸. The connection drawn between rational choice theory and neo-liberalism is also influenced by Foucault's view of power since he regarded methodologies and the production of truths in general as being affected by the interplay of power relations¹⁹. His account of the development of the social sciences' disciplines highlights their normalizing effect and their participation in social control²⁰.

Neo-Liberal governmentality's evolution

Nowadays, neo-liberalism, and its underlying rationality of government, pervades our institutions and ourselves to such an extent that it appears to many as the natural order of things. It is thus necessary, for our argument but also for the sake of resituating our lives, to contextualize neo-liberalism. As Foucault, our goal here is not to explain neo-liberalism thought by drawing the main elements of its ideology (this would only perpetuate the utopia and capture a part of the movement), but to reveal it as an art of government, as a practice applied to individuals as well as to the social. Nonetheless, in order to historicize this phenomenon, it is crucial to situate the point of departure of this

¹⁸ For the role of economic theory and neo-liberalism as utopia, see Pierre Bourdieu, "The essence of neoliberalism", *Le Monde diplomatique*, Decembre 1998

¹⁹ Alan Thacker, 'Foucault and the Problem of Method', Moya Lloyd, Andrew Thacker, eds., *The Impact of Michel Foucault on the Social Sciences and Humanities* (London: Macmillan Press, 1997), 16

²⁰ *Ibid.*, 16

rationality of government and its *problématique* before highlighting how the social ‘engineering’ it supports operates.

In the first place, it is important to debunk the neo-liberal slogan affirming the absence of any alternative and the trans-historical quality of the present situation. In fact, as Susan George explains, neo-liberalism is a rather new phenomenon, even in economic theory:

In 1945 or 1950, if you had seriously proposed any of the ideas and policies in today’s standard neo-liberal toolkit, you would have been laughed off the stage or sent off to the insane asylum. At least in the Western countries, at that time, everyone was a Keynesian, a social democrat or a social-Christian democrat or some shade of Marxist. The idea that the market should be allowed to make major social and political decisions; the idea that the State should voluntarily reduce its role in the economy, or that corporations should be given total freedom, that trade unions should be curbed and citizens given much less rather than more social protection—such ideas were utterly foreign to the spirit of the time.²¹

The emergence of neo-liberal governmentality program has been traced by Foucault to the Freiburg School (often labelled by Foucauldian scholars as the *Ordo-liberals*)²². In opposition to classical liberal thought, these scholars adopted an anti-naturalist stance towards the market²³. In their perspective, the market is not a natural reality, nor an ideal that society can reach, but a social structure or mechanism that must be enforced by laws and state support. It is not sufficient in their view to delimit the legitimate space of the market from that of government and restrain intrusion from the latter, the state itself must be the protector of liberalism and create the proper legal frame for free markets to emerge. The Freiburg School is not opposed to state intervention *per se*, only to anti-liberal forms of intervention.

²¹ Susan George, “A Short History of Neoliberalism”, Conference on Economic Sovereignty in a Globalising World, March 24-26, 1999, in *Global Policy Forum*, available online at: <http://globalpolicy.org/globaliz/econ/histneol.htm>

²² Of course, a more in depth genealogy of neo-liberalism would trace its roots to utilitarianism and before.

It is important to understand that their motive is also political. The Freiburg School is genuinely seeking to give legitimacy to the new German State. While most liberal advocates were concerned with legitimizing the free market relation in an existing state, the Freiburg School posed economic rationalism as the legitimizing principle of the reconstruction of Germany, and as the core of the governmental enterprise. Lemke compares with much clarity the difference with early liberal doctrine: “whereas in the 18th century the problem liberals addressed was how to limit an existing state and establish economic liberty within it, in Germany after 1945 the problem was the opposite: how to create a state that did not yet exist on the basis of a non-state domain of economic liberty”²⁴.

