Foucault, Public Finance, And Neoliberal Governmentality: A Critical Sociological Analysis

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ABSTRACT

Over the past three decades, fiscal sociology has increasingly gained traction among scholars in the fields of public finance, sociology, and politics as the market economies plunged into recession periodically. With the 2008 global crisis, things have turned worse not only for economies but also for the broader social systems under the severe problems of the rising inequalities as a worrisome trend between and within countries. Fiscal sociology scholarship is seen as a promising research program by those who seek to understand complex and interrelated causes, effects and consecutive developments of the crisis. This paper aims to make a contribution to the critical fiscal sociological approach. To that aim, French philosopher and historian Michel Foucault and contemporary governmentality literature after Foucault will be reviewed. The paper constructs a framework for a broader sociological understanding of the current situation and crisis of public finance in theory and practice. Accordingly, public finance in the neoliberal context is described as a constructive governmental technology that carves out state policies and a type of public organization at the macro level and conducts the behaviors of individuals at the micro level of everyday life in a way to spread the market logic to the fiscal and, in turn, non-economic social domains.

Keywords: *Foucault, Governmentality, Neoliberalism, Public Finance, Financialization, Fiscal Sociology*

JEL Classification: *A12, B59, H10, H39, Z18*

Foucault, Kamu Maliyesi ve Neoliberal Yönetimsellik: Eleştirel Sosyolojik Bir Analiz

ÖZ

Piyasa ekonomileri aralıklı olarak durgunluğa girdikçe mali sosyoloji kamu maliyesi, sosyoloji ve siyaset bilimi alanlarında çalışanların gözünde son otuz yılda gittikçe kabul görmeye başladı. 2008 küresel krizi ile birlikte, sadece ekonomiler için değil, aynı zamanda ülkeler arasında ve ülkelerin kendi içinde endişe verici bir eğilim olarak yükselen eşitsizliklerin ağır problemleri altında daha geniş planda toplumsal sistemler için de işler kötüleşti. Mali sosyoloji bilimsel alanı krizin karmaşık ve iç içe geçmiş nedenlerini, etkilerini ve ardıl gelişmelerini anlamaya çalışanlar tarafından potansiyeli yüksek bir araştırma programı olarak görülmektedir. Bu makale eleştirel mali sosyolojik yaklaşıma katkı sağlamayı amaçlamaktadır. Bu amaç doğrultusunda Fransız filozof ve tarihçi Michel Foucault ve ondan sonra gelişen yönetimsellik yazını gözden geçirilecektir. Çalışma kamu maliyesinin güncel durumunu ve krizini teoride ve pratikte daha geniş bir sosyolojik anlayış içinde kavrayabilen bir çerçeve çıkarmaktadır. Buna göre, neoliberal bağlamda kamu maliyesi makro düzeyde devlet politikalarını ve belirli bir kamusal örgütlenme tarzını biçimlendiren ve gündelik yaşamın mikro düzeyinde bireylerin davranışlarını yöneten, bunu piyasa mantığını mali ve oradan ekonomik olmayan sosyal alanlara yayacak biçimde gerçekleştiren inşa edici bir yönetimsel teknoloji olarak tanımlanmaktır.

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INTRODUCTION

The 2008 global economic crisis is generally characterized in three ways in terms of its forms and outcomes: financial crisis, sovereign debt crisis (or, equivalently fiscal crisis) and the crisis of neoliberalism. 'Financial crisis' denotes the crisis of profitability of financial instruments, the solvency problem of the banks and financial institutions, the instability of credit mechanisms and means of payments, and precarious relations between the financial sector and reel economy. 'Sovereign debt crisis' refers to the fiscal aspects and effects of the crisis over the state finances especially in the south of Europe. Finally, the notion of 'the crisis of neoliberalism' is employed to emphasize the broader and complex political and sociological dimensions, discontents and effects of the crisis. Owing to its extensive meaning, neoliberalism as a catch-all term is in wide use to identify the assemblage of complex and separate developments before, during and the aftermath of the crisis. At bottom, if the financial crisis, the sovereign debt crisis and the crisis of neoliberalism point to the crisis of capitalist economy, public finance, and socio-political structure respectively, they are different but interrelated aspects of the crisis overall. It is fair to say that these three types or characterizations of the same crisis process and period are inextricably intertwined.

This paper, focusing on neoliberalism as a specific art of government and political reason, engages in developing a critical fiscal sociological perspective by drawing on Michel Foucault's works on power and governmentality as well as contemporary governmentality studies with an eye to presenting a picture of 'the crisis of neoliberalism' without ignoring its fiscal and financial aspects. Since the detrimental consequences of the 2008 crisis are most blatantly and directly felt in the realm of public finance, it is urgent to develop multidisciplinary insights and perspectives to explain the relationship between neoliberalism, public finance, and financialization with their range of effects on the state, society, and individuals. Foucault's conceptions of neoliberalism and government have the great potential to approach public finance in a novel way to bring fresh ideas into the entangled dynamics, causes and effects of the crisis. On this account, public finance as the concrete political relation between the state and society is seen to be one of the essential *dispositifs* in the constitution and dissemination of neoliberalism throughout its entire stages over the past forty years. In the paper, Foucault's perspective will be reviewed to develop a critical analysis *vis-à-vis* the deepening effects of the 2008 crisis whose direct result was the fiscal crisis of the state in the core and periphery countries in Europe to varying degrees.

