THE PROPHETS OF INCENTIVES: THE METASTASIS OF ECONOMIC TROPES IN POLICY AND CULTURE

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ABSTRACT

Robert Olen McDonald: The Prophets of Incentives: The Metastasis of Economic Tropes in Policy and Culture
(Under the direction of Christian O. Lundberg)

This dissertation critically evaluates the discourses of “incentive-driven behavior” that have arisen in culture, politics and in economic theory. I use the framework of Lacanian psychoanalysis to develop a critical typology of “the incentive,” and deploy rhetorical theory to account for the metastasis thereof. Fundamentally, I argue that “incentives” retroactively fills in a gap in our explanations of a chaotic social reality, and presumes that market structures (prices, preferences) organize all of human behavior. The result is that a fairly narrow set of assumptions about human behavior and social phenomena—borrowed from neoclassical economic theory—are smuggled into cultural analysis and politics. “Incentives” then work proactively to diagnose and solve social problems using market mechanisms, and retroactively to account for inequalities by presuming incentive structures operative below the phenomenal level.

This vocabulary explicitly dismisses alternative explanations including psychology, history, and sociology, and as such, threatens the ability of rhetoric, critical theory and cultural studies to resist this flattening of reality into markets, especially given how prevalent economists have become in social policy and what Lawrence Grossberg calls “economic culture.” The term has its roots in ancient Greek and Latin, but was adopted by neoclassical economics as an object that could stand for both desire and fulfillment in equilibrium analysis. Its later metastasis comes through the work of Bank of Sweden-prizewinning economist Gary Becker, who applied the
incentive driven approach to all cultural, political, social and personal phenomena, and more recently through the cultural artifacts of *Freakonomics* and *Nudge*.

Through an analysis of testimony in favor of, and against equal pay legislation, I diagnose how “incentive-based” vocabularies have seeped into public policy debates and the consequences once this has occurred. I conclude with a set of questions about the shape of the modern liberal state after incentive-based approaches are implemented by the current presidential administration.
To Didier Drogba, the finest footballer and human being that has ever lived. I couldn’t have done it without you.
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Chapter 1: The Metastatic Logic of the Incentive

“Economists, the prophets of incentives, quite logically respond to their own incentives to service their various constituencies, and as they never cease to insist, life is nothing but a sequence of trade-offs. Whenever they make reference to the ‘public good’ or ‘general welfare’ in the course of their endeavors, they frequently mean nothing more than the brute fact of caveat emptor.”—Philip Mirowski, Never Let a Serious Crisis Go to Waste

This is a story about a seemingly innocuous concept—the “incentive”—that has become nearly ubiquitous in contemporary discourse. Journalists, politicians, economists, and people from virtually every walk of life use it as a synonym for motive, desire, and reward—it has become the modern world’s organizing metaphor for our subjective causes of action, and the name for the primary inducements in human behavior. The prophets of incentives have won Bank of Sweden prizes in economic sciences, been appointed to presidential administrations, become widely cited federal district court judges, and have not only testified in front of, but have been elected to the United States Congress. The liberals of all parties, both Democratic and Republican, deploy such language to explain why the present looks the way it does. According to its proponents, the logic of “incentives” explains how judges rule, how businesses motivate workers, and even when people turn off the light at night to sleep. The logic of the incentive has metastasized over whole new regions of culture, politics and society—and, as I will argue in what follows, this metastasis has severe consequences for public life.

To see the implications of the expansion of incentive thinking, one has to understand the assumptions built into the rhetorical logic of the incentive. Embedded within this term is a

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

2 Otherwise known as the “Nobel Prize in Economics.”
discrete history and politics, both of which entail a set of commitments to market-based approaches to solving social problems, via the engineering of incentive structures. The rhetoric and logic of engineering incentives announces a presumably pragmatic way of engaging social problems, but it only gains the purchase it does by normalizing assumptions about the texture of social reality and the character of the social bond, including a commitment a specific definition of the rationality of social action, and to the consensual character of the social bond. Thus, the use of the term “incentive” harbors a struggle over the appropriate organizing metaphors for social life. As a result, the decision to approach social reality through the logics and rhetoric of the incentive is neither neutral, nor devoid of commitments to an economically determined vision of social life. Far from it: its implementation narrows our explanatory faculties, limits our capacity to speak meaningfully about difference, and precludes questions about the non-economic determinants of social change. It is, in other words, nowhere near as innocuous as it seems, and, as I will show, “buying” into the incentive as a means of interpreting social reality requires the assumption of a whole range of doctrines about the character of the subject, its choices, and its means of relating to the world.

The social logic of the incentive aims to explain some fairly philosophically heavy issues that plague human existence: Mainly, it purports to address why it is we do the things that we do. Our behaviors could be the result of our existential angst, our habitation in language, our repressed childhood sexual trauma, our being-with-others, or the complex articulation of multiple temporalities and logics, each of which deserve our careful attention. Not so for the prophets of incentives. As authors Steven Levitt and Stephen Dubner put it, “Incentives are the cornerstone of modern life.”³ For these authors, and for other consequential thinkers, to be

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“incentive-driven” is the human condition: We act through a system of external rewards or penalties, and we act in accordance with our own unique desires. This slim, seemingly harmless conceptual edifice authorizes a host of presumptions and prescriptions that can have calamitous consequences for human life. Crucially, the point of incentive language is not that it founds an account, but rather, it retroactively presumes an account that supplants alternatives. When people perform any action—marry a partner, run a stop sign, join a protest movement—and the causes are unclear, it is an easy shortcut to say one was “incentivized” by it. As I demonstrate, attributing the conditions that produced the behavior to “incentives” does not solve the problem of causality—instead, it hides it via a post hoc explanation, adherent to the precepts of neoclassical economic thought.

Like all discursive formations, the discourse of economics functions at the level of attribution: No theoretical apparatus fully covers the social field. Rather, any such apparatus is a compromise formation that retroactively accounts for, and proactively contours, our comportment to an inconsistent social field. There are better and worse ways to tell this story, and the story that “incentive-based” forms of knowledge production give us is pernicious. The expanding domain of academic economics into public policy, into matters of public import, and onto cultural formations, should concern us as critical scholars because those at its forefront aim to supplant and replace alternative and resistant vocabularies under the “one social science” that is economics. Such an approach promotes a form without content, but in so doing, proscribes alternatives by rendering all content the result of a narrow neoclassical form. This inquiry is a first step in documenting the rhetorical movement of “incentives” in various sites of social importance, explicating its consequences (namely, the endorsement of private property and market structures at an ontological level), and pointing to what it foreclosed as a result. This
logic, along with its theoretical and political fellow-travelers, presents a serious challenge: Its prevalence, its utterances, its metastasis signals the serious work that must be done to overcome and overturn market-based thinking in the multiple sites where it occurs.

From its original poetic usage as a “fire” or a “tune” that sets people in motion, and through movements within the field of economic thought that reduce it strictly to financial motivation, today “incentives” have been raised to an all-encompassing account of human behavior. The “incentive-driven” approach posits an explanatory matrix that smuggles in a fairly narrow set of commitments from neoclassical economic theory onto analyses of social phenomena. The scope of “incentive” metastasizes a neoclassical style of analysis far beyond its uptake in orthodox economic thought. For instance, Federal Circuit Court Judge Richard Posner relies upon “incentives” as part of his judicial philosophy, informed by the precepts of orthodox neoclassical economics. As Jeanne Lorraine Schroeder writes of Posner, “the ‘economist’s basic analytical tool for studying markets’ can be used to study other behavior.”\(^4\) Its avowed universal applicability ends up reducing the complexity of any given situation to fit standard assumptions from neoclassical economic thought. Its ubiquity becomes its limitation; as I demonstrate, the “incentive-driven” approach frequently ends up affirming tautologies and reaffirming the rectitude of any given status quo.

The presence of the term “incentives” clues us into a gap in the intelligibility of social reality that is filled in symbolically: As a result, alternative possibilities outside of market-based approaches are foreclosed. Used by some economists, they retroactively account for all inequalities and irrationalities, and narrate them as freely chosen rational behaviors; used by policymakers, incentives are used to proactively assume in advance individual preferences and

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socially (and economically) beneficial behaviors in order to contour social reality. Incentives are a point of investment in a particular(ly) economic interpretation of sociality itself, and the repetition and circulation of this trope signals to me how enjoyment (jouissance) is attributed and distributed across the social field. The result is a non-falsifiable, and hermetically sealed discourse. It is non-falsifiable because any new information or outcome can be narrated as the result of a “hidden” incentive, or a “shadow price” that we have not discovered yet; it is hermetically sealed because only new information (as data) can be entered, not new or different analytics or problems.

Careful attention to a rhetoric of trope is vital for interrogating the consequences of how “incentive-based” vocabularies work to explain social phenomena. “Incentive-based” logics produce a coherent narrative of society by retroactively ascribing a neoclassical economic “meaning” to any and all activity. This retroactive sense-making is then propelled forward, and used as data (and a moral entreaty) to proactively organize the social field through the production of new “incentive structures.” The end result is that the term “incentive” joins together past, present and future ways of acting and being in the world, all profoundly circumscribed by the discourses of neoclassical economics. Thus I invoke a rhetoric of trope to explain how the social logic of the “incentive” is defined by three tropological movements—first as metonymy, next as metaphor, and finally as metastasis. Incentive logics work by knotting these three discursive moments as a comprehensive explanation for human life. First, “incentive” is placed alongside a series of terms—reward, desire, motive, etc.—and rendered as their functional equivalent, or metonym. Next, it supplants these alternatives by rendering financial motivation a metaphor for motivation writ large: It condenses neoclassical commitments into “financial motivation” as the paradigm for all of human behavior. Only then can “incentive” return to the complexities of
social life as a metastatic vocabulary, but not as a general synonym for human behavior. Instead, financial motivation becomes the model for all of human reality, not the end in and of itself. The condensed meaning of “incentive” can metastasize over any available social context because it strictly presumes that at root, markets provide the ontological structure of reality. As I argue below, the step of “metastasis” epitomizes both condensation and figural displacement, which produces a rhetorical “perpetual motion machine” that integrates economic vocabularies onto social formations. The sentence “every action acquires an economic meaning” sums up my threefold analysis of the incentive-based approach: Metastasis is the “every,” metaphor is the “economic meaning,” and metonymy represents the “acquires.”

First, incentives exist as a metonym, or a trope of displacement, in which other terms are set up as functional equivalents for “incentive”: Rewards, desires, motives, reasons, penalties, etc., are lined up in a signifying chain that could make any one of them equivalent to substitute one another. In any given context, “incentive” can name a set of incidental connections to the other terms, the result is that we do not blink an eye when we name each of these fairly distinct concepts as equivalent to it. For instance, journalist Zaid Jilani of The Intercept asked on Twitter what “incentive” presidential candidate Hillary Clinton has to act differently when her interest group supporters in organized labor do not challenge her positions on trade. He writes, “If they are just going to pretend Clinton is good in the area when she isn’t what is her incentive to do anything differently?” And elsewhere, a colleague of mine in Political Science described to me the difficulties of teaching online through the University of North Carolina. Because instructors do not own the intellectual property of the course, he told me that “there’s no incentive for grad students” to improve their existing courses. In these cases, “reason,” “benefit,” or “reward” could be easily substituted for “incentive” without much alteration to the meaning of

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the sentences. Yet my gamble is that these terms do not remain “functional equivalents”—there
is a (non-subjective) libidinal surplus within the deployment of the term, which brings the
movement from metonymy to metaphor.