Another group of scholars, publicly known through their academic affiliation as the Chicago School, will further and radicalize these positions. Although influenced by the Freiburg School²⁵, these scholars will come to theorize neo-liberalism in the form we live it today. The Chicago School not only concurs on the constructivist character of the market but also expands the locus of economic rationality in a totalizing fashion. No longer framed in the question of state legitimacy, market relations are analyzed as the *ethos* of all institutions. The state’s role is still regarded as protector of the market but there is no longer any qualitative difference between the two: the state is conceived as just another form of enterprise. What happens with the Chicago School is a total horizontal levelling of the social that postulates economic rationality as the only valid

²³ Thomas Lemke, “The Birth of Bio -Politics- Michel Foucault’s Lecture at the Collège de France on Neo - Liberal Governmentality, 3, available online at: <http://www.thomaslemkeweb.de>

²⁴ *Ibid.*, 6

structuring principle for action: ‘here the economy is no longer one social domain among others with its own intrinsic rationality, laws, and instruments. Instead, the area covered by the economy embraces the entirety of human actions [...]’²⁶. Despite the prominence of this view, it certainly has received its fair share of criticisms.

Many leftist intellectuals have decried this *reductio ad absurdum*. They contend that this ideology claims scientific validity by making abstraction of the social conditions which permits neo-liberalism to exist and that its diffusion effectively encourages social Darwinism²⁷. It is certainly true that at the level of ideology, neo-liberalism is self-supporting and legitimizes a ‘*capitalisme sauvage*’.

Yet, besides occulting social structures, neo-liberalism acts as a practice of government in three major ways (analytic, programmatic, and ‘environment alteration control’). First, as Thomas Lemke explains, it makes uniform all social phenomena, and hence permits the scholar to generalize a market-like cost/benefit calculus as a criterion for all actions. Secondly, it serves as a pegging norm to judge all institutional and individual behaviour through this normative framework. With these two factors combined, we can understand how neo-liberal think tanks have assessed educational policies on the basis of their ‘performativeness’, for in this logic the rational quality of any governmental policy takes a uni-dimensional meaning. Thirdly, the generalization of economic rationality opens a new mode of control which we will name ‘environment alteration control’. If actors are all basing their choices on a common and basic *ratio* (in

²⁵ Graham Burchell, ‘Liberal government and technique of the self’ in Andre Barry, Thomas Osborne and Nikolas Rose, eds., *Op. Cit.*, 23

²⁶ Thomas Lemke, *Loc. Cit.*, 8

²⁷ See for example Pierre Bourdieu, *Loc. Cit.*

our case the cost/benefit calculus), one needs only to alter one of these two variables to change the subject's decision or policy. For example, the Chicago School will interpret criminality according to a 'rational' evaluation of cost (punishment) and benefit (reward) and will thus propose policies that account for a sound balance between the supply of sanctions and the demand for crime. The Chicago School rejects the classical symbol of the *homo criminalis*²⁸ and proposes its new technique of government to control this different form of *homo oeconomicus* which non-scientifics commonly call criminals.²⁹

It is important to recall that these three modes of control are based on rational choice theory's focus on the individual level. Even when referring to collective actors such as a corporate firm, a university or the state, this mentalist conception of the world tends to project those entities like autonomous and atomized individual actors. This emphasis put on the individual also plays a role in neo-liberal governmentality. This phenomenon corresponds to what social psychologists call the norm of internality: 'Social valuing of judgement that accentuate the causal weight of the actor in what he/she does (behaviours) and in what happens to him/her (outcomes and reinforcements) to the detriment of judgements that minimize that causal weight.'³⁰ Subsuming all reality to this ideal-type individual transcending space and time nourishes practices of 'government through freedoms'.

²⁸ Which regarded criminals as different human beings

²⁹ This paragraph is derived from Lemke's explanation of neo-liberalism's three modes of governmental power. See Thomas Lemke, *Loc. Cit.*, 8

Neo-classical economics' individualist rationality: the missing link

Historically, rational choice theory is older than the Chicago School and it would thus be inaccurate to affirm that this methodological framework originates from the neo-liberal project. Nevertheless, it is here argued that with the rise of neo-liberal practice of government rational choice theory's function in society goes well beyond uncovering social facts. If 'economism' in social science is not intrinsically bad, in the context of neo-liberal governmentality it becomes the expansion of a social control mode. In the context of neo-liberalism, rational choice theory becomes more than just another theoretical framework, the definition of human rationality it supports is one of neo-liberalism's main techniques used to bring individuals and institutions under control. From this angle, one can easily see the danger of rational choice theory's predominance and its social meaning.