Towards that aim, the paper seeks to make a critical contribution to fiscal sociology scholarship which has been established by the pioneering studies of Rudolf Goldscheid (1958 [1917/1925]), Joseph Schumpeter (1991 [1918]), James

O'Connor (1973) and further developed recently by Wolfgang Streeck (2014; 2016). On this new basis and frame of fiscal sociology underpinned by the analytics and history of governmentality, the paper then focuses on the recent conditions and dynamics of the fiscal crisis of the state around governmental rationalities and policies that have been put into effect. Considering the fact that public finance and financial accumulation have increasingly become more interconnected and interdependent since the 1980s, the paper also aims at bringing an explanation to the question of how public finance in close partnership with financial capital plays a central and strategic role in the constitution and dissemination of neoliberal power relations, norms, knowledge, and subjectivation at the micro-level of everyday life beyond the macro level of the state government. As such, in the paper public finance as the main instrument of neoliberal governmentality is taken into a broader theoretical framework the contour of which is lined by Foucault's conceptions of 'power', 'government', 'knowledge', and 'subjectivation' (Foucault, 2010: 4-5; Lemke, 2011: 119-120) to develop an alternative and critical pluralist account of public finance.

I. FOUCAULT'S ANALYTICS OF GOVERNMENT AND A NEW CONCEPTION OF PUBLIC FINANCE

In Foucault's view, the meaning and context of government are not limited to the administrative action of the state. He defines government in a broader sense as "the set of institutions and practices, from administration to education, through which people's conduct is guided" (Foucault, 2001a: 295). Individuals' behaviors/conducts being at the center of focus, Foucault conceives government not limited to the macro level of "official governmentality" (2007: 199) exerted by a centralized state apparatus. Government has also a strong micro foundation in relation to the conducts of individuals living in a range of private, religious, cultural, social, economic and political realms within the entire of society. Alongside *e.g.* the government of economy, the poor, public finance, and international relations; the management and supervision of children, families, the mad, the sick and the soul are also within the engagements of government. This means that government in Foucault's estimation does not only cover the bureaucratic and administrative affairs privileged to the state but it is a managerial execution of the political power that draws on multiple rationalities and techniques as well as localized ways and means to deal with specific problems throughout the entire society. Thus government as a problem-solving reason and complex practice is multi-layered, disseminated and plural in terms of action, organization, and rationality. As such, for Foucault, the notion of government, which defies ever-present structured and centralized conception, has strong micro and centrifugal dimensions, next to its macro arrangement by the state bureaucracy. What is more, government should be understood in relation to both the micro-foundation and macro-structure of *power*. Government as an exercise of multiple political and social powers operates within the complex realm of societal power *relations*. Note that government as a calculated and reflected act is not

reducible to the domineering power execution and structure, although adversarial power relations are inherent in government. To put in Foucault's words:

> Basically, power is less a confrontation between two adversaries or their mutual engagement than a question of 'government.' This word must be allowed the very broad meaning it had in the sixteenth century. 'Government' did not refer only to political structures or to the management of states; rather, it designated the way in which the conduct of individuals or of groups might be directed-the government of children, of souls, of communities, of families, of the sick (Foucault, 2001b: 341).

Thus construed, one aspect of government is linked to the "technologies of the self" (1997) and "conduct of conducts" (2001b: 341) at the micro level of society and, on the other hand, to the multi-layered governmental mechanisms and apparatuses of the state at the macro level. Government refers to

> different forms of 'the conduct of conduct' . . . existing at the level of interpersonal relations or institutions dispersed throughout society on the one hand, and political government as the exercise of a central, unified form of State sovereignty on the other, or between forms of government existing within microsettings like the family or the school and the macropolitical activities of government directed towards individuals as members of a population, society or nation (Burchell, 1996: 19).

'Governmentality', a neologism by Foucault, is a complex and sustained historical process that has started in the sixteenth century and established a general economy of the power execution in which the problem of government has been positioned at the core of politics as a result of the displacement of the central place of sovereign and disciplinary modes of power in the course of time (Foucault, 2007: 108). In a more general context, governmentality signifies a radical change in the rationality and exercise of political power in the sixteenth century. Governmentality gains its historical meaning in a complex process in which "institutions, procedures, analyses and reflections, calculations, and tactics" develop so as to allow a new economy of power to function by taking "population as its target", "political economy as its major form of knowledge", and "apparatuses of security as its essential technical instrument" (2007: 108). The notion of governmentality at present denotes the modern mode of power incidental to security and risk management concerns according to which the past modalities of power (*i.e.* sovereignty and discipline) have been radically reconfigured.