Next, the term does not just stand as equivalent to these other terms—it condenses them
into itself; “incentive” becomes a metaphor for all goal-directed behavior. Within the domain of
early 20th century neoclassical economics, the term becomes a metaphor, or a trope of
condensation, for commitments to a strictly neo-classically “economic” vision of society. That is,
the term “sums up” investments in the story that neoclassical economics has about itself,
predicated on the axioms of utility maximization, selfish behavior, and market equilibrium.
“Incentive” comes to simultaneously describe the external laws of capitalism and the financial
motivations that individuals have therein. (In a following chapter, I further explicate the “double
duty” that incentive accomplishes within the discourse of economics by metaphorically suturing
together “desire” and “reward,” which ultimately grounds Alfred Marshall’s theory of general
equilibrium.) Here, the metaphor of the “incentive” reduces (condenses) available sets of
discursive resources into a single one, analogous to financial motivation and reward in the
capitalist mode of production. For instance, when governments offer “tax incentives” for
businesses to relocate, or when people say that television studios “have an incentive” to renew
popular shows, this exemplifies the condensed meaning of “incentive” at work.

Finally, once these two tropic movements of displacement and condensation have
occurred, there is one final, vital twist: The metastasis of “incentives” over the social field as a
whole, wherein neoclassical economics becomes the model for analyzing all behavior. The
colloquial usage of the term “metastasis” typically refers to the unfortunate effects of a cancer,
such as when the disease metastasizes into another area of the body. But I invoke metastasis as a
useful trope from rhetoric’s history. In his classic treatise *The Garden of Eloquence*, Henry Peachem defines metastasis as “a forme of speech by which we turne backe those things that are objected against us, to them which laid them to us… The use of this figure serveth both to repell objections, and also to reply by accusations, and all at one time.”⁶ In the context of an argument, metastasis is invoked to respond not through refutation, but through a counter-accusation. The original argument is displaced into a different order, or into a new place. Such an insight lines up with the Greek etymology of the term “metastasis” as another form of rhetorical “displacement,” in that something is placed (stasis) outside (meta-) of its normal context. Incentives move beyond their original stasis—that of financial motivation—and literally metastasize into new domains which were not previously governed by the trope.

What does this mean in practice? When we view the invocation of “incentive” as an exemplar of metastasis, we see how it is first metonymically linked to particular stases, so “incentives” are applied to strictly economic and financial problem-spaces. Boswell et al. write that in workplace settings, “Locke, Feren, McCaleb, Shaw, and Denny (1980) concluded, following the first meta-analytic review of the literature, that no other incentive or motivational technique compares to money in terms of its instrumental value…. Incentive compensation systems attempt to align employee interests with those of the organization by making compensation contingent on particular outcomes or behaviors.”⁷ But beyond that, and more importantly, “incentive” becomes an all-encompassing metaphor for human behavior writ large, so markets are not just introduced into social phenomena, but are presumed to have structured

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human reality all along—the style of neoclassical analysis is placed outside of its original economic context and into new ones altogether. What was previously a narrow explanation for financially motivated activity then retroactively becomes the model for human behavior as a whole.

The mode of argument for “incentive-driven” vocabularies is functionally metastatic—not only does it spread, it moves. Wherever “incentive” stands in for non-monetary social relations, it can never catch up to them. Something fundamental about human reality is displaced when the trope of the “incentive” is invoked. One could think of the movement metonymy—metaphor—metastasis as a rhetorical form of sublation, in which the previous moment is both canceled and elevated. One does not metastasize “incentives” as a solution for all social problems without being committed to market-based approaches to reality, and seeing all rewards, motives and desires as functionally equivalent thereto. The M—M—M circuit is a “perpetual motion machine,” since each meta-stasis involves a dis-placement of alternative interpretations of a given cultural formation. The raw material of sociality is placed elsewhere: into economic logics of supply, demand and innate preferences, the result of which is a suppression of alternative explanatory mechanisms. Metastasis erases the rhetorical labor of the market metaphor by locating each example of an incentive in a determinate identity. We shall see how the “godfather of incentives,” Gary Becker, accomplishes this task, wherein he contends that literally all behaviors obey market principles. For Becker, there is no symbolic distance or artifice in this claim. He does not claim that families are “like” firms, or that marriages are “like” markets—he joins them at the level of identity. The metastasis shifts any of our considerations away from culture, history, and context, and places them into a new stasis altogether: neoclassical market axioms.
As a result, incentives instantiate a trans-contextual mode of social analysis. Incentives are presumed to govern social reality and render it calculable in the face of a generalized anxiety—call it risk society, or call it uncertainty about the future. Faced with a chaotic and unstable future, incentive-based vocabularies render the world calculable, predictable, and manipulable. We need no longer infer why people act as they do; instead, we deliver answers according to the rubric “By what were they incentivized?” The incentive here functions to discipline our chaotic contexts through a terminological reduction to techniques and retroactive explanations. Becker metastasizes the style of neoclassical economic analysis onto every conceivable cultural formation, so any synonym or differential articulation of desire, reward or motive is re-described as an “incentive.” He writes: “Indeed, I have come to the position that the economic approach is a comprehensive one that is applicable to all human behavior, be it behavior involving money prices or imputed shadow prices, repeated or infrequent decisions, large or minor decisions, emotional or mechanical ends, rich or poor persons, men or women, adults or children, brilliant or stupid persons, patients or therapists, businessmen or politicians, teachers or students.”

The result is that all contexts, contingencies, and contradictions of human life become factors in a utility function, calculable as an advanced version of Jeremy Bentham’s pleasure/pain calculus. Becker explicitly dismisses sociology, psychology, history, and religion as useful for explaining human behavior—not because they do not matter, but because they can be calculated by the “one social science” he advocates.

To be clear, his position is not unique strictly to “incentive” logics, but comes part and parcel from neoclassical economics writ large. Maurice Allais, in his lecture after winning the

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9 These are: stable preferences, utility maximizing actors, and the presumption that market mechanisms structure behavior. I discuss these in greater detail in Chapter 3.
Bank of Sweden prize in economic sciences in 1990 stated, “I have been gradually led to a twofold conviction: human psychology remains fundamentally the same at all times and in all places; and the present is determined by the past according to invariant laws. It seems to me that, to a very large extent, the social sciences must, like the physical sciences, be based on the search for relationships and quantities invariant in time and in space.”¹⁰ Not only is the neoclassical approach trans-contextual, it is also assiduously anti-contextual. Allais’ comments unconsciously harken back to Jacques Derrida’s critique of structuralism: Structuralism must account for its inauguration outside of its own inner logic, thus any structure is the result of contingency. The only possible rejoinder is that contemporary economic relations are merely the expression of the underlying ontological structure of the universe, and the domain of contemporary academic economics is to explicate how such relationships exemplify it. Witness, too, economist Ernest Fehr’s claims: “I don’t like the argument that everything is context dependent. That view lacks any grounding. In this regard, I really like the strong theoretical emphasis of economics and our desire for unifying explanations. It distinguishes us from biologists and psychologists, and provides us with a normative anchor.”¹¹ In Fehr’s and Allais’ views, trans-contextuality is a strength rather than a weakness of the discourse, because every single conceivable question can be answered logically through a reduction to a single one: What were the relevant incentives at play, and how can we better engineer them for the next decision?

Finally, Becker makes the argument that because we have a retroactive account for all human behavior, economists can manipulate certain social, political and economic levers to


produce new equilibria to their liking. In his weekly column for *BusinessWeek* magazine, he deployed his “economic approach to human behavior” onto dozens of subjects, from immigration, to trade policy, public schools, divorce law, environmental protections, and college athletics. He argues, “in this approach, behavior crucially depends on incentives… The fact that behavior responds to incentives in this way is consistent, in most situations, with common sense.”\(^{12}\) By applying the presumption of incentivization to social questions, Becker argued for the introduction of market relations into these matters. For instance, he advocated for a severe and violent crackdown on illegal immigration into the United States from Mexico alongside an auction system by which wealthy immigrants could purchase their way into the country legally—such a system would indicate, through the money commodity, the desire (or incentive) that migrants had, and indicates further what kinds of contributions they would be able to make as workers within this country.\(^{13}\) By introducing formal market relations where there previously were none, human beings’ activities become calculable, predictable, and especially manipulable toward the preferred political ends of its advocates.

In sum, metastasis as a concept incorporates the displacement of alternative explanations and the condensation of commitments to a neoclassical explanation of society. The metastasis of “incentives” covers over sets of concrete particularities with axioms of neoclassical economics: actors behave selfishly, and markets organize such behaviors. Economists, authors and politicians then advance a unitary solution—social problems arise because markets are inadequately produced or maintained, or we are simply inattentive to the deep underlying market logics at work in our chaotic reality. The logic of the incentive then displaces all potential


\(^{13}\) Becker and Becker, *The Economics of Life*, 50.
alternative explanations—historical, cultural, rhetorical, theoretical—as deficient without the discourse of economics translating these explanations into utility maximization models. In the above example of immigration, witness what must be suppressed in order for such an “incentive scheme” to function. Becker’s blind spot is that he must disavow his presumption that informal markets already exist everywhere, and in all contexts. Thus, a migrant’s willingness to risk their life crossing the Mexico/U.S. border does not register on Becker’s scale of “incentive” as a marker of desire to become a resident of this country. Becker’s public (non-academic) work is suffused with this type of oversight—he aims to force nonmonetary market relations into monetary ones, which results in a reduction of what “counts” as economic, even for him. Yet despite all this, the term’s prevalence reflects the growing prestige and importance that orthodox, neoclassical economics has in questions of social policy, and cultural formations. “Incentive” is a term that offers retroactive symbolic coherence for complex social phenomena; it is the paradoxically indispensable surplus that stitches up reality. The social logic of the incentive attributes enjoyment to actors with the fantasy that they are “enjoying” economically in accordance with neoclassical theory.

Although this is a universalizing logic, I do not presume it to be presently hegemonic in everyday life. Thankfully, we have not yet arrived at the point where “incentive schemes” are universal or assumed to be natural. Instead, it is a specific discursive formation within what Grossberg calls “economic culture.”\(^{14}\) For its proponents, “incentive” becomes a point of investment—a place where quintessentially neoclassical commitments about humanity, politics and social organization are condensed into a single term. The economists, journalists and politicians that invoke this trope in cultural and political sites mark their commitment to the

power of neoclassical economics to define, circumscribe, and contain potentially any context. Incentive-driven logics provide a story about how and why the various outcomes within capitalism are distributed. This is not to say that other ideological discourses are inoperative—current events remind us daily of the importance that individualism, nationalism and class consciousness play in this conjuncture. Whereas these strictly ideological discourses constitute habituated practices of enjoyment revolving around social antagonisms (the outsider, the indolent, the parasite), “incentive-driven” logics perform a double duty of their own—they work both proactively and retroactively to provide (symbolic) coherence over an inconsistent reality.