The link connecting the rational choice school of thought and neo-liberalism lies in their definition of human rationality, which they both derive from neo-classical economics. In economical theory, the Chicago School is one of the main schools classified under the term of neo-classical economics. In line with much of neo-classical stream of thought, it purports the conception of an idealized economic rational man (*homo oeconomicus*)³¹. Albert O. Hirschman who critiqued economical theory as omitting relevant non-economical form of behaviours (like collective political actions), offers this concise yet comprehensive definition:

³⁰ J.L. Beauvois, 'Glossary', in Nicole Dubois, ed., *Sociocognitive Approach to Social Norms* (New York: Routledge, 2003), 249

³¹ Martin Hollis and Edward J. Nell, *Rational Economic Man, A Philosophical Critique of Neo-Classical Economics* (London: Cambridge, 1975), 53

Economics as a science of human behaviour has been grounded in a remarkably parsimonious postulate: that of the self-interested, isolated individual who chooses freely and rationally among alternative courses of actions after computing their prospective costs and benefits.³²

This ideal-type individual-atom is furthermore illustrated as a constrained maximizer. Neo-classical economics methodology aims at studying scientifically the influence on actors' behaviour change in these constraints (i.e. time, resources, money, technology, etc) can have³³. In this perspective, the individual will always tends toward a maximizing condition in his mean-end calculus³⁴. Still, the question remains, what exactly is that individual seeking to maximize? Neo-classical economics sees 'decision utility' as the objective of our constant cost and benefit calculations. It is not the subjective preference of the individual (its subjective 'goal') that must be evaluated by economists, but the utility-maximizing choices he makes to obtain it: "neo-classical economic theory assumes that individual preferences are exogenous, ordered, and stable. How these preferences are formed is not of analytical concern because, economists argue, individuals make independent rational choice to maximize their utility"³⁵. For example, the neo-classical economic model will show little interest in the fact that a particular individual wishes to win at the lottery, it will rather focus on the choice this individual makes between different games based on a rational calculation of their cost (cost of the ticket and the probability he or she has of winning the game) and benefit (the prize)³⁶. The driving force

³² Albert O. Hirschman, "Against Parsimony, Three easy Ways of Complicating Some Categories of Economic Discourse" cited in David Kiron, "Economic and the Good, I: Individuals", in Frank Ackerman and others, eds., *Human Well-Being and Economic Goals* (Washington: Island Press, 1997), 165

³³ Martin Ricketts, ed., *Neoclassical Microeconomics, Volume I* (Aldershot: Edward Elgar Publishing, 1988), 2

³⁴ *Ibid.*, 2

³⁵ Roger Friedland and A.F. Robertson, eds., *Beyond the Marketplace, Rethinking Economy and Society* (New York: Aldine de Gruyter, 1990), 24

³⁶ This example is typical of an application of game theory, and more precisely of the Neumann-Morgenstern (vNM) utility function, see J. C. Harsanyi, "Game and Decision-Theoretic Models in Ethic

of individuals' behaviour and of the institutions which derive from their actions is thus to be founded in instrumental rationality.