That said, Foucault analyses liberalism and neoliberalism as part of his explorations into the history of governmentality. On this ground, neoliberalism is understood as a specific political reason and an assembly of techniques that bear on the conduct of individuals in private and social realms and carve out public policies for the state in accordance with the aim of 'economization' of all aspects

of life (Brown, 2015). In addition to the constant and endless economization of the non-economic fields of reflection and practices, Foucault's analysis shows that neoliberalism as an "active governmentality" (Foucault, 2008: 121) is a constructivist political reason. What is significant in Foucault's analysis of classical liberalism and neoliberalism is that he does not regard them as ideologies and political philosophy. Instead, (neo)liberalism for Foucault (2008) is an ensemble of governmental techniques whose hinge joint is economics as the 'knowledge-power' and the market as the governmental rationality. At this juncture, the context of Foucault's focus on public finance issues is the role of the fiscal system in establishing certain neoliberal norms in the conducts and habits of thought of individuals as well as in the state reason and policies. In this framework, Foucault (2008: 202-207) considers 'negative tax' to demonstrate the neoliberal governmentality of public finance. The negative tax in Foucault's discussion appears as the instrument of a new social policy that is geared towards establishing a new social security system in transition to neoliberalism in France during the 1970s. The aim of the negative tax is to replace the social/public expenditures of the state for social security and protection. According to the economics of neoliberal governmentality, public expenditures cannot ensure an effective social protection and security for the poor and the needy. As it leads to a widening collective consumption, the wealthiest part of the population receives the most benefit and the effective allocation of sources in the economy comes to grief. In a sense, for neoliberal economics, any collective consumption somehow paves the way for the increasing monopoly consumption. The supporters of the negative tax argue that instead of the employment of public expenditure which stems from the will of the state external to the market logic and rationality, a direct cash payment should be provided at the minimum level for the poor and the needy so as to keep them always being ready for "looking for work and getting back into the economic game" (2008: 204). Therefore, replacing the traditional public expenditures targeting society as a whole, the negative tax monetizes economy as a field of game following the commodification and individualizing logic of the market.

Foucault identifies three features of the negative tax. First, the negative tax does not seek to remove the causes of poverty. It deals with the 'effects' of poverty instead of its 'causes'. In fact, this is not peculiar to neoliberal governmentality. Foucault shows that the physiocratic doctrine was the first to formulate this security rationality that accords privilege to effects over causes. This is so because to govern according to causes is more expensive than governing according to effects and consequences (Agamben, 2013). This consequentialist security rationality which leads people to "live dangerously" (Foucault, 2008, 66) does not seek to prevent the crisis or damaging developments, instead, it deals with managing them through consequences they made for. As such, "[t]he negative tax will never function at the level of the causes of poverty but simply at the level of its effects" (2008: 204). The second

aspect of the negative tax is to abolish the social policy that redistributes income in favor of those who need social security. The third is concerned with changing the function of public finance and taxation into the imposition of neoliberal norms, subjectivity and ways of behaving on individuals such as enterprising subjectivity, self-responsibility, risk-taking manner and competition not as the market rule but a social rule. Thus, as the negative tax provides "a general security at the lowest level", it ensures that

> the economic mechanism of the game, the mechanisms of competition and enterprise, will be allowed to function in the rest of society. Above the threshold everyone will have to be an enterprise for himself or for his family. A society formalized on the model of the enterprise, of the competitive enterprise, will be possible above the threshold, and there will be simply a minimum security, that is to say, the nullification of certain risks on the basis of a low level threshold (Foucault, 2008: 206).

By this account, public finance in the neoliberal context can be described as a constructive governmental technology that carves out state policies and a type of public organization at the macro level and conducts the behaviors of individuals at the micro level of everyday life in a way to spread the market logic to the fiscal and, in turn, non-economic social domains. Public finance, thus, in the neoliberal logic becomes a tool of producing and spreading norms and rationality of the market logic in an economization process. This governmentality conception of public finance extends the scope of fiscal policies and tools beyond their classical range of effectuations and applications identified with *e.g.* the legitimization and justice in taxation, and budgetary discipline geared for capital accumulation. This conception of public finance based on the analytics of governmentality reveals that the neoliberal restructuring and programming of the state, society, and individuals occur within a broader societal framework that involves forming macro policies plus governmental rationality, power relations and normative value system. Thus, public finance, a strategic instrument of the state, as part of "the politics of truth" (2001c: 13) that aims to create neoliberal subjectivations and conducts becomes an essential *dispositif* in constructing a "governmentalized society" (2007: 248) in which entrepreneurial risk-taking and self-responsible individualization are the most predominant norms and governmental mechanisms.