This figural occlusion performs the duty of evading any question of structural economic inequality—according to its commitments, enjoyment is already counted as part of a system, even if it does not appear as social power, monetary wealth, etc. All outcomes are registered as having been the result of a prior incentive, so any unequal treatment or outcome is buffered by the logic that renders it sensible. Incentive-driven behavior is a figure that both names and covers over a gap in social life: Absent alternative explanations, we infer, and enjoy, the stable explanation of why other people behave as they do—and when the *Freakonomics* series arrives, we see it provides a coherent account for why we ourselves do. We fill in this gap of indeterminacy with the term “incentive”—and as Gérard Genette says, like any gap, it has a form. In the face of competing explanations for the behavior of others, “incentives” retroactively fill in this opening with the assumption that people act in accordance with their preferences, and have stable sets of motives by which they are incentivized. Incentives allow economists to *figure* what the others want in a stable rubric, but crucially, this question is two-faced. It is simply another way of asking, “What do I want?” Jacques Lacan posits that desire is structurally metonymic and intersubjective: We do not know what we want in advance; we come to know
our desire as both contingent and learned from others. And further, the tacit acknowledgement that we do not know what we want causes anxiety and a desire for fixity. “Incentives” solve problems by joining cause and effect, and by promising any unexpected outcome is understandable once we discover the “hidden forces” of markets that pervade our existence.

The economy of enjoyment accounts for why these common tropes are repeated, and why they purport to have explanatory power. In each case, these tropes provide explanations of human behavior that fits at the level of lived reality, especially in times of economic trouble, and that there is surplus enjoyment in the deployment of these baseline assumptions about capitalism and human nature. In troublesome times, “economic” explanations for behavior become more attractive, not less, since this vocabulary explains potentially any outcome—inequalities are managed, high salaries are justified, and we have a straightforward rubric for objectifying, for cognizing, what we desire. When people have to do more with less, I contend that we are beholden even more to orthodox understandings of ourselves, of society, and of others: We “double down” on incentive logics a means of control when an object (an economy, another person, ourselves) performs differently than we expect to. As a result, to counteract our anxiety about fundamentally unknowable things, we invest in a vocabulary that promises the underlying rule of all social reality is knowable and controllable. The result is an imagined unicity for what is inherently an unstable multiplicity of practices. As a set of publicly persuasive acts, “incentive-driven” analysis invites subjects to identify themselves and their own desires with economic axioms of human nature. We must behave like economically rational agents, because we already do.

Finally, I do not contend that the deployment of the term is intentionally nefarious—while I do argue that the neoclassical commitments embedded within this term are inescapable,
not every use of this term is a tacit endorsement of neoliberalism, or something similar. This signifier, like all signifiers, moves through bodies in a non-subjective manner; as Kenneth Burke once wrote, “We use words, and words use us.” My inquiry is uninterested in assigning personal responsibility to the individuals who use “incentives” in everyday conversation, or even to engage with social problems. (There may be a Utopian impulse to the discourse of “incentives”: Who would refuse a calculable and measurable means of predicting behavior and engaging with the world’s trickiest problems of unemployment, discrimination, and climate change?) Rather, the use of “incentive” as a rhetorical shortcut—especially by non-economists—signals only to me the paucity of our collective imaginations and available discursive resources to explain a chaotic reality.

If my hypothesis is correct, the unconscious signifying content of “incentive” should serve as an “incentive” for critical scholars to develop robust, critical, and careful explanations for the shape of social life as it is, away from the standard answers that neoclassical economics proffers. By critically examining the limits of this discursive formation, it paradoxes and its surpluses, we can develop a critique that actively resists the foreclosure of alternative possibilities that neoclassical economics performs; we can begin to tell a better story about how social life is complexly articulated. What follows is a brief layout of the following chapters, after which I describe my method for reading the metastatic rhetorical logic of the incentive.

Chapter Layout

Chapter 2, “From the Fire to the Tune,” traces the word “incentive” first on its own as a poetic term, then through the history of economic thought, where it was adopted with a fairly specific definition. “Incentive” formerly hung between “subjective” and “objective” descriptions of motivation (the fire and the tune, respectively), with neither taking precedence. Modern
economics, influenced by Jeremy Bentham’s utilitarianism, and embodied in the work of Alfred Marshall, adopts the term strictly as a descriptor of an external, objective, measurable and especially financial motivation within competitive markets. “Incentive” shares an etymological history with both the phrase “to be incensed” and the term “incantation” (or charm); today, modern economics uses the term primarily as a set of external levers or techniques to induce outcomes. The externalization of the term “incentive,” and its decoupling from the subject, has a paradoxical consequence: Incentives become essentially the domain of reactive forces, despite the term describing motivated behavior. The discipline of economics appropriated a fairly general synonym for motivation to describe a fairly narrow band of activities, constricting the term “incentive” into a set of external, objective relations.

Chapter 3, “Gary Becker: The Godfather of Incentives,” examines the work of a tremendously influential economist, Gary Becker, who rose to prominence through the “Chicago School” of economics, eventually winning a Bank of Sweden prize in “Economic Sciences” for his career-long endeavor to bring the “economic approach to human behavior” into quite literally every single avenue of social, political and cultural life. If Chapter 2 represents the constriction of “incentive” into financial gain, in Becker, it extends outward again. The term, however, is not re-generalized—instead, the particular “economic” style of analysis inaugurated by Marshall and Samuelson is. I present a close reading of his academic and popular writings, including the weekly column in BusinessWeek for a decade, wherein I describe in detail the consequences of generalizing his fairly skeletal rendering of human interaction. Each of Becker’s articles centralize “the incentive”: For him (and for economists like him), all social phenomena can be seen as either the retroactive effect of incentive-driven behavior, or, for policymakers who support this approach, potentially malleable according to strict neoclassical assumptions about
behavior. I take his threefold approach to the letter—utility maximization, stable preferences, market mechanisms—and explore how social, political and economic inequalities are retroactively produced as rhetorical effects of “incentive-based” analyses.

Becker’s thought is the paradigm for a globalization of incentive thinking, and Chapter 4 continues that work, but with a view toward an even more “popular” set of cultural artifacts. The bestselling *Freakonomics* book series, written by a *New York Times Magazine* journalist and another Chicago School economist, took seriously Becker’s challenge to apply the incentive-based approach to human behavior to all phenomena. Over the course of three books and a collection of essays, the authors entreat us to see the outcomes of sumo wrestling matches, the fall of the Ku Klux Klan, global climate change, Zappos shoe company policy, and many other things as the results of “hidden forces,” a term borrowed from the first book’s subtitle. The “hidden force” in literally every case comes from the application of neoclassical market principles onto social phenomena. The discourse of *Freakonomics* is a discourse of perversion, in which the rhetorical strategies of the books mandate that its readers take part in the “freakish” outcomes of neoclassical economics by becoming the object of market operations, rather than its active subjects. If “incentives” organize the distribution of enjoyment, *Freakonomics* as a cultural artifact signals that individual, idiosyncratic subjects become the objects of market enjoyment as they behave according to the axioms laid out by neoclassical theory.

Chapter 5 regards the metastasis of incentive logics into the political realm—namely, the fights for women’s equal pay legislation. In this chapter, I examine two bills, the Lilly Ledbetter Act and the Paycheck Fairness Act, both debated in Congress from 2007 to 2009. I track how both those who supported and opposed the bills deployed incentive-based logics to argue for their position. On its own, the unified strategy is an indicator of how much the discipline of
economics has intervened into questions of social policy. Those who opposed the bills smuggled in essentialist concepts of womanhood and femininity, arguing that there was such a thing as “women’s incentives”—to raise children, to perform service, care work, and domestic labor—that retroactively justifies pay inequality. That some women take low-paying jobs, rear children and leave the workforce means that any opposition to equal pay has its empirical alibi: Women demonstrate an incentive to remain unequal, because they are “incentivized” by things other than equal pay. Incentive logics metastasize traditional gender norms as “human capital factors,” thus justifying unequal treatment in the future. By and large, those who supported the bills remained locked in an “economic” frame of argument, severely attenuating the vocabulary for articulating social change. Whereas the existence of an inequality can be, and ought to be, a place where antagonisms can be pushed, analyzed, and critiqued, the incentive-based vocabulary hypostasizes social reality and closes off alternative discursive operations. This, I believe, partially explains the failure of the Paycheck Fairness Act.

Finally, I conclude with a discussion of the frontiers of social, economic and cultural life within the boundaries of an incentive-driven approach to human behavior. The Obama administration recently announced an executive order to encourage the use of behavioral economics in policymaking; this came on the heels of one of the authors of the highly popular book *Nudge: Improving Solutions in Health, Wealth and Happiness* appointment to the administration to advise on social policy. Yet his is not altogether a new strategy for the Democratic Party: Philip J. Cooper argues that presidents since Jimmy Carter have attempted to solve “regulatory problems through market mechanisms, including incentives and rewards.”

*Nudge*, and behavioral economics more broadly, depends heavily on the precepts of neoclassical

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economics, foregrounding the role “incentives” play in any social and economic policy decision. Rather than regulations and laws governing the behavior of individuals and institutions, the “libertarian paternalist” philosophy of *Nudge* authors Sunstein and Thaler appears more consonant with Jeremy Bentham’s vision of government, in which appetites cannot be created by the state, only channeled through prudent policy. Instead of the state taxing income, investments, and property in order to redistribute it via social welfare programs, the behavioral economics/“nudge” trend aims at contorting individuals’ behaviors toward supposedly socially beneficial ends—perhaps even eliminating the need for social welfare programs altogether. “Libertarian paternalism” represents a significant shift in the aims and ends of the state, and I believe this to be the frontier of where debates about “incentives” are heading.¹⁶ This concluding chapter looks to these developments as both a summation and potential turning point for the social logic of the incentive. I use the psychoanalytic distinction between the “goal” and the “aim” of a desire to account for how economic thinkers argue against progressive/social democratic policies.

**Defining and Expanding the Domain of Incentives**

The *Oxford Dictionary of Economics* defines an “incentive” as:

Rewards or penalties designed to induce one set of economic agents to act in such a way as to produce results that another economic agent wants. As rewards for good results, incentives can include higher pay, better working conditions, better job security, better promotion prospects, or prestige. As penalties for poor results, incentives may take the form of lower pay, worse working conditions, poorer promotion prospects, demotion or sacking, or loss of reputation. Incentives may be applied in response to actual results, such as output or profits, or to management's perceptions of inputs, such as attendance and disciplinary record. Incentives cannot be based on inputs or outputs unobservable by

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¹⁶ By both presuming in advance the socially beneficial goals individuals ought to have, and pushing against redistributive justice through taxation, it has the honor of appearing like the worst possible outcome for both libertarians and statists simultaneously.
management: to motivate these it is necessary to rely on self-respect or team spirit.\textsuperscript{17}

This definition gets more complex as we pull on each of its threads, but is a useful starting point. Incentives are designed to induce certain behaviors. They can be both monetary and nonmonetary—to incentivize your daughter to go run errands, you may promise a trip to a taco stand afterward. They can be material, like a corner office, and “inmaterial” (like prestige, although “prestige” necessarily correlates to a material of some kind, even if it is discursive, like a title).

Perhaps at one time it would be considered revolutionary to include monetary and nonmonetary activities as fundamentally equivalent, but today, the particular logic of “incentive” has been expanded to account for all monetary and nonmonetary interactions on a single plane. The aforementioned Judge Richard Posner, herald of the “law and economics” field of judicial decision-making, is the single most cited legal scholar in the country, and advocates a market-based approach to all matters, legal, moral and ethical. Economists, using this style of analysis, no longer need to justify entering non-monetarily motivated actions into neoclassical utility functions: Non-monetary desires and rewards (or penalties) become functionally equivalent when observing behavior.\textsuperscript{18} Take this claim from data guru Nate Silver’s \textit{FiveThirtyEight} site on the “economics” of hospital choice: “Even in settings where patients have little information about providers’ efficiencies, and insurance and time pressures reduce any incentive to find out, we see that patients still find their way to better hospitals. Something in the market is able to


\textsuperscript{18} Utility functions are sets of equations into which economists enter initial “capital” or “human capital” outlays, preferences, prices and choices in order to produce equilibrium models.
collect and transmit that performance information to patients or to someone who knows them.”