Rational choice theory, as applied to political science, is an extension of economy's methodological individualism and effectively replicates its market-supportive conception of individual behaviour and rationality. In their famous critique of rational choice theory, Green and Shapiro list the four 'generally accepted assumptions' of rational choice theory as follows: (1) rational behaviour is characterised by utility maximization, (2) rational action requires consistency in ordering options (options can be rank-ordered and preference orderings are transitive), (3) the value the individual seeks to optimize is 'expected' (because choice must often be made in uncertain conditions), and (4) the relevant analytical unit is the individual³⁷. Although Shapiro and Green are foremost critics of rational choice theory, their account of this framework's definition of rationality is not denied by the 'believers'. George Tsebelis for instance, in an application of the rational choice model to comparative politics, presents rationality as 'nothing more than an optimal correspondence between ends and means'³⁸. He later defines rationality further by adding these requirements to rational behaviour: it is expected-utility maximizing, the beliefs or preferences cannot be contradictory, preferences cannot be intransitive, and reason conforms to the axioms of probability calculus³⁹. After presenting these conditions of rationality as the 'weak' requirements, he further borrows from the economical model by basing his 'strong' requirements on the theory of equilibrium

(Summary)", in Frank Ackerman and others, eds., *Human Well-Being and Economic Goals* (Washington: Island Press, 1997), 113

³⁷ Donal P. Green and Ian Shapiro, *Pathologies of Rational Choice Theory, A Critique of Applications in Political Science* (New Haven: Yale University Press, 1994)

³⁸ George Tsebelis, *Nested Games, Rational Choice in Comparative Politics* (Berkeley: University of California Press, 1990), 18

strategy and situating the locus of rational choice analysis in the institutional constraints imposed on rational actors⁴⁰. Recognizing himself the parental position of neo-classical economics towards rational choice theory, Tsebelis cites Milton Friedman, one of the main figures of the Chicago School, to defend the epistemological value of the methodological framework⁴¹. Evelyne Huber and Michelle Dion, in their assessment of the contribution of rational choice theory to the study of Latin American politics, also list similar assumptions to define the paradigm: utility maximization, structured preferences (transitive and rank-ordered), and focus on individual or unitary actors' strategic choices to explain collective outcomes⁴². They also point out to the kinship of neo-classical economics and rational choice theory: "in the most restricted sense, the rational choice approach is the political application of microeconomic theoretical assumptions to the study of politics, or the use of economic models for the study of non-market phenomena"⁴³. Regardless the fact that some rational choice theorists wish to incorporate cultural elements in the theory they also remain faithful to utility maximizing and to the cost and benefit calculating rationality⁴⁴.

However, there exists one major difference between rational choice theory and the Chicago School that might lead us to conclude that the former is less normative than the latter. The Chicago School shares for the most part a utopian vision of 'free' market and pure competition, whereas only a minority of rational choice theorists overtly defends an economic system. Vehemently opposed to bureaucratic or centralized governance, the

³⁹ *Ibid.*, 24-27

⁴⁰ *Ibid.*, 40

⁴¹ *Ibid.*, 31

⁴² Evelyne Huber and Michelle Dion, 'Revolution or contribution? Rational choice approaches in the study of Latin American politics', *Latin American Politics and Society*, Fall 2002, 2

⁴³ *Ibid.*, 2

Chicagoans support both the ideas that market relationships distribute resources in a more efficient way than state's policy and more importantly, that market environment corresponds to individual freedom⁴⁵. The Chicago School thus sees the role of capitalist market as going well beyond a better organization of economic resources. It indeed understands this form of hyper-individualized relationships as a rampart against government erosion of individual choices and even the foremost protector of political freedom⁴⁶. As Ezra J. Mishan summarizes: "the clear belief of the Chicago School is that, in the absence of direct government intervention in the operation of free markets, the system will function at least as well as it would under any alternative economic arrangement"⁴⁷.