In line with these sentiments, it is fair to say that public finance has achieved a strategic place in the neoliberal context of the state and society in imposing neoliberal norms onto individuals since the 1980s. Budget deficits, for instance, have always been strategically deployed to weaken the belief in the welfare state and central-planning government, thereby, enforcing budget discipline to open the ways for the entrepreneurial model of public management. By the same token, competition, consumerism, and policies relying on subjective points of view have become the essential hinges of taxation. Therefore, fiscal

policies and discourses are also the components of the broader neoliberal-framed policies and tools that disseminate certain norms and habits of thought all over the society. In this context, public finance has become a strategic tool and an instrument not only as the essential part of austerity policies after the 2008 crisis to stabilize the dynamics of financial accumulation and secure profits but also for imposing and spreading neoliberal norms, disciplinary power, and individualization over the society at large to socialize the debt and debt burden.

At this juncture, it should be noted that Foucault's analytics of government is in continuity with his analytics of power. In other words, government as practice and rationality is not dissociated with power and power relations. Foucault analyzes three power regimes which formed a complex of the power structure in which government takes place: 'sovereignty', 'discipline' and 'management/security'. Sovereign model of power basically relies upon juridico-legal mechanisms and assumes a central power like the king or the state. Foucault (1978: 135-145; 2003: 239ff) is highly critical of the view that takes sovereignty as the unique source and the single model of power. The modern order of power relations is a decentralized system that is dispersed horizontally and vertically across society. Against the theoretical domination of the sovereign type of power regime for the understanding of society, economy, and politics, Foucault develops new insights into the order of power and in his ground-breaking book *Discipline and Punish* (1995) he describes another dimension of power, that is, discipline. Central to discipline are individualization, normalization, imposition of norms, hierarchization, and confinement. Finally, management and security as a model or regime of power relations are directly linked to liberal and neoliberal society. Management through security mechanisms involves certain (neo)liberal governmental apparatuses such as risk management, calculative rationality, competition, self-responsibility, free market economy, circulation of risks, construction of the market mechanism in the broader framework of social and political life, and extension of the market subjectivity to the non-economic realms.

It is essential, for Foucault (2007: 8), to recognize that these three main models or regimes of power do not signify the distinct historical ages in succession in the sense that first sovereign/king/law (the Renaissance period), then discipline (17th-18th century) and finally the management of security in (neo)liberal power order from 18th century onwards came out. Foucault presents them as a historical series of power model that follow one another throughout history and this has led many to have an impression of the linear series of power regimes. However, this teleological reading of Foucault (Lemke, 2012: 89) limits the explanatory vigor of his analytics of government and power. For Foucault, the historical distinction between sovereign, disciplinary and security-management models/regimes of power is analytical to demonstrate their specific and evident characteristics. All these models/regimes of power have their own history of techniques but this does not mean that they proceeded and developed in history in

a way to completely eliminate one another. Instead, in different historical epochs, each seized hold of the dominant place in the then regime of power relations by articulating others to its own. For Foucault, this complex assemblage of mechanisms of different regimes/models of power produces "the general economy of power" (Foucault, 2007: 10). This means that the present society of security is made up of the diverse components of power apparatuses of the sovereign and disciplinary regimes of power modified in accordance with the management model of security mechanisms. In Foucault's words, "technologies [of security] consist. . . in the reactivation and transformation of the juridico-legal techniques and the disciplinary techniques" (2007: 9). In the following, he adds, "the security is a way of making the old armatures of law and discipline function in addition to the specific mechanisms of security" (2007: 10).

Foucault's remarks on the security-type power regime in relation to other modalities of power *i.e.* discipline, sovereignty, and domination, are of great importance to fathom the essence of neoliberal governmentality. Foucault himself informs governmentality as a complex assemblage of 'technologies of domination' and 'technologies of the self'. "This encounter between the technologies of domination of others and those of the self", writes Foucault, "I call 'governmentality'" (1997: 225). Foucault's emphatic emphasize on the combination of different modalities of power is as important as his insights into the analytical and historical distinction between them to achieve an understanding of the role of the state and fiscal regime as part of broader neoliberal power and governmental regime. The 2008 crisis has blatantly demonstrated that neoliberal fiscal policies and rationality do not revolve around the presumed ideal norms and mechanisms of the *laissez-faire* market economy, but they are closely tied into disciplinary and domineering norms and techniques. Therefore, the neoliberal governmentality of public finance can be explained in the framework of Foucault's triangle of power regimes that signifies the inextricable integration of sovereignty, discipline, and security management. The following section presents an evaluation of the neoliberal governmentality of public finance in its relation to the combined effects of diverse power regimes.

II. THE CHANGING PATTERNS AND CONDITIONS OF NEOLIBERAL GOVERNMENTALITY AND PUBLIC FINANCE AFTER FOUCAULT

In looking at the literature, few authors draw attention to the public finance from the perspective of governmentality after Foucault. Amongst them, Nikolas Rose (1993; 1996) and Peter Miller (2008, with Rose) refer to budget and budgetization as the mechanism of self-technology and rationalization pertain to neoliberal governmentality in advanced liberal countries. Budget and budgetization are seen as the essential sites and means of advancing expert knowledge, calculative rationalities and self-disciplinary procedures in governing individuals and population.