“Incentive” here indicates the presumption that despite not having an incentive to perform research on a matter of life and death, “something in the market” promotes rational action. Ironically, the unnamed “market force” ought to be the explanatory innovation that economics brings to the table, but unsurprisingly, the crucial function of conveying survival rates is “black-boxed” or hand-waved as the result of a market force, and not an example of a communicative, advertising or cultural process. In the end, the rhetorical form that sutures a “good outcome” to “market force” is the “incentive.”

This distinction between monetary and nonmonetary incentive is only useful to demonstrate how the line between them is blurred, and then elided. The original logic of the incentive is thus expanded to include any context or situation, and can even be used in an intrapersonal context. In other words, it can act as a vocabulary for an individual to motivate oneself to act differently. For example, *GQ* and *Deadspin* columnist Drew Magary wrote in a 2015 column, “I have yoyo-ed when it comes to weight loss, and I have kept the tight clothes around as an incentive, simply because I can't bear the thought of disposing of them and admitting that I will never recover.” Incentives have not just expanded into the intrapersonal realm—incentives become synonymous with motives writ large, so instead of simply being the object of a motivated force, “incentive” is the motive itself.

Such a trajectory was set out at the outset of neoclassical economic thought. Marshall,

19 Chad Syverson, “Market Forces Appear to Apply to Hospitals, Too,” *FiveThirtyEight*, March 28, 2014, Accessed January 27, 2016. [http://fivethirtyeight.com/features/standard-market-forces-appear-to-apply-to-hospitals-too/](http://fivethirtyeight.com/features/standard-market-forces-appear-to-apply-to-hospitals-too/). The article’s main claim is that patients go to hospitals with reputations for not killing their patients as frequently as other hospitals do. This is taken as a warrant that “market forces” work. And the relevant question worth asking—why do people go to these hospitals?—is simply hand-waved as a result of said market forces (“something in the market is able to transmit that performance information” instantaneously).

one of the most influential figures in early neoclassical economics, identifies “incentive” not as reward, but as motive, or desire, and sutures desire to satisfaction to satisfy equilibrium requirements. And finally, the final part of the *Oxford* definition, regarding whether incentives must be empirically observable, frays somewhat upon its cultural metastasis. Becker, the subject of Chapter 3, posits unobservable “psychic costs” onto actors that equalize his utility functions; the inheritors of his legacy, the authors of the *Freakonomics* book series also assiduously seek out the reality of “hidden forces” that motivate people. In other words, taking seriously the logic of the incentive means nothing is outside of the purview of the neoclassical gaze.

But either way, this vocabulary is a unity of opposites, since it represents a commitment to a unifying explanation for all of social reality. Whether they are monetary or nonmonetary, inter- or intrapersonal, observable or unobservable, incentives function to mediate disparate orders of being. It performs the discursive work that signals how different orders of time (past, present and future), as well as disparate orders of being (social, political, economic) become fungible with one another. Crucially, term “incentive” does not do the work of commensuration, but is rather a signal that different elements of reality are being mediated on a single plane by economic analysis. To invoke the incentive as an explanatory mechanism entails the collapse of different levels of causality (material, formal, efficient) onto the “final cause” of economic causality. Overall, incentive logics obey similar formal properties across different contexts—as it metastasizes, it folds a number of discrete social and theoretical functions into an overarching logic. What this move purchases in terms of intelligibility, and in mobility, it forfeits in terms of specificity. The following section introduces my reading practices for interrogating the metastatic logic of incentives.
Reading Practices

As mentioned, it could be that the invocation of “incentives” adds nothing to any given situation; at first glance, it appears as a synonym for motive or desire. When a journalist offhandedly mentions a political or social “incentive” to act in a certain way, it may not necessarily guarantee that neoliberal values are being smuggled in. Consider the following claim by baseball writer Jonah Keri: “Major league hitters, like all human beings, are motivated by incentives, so when they come to the plate with runners in scoring position, they’re flooded with team incentives (a chance to put runs on the board and help produce a win), individual incentives (a chance to feel the rush of driving in a run), and financial incentives (even amid the advanced stats movement, RBIs still = $$)$.”

Yet my gamble is otherwise: The re-description of social reality as a set of economic factors is no natural or neutral act. It is the signal of the investment in this stable explanatory matrix, and this investment is a point of enjoyment, wherein a rhetorical practice takes root, repeats, and takes hold to produce meaning for publics and subjects. The act of speaking into the void, of coding all practices as some form of a neoclassical utility function, is not an act of discursively creating reality, but rather of taming and managing it. This management is the mark of a libidinal surplus—jouissance—that represents a specific form of affective investment in stable ideological commitments.

I am concerned with a discursive cluster of terms (and commitments) that cut diagonally across the social field—my case study consists of objects that demonstrate the essential character of incentive-based vocabularies. “Incentive” is a framework for thinking about the ways in which economists, policymakers, influential thinkers and even ordinary people have attempted to deal with a financial crisis, a recession, and a predicted low-growth future, and contains within it a set

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of commitments to an “economic” (neoclassical) approach to literally every social phenomenon. The commitment to “incentive-driven behavior” is a conjunctural response to a crisis, a “story” being told, and a process of articulation in and of itself. Economics as a discipline poses a serious challenge to alternative modes of articulating sociality, politics, power, and even communication itself (however fraught that term may be), so I forward a mode of critique that allows us to resist it.

As Grossberg puts it, the coding of discrete, contextual actions as “economic” demands serious criticism, and we should cast aspersions on a discipline with serious empirical shortcomings. He writes of economics, “What other discipline is of such immediate concern to so many people and yet so totally obscure, even dismissive of popular curiosity? ...What other discipline claims the right to directly shape real policies, while building analytic tools that enable it to operate by abstracting models that are only weakly if at all connected to reality? What other discipline could claim to be the only true science in the human sciences, while still clinging to its founding texts...as if they were sacred... What other discipline can claim to be authoritative, even a ‘science,’ and yet have such a bad record?” And elsewhere, in an interview with James Hay, Grossberg contends, “I do think that there is something happening that is useful to refer to as ‘economic culture.’ Partly, I am referring to the discourses of Economics, as a discipline and as popular discourses, and partly I am referring to economic practices as discursive... The cultural presence of economy, what I would call economic culture, has changed significantly and become part of our popular culture in ways that I think it never used to be.”

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23 Ibid., 110.
the disappearance of our dominant commensurating apparatuses: “as they have collapsed, disappeared, or become dysfunctional, there seems to be a tendency for them to increasingly become what Deleuze and Guattari (1977) describe as ‘paranoiac machines.’” My own inquiry describes the rhetorical means by which “economic culture” takes hold in political and cultural formations. In the absence, or bankruptcy, of other orienting logics (nationalism, class consciousness, the “American Dream”) incentive logics intervene to render a chaotic reality sensible, and the “economization” of everyday life is part and parcel of what Grossberg identifies as “economic culture.”

Psychoanalysis, particularly that of French analyst Jacques Lacan, is the necessary apparatus to inquire about the discursive labor that stabilizes and habituates the neoclassical commitments to incentives. The psychoanalyst’s gambit is that the borders between text and meaning, between a subject’s interior and exterior, and even between language and reality can be organized and thought of as a process of affective investment, or enjoyment. The privileged site for Lacan, a practicing psychoanalyst his entire professional life, was speech. As he puts it, “We can let ourselves be taken in by our first initial contact with the subject …[this] brings us to the point of going beyond [meaning] and positing the term discourse. For to be sure, these patients speak to us in the same language as ourselves. Without this component, we would be in total ignorance. It’s therefore the economy of discourse, the relationship between meaning and meaning, the relationship between their discourse and the common organization of discourse, that allows us to ascertain that a certain delusion is involved.”

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Speech, for Lacan, is a way to evade the twin traps of both subjectivism and structuralism—Lacan’s “rhetorical” artifact is not the individual(istic) discrete utterance of a knowing subject, nor is it the epiphenomenal effect of a dominant ideology. Speech is not reducible to the body, or the subject, or ideology, but is itself a practice that is contoured by each of these. The sign moves through the body. Merleau-Ponty, discussing Ferdinand de Saussure, one of Lacan’s early influences, writes, “language is not a function of the speaking subject. Involved in the speaking community, the subject is not the proprietor of his language… For Saussure, the individual is neither the subject or the object of history but both simultaneously.”

For a Lacanian, the movement of signs through bodies is not to deny the agency of either, but to mark that this process is habitual and inescapable.

Wherever the trope of “incentive-driven behavior” functions in cultural formations, it exemplifies the Lacanian concept of enjoyment, or jouissance; it squares the circle between and among individual subjects, and offers a cohesive version of what the social bond looks like. I deploy reading strategies that identify the loci of enjoyment in economic thought. It is not that economic actors simply “enjoy” their idiosyncratic, individual choices, but rather, economists enjoy in their place by attributing economic rationality to their actions, thus validating their simplifying mechanisms and organizing metaphors for social life. So another way of talking about jouissance is to ask: What are the precious objects, or objets a that a discourse organizes? Or as Žižek puts it, “The easiest way to detect ideological surplus-enjoyment in an ideological

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27 Maurice Merleau-Ponty, *Consciousness and the Acquisition of Language*, trans. Hugh J. Silverman (Evanston: Northwestern University Press, 1973), 97. I also prefer not to think of this project as involving subject-formation or subjectivization for two related reasons. The first is that to claim a discourse subjectivizes individuals removes the active process of co-constitution (not of meaning, but of the subject)—as mentioned above, the subject becomes nothing but an effect of ideology. On the other hand, I am sympathetic to Žižek’s argument that the subject is a nothingness—a placeholder that has no positive substance. It is a hole where discourse and the body overlap, a Venn diagram wherein the middle is excluded, not overlapped. In this view, the subject has agency, but only insofar as she is a delusion or misrecognition. The subject in this view is something that does not “exist” properly, but still exerts real effects.
formation is to read it as a dream, and analyse the displacement at work in it.” While Žižek contends elsewhere in the quoted work that metaphor precedes metonymy (at least logically, in his interpretation of the symbolic order), in this chosen discursive formation, the process moves from displacement to condensation, then to metastasis. The result is a site at which all of social reality can be represented stably and habitually as a universally applicable logic, and one that has cultural purchase by professional policymakers and prominent thinkers.