Even though rational choice theorists are not as explicit in their support of free market, this is only a superficial difference. They might not be aware of pushing the same economic agenda, but their similar conception of the individual's mind and behaviour does nonetheless bend in the same direction. The epistemological premises of rational choice methodology support a market-like environment. Since individual's choices are seen as optimal when calculating cost and benefit, it values above all other norms a form of liberty akin to private consumption. It also presupposes a form of individuality that excels in total isolation, much like the *homo oeconomicus* that neo-classical economists wish to protect from government. In the end, the foundations of rational choice theory tend to perpetuate the idea that utility-maximizing individuals (in their perspective

⁴⁴ See for example Daniel Little, "Rational -Choice Models and Asian Studies", *The Journal of Asian Studies*, February 1991, 39

⁴⁵ Warren J. Samuels, "The Chicago School of Political Economy: A Constructive Critique", in Warren J. Samuels, ed., *The Chicago School of Political Economy* (East Lansing: Association for Evolutionary Economics and Graduate School of Business Administration, 1976), 12-13

everybody) would make better choices in an environment reproducing the structure of the capitalist free-market. The neo-classical conception of the mind and its presupposition of free-market economy is also constitutive of rational choice foundations:

The second [presupposition of neo-classical theory] is a conception of the mind, the mind of the autonomous individual who, in his numbers, postulates the economy of private choice and free exchange. Mind is understood as approximating the perfect instrument of pleasure and pain, work dissatisfaction and consumption satisfaction, utility optimising, preferences balancing, cost minimising calculus with cost differentials, opportunity sets, wants, utilities or preference relationships taken as a given.⁴⁸

Thus, although some rational choice theorists might not recognize the market as the solution to all ills or claim allegiance to neo-liberal reforms, the epistemological assumptions (instrumental rationality, utility, and maximization) of their theory will tend to influence their results in favour of a minimal state, marketization and the so-called 'new public management' (private enterprise modes of governance applied to government enterprises)⁴⁹.

Rational-choice theory: neo-liberal control through individual freedom

Yet, the present critique's objective is not to demonstrate that rational choice theory supports one or another form of economy, or to expose it as ideological propaganda. What matters in the light of Foucauldian analysis is that it is supporting a form of governance, more precisely the neo-liberal form of governmentality. If we

⁴⁶ Ezra J. Mishan, "The Folklore of the Market: An Inquiry into the Economic Doctrine of the Chicago School", in *Ibid.*, 95

⁴⁷ *Ibid.*, 98

⁴⁸ Robert A. Solo, "Neoclassical Economics in Perspective", in *Ibid.*, 54

⁴⁹ Mark Bevir, R. A. W. Rhodes, "A decentered theory of governance: rational choice, institutionalism, and interpretation", Working Paper 2001-10, *University of California eScholarship Repository*, 2001, 4-19, available online at: <http://repositories.cdlib.org/WP2001-10/>

analyse the correspondence between microeconomics and rational choice theory, it aims to show that they both represent and advance a specific regime of social control that we label neo-liberalism.

In order for our argument to be clear, let us now restate the three modes of control that characterize the techniques of power that further neo-liberal form of governmentality. First, it was explained that these techniques render uniform all social phenomena, thereby prioritizing instrumental rationality (cost and benefit calculus) as the ultimate criterion for all behaviours. It should now be obvious that this analytic principle is central to rational choice theory. Indeed, the rational choice framework posits all reality as amenable to the same form of instrumental rationality. It does not matter if one has to make a choice with regards to bargaining a price, choosing a university or discipline, or selecting a sexual partner, all these behaviours fall under the same logic. As we stated, this follows from the scientific and universality claims of neo-classical economics. Secondly, we argued that such generalization of economic behaviour acts as a pegging norm to judge all institutional and individual behaviours. This follows directly from the uniformization principle. If all reality is reducible to this uni-dimensional perspective, then all actions can legitimately be judged on the criterion of maximizing rationality, and entered in a dichotomy applauding rational policy or behaviour (for example policies replicating market rationality) and denouncing irrational choices (for example implementation of educational reforms based on a metaphysical idea of personal development). Finally, economic rationality hegemony opens the door to ‘environment alteration control’. If all actors in society individualize this cost and benefit criteria to decide in every part of their lives then we can decipher or alter their choice by analyzing

or changing their environment. Rational choice theory, with its focus on agents' constraints, effectively serves as a technique which predicts actors' behaviour once they have been 'engineered' (as much as possible) to think and act in an economical fashion. Of course, the 'environment alteration control' technique cannot be fulfilled alone by methodologies like rational choice theory. Other neo-liberal techniques advance this goal by extending the private sphere and the entrepreneurial way of life. We must stress the fact that rational choice theory is only one of the different techniques of power underlying the neo-liberal agenda⁵⁰.