Taking inspiration from Rose and Miller, Stephan Collier (2007; 2011) makes an important contribution to the analysis of budget as social technology and budgetization as the rationalization of government in the context of and transition to neoliberalism. Collier's studies are based upon the case of the Russian industrial city Belaya Kalitva in the post-Soviet period and aim to explain how the city has gone under a great transformation towards a social modernity managed by neoliberal governmentality. Following Max Weber's distinction between formal and substantive rationality, Collier argues that neoliberal governmentality and budgetary processes are not limited to the formal/calculative rationality which is carved out by the market logic. Collier identifies the substantive dimension of neoliberal governmentality and budget/budgetary rationalization, which suggests that governing population and individuals requires taking into consideration the long-term historical structures, norm systems, relations and cultural attitudes of the population. In doing so, Collier shows that neoliberal governmentality is not only concerned with the elimination of the centralized bureaucratic social welfare and planning system through the market mechanisms and formal rationality but also with the transformation and reconstruction of the embedded social structures, milieu, norms and values. This means that instead of pursuing a sharp rupture with the past, neoliberalism works on the continuity of the past values by articulating them to the grid of new societal system. The budget as a social technology is at the service of the neoliberal art of government to rebuild and govern society within its actual, historical and substantive conditions. Based upon the case study Collier argues that *life* at its micro and macro extent is the target in the process of constitution of social modernity through neoliberal budgetary practices and procedures which would be considered to be '*bio*political' technologies of neoliberal governmentality concerned with both *continuities* and *discontinuities*. Thus, budget as a neoliberal social and *bio*political technology engages in the redistribution of the sources among the races, ethnicities, genders, sexualities and other specific classifications of the life with an eye to improving and spreading the market rationality.

Following Collier, it is fair to say that budget as a *bio*political technology in neoliberal governmentality comes into play with strong microeconomic effects. As budgetary policies and rationalization which seek to establish symmetry between the budgets of official administrative units and those of households target the substantive and institutional transformation of individuals and society, the formalist rationality and calculative reasoning are, on the other side, founded on rational political-economy choices of individuals as opposed to central economic/fiscal planning. Budget becomes the managerial grid of extensive economic and political rationalization processes and it is deployed both as a constructive technology of the social control and self-technology in a way to make individual sovereign through the modification of his/her substantive habituation which is still subject to the macro-fiscal discipline. What is more, this does not exclude expert knowledge and management, and rational calculation of

budgeting; they shift from the domain of central units of government to individuals. In this sense, Collier characterizes neoliberal governmentality and *bio*political government as the microeconomic critique of the welfare state bringing forward individuals' choices geared towards re-programming of the society on the basis of micro foundations of power relations. As public choice theory contemplates, the calculative/formal rationality of taxation and expenditures is highly decentralized and becomes dependent upon choices, preferences and the power of political bargaining of the autonomous individuals and local units. The scope of public finance is not confined to the subject of scarce resource allocation managed by the central economic/fiscal planning institutions. Neoliberal governmentality employing budget as a *bio*political apparatus targets to undermine the 'social capitalism' in which individuals are envisioned as living encapsulated in an 'iron cage' that forces them to act like the state officials in their daily and private lives regulated by the bureaucratic rules instead of an autonomous and free individuals acting out of their own will to decide around self-preferences and -choices (Sennett, 2006: 33).

Drawing on Foucault and governmentality, Pierre Dardot and Christian Laval (2014) are other two authors who deal with the question of how and through which mechanisms and technologies the autonomous individual freed from the 'iron cage' has been turned into or, better still, manufactured as a neoliberal subject. Like the aforementioned authors who pay specific attention to budget and budgetization, Dardot and Laval conceive neoliberalism as the new rationality, identifying the role of the budget as a social technology of control and self-technology in the process of neoliberal restructuring of individuals and society as a whole. Dardot and Laval put greater emphasis on the disciplinary and norm-imposing functions of neoliberal governmentality. For them, neoliberalism as an art of government has two interrelated aims: Construction of 'entrepreneurial government' and 'neoliberal subjects'. Dardot and Laval see the budget practices and discourses as the essential mechanisms to achieve these ends. Budget functions both as a social/political technology to create an entrepreneurial government and a technology of the self to manufacture neoliberal subjects in the state sector and public life. Monetarism led by Milton Friedman made the early and general formulizations about the budget as a neoliberal technology, in which context "[t]he budget itself became an instrument for disciplining conduct" (Dardot and Laval, 2014: 171). The budget as a neoliberal technology of discipline and norm imposition is therefore not only concerned with fiscal discipline in the scope of macroeconomic policy that targets a balanced budget to accomplish the reduction of tax burden over profits, public debt, and public expenditures for welfare programs. It is also concerned with disciplining the conducts of individuals within the framework competition and entrepreneurial culture:

> This double constraint, monetary and budgetary, . . . was as if, by compelling agents to internalize them, the state was equipping itself

> with the means to constantly influence them via an 'invisible chain' (to employ a phrase of Bentham's), which would oblige them to conduct themselves as individuals in competition with one another (Dardot and Laval, 2014: 172).