I evoke the Lacanian concept of *jouissance* (enjoyment) in two related senses in the following chapters. First, as mentioned above, I note the habitual repetition of the term in sites of social importance as a logic of attribution. Economists “enjoy” the ability to attribute economically rational (or irrational) behavior to individuals. This is a second-order enjoyment, and highly symbolic: Economists enjoy in the place of the other by pointing to where and how individuals act in accordance with their own desires. As we shall see in Chapters 3, 4 and 5, this second-order enjoyment has nothing to do with the actual behaviors of people. Policymakers and lobbyists opposed to equal pay for women are able to attribute enjoyment onto underpaid women by claiming that they enjoy (i.e. incentivized by) the nonmonetary remuneration that comes from raising children. Becker, in an argument against the American welfare system, claims that people who do not sign up are “incentivized” by dignity more than money—which gives theoretical (and calculable) cover for the system’s destruction. Lacan defines the contemporary superegoic injunction as “*Enjoy!*”, which I interpret as a sort of forced freedom—everything is permitted, as long as it can be retroactively narrated as the result of a stable utility function. Enjoyment is the result of metastasis: By ascribing economic meaning to all actions, be they idiosyncratic,

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individual, or irrational, the economist’s tools are authorized to intervene in all social milieus.\(^{29}\)

The next sense of *jouissance* is more fundamentally psychoanalytic—a first-order enjoyment. Any discursive system—the symbolic order itself, mathematics, or a more specific formation such as this—has an adequation problem with “reality.” It is both too much and too little. On the one hand, the symbolic order (for better and worse) over-codes what we think of as reality—our ideological commitments, our terministic screens, or even an ordinary conceptual system (such as Kant’s transcendental aesthetic, or Lakoff and Johnson’s orienting metaphors) produces stable and habituated explanations for an inconsistent totality, and often results in a foreclosure of alternative possibilities. What gets lost in this account are the cracks, the margins, the resistances, and the exceptions that must be reintegrated or discarded. On the other hand, the symbolic order, by necessity, must play “catch up” with reality, and bind the new to the old. This alternative sense is also *inadequate* to reality itself, and merely produces a retroactive ascription, or an underlying logic, that makes it stable. Reality’s inadequation to our conceptual systems, and our conceptual system’s inadequation to reality is precisely the orbit of desire that Lacan identifies as the symbolic ground of *jouissance*.

Like Zeno’s tortoise, the symbolic order can never catch up or equal to life as lived in some non-artificial manner. Rather, I invoke the term “artifice” advisedly: Since there is no such “thing” as adequation, all we have are elliptical orbits around the poles of “the Real” (the non-discursive, hard kernel) and “reality” (our clumsy systematization or assemblage of a discursive and non-discursive world). For these reasons, the language of trope offers a rich vocabulary for inquiring about economic discourse.

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\(^{29}\) As Godelier points out below, the rhetorical sleight of hand that equates “rational,” “economic” and “purposive” action is what allows for any action to be coded “as economic.” The goal is not to simply ascribe rationality to actors, but because rational action is *post hoc* assumed to only be done to satiate one’s utility function, the goal is to ascribe “economic” meaning thereto. It is a question of emphasis, from “rational” to “economic,” implying that there is a deeper level of “rationality” that organizes reality.
Lundberg writes, “for Lacan, ‘trope’ marks the idea that no connection in the life of the subject or its discourses is given in advance. Rather, such connections are the result of habituated accidental connections between signs, representations and the world…[T]he formal properties of tropes are a function of the ways that ritually repeated connections elicit the investment of the subjects who employ them.”

Without a necessary connection between words and things, we manage this gap through signifying practices. As Gérard Genette puts it, a rhetorical figure marks this gap: “We see that here, between the letter and the meaning…there is a gap, a space, and like all space, it possesses a form. This form is called a figure, and there will be as many figures as one can find forms in the space that is created on each occasion between the line of the signifier…and that of the signified.”

Economic tropes are figures that cover over a structural inconsistency in social life, and participate in the relationship between feigned and failed unicity that Lundberg identifies as the proper domain of rhetorical inquiry.

He writes, “Failures of unicity in speech, subject and the sign are put to work as forces that call forth our investment in the supplements, fantasies, and imagined totalities that work to cover over failed unicity: instead of becoming fatal in the life of speech and the speaking subject, failures in unicity become the driving forces that animate human existence. Thus, a provisional definition of rhetoric as a compromise formation: rhetoric is both signifying in a condition of failed unicity and a way of feigning unicity in the context of failed unicity.”

Rickert writes, “If it is through signifiers that function not so much as representations of the world and people but as their representatives, then the relations between language and audience are mystified each time


we isolate the two as separate entities. The signifiers, images, and objects that circulate in socio-symbolic space, however, are never neutral in regard to our comportment toward them. Above and beyond the mechanism of identification, they are continuously penetrated or suffused with *jouissance*.”

For my case study sites, “incentive driven behavior” works as a metastatic trope that organizes investments in a particular neoclassical understanding of the social bond. The orbit between “feigned” and “failed” unicity is the locus of *jouissance*: “Incentive” works as an argument to bind an inconsistent reality to a stable code. In other words, it attempts to bind “reality” to “the Real”—the very impossibility of doing so is what spurs its repetition.

As Lacan puts it, “[t]o be a psychoanalyst is simply to open your eyes to the evident fact that nothing malfunctions more than human reality.” Parapraxes (slips of the tongue) as well as habituated, repetitive invocation of terms are one in the same process, since both betray the fact that what is outside speaks within the individual utterance. Rickert notes, “Errors, slips of the tongue, accidents, and other such phenomena whereby more is said than intended, or where the unconscious makes itself heard, constitute a form of excess or surplus signification that returns through the symbolic.”

I mark “incentive” as a point of investment because of its habitual repetition in cultural formations outside of mainstream economics. The habituated repetition of “incentive” is one example of this phenomenon—it takes the place of, and stands in for, any other potential description of motivation, reward, or desire. It sticks out like a sore thumb even as it partakes in the cultural cache donated from economic thought. Here, I introduce the Lacanian concept of the objet a to diagnose how the term functions in a given cluster of utterances.

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Any psychoanalytic reading must pass a fairly high threshold for both intelligibility and intellectual utility, so I deploy the concept of the objet a under advisement. Lundberg, in a similar vein, denounces what passes for psychoanalytically flavored criticism in the academy today: “This tradition promises the possibility of access to the psychic economy of the author via an exegesis of the unconscious logic of signs and desires that are really writing the text. Flavors of this rendering of psychoanalysis are not unique to the Freudian tradition, and they range from utterly naïve to excruciatingly sophisticated… Instead one must read economically, that is, at the site of exchange between the two, a ‘text’ is never readable on its own terms, but must be situated in relation to the whole field of intertextual discursive effects.”\(^{36}\) “Incentive” functions as the objet a for the discourse of economics not just because I identify it as a point of investment, but more precisely because it designates the point at which “object” and “cause” of desire are sutured.

Lacan introduces the concept of the objet a in his work to designate the “object-cause” of desire in a given discursive situation. As Evans writes, “In 1957, when Lacan introduces the matheme of fantasy ($◊a$), a begins to be conceived of as the object of desire.”\(^{37}\) For Lacan, the objet a is not a “real” thing, but, using the example of romantic love, that which is “in you more than yourself” that generates desire. When one is in love with a partner, no single feature of the beloved can be isolated as “the thing” that generates the feeling of love, there is always something “more” within their body. You could be asked, and would answer in the negative: Is it their eyes? Their intellect? Another isolable feature? And further, even if these objects or


\(^{37}\) Dylan Evans, *An Introductory Dictionary of Lacanian Psychoanalysis* (London: Routledge, 2005), 128. Lacan’s usage of the lozenge symbol contributes to the undecidability of the direction of the psychic energy invested: Read each line of the lozenge $◊$ as an arrow that could go either direction $←→$. The subject co-constitutes the object of desire, and/or the presence of the object constitutes the subject’s self-definition as such.
components were aggregated, the *objet a* works as the unifying feature—the “you-ness” of a “you.” In this formulation, the *objet a* is a non-empirical object that acts as an indicator of desire.

Thanks to the development of his own theoretical apparatuses, Lacan subtly sublates his definition to incorporate (the problem of) causality in the realm of human affairs. In his eleventh seminar, Evans writes that Lacan denotes the *objet a* as the “object which can never be attained, which is really the cause of desire rather than that towards which desire tends; this is why Lacan now calls it ‘the object-cause’ of desire. *Objet petit a* is any object which sets desire in motion.” The *objet a* both causes desire—spurs, sparks, motivates, incenses, charms—and (using its first definition) represents the satisfaction of that desire. As I write in Chapter 2, Alfred Marshall sutures “desire” and “satisfaction” with the term “incentive;” as mentioned above, the standard definition of incentive means both an internal motivation and an external reward.

Ultimately, the innovation that *objet a* gives us is the ability to think through symbolic causality in any given discursive formation, and as Bracher argues, it is the singular contribution that Lacanian psychoanalysis gives to us: “[p]sychoanalysis…is a social link that is based on the *objet a.*” Lacan ruminates on Aristotle’s “four causes” discourses from his *Physics* and *Metaphysics* to pinpoint how the *objet a* functions. Aristotle explains that any result comes from an intermingling of four causes: the formal, material, efficient, and final cause. He writes, “In one sense, we say that the *substance* or the essence is a cause (for the *why* leads us back to the

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38 Using a rhetorical interpretation of Lacanian psychoanalysis, this “object” is always discursive. For the example of romantic love, typically the term that designates what makes you “you” is a beloved’s “heart” or “character,” which function as synecdoches for the entire person.


ultimate formula, and the first *why* is a cause and a principle); in another, it is the matter or the underlying subject; in a third, the source which begins motion; and in a fourth, the cause opposite to the previous, namely, the final cause or the good (for this is the end of every generation and every motion)."⁴¹ Every end results from its essence or form,⁴² the material used to produce it, the activity that effectuates it, and the reason why it is produced. For the purposes of this section, I restrict myself to considerations of the efficient and final causes, the causes that, as Lacan writes in his essay “Science and Truth,” are closely aligned with magic and religion, respectively.⁴³ At first blush, these causes straightforwardly align with the dual nature of the “incentive” as simultaneously motive and reward. But instead, using Lacan’s concept of the *objet a*, I argue instead that “incentive” functions as a retroactive narration of the “final cause” in any given context.

Aristotle writes of the “final cause” as the reason why any action is taken: “Also, the end, and this is the final cause [that for the sake of which]; for example, walking is for the sake of health. Why does he walk? We answer, ‘In order to be healthy;’ and having spoken thus, we think that we have given the cause.”⁴⁴ That is, by walking, we set out the final cause ahead of us, and by walking, we accomplish *having caused the action*. Aristotle’s “final cause” concept allows us to posit situations in which the effect precedes the cause. This formulation somewhat differs from Aristotle’s attempts “to find the direct and the remote efficient and material causes” of events, that is, to reconstruct the chain of events that led thereto, but this is merely a question

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⁴² For Aristotle, the eternal “idea” of a painting is part of its cause.


of emphasis. Aristotle contends that Aristotle wishes to rescue the “prime mover” concept in his ontological system, but as we shall see, this set of concepts does not require a god-function, since any goal-directed behavior appears to exemplify retroactive causality.

As Lacan puts it, “Whenever we find ourselves faced with this final functioning of the cause, irreducible to critique, we have to seek out its foundation and its root in this hidden object, this object in syncope. A hidden object lies behind the faith put in Aristotle’s Prime Mover, which earlier I depicted for you as deaf and blind to what causes it.” In human affairs, the “final cause” is always something missing from the chain of our causality—there is no “guarantee” about what causes what (to answer the question “Why did this thing happen?”), so we presume it, given our available interpretive resources. We produce a form of retroactive causality, in which, only through the view of the present, can we infer the “final cause” of that which happened. For example, when we are faced with a stranger on the street and we distance ourselves from them when we pass, we fill in this gap of causality by reconstructing what must have caused such an action. We tell ourselves we saw an uneven sidewalk in our path, we claim that the person would have entered our path had we not moved, or finally, that the stranger did not notice, even if we did distance ourselves. This retroactive narration of our unconscious activities covers over the fundamental guilt of being not fully in control of our actions (or of being in full control, but being a bad person for avoiding human contact).