As a technique of power, rational choice theory is a paradigmatic example of the shift from the liberal to the neo-liberal era. As Karl Polanyi explains, classical liberal thought was concerned with the transformation of economy and industry; the 'free market' was the salutary utopia to be protected from collective forces: "strictly, economic liberalism is the organizing principle of a society in which industry is based on the institution of a self-regulation market"⁵¹. Of course, this had repercussions on moral questions, Enlightenment thinkers debating the nature of political motivation: some are localizing it in greed, while others are defending landed aristocracy's civic virtues. Nevertheless, when greed is seen as the impetus of civilization, politically created morality is recognized as necessary to preserve some form of societal integration⁵². In classical liberal thought, there remains a concern for a balance between the growing

⁵⁰ Besides privatizing public institutions, neo-liberal governmentality also rests on techniques like self-esteem campaigns, prudentialism (actuarial techniques), and the concept of the 'new consumer in marketing, see for example Andrew Barry, Thomas Osborne and Nikolas Rose, eds., *Op. Cit.* and Damian Hogson, "Know your customer : marketing, governmentality and the 'new consumer' of financial services", *Emerald*, 40/4, 2002, available online at: <http://www.emeraldinsight.com/0025-1747.html>

⁵¹ Karl Polanyi, *The Great Transformation, The Political and Economic Origins of our Time* (Boston: Beacon Press, 2001), 155

⁵² See for example Pufendorf, *The Law of Nature and Nations*, fifth edition (London) and Bernard Mandeville, *The Fable of the Bees* (F. B. Kaye: Oxford 1924)

sphere of industry and the integrating force of political institutions. Neo-liberalism is also preoccupied with creating a new order and reconfiguring the structure of society on the basis of the rational, self-interested, and atomized individual. However with neo-liberalism the scope of the transformation has changed. Much more totalizing, its endeavour is to act as ‘the organizing principle of a society where all institutions and individual subjectivity are based on the myth of a self-regulation market’. The result cannot be reduced to a radical form of liberalism. Whereas liberalism dictated the proper space and limits of the different social spheres (public vs. private, political intervention and the market, etc), neo-liberalism seeks to reengineer the social in its entirety, posing itself as the *telos* of all reality

Albeit their similar purpose, the Chicago School and rational choice theory differ on the level of self-consciousness as techniques of governmentality. In political science, rational choice theorists are largely convinced that they are doing nothing more than portraying an objective and scientific account of society. Answering their critics, rational choice theorists often present the predominance of their paradigm as the triumph of behaviourism, the defeat of metaphysics and naïve empiricism, and as the only progressive path toward a long-awaited unified theory in social sciences⁵³.

The Chicago School on the other hand, is much more aware of its normative component. Chicago School’s figureheads like Frank H. Knight and Milton Friedman were very conscious of the limits of individualist methodology and that their analytic tools were intertwined with a prescriptive strategy. However, they considered the

⁵³ Joseph V. Brogan, “A mirror of enlightenment: The rational choice debate”, *The Review of Politics*, Fall 1996, 795

assumption of individual rationality as necessary to defeat statism and promote individualism as a social norm. In his own words, Knight saw reality as being ‘not what is logical, but what it suits our purposes to treat as real’⁵⁴ and was looking for the ‘basis of a propaganda for economic freedom’⁵⁵. He and Friedman recognized the importance of collectivist methodology⁵⁶ (influence of social structures and collective agencies on the individual) but occulted all collective reality in their own method to advance their normative strategy of ‘economic education’:

Chicago economics, following Knight, is a science infused with a social control idea. Chicago economics is social engineering at its most subtle level. It is part of the social processes which socialize man along certain lines and not others. The Chicago School economist is both investigator and pleader, both observer and participant. The market is not a mere object of study; it is something which must be shown to work, and evidence to the contrary, while admitted, is narrowly and safely circumscribed.⁵⁷

At the heart of the Chicago School project lies the endeavour to promote the ‘rational economic man’ and ‘free market’ as new founding myths to legitimate the *status quo* and move institutions toward their ideal. Ironically, in the process the School itself acts like the social forces it wishes to deny.