Monetarism was more of a disciplinary phase of the neoliberal governmentality. It ascribed disciplinary mechanisms to budgeting around limitations and restrictions. On the other side, it has laid one of the essential stones of neoliberal governmentality by establishing the recognition of poverty and unemployment as the natural situation of the market society.

The account of Dardot and Laval is helpful in recognizing that fiscal discipline resides in a wider scope of neoliberal disciplinary power regime. In addition, in comparison to monetarism, public choice, which escapes Foucault's attention, aims for a broader spectrum and space of sociality and technologies to transform government and individuals within a constitutional framework. Accordingly, budget in particular and public sector, in general, become the strategic sites of neoliberal governmentality in a way in which the meaning of the state and constitutional citizenship, as well as the relationship between the state and citizens, have changed radically. As budgeting assumes efficiency, quality of service, competition, strategic choices/targets and performance as its central notions, the budget does not only aim at transforming the public sector into an entrepreneurial government and the state employees into self-responsible and competitive officers based upon performance indicators. It also targets to disseminate these neoliberal norms throughout the society in a way to change the traditional citizenship into consumer citizenship in the very eye and behavior of the citizen agent. Budget becomes the part and target of performative power technology of neoliberal governmentality that shapes public finance in theory/knowledge and practice/policy at its micro and macro settings. Neoliberal consumer-citizens are therefore seen as being responsible for their own fiscal duties which incline them to develop calculative rationality and capability to regulate their demands for public services and therefore tax payments (2014: 242-243).

Dardot and Laval provide an index for understanding how fiscal policy and discourse as the technology of the social and the self function to transform the state governmentality from within and to impose neoliberal norms onto individuals to make them self-governable subjects which would culminate in the reduction of the cost of government as Bentham's Panopticon envisages. In this sense, the state by employing its fiscal mechanisms as neoliberal technology plays a strategic role in the manufacturing of neoliberal subjectivities. In addition to this kind of governmental effect through public finance on neoliberal subjectivation, Dardot and Laval point out to the private sector technologies that are instrumental to construct the neoliberal subjectivity. Enterprise culture, performativity, accountability, self-responsibility, and financial self-valorization are some of those which also act upon the state administration and permeate the entire society

therefrom. Given that "*financial subjectivation*" (2014: 280) is the preponderant style of subjectivation in the present neoliberal society, financialization, amongst all, as the private technology is the most significant self-technology and the apparatus of social control to construct neoliberal subjectivities.

The emphasis of Dardot and Laval on the links between the state finance, financialization, and neoliberal subjectivity is of great importance to recognize the *bio*political function of public finance in the age of neoliberal governmentality. As such, there are two issues that need to be addressed thoroughly. The first one is concerned with the articulation of the state finance with private finance/finance capital and the effects of this articulation over society and neoliberal subjectivation. The other is concerned with the essential hinge of this articulation, that is, debt. Maurizio Lazzarato takes up these two issues in the context of taxation in neoliberal finance-led capitalism, of which more below.

Lazzarato regards neoliberal governmentality as the complex combination of technologies that govern the debt society and state in the post-Fordist era. He stresses that the financial crash of 2007-2008 disclosed that we do not live in an ideal form of security society as suggested by classical liberal governmentality but in a society built upon the complex assemblage of the sovereign, disciplinary and security modalities of power. Accordingly, sovereign/the state and disciplinary power apparatuses have brought to the front certain repressive techniques, policies, political rationalities, and mechanisms of norm imposition. Lazzarato argues that we need to consider the fact that neoliberal governmentality assumes both centralizing and decentralizing strategies and creates sweeping social effects. For him, the 2008 global financial crisis has proved that we are living in an "authoritarian governmentality" (Lazzarato, 2015: 169) which relies on a specific articulation of three modalities of power. Lazzarato argues that the sovereign and disciplinary techniques of governmentality have gained ascendancy in exerting power (2015: 211). What is most significant in Lazzarato's argument is that he identifies the role of taxation in constituting and controlling the contemporary debt and rent society in line with the authoritarian neoliberal governmentality. Taxes, in his own words,

> intercede as the weapon of political governmentality. Taxes assure the continuity and reproduction of profit and rent that crises interrupt; they exert economic-disciplinary control over the population. They are the measure of how effective austerity policies are on the indebted man (Lazzarato, 2015: 8).

Lazzarato pays special attention to taxation as one of the three apparatuses of capture alongside profit and rent. He is of the opinion that, "[t]he transition from Fordism to neoliberalism presupposes no less, and perhaps more, important changes in how money and taxation function" (2015: 31). He argues that, after the crisis, taxation, outweighing rents and profit, has now occupied the first order in the hierarchy of the means of capture. Taxation has become the essential power instrument that monetizes economy (2015: 33) as part of the

quantitative easing policy put into effect as a remedy to heal the damaged financial industry as a result of the 2008 crisis. When individual debts and rents have reached their limits and as such finance capital turned its face to the state finance for profitable gains, taxes have become vital apparatus to maintain financial gains and flows. Taxes now function no more than as a "political levy" (2015: 36) that secures the current and future conditions of financial profit.