Lacan posits the objet a as the “hidden object” that fills in the gap between cause and effect, and does so via a critique of philosophical considerations of cause writ large. Critics of

46 Apostle, in *Aristotle’s Metaphysics*, Ibid.
understanding causality—think Hume, although Lacan leaves him unnamed—may be misguided, but their concerns nevertheless contain a kernel of truth: “This criticism consists in noting that the cause is ungraspable, that the propter hoc is always necessarily at least a post hoc… The more cause was criticized, the more the requirements of what might be called determinism were imposed on thought. The less the cause is graspable the more everything seems caused—right up to the final term, the one called the meaning of history.”

Lacan’s position is neither that causality is fictitious, nor that the universe is determined in advance by inviolable laws. Instead, he navigates a middle ground by locating in both positions the same anxiety, that causality designates a gap in our understanding. “Thus, if cause is constituted as presupposing effects, then it is based on the fact that primordially its effect is missing. You will meet this in any phenomenology of cause. The gap between cause and effect to the extent that it gets filled in—and this is precisely what is called from a certain perspective, the progress of science—makes the function of cause fade away, I mean, wherever the gap gets filled in.”

Lacan rescues causality from determinism by accentuating the symbolic order—the “final cause”—as that which is surplus to any phenomenon. At first glance, the essence of the thing, the material thereof, and the activity undertaken (the formal, material, and efficient causes respectively) ought to answer any question of causality. Yet this is a world of determinism: Such an approach leaves no space for human action; we are all the results of passive (efficient) forces effectuating forms through raw material. Thus, the “final cause” is what is added to action—not as the expressive causality of the Prime Mover, but its inverse—that which we symbolically (and

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48 Lacan, Anxiety, 284. As already mentioned, he leaves the objects of his criticisms unnamed, yet one can detect a subtle rebuke of both Hegel and Althusser here. The “meaning of history” is not what is determined in advance, but the actions that produce history simply exist without meaning until it is retroactively described—only from the position of the future can we determine what the meaning of history “had been all along.”

49 Ibid.
retroactively) attribute to our actions as having had caused them. In essence, Lacan’s gamble is that we rescue idiosyncratic, idiotic, habituated, thoughtless action from itself by attributing meaning to our actions—“final cause” of the objet a (the object-cause of desire) rescues us from the idiocy of the drive.

Psychoanalysis’ gamble is that “final causality” is identical with “retroactive causality”—that which must have been true in order to produce what we do. For psychoanalysis (and as we shall see, economics), the symbolic order governs this notion. This is why the “final cause” acts as a button-tie for the other orders of causality—with no guarantee of what the “actual cause” is, we use “final cause” as a substitute—the thing that “actually did” the thing we presuppose. It is a libidinal and discursive surplus that sutures, or rubber-stamps, the other causes. Van Haute writes, “Consider, for example, a mother who holds her crying child up before the mirror and says, ‘Look, that’s Johnny! Isn’t he a big boy!;! … The expression ‘Look, that’s Johnny! Isn’t he a big boy!’ establishes a meaning that was not there before; it introduces an order into reality that previously did not exist. It compellingly assigns our crying baby boy a place he could not previously have occupied (‘big boy!’)”50 The “raw material” of Johnny preexists its symbolic designation, but the symbolic order confers what will have been there all along. As Lacan puts it, “This is a retroversion effect by which the subject becomes at each stage what he was before and announces himself—he will have been—only in the future perfect tense.”51

In a commentary on Lacan’s influential “Subversion of the Subject” essay, Žižek explains how we produce retroactive causality in the symbolic order:


This then is the fundamental paradox of the point de capiton: the ‘rigid designator,’ which totalizes an ideology by bringing to a halt the metonymic sliding of its signified, is not a point of supreme density of Meaning, a kind of Guarantee which, by being itself excepted from the differential interplay of elements, would serve as a stable and fixed point of reference… In itself it is nothing but a ‘pure difference’: its role is purely structural, its nature is purely performative—its signification coincides with its own act of enunciation; in short it is a ‘signifier without the signified.’ The crucial step in the analysis of an ideological edifice is thus to detect behind the dazzling splendour of the element which holds it together (‘God,’ ‘Country,’ ‘Party,’ ‘Class’…), this self-referential, tautological, performative operation.\textsuperscript{52}

I claim that, \textit{pace} Lacan, that the term “incentive” functions as the objet a for this given discursive cluster—it holds together the field by acting as the object-cause of desire, and fills in the gap of causality in any economic, social or political outcome. This retroactive narration of causality then has formidable, and serious consequences.

**Incentive Logics as Retroactive Causality**

Fredric Jameson once called technology the “cultural logo of capitalism,” in that it is emblematic of the best of its ideological promises, or the story that capitalism tells about itself. “Incentive” logics function as a coherent narrative for its metastasizing domains—if technology is capitalism’s cultural logo, then “incentive” is its cornerstone. Overall, incentive logics authorize the production of retroactive causality in the places it appears. The other types of causality—material, formal, efficient—are collapsed into the “final cause” through the reduction of each to data points that are renamed as “incentives.” That is, incentives “work” as a retroactive re-description of what must have been true in order to cause any outcome; this typically entails the reaffirmation of the rectitude of neoclassical economic thought. As a result, the discourse of incentives renders all people retroactively responsible for the (contingent, constrained) choices they make, because they are presumed to have voluntarily chosen the action from an available menu of (market) choices. Furthermore, this form of knowledge production

\textsuperscript{52} \textit{Slavoj Žižek}, \textit{The Sublime Object of Ideology} (New York: Verso, 2008), 110.
then exploits this retroactive causality as a way to proactively prescribe (and proscribe) behaviors in accordance with neoclassical utility functions. In this way, past, present, and future are blurred: Centralizing “incentives” both presumes in advance that market structures have always determined people’s non-economic actions, but also, that they should act in accordance with said dictates.

“Incentive” marks a gap in the intelligibility of social reality, and covers it over symbolically by attributing enjoyment to the actors under analysis. The term allows its prophets to return a stable answer to any complex, conjunctural question. First and foremost, incentive driven vocabularies assume that all actors intentionally and voluntarily take actions in accordance with their preferences. Because commands and coercion purport to be on the opposite end of the spectrum from “incentive-based” approaches, those who truck in the language of incentives assume actions to be always freely chosen from an available menu of options. Kaushik Basu writes, “In traditional economics, it is presumed that if a person chooses an alternative x over y, then the person must receive at least as much utility from x as from y. Let me call this the ‘choice equals utility’ or ‘choice equals preference’ axiom. This is called ‘selfish behavior,’ by definition, in microeconomic theory and game theory.”53 This is also by and large a restatement of the basic definition of freedom under the capitalist mode of production—because no monarch or sovereign can coerce our activities, or colloquially, because “no one holds a gun to your head,” we freely choose our actions from within our circumstances. As Anatole France sardonically put it, “The poor must work for this, in presence of the majestic quality of the law which prohibits the wealthy as well as the poor from sleeping under the bridges, from begging in

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the streets, and from stealing bread.” The voluntarism embedded within incentive logics ultimately means we have a normative justification for the status quo, since we can assume that people are incentivized to take the actions they do.

Richard Thaler and Cass Sunstein, two nominally progressive economists, make the case in *Nudge* that when an organization (like a state or a corporation) raises the costs of socially unacceptable behaviors, like smoking or obesity, actors who choose these “higher priced” behaviors are thus assumed to be equipped to pay a penalty, be it monetary or social. They call this position “libertarian paternalism.” It is, as they write “a relatively weak, soft, and nonintrusive type of paternalism because choices are not blocked, fenced off, or significantly burdened. If people want to smoke cigarettes to eat a lot of candy, to choose an unsuitable health care plan, or fail to save for retirement, libertarian paternalists will not force them to do otherwise—or even make things hard for them.” For the *Nudge* authors, all choices of all individuals are assumed to have been voluntary, and thus these individuals are assumed to be responsible for having made them. Their approach also assumes that all decisions are made rationally within a given context. This does not mean that anyone resembles the strictly autonomous, rational economic agent in textbooks, but rather, that each individual maximizes their utility function as they see it.

Maurice Godelier notes that equating “rationality” and “economical” performs a conceptual sleight of hand, the result of which is a tautology. He writes: “the very subject matter


56 Thaler and Sunstein divide people into “humans” and “Econs,” but insist that both ascribe to “incentive-based” approaches. “Humans” just respond to nonmonetary incentives, are occasionally “irrational”/inconsistent, and act in context.
of economics as defined by the majority of present day economists is nothing else than the subject-matter of the formal theory of purposive action… We are thus confronted with a formal definition of ‘the economic’ which is good for nothing, and a principle of rationality which, in order to elucidate something in the economy, has to assume that the latter has already been correctly defined.”

Every action taken is “economical,” because it depends on stable preferences and utility maximizing. And because it is economical, it is assumed to be rational.

And because each action is assumed to be voluntarily taken, we have no grounds upon which to criticize the existing order of things. The result is that all actors are held responsible for their choices. If an incentive structure is put into place to motivate socially beneficial behaviors, like the cessation of smoking, or paying into a retirement plan, and someone refuses to participate, the assumption is that they are simply willing to “pay the price” for their behaviors.

The tenet of responsibility also paradoxically restricts what can be considered coercion, since in this view any potential instance of coercion can be analyzed as a cost/benefit problem.

Basu uses his experience with a mugger to argue that the nominal presentation of a choice does not exclude the presence of coercion: “When the man pointed the knife at me and asked for my watch, he was giving me a choice: I could give him my watch or my life. I chose to keep my life. In fact, it was a bargain since mine was a cheap, unreliable watch. So having a choice cannot be equated with noncoercion. It is depriving me of my right—namely, the right to both my watch…

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58 Becker writes: “The heart of my argument is that human behavior is not compartmentalized, sometimes based on maximizing, sometimes not, sometimes motivated by stable preferences, sometimes by volatile ones, sometimes resulting in an optimal allocation of information, sometimes not. Rather, all human behavior can be viewed as involving participants who maximize their utility from a stable set of preferences and accumulate an optimal amount of information and other inputs in a variety of markets. If this argument is correct, the economic approach provides a unified framework for understanding behavior that has long been sought by and eluded Bentham, Comte, Marx, and others.” Becker, *The Economic Approach to Human Behavior*, 14.
and life—that made it a case of coercion.”59 The discipline of economics acts in bad faith by
disavowing that choice and coercion are not contraries of one another.