Yet, the matter is not one of intention. While unconscious of its role in the social, rational choice theory, through the extension of a market-based assumption of rationality, nonetheless acts as a practice of government. It might be just the case that the rational choice theorists are more convincing ideologues because of their naivety. Rational choice theory, as a neo-liberal technique, also acts as a self-fulfilling prophecy.

⁵⁴ Frank H. Knight, “The Ethics of Competition” cited in Warren J. Samuels, ed., *The Chicago School of Political Economy* (East Lansing: Association for Evolutionary Economics and Graduate School of Business Administration, 1976), 365

⁵⁵ Frank H. Knight, “Theory of Economic Policy and the History of Doctrine”, cited in *Ibid.*, 368

⁵⁶ Warren J. Samuels, “Further Limits to Chicago School Doctrine”, in *Ibid.*, 403

By propagating the idea of the ‘rational economic man’ and pushing forward the neo-liberal order, its object of study becomes more and more real.

Academia in context, colonising one world after another

Today, rational choice theory is the prevailing methodological framework in political science⁵⁸. Research resources and departmental appointments are increasingly channelled toward the followers of this model. Originating in the 1950s, rational choice theory’s application to political science has gained a predominant position over the last three decades. For example, the number of articles based on this theory published in the *American Political Science Review* has almost doubled between 1982 and 1992⁵⁹.

Rational choice theory can no longer be analyzed as external to the rise of neo-liberalism. This methodology acts as a microcosm of neo-liberal rationality and enters the disciplines behind a veil of objectivity. We must remember the socio-historical context in which rational choice theory takes place. Rational choice theory has taken predominance alongside the demise of the welfare state, the privatization of countless social services, the marketization of the very universities in which this methodology flourishes. The same teachers professing the objective value of rational choice theory have often been driven into entrepreneurial competition in a structure some critics now label as academic capitalism⁶⁰. Furthermore, the World Bank has explicitly called for

⁵⁷ Warren J. Samuels, ‘Chicago Doctrine as Explanation and Justification’, in *Ibid.*, 382-383

⁵⁸ Joseph V. Brogan, *Loc. Cit.*, 793

⁵⁹ Donald P. Green and Ian Shapiro, *Op. Cit.*, 3

⁶⁰ Les Levidow, ‘Marketizing Higher Education: Neoliberal Strategies and Counter-Strategies’, *The Commoner*, N.3, January 2002, available online at: <http://www.thecommoner.org>

neo-liberal reforms in higher education⁶¹ and the private incursion in this field is so advanced that the *UNESCO Courier* has declared: “Along with healthcare, education is one of the last fortresses to be stormed. A broad market-oriented reform of the public service of education is underway”. Rational choice theory represents at the level of social thought this market-oriented reform.

The ‘public choice’ subset of rational choice theory has played a strategic role in supporting the privatization movement and the application of market rationality in government’s decision-making processes. Rational choice theory has been promoted as the prime perspective in policy making, its popularity in part driven by a movement to push politics out of the government:

[...] Rational models are seen not merely as some bundle of techniques to do policy analysis. The mission of public/rational choice practitioners has become, in our view, far more ambitious; the objective for many devotees of rational models is to supplant the pushing, bargaining, and noise of democratic politics with the putative elegance and parsimony of a rational calculus, the application of which will maximize cost-effectiveness and personal freedom.⁶²

In the field of educational policy, rational choice theorists proposal of policies reveal their tendency to support neo-liberal reforms. For example, they have favoured school vouchers as a more competitive and efficient way of subsidizing education⁶³. The perennial argument of the freedom of the parents (seen as consumers) is also presented to support this policy. As Neiman and Stambough highlight, this position is based on the