Therefore, taxes have increasingly become cut off from financing public expenditures for social welfare, expanding industrial employment of capital, and social redistribution of wealth. Taxation has become an apparatus of financial power. In this respect, to paraphrase David Harvey (2005), tax proves to be the means of 'the restoration of class power' in favor of financial capital. In addition to being the means of economic and class power, taxation functions as political power and rationality as well as governmental technology that enables "economic disciplinary control over the population" (Lazzarato, 2015: 8). For Lazzarato, in the age neoliberal governmentality and financialization, taxes have three main functions: Restoring the financial gains and debt economy by ensuring the financial flows; disciplinary control of society; construction of the neoliberal subjectivities. Concerning the state finance effects on neoliberal subjectivation in which taxes assume an essential role in relation to debt, Lazzarato provides a concise overview:

> Taxes play a central role even from a subjective point of view because their basis lies in the expiation of the "fault" of indebtedness. When "public debt" is not honored, the fault is not rectified individually but collectively ―through taxes. Taxation acts as a powerful vector for the transformation of each of us into the indebted man. Debt represents a mnemotechnics integral to the construction of a (bad) conscience and guilt. These are the subjective conditions necessary for keeping the "collective" promise of reimbursement, a promise state debts implicitly make (Lazzarato, 2015: 41-42).

Therefore, as Lazzarato argues elsewhere, "financial policies. . . is one of the most effective tools of the government of conduct" (2009: 122). "Finance" in this context can be understood both as fiscal/public and private finance. In this sense, taxation plays a significant role in imposing a "sense of guilt, bad conscience, and responsibility" on individuals (2015: 42). This means that taxation functions as a self-technology. Debt drives up this new political rationality and technology of taxation.

> Debt constitutes a new technique of power. The power to control and constrain debtors does not come from outside, as in disciplinary societies, but from debtors themselves . . . Credit produces a specific form of subjectivation. Debtors are alone, individually responsible to the banking system . . . Debtors interiorize power relation instead of externalizing and combating them. They feel ashamed and guilty . . .

> Debt is the technique most adequate to the production of neoliberalism's *homo economicus* (Lazzarato, 2015: 69-70).

It should be noted that neoliberal *homo economicus* is quite different from its counterpart in classical liberalism and classical political economy. As Foucault shows in *The Birth of Biopolitics* (2008), *homo economicus* in the eighteenth-century liberal governmentality was a technology of limiting the state intervention, who lived, or should have lived, outside the realm of direct government intervention and informed the *natural* limits of government, and to whom the state should have shown respect. In contrast, neoliberal governmentality suggests that the conditions of the market economy and competitive *homo economicus* should be *constructed* by the state sovereignty and disciplinary mechanisms, which is discernable from the German ordo-liberalism. As such, in neoliberal governmentality, *homo economicus* like the market itself is not natural, instead, becomes the target for construction by the state intervention in which fiscal regulations take the strategic position. Self-technologies of the 'conduct of conduct' are not outside the scope of the sovereign state; quite the reverse, the state policies like public finance have deep effects over the technologies of the self to create the "sovereign individual" (Foucault, 1978: 89) subject to the combined effects of the power regimes of security, disciplinary and legal apparatuses of the market. If the debt as the technology of the social and the self is the most vital mechanism in controlling the society, it functions as such with the neoliberal way of taxation as Lazzarato (2014: 1042) argues.

IN LIEU OF A CONCLUSION

Following Foucault's analytics power and governmentality, this paper has shown that neoliberal taxation functions as the means of norm imposition to transform the state reason and taxpayer's behaviors and identity. Since taxation establishes a direct link between the state and individuals, the subjective point of view of tax-payers, who are now rated as customer-citizens of public services and encouraged to act so, comes to be the essential hinge of the fiscal regime as contemplated by the neoliberal art of government. Thus, as noted, neoliberal governmentality does not aspire so much to limit the state as to transform it from within. In line with this, taxation and the state debt prove to be the specific apparatus of the neoliberal restructuring of the state, society and individual simultaneously by establishing a general normative value system between them. As a corollary, the neoliberal governmental and political rationality of taxation have caused a radical change in fiscal relationship between the state and individual. Public debt has a certain role in the changing structure and political rationality of taxation because it shifts the state-individual relation from the fiscal domain and subjectivity which require an order of law and bureaucratic government to the financial field and subjectivity which involves the market logic and management. In addition, there has supervened a changing conception of the state expenditure for public services in a way to enforce customer-citizenship model and it is closely tied into the new rationality of taxation. As a result of the