Gary Becker, the subject of Chapter 3, makes this responsibility-oriented point equally
forcefully when discussing the differences between criminals and consumers. He writes, “If a
rich man purchases a car and a poor man steals one, the former is congratulated, while the latter
is often sent to prison when apprehended. Yet the rich man’s purchase is equivalent to a ‘theft’
subsequently compensated by a ‘fine’ equal to the price of the car, while the poor man, in effect,
goes to prison because he cannot pay this ‘fine.’”60 Becker’s point is that, while using this
incentive-based approach to analyze all of human existence, there is no difference between
criminals and law-abiding people, aside from economic factors. To his credit, he claims that
there is nothing innate, natural or pathological that produces criminals.61 As Febrero and
Schwarz point out, Becker’s “idea was to treat delinquents as rational persons who calculate the
utility of rewards and costs of their peculiar calling but who have a positive risk preference and
discount the future.”62

But because all actions are assumed to be voluntarily chosen from one’s starting position,
one is assumed to be willing to pay the price for whatever behavior one takes. Such a position
becomes even more pernicious when we recall that incentive logics claim to cause behaviors by

59 Basu, Beyond the Invisible Hand, 139.
61 Becker also gets us the furthest in thinking through the immanent nature of incentives—in this realm, there is no
such thing as negation, only an alternative choice. The classic example of this is the assumption that the persistently
unemployed are simply choosing leisure time instead of work. But this also entails that incentives are immanent
because potentially any distant or discrete phenomenon can be rendered ontologically equivalent. Becker, in his
“household production function,” renders all children equivalent to consumer goods, and equates poor families
having more children to rich families having better ones.

Ramón Febrero and Pedro S. Schwarz (Stanford: Hoover Institution Press), xviii.
making them appear economically rational. The result is that people are, paradoxically, held responsible for choices that are beyond their control. Individuals both take actions according to their preferences and passively obey price signals and attune their behavior thereto—i.e., their actions are predetermined according to an external force and as such, are involuntarily performed. In the fall of 2015, the political news cycle was dominated for several weeks by a series of heavily altered videos portraying representatives of Planned Parenthood allegedly detailing how the organization sells fetal tissue from abortions to biomedical research companies. In an interview with a local Iowa news station, Sen. Marco Rubio expressed outrage about the practice: “Because now what you’ve done is you’ve created an industry. You’ve created an incentive for people to be pushed into abortions so that those tissues can be harvested and sold for a profit… I just think you’ve created an industry now—a situation where very much, you’ve created an incentive for people not just to look forward to having more abortions, but being able to sell that fetal tissue—these centers—for purposes of making a profit off it, as you’ve seen in some of these Planned Parenthood affiliates.” Here, the mere existence of a rule (the opportunity for reimbursement for the costs of making tissue donations) produces a

63 In other words, the commitments to idiosyncratic freedom promised by Smith’s “invisible hand” metaphor runs up against neoclassical economics’ parsimonious theoretical commitments to market signals determining proper behavior.


financial incentive to behave in a certain way. As I discuss in the following chapter, this move to externalize “incentives” as an objective signal is a necessary step along its cultural metastasis—once they have become objective mechanisms, they become a metonym for the mechanisms of supply and demand writ large.

Following from this, we infer that incentive logics are prescriptive, meaning that once economists, governments, and corporations introduce incentive logics into social reality, the available set of choices and outcomes are circumscribed in advance. Prescription, in this view, is the figural surplus of retroaction, since the introduction of incentive schemes depends on the existing presumptions of neoclassical utility maximization. As mentioned above, the social logic of “incentive-driven” behavior presumes two simultaneously incompatible things: One, that market structures always already contour social reality, and two, that incentive schemes ought to be introduced into social reality as to produce more efficient outcomes. This is not a case of separable logics, or separate contexts—these two depend upon one another. For instance, the University of Kansas employee healthcare system has a program whereby partaking in healthful behaviors earns “points” for the employee—when one earns enough “points,” one’s monthly premium is cheaper. So in order to motivate an employee to take healthier action, the healthcare plan motivates her through “points” which are ultimately redeemable as a monetary reward.

Health, achievement, and yes, the pocketbook, are tied together in an incentive structure.

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66 As I argue elsewhere, “incentive-based” approaches hypostasize reality into a set of discrete data points to the detriment of understanding complexity. So here, whatever contextual reasons that motivate a woman to go to Planned Parenthood for an abortion (as opposed to it being covered under an insurance plan, or because a hospital does not perform them, or an abortion clinic is too far away) are deliberately suppressed. Only the financial incentive remains as the result of a hypothetical profit opportunity.

67 One should easily glimpse a sinister (Foucaultian and Marxist) aspect to incentives here: Ultimately the healthcare plan seeks to produce a self-governing subject, a subject of governmentality, but for what end? The healthier the workforce, the less a healthcare management system must reimburse hospitals and clinics for procedures, resulting in a healthier bottom line for the company.
Although the authors of *Freakonomics* repeatedly stress their distaste for governments as being largely responsible for costly and ineffective solutions thereto, they still enjoin governments to introduce incentive schemes into specific problems, such as global warming and counterterrorism. ⁶⁸ The Freakonomists’ intellectual forebear, Becker, dedicated a chapter of his 1972 *Economic Approach to Human Behavior* to the proposition that companies ought to overtake most, if not all, of the state’s functions, because states are more susceptible to inefficiency and corruption. ⁶⁹ In other words, even if they disagree that governments *should* produce incentives, they still agree that governments *do* create them. So while Becker’s ultimate political end is the privatization of all state functions, he devotes many of his later *BusinessWeek* columns to entreating the federal government to incentivize businesses and individuals to take actions with which he politically agrees (ending environmental regulations, destroying unions, privatizing schools, etc.).

This is because incentives are designed to *cause* certain behaviors through inducement, reward, or “lowering the cost” of certain behaviors, effectively making them involuntary responses to objective market signals. The upshot of this is an implicit presumption that social reality is controllable as a set of techniques, or levers, that technocrats or corporations can use for their own ends. Following from a presumption that individuals act in accordance with their own utility function (and because economists assume that market signals produce “economically rational” actions), the right incentive structures can *produce* certain outcomes. In this view of

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⁶⁸ “Governments aren’t exactly famous for cheap or simple solutions; they tend to prefer the costly-and-cumbersome route. Note that none of the earlier examples in this chapter were the brainchild of a government official. Even the polio vaccine was primarily developed by a private group, the National Foundation for Infant Paralysis. President Roosevelt personally provided the seed money—it’s interesting that even a sitting president chose the private sector for such a task.” Steven D. Levitt and Stephen J. Dubner, *SuperFreakonomics: Global Cooling, Patriotic Prostitutes, and Why Suicide Bombers Should Buy Life Insurance* (New York: William Morrow, 2009), 157.

⁶⁹ See Becker, *The Economic Approach to Behavior*, chapter 3 “Competition and Democracy.”

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society as structured by market principles, we presume that people will do the thing that has the lowest “cost.” Levitt and Dubner’s *Think Like a Freak*, the third book in the enormously popular *Freakonomics* series, exemplifies this approach: “Once you understand how much psychology is at work when people process incentives, you can use your wiles to create incentive plans that really work—either for your own benefit or, if you prefer, for the greater good.”\(^{70}\) Thaler and Sunstein also aim to encourage socially beneficial behaviors by “nudging” individuals toward behaviors using their preexisting values and preferences. The global persistence of the incentive means that the complex, contradictory social field is rendered into a set of calculable techniques for social organization.

However, as soon as we enter the domain of causality, the invocation of incentives becomes tricky. When incentives are retroactively inferred as having been the result of existing incentive structures, and incentive structures prescribe (or claim to cause) behavior, we severely narrow our ability to determine “what caused what,” however provisionally. To centralize incentives means that if any unexpected or suboptimal outcome appears, the only explanatory mechanism we have is that a *stronger* incentive caused an outcome—this is the precious *objet a* for economic analysis.\(^{71}\) For example, prior to the Côte d’Ivoire’s match versus Greece in the 2014 World Cup, the country’s minister of sport announced that should “Les Elephants” qualify for the knockout round from the group stage, each player would earn nearly $50,000 in an

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\(^{71}\) This builds off of the above point—if incentives are exclusively voluntary, only another incentive could motivate the behavior of another actor to induce an unforeseen outcome.
“incentive payment.” Unfortunately for his team, late in the game, Ivorian player Giovanni Sio clumsily swung a leg at Giorgios Samaras, a Greek forward, in the penalty box. The referee awarded Greece a penalty kick, Samaras converted it, and Côte d’Ivoire failed to qualify for the knockout rounds. The question is: Was Sio incentivized by something other than $50,000 when he clumsily fouled his Greek opponent? Or were his incentives misaligned—did the promise of a bonus motivate him to be overzealous in his tackle? I do not aim to have a satisfactory answer to why the match ended the way it did, but strictly using the logic of the incentive, we are left with a gap in the order of causality, since what motivated behavior is lost to a voluntaristic, retroactive narration of what happened.

Here appears the gap in this explanatory matrix: If someone fails in a competitive context, was the winner better incentivized by a reward (monetary or otherwise), or is there anything else (a competitive advantage, i.e. a material inequality) that explains the outcome? If the answer is that it a stronger incentive determines outcomes, as opposed to a stronger distribution of forces, then all outcomes are the result of voluntaristic decisions instead of material inequalities and unequal distributions of power. Incentives, then, function as an ideological buffer zone for inequality, since inequality becomes abstracted and rendered invisible by competing incentive structures. Force cannot be part of an “incentive economy,” as Henry Wallich puts it, but with recourse only to incentive structures, we are left with a vocabulary that

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73 Becker would point to “human capital” factors that influenced Sio’s actions—he spent more time practicing shooting than defending, and hence the outcome is the result of historical accretions outside of the individual decision to attempt a foul. Yet Becker, as we shall see, is rigorously committed to the idea that people act “economically rationally” by choosing the activity that has the lowest cost to perform given an exiting utility function. So we are caught in a continuous regress wherein it is impossible to determine the “difference that makes a difference,” to borrow Sarah Dempsey’s phrase, but we have a name for the gap—at some point, Sio was motivated by his “incentives.”
only accounts for outcomes by saying that people are differentially incentivized by rewards. This is especially true when incentive schemes are implemented at the interpersonal level: If two individuals react differently to identical incentive schemes, we may only infer that their “preferences” are different, which disallows the possibility for generalizable conclusions at all! So while incentive logics may function in the aggregate as conditioners of behavior, at crucial decision points, we are left asking a set of voluntaristic questions rather than structural ones.

Consider the way Levitt, Chiappori, and Groseclose describe the logic of penalty kicks in one of the economics discipline’s most prestigious journals. Based on historical conversion rates, the authors contend that the “rational” shot is dead center, since one assumes in advance that the goalkeeper will move either left or right, in an attempt to block a shot nearer the corner. In their book Think Like a Freak, Dubner and Levitt take this dubious conclusion and extrapolate it to sets of competing noneconomic “incentives” that affect the shooter’s behavior. In the following passage, take note of the positional shift from economic analysis to a personal narrative. The authors cite historical data from the 1990s and enjoin readers to imagine themselves as the actors in question:

At this most turbulent moment, what is your true incentive? The answer might seem obvious: you want to score the goal to win the game for you team. If that’s the case, the statistics plainly show you should kick the ball dead center. But is winning the game your truest incentive? ...If you follow this selfish incentive—protecting your own reputation by not doing something potentially foolish—you are more likely to kick toward a corner. If you follow the communal incentive—trying to win the game for your nation even though you risk looking personally foolish—you will kick toward the center.

The “incentive” to kick toward a corner is the “selfish” one, according to the authors, because it


75 Levitt and Dubner, Think Like a Freak, 6-7.
obeys the social expectations of a footballer—go for glory, smash a spectacular shot. The “communal” incentive is instead to follow the wisdom of the market and guide the ball into the middle, because it is the most economically “rational” decision. No other contextual factors can matter here—there are simply competing sets of incentives that explain the outcome. Or rather, the contextual factors can be numerically represented as different “incentives.”