⁶¹ Bruce D., Johnstone, A. Arora, W. Experton, “The Financing and Management of Higher Education: A Status Report on Worldwide Reforms” (Washington: World Bank, Departmental Working Paper), available online at: <http://www-wds.worldbank.org>

⁶² Max Neiman, Stephen J. Stambough, “Rational choice theory and the evaluation of public policy”, *Policy Studies Journal*, Autumn, Vol. 26, 450

⁶³ Max Neiman, Stephen J. Stambough, *Loc. Cit.*, 453-454

idea that the market is an intrinsically superior tool of policymaking and that it must be elevated as the state criterion for all actions:

public choice theorists, then, are sent off with the following marching orders: (1) private sector choice are in the main superior to those of the public sector, when such choices are evaluated in terms of efficiency and “consumer” satisfaction. [...] (4) When government interventions are conceded to be necessary, as a result of having met the conditions for such actions, then they should be designed as much as possible to replicate the working of markets, on the supply and demands side.⁶⁴

The core concern of neo-liberal governmentality is revealed in the last passage. The different techniques, like rational choice theory, that foster this mode of control do not seek less ‘government’ (in the Foucauldian sense), but less politics. The retreat of the state it pushes for is a strategy seeking ‘control through freedom’, a more decentralized and individualized mode of subjugation. Like the Freiburg and Chicago School, rational choice theory is not against interventionism, but only opposed to anti-market and bureaucratic regulations. In the case of school voucher policies, Neiman and Stambough argue that rational choice policies, since they involve implementing a whole range of personal incentives, may ironically create a more active and intrusive state than ‘political’ and democratic policymaking⁶⁵.

Of course, the fact that rational choice theory is based on and furthers market rationality does not mean that all rational choice theories bearing on the topic of privatisation would support this option in public policy. In fact, if the goal of the individual politician under analysis is re-election, rational choice theorists would most

⁶⁴ *Ibid.*, 451-452

⁶⁵ *Ibid.*, 461-462

probably present this choice as not very utility maximizing⁶⁶. However, by framing all reality in a market-like lens, rational choice theory indirectly portrays market-based instrumental rationality as the only valid basis for policies. Political argumentation based on other norms of legitimacy (for example the Aristotelian good life or Rawls justice as fairness) is *a priori* taken as irrational and not deserving public attention.

Conclusion

We explained in the beginning of this paper that Foucault viewed power as productive and multidirectional. In conclusion, it might be appropriate to ponder our own role in the perpetuation of neo-liberal governmentality, and to be critically reflexive on the extent to which we have been shaped into this mythological ‘rational economic man’; for all students of political science are taught such models so that they are replicated in other fields; for most citizens are being reduced to consumers so that they vote and speak as they shop. In this sense, we only have to look into ourselves to find the demise of traditional politics. Members of the academic community are no vanguard. Yet we must resist the colonization of our social sphere, just like we must confront consumerism in our daily life as members of the general public. We often look from above to analyze the politics of the day, but only rarely do we reflect critically on our own role in power relations. On such questions, political science can learn a lot from the insights of Michel Foucault. Beyond the appearances, Foucault’s primary concern was not the institutions of society (prison, psychiatric hospital, etc). As Brass clarifies, his intention was rather to “draw attention to the internalization of practices of governing, to the policing of the self,

⁶⁶ Since privatization is not always a popular campaign theme. See Nikolaos Zahariadis, ‘Comparing Three Lenses of Policy Choice’, *Policy Studies Journal*, Vol. 26, No. 3, 1998, 434

according to existing conception of truth grounded in knowledge about the self⁶⁷. Resisting the hegemony of the rational choice model in social sciences does not have to rely solely on epistemological grounds. Problematizing this methodology as a technique of power our resistance is rather directed at the levelling of all experiences and the internalization of neo-liberal control it implies.

⁶⁷ Paul R. Brass, 'Foucault steals political science', *Annual Reviews of Political Science*, Vol. 3, 2000, 318

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