2008 crisis, the state expenditure has changed its function towards rescuing the economy instead of serving the public interest. What is more, with the increasing tendency towards embracing the flat tax as a general taxation policy in accordance with the benefit rule at the expense of ability-to-pay approach, the neoclassical formulation that constitutes the direct link with the state budget and the individuals' preferences around the principle of *quid pro quo* (voluntary exchange) has become a widespread fiscal attitude and rationality which has resulted in the increasing rolling back of the state from involvement in public life and services by leaving most of them to private sector. This creates a ubiquitous effect over society by recoding the conventional tax-payer as the competitive, rational and self-responsible consumer individual who is now seen in charge of governing and reducing the tax/fiscal pressure over him/her through consumption practices and rational choices. This can be either moral or immoral way. Tax evasion is one of the immoral acts embraced by neoliberal subjects. In this sense, the neoliberal governmentality of taxation suggests a strong subjectivist point of view which can be harmful to social and fiscal justice.

The paper has also discussed financialization and its outcomes on public finance as part of the governmentalization of the state and individuals. Accordingly, there have come about unprecedented structural and substantive changes in fiscal systems, policies, and rationality with the rise of financialization. As financialization has gained ground in the world economy, the accumulation of capital has increasingly become dependent upon non-industrial employments which have laid out the foundations for the increasing debt burden over the state and individuals. This has also paved the way for the reaching of financial logic and subjectivities and debt relations into every corner and crevice of society. As such, ordinary everyday 'life' and 'debt' outside the industrial employments in the real and productive economy have become the essential source and target of financial and rental gains.

As the economies of the state and individuals have been increasingly involved in a debt economy, finance-led capitalism has become all the more occupied with the government of public finance and human life. As Foucault expounds, neoliberalism as an art of government is primarily engaged with constructing social and individual life by transforming the fundamental institutional settings, frames, and norm systems through the mechanisms of the market-supporting policies, laws and social/population policies. Financialization has produced a new and powerful impetus for and given a new direction to neoliberal governmentality and *bio*politics towards its project of reprogramming of the state, society, and individuals. Public finance as the strategic target and tool of this new financial governmentality has become the essential governmental technology towards the aim of the reconstruction of human and social life in accordance with the market logic and its constant aspirations of sweeping economization of the human life.

Obviously, this marks the termination of the conventional Fordist fiscal policies and practices which allow the state as a seemingly external force to intervene with the market economy and the zenith of the post-Fordist public finance that constructs fiscal systems and policies to govern individuals and populations according to financial ends and gains which are disseminated across society and, what is more, function as benchmark to justify what is true and to be done. Post-Fordist/neoliberal public finance is not concerned with *fisc* in purely technical terms but with whole social and individual life for which it instrumentalizes fiscal mechanisms and regime. Public finance has become a 'life policy', as it were, that frames the society and individuals with an eye to imposing and spreading neoliberal norms, conducts, habits of thoughts and rationalities. Therefore, neoliberal public finance does not only pursue its classical functions of capital accumulation and legitimization of the system as once formulated by O'Connor (1973), but it also treads new paths for fiscal mechanisms so as to let them function to disseminate neoliberal norms all over the society. Thus construed, the apparatuses of legitimization have changed. They do not exclusively rely on juridico-legal mechanisms and the conciliation of class-conflicts anymore as in the Fordist era. The Fordist fiscal state took the classes as the political force determining and shaping fiscal policies and as such public finance was built to appease class conflicts. In juxtaposition, the post-Fordist state governs society according to different totalizing and individualizing techniques what Foucault (2001d) calls *omnes et singulatim* (all and each). For one thing, the post-Fordist state takes population not as a class-society but governs it by regulating individual choices. Public finance as a social system and state apparatus then should be recognized as the tool informed by neoliberal power regime and governmentality. In the vision of neoliberal government, the *construction* of classless and cash(less) society and entrepreneurial, risk-taking, self-responsible and rational human beings is the main target through new mechanisms of security management. As noted, however, the new type of neoliberal *homo economicus* shaped by financial subjectivity can be thrown fast into a sacrifice position by the state governmentality to rescue the market and financial economy at the expense of the freedom of personal choice that was once seen untouchable by the classical liberalism (Brown, 2015: 201-222).

In line with these thoughts, it is high time to conceive the state in fiscal theory as *bio*power, fiscal politics as *bio*politics and public finance as the apparatus of *bio*regulation that conditions the formal and substantive habituations at individual and population levels. Since neoliberal governmentality transforms individuals into competitive entrepreneurs and human capital in his/her private and social-economic life, it makes sense that public finance is part of it and can be contemplated as the apparatus of *bio*power and *bio*politics. This suggests that neoliberalism as an art of government scales the objects, actors, and space down to individual and a whole variety of micro-scales by employing self-technologies, and constructs an entrepreneurial social and public life whose organizing

principle is competition by means of political and social technologies. As shown in this paper, public finance as a strategic political tool of neoliberal governmentality is employed both as a technology of the self and the social. Foucault's texts on power, governmentality, and biopolitics have the great potential to develop a conceptual and theoretical framework to critically analyze public finance as part of the complex power regime of neoliberal governmentality.

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