The problems here are manifold. First, equilibrium models that predict (and prescribe) behavior are ultimately self-defeating—in accordance with standard theory, once new information enters the system, a new equilibrium is reached (so that once shooters begin kicking down the middle, keepers will stand still and easily swat away attempts). Next, the authors make predictions that both actors move simultaneously based on predictions that both shooter and keeper move toward their dominant sides more often than not.\(^\text{76}\) Such a prediction is empirically testable, but the authors decide against this analysis.\(^\text{77}\) Savvy penalty takers frequently judge the movement of a keeper before striking the ball. Eden Hazard, of Chelsea Football Club, scored 9 penalties in a row in the 2014-2015 season using the strategy of “looking off” the keeper and anticipating his opponent’s movement. Another way of saying this is that outcomes are not always immanent to a situation, but can be thought of as subtractions, or negations, from a given situation. One simply kicks where the keeper is not.

But ultimately, this approach has two major consequences. First, it ossifies social reality into a set of decision points and concrete outcomes—when in fact each simplifying assumption


\(^{77}\) The authors infer that both goalkeeper and shooter move simultaneously—not through empirical observation, but through scientific inference: Because a ball can theoretically travel upwards of 100 miles per hour, and the distance from penalty spot to goal is 12 yards, the authors infer that no human being can react to a shot in order to stop it. This mathematical simplification beggars belief, and is belied by their own conclusions (mentioned above) about the unpredictability of strategic decisions and the intra-game game theory employed by both shooter and keeper.
excises, cleaves and eliminates the process by which the outcome was produced. It is a
tremendous reduction of complexity to a “market signal,” and the process and result are
confused, or worse, reversed. As the authors write, “We cannot reject that players optimally
choose strategies, conditional on the opponent's behavior,” which in effect nullifies the
predictive power of the analysis. One simply assumes that actors have already gone through a
complex decision-making process, but the authors both predict (and prescribe) that other actors
follow the market signal, and not the complex dialectic of behavior at any given moment. Milton
Friedman articulates his vision of “positive economics” contra this predictive account, preferring
instead to think of economics as a post hoc heuristic, as Lundberg puts it. Whereas Friedman
chides economists for seeking realism in explanations, since such a realism would entail
essentially a non-representative map of reality itself, the “incentive” approach errs in the
opposite direction by presuming reality itself is circumscribed solely into incentive structures.
Hence what authorizes the predictive account: One must only map out the relevant incentive
structures to cognize what “causes” the action at hand.

But finally, more interesting than these fairly easy criticisms of their methods is that this
data was used not as a prediction about strategy, but used to render these decision points into a
set of voluntarist notions, and moreover, a moral one. Recall how Levitt and Dubner re-narrate
this economic journal article’s findings: The “true incentive” was not even an objective market
signal, which is what authorizes this anecdote as a “freaky” one. Instead the authors’ explanation

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78 The character Peggy Blomquist in the television show Fargo sums it up nicely. When asked about a split-second
decision she made to set a series of murders into motion, she replied, “You say it like these things happen in a
vacuum. Like it’s a test—check A or B. But it’s like decisions you made in a dream, you know? …I’m livin’ in a
museum of the past.” Quoted from http://www.springfieldspringfield.co.uk/view_episode_scripts.php?tv-
show=fargo-2014&episode=s02e06.


80 Lundberg, Lacan in Public, 121.
for a given behavior is simply a competing incentive—to be selfish, or to follow a “communal” incentive. Failure—either through the competitive power of an opponent, a slick patch of grass, or any other explanation for an outcome, is instead retroactively narrated as an individual choice based on an incentive. “Incentive” is a placeholder to mark the absence of a more robust explanation of social behavior—it is a black box for complexity in social explanations, and this placeholder switches the “code” of behavior, if you will, from a rational economic response to stimuli into a moral, character-based explanation.

To borrow a sports metaphor, incentives “hide the ball” when used as the singular justification for differences in outcomes; it follows the structure of neurosis in which we ask what was the proper incentive (and attempt to retroactively infer which was the effective cause of an action). Lacan calls these “button ties,” or points du capiton, in which a given enunciation retroactively acquires symbolic legitimacy. Rickert writes, “Conceptual stability is achieved retroactively, and insofar as this occurs through hegemonic foundations, we should see that these stabilities can achieve striking sedimentation.”81 Because incentive logics offer stable explanatory mechanisms for why people behave the way they do—it was their preference, it fulfills their utility function, one was incentivized—any outcome could not have been otherwise. It is always too late to talk about change when the vocabulary is invoked to retroactively account for any outcome. While the retroactive nature of incentives relies on the idea that social reality is at equilibrium, and the prescriptive introduction of incentives presumes that society is operating inefficiently, or at a disequilibrium, both are unified by the overarching commitment to seeing social reality as a set of market mechanisms.

81 Rickert, Acts of Enjoyment, 98.
In sum, incentive-based logics depend on a form of retroactive causality that re-narrates outcomes as being the result of neoclassical presumptions about market behavior. The complexities and contingencies of individual situations are elided—or better, sutured, to a notion of neoclassical market behavior. The result is an individualizing ascription of responsibility for any outcome. For the prophets of incentives, “incentive” works as the enigmatic hidden force that joins together cause and effect, the paradoxical object that renders the world intelligible. “Incentive” is the name of a surplus—it is that which is added to the realm of “actual” causality as a rubric or interpretive schema in order to render behavior intelligible to the discourse of economics. Material, formal, and efficient types of causality are reduced to differential data points for determining the strongest “incentive” which ultimately causes an outcome. What makes this reduction so pernicious is the collapse of orders of causality entails a collapse into a freely chosen outcome. Material inequality can be refigured as a marker of desire rather than a problem to be interpreted, and changed. “Incentive” is the name for the “final cause” because it exists to authorize behavior as “having acted in accordance with neoclassical utility functions”—it is the answer to its own question. Why did she act in this way? She was incentivized by the outcome—or was willing to pay the price for it.

The following chapter traces a story of the incentive historically, first throughout history as a poetic term, and second as it is taken up and transmogrified by neoclassical economic thought. Through these discrete terminological movements of the term’s usage through Jeremy Bentham, Paul Samuelson, and others, we can discern what accounts for the term’s prevalence today.
Chapter 2: Between the Fire and the Tune, or, A History of the Term “Incentive” in Economic Thought

“Semblably Pythia the priestesse of Apollo, being once come downe from her three footed fabricke, upon which she receiveth that incentive spirit of furie, remaineth quiet and in calme tranquility: whereas the rage of love, after it hath once in good earnest caught a man, and set him on fire, there is no musicke in the world, no charme, no lenitive song, no change of place able to stay it”—Plutarch, Morals, vol. IV (“On Love”)82

For the ancient Greeks, to be “incensed” and to have an “incentive” was synonymous; as Plutarch points out, to have an incentive was to have an uncontrollable fire lit beneath you. Yet the term “incentive” (and “incense,” for that matter), when translated into Latin, also shares an etymological relation with “incantation”: An incentive can “set the tune” of behavior, or “charm” someone into a certain behavior. The word “incentive” comes from “the past participle stem of incinere, ‘strike up,’ from in- ‘in, into’… + canere ‘sing,’” and its “sense [is] influenced by association with incendere ‘to kindle.’”83 So even at its root, “incentive” partakes in an etymological bivalence, between a fire and a tune—that is, something poetic, subjective, uncontrollable; and a melodious charm—extrinsic, motivating, yet regularizable. Through readings of three economic thinkers, Jeremy Bentham, Alfred Marshall, and Paul Samuelson, this chapter traces how a formerly general synonym for motivation is introduced into economic thought and how this term is reduced to a strictly financial motive. This terminological shift happens in the gradual externalization of “incentive”—from the fire to the tune. Through these three thinkers, I demonstrate how “incentive” becomes a free-floating, objective and autonomous


phenomenon. I invoke the Lacanian concept of the *objet a* to describe how “the incentive” functions as a universal object for the discipline of economics. By investigating this initial terminological reduction we can account for the metastasis of a particularized, economized version of what to be “incentive-driven” means thereafter, and discern the grounds upon which the eventual metastasis occurs. To be clear, the other side of the term—the history of the fire, so to speak—does not necessarily contain my wish for the road not taken. I do not wish to reclaim some lost vision of “incentive,” but to point out that the term itself is already caught between these two poles of incantation and inflammation, between subjective and objective motivation; the fact that the term performs double duty is a testament to how it sums up wildly divergent situations.

Bentham’s utilitarian decision-making depends upon objectively tabulating all of the pleasures and pains of the world under the rubric of the “principle of utility;” he also introduces “incentive” as a way to properly motivate individuals. Marshall picks up Bentham’s use of the term “incentive” and applies it to neoclassical economics, and he uses it to define the parameters of Bentham’s utility function. Marshall’s economic method starts by assuming money, and the monetary motive is the best accounting system we have devised for human motivation writ large. We can and must assume that if someone has any desire whatsoever, it is expressible in some sense by its appearance in money. By the 20th century, incentives do not represent poetic, intrinsic motivation, but are instead objective results of competitive markets and the existence of profit opportunities therein. In this vision of incentive-driven thinking, incentives become fundamentally reactive, and exteriorly generated from market signals. In other words, the propositions, “Incentives are a reward” and “Incentives are a desire” are contradictory once 20th century neoclassical economics gets its hands on the term.
Paul Samuelson, one of the most influential economists of the 20th century, appears here for his role as a systematizer of this line of thinking. Upon the presentation of his 1970 prize in “economic sciences,” Samuelson was credited by the Bank of Sweden for “contribut[ing] to raising the general analytical and methodological level in economic science.” The term “incentive” appears in Samuelson akin to how we typically think of it today: an external reward for behavior. Samuelson also evokes what I call the “fragility thesis,” since he fears the dampening of the entrepreneurial spirit by incentives that work against market precepts. While he forwards a generally orthodox understanding of incentives as monetary, he still stands against the metastasis of the term to describe all of social reality. For this reason, he represents a conceptual middle distance between the strict neoclassical position, and the later “Chicago School” metastasis. Samuelson also advocates, intentionally or not, a notion of the incentive as a behavioral modification: He is concerned with the state’s ability to retard or alter incentive structures in free market societies. Samuelson allows economists to imagine the pernicious consequences of taxation, but in a very limited manner. Overall, Samuelson’s notion of incentive as “behavioral modification” contains an intriguing theory of mediation, which I pick up in the concluding chapter of the dissertation.

84 Samuelson coined the term “the great neo-classical synthesis,” which at the time, represented a grand détente between Keynesian and neoclassical economics. Today, that synthesis is less important to the discipline of economics, since neoclassicism has largely superseded macroeconomic Keynesian dominance since the “marginalist revolution” of the 1970s.


86 A brief preview: If social and economic policy by the U.S. federal government continues along the lines of incentivization, the state will have abdicated a role in wealth transfer in favor of a solely entrepreneurial vision of the social and political bond.
But the story of the term’s journey through these thinkers is not simply textual, or authorial—it is a story about the discipline of economics’ search for a universal object that stitches up reality. Here I describe the term “incentive” as a Lacanian objet a, the object-cause of desire that produces subjective coherence to an inconsistent totality. The objet a allows for the phrasing of struggles in economics as a search for a signifier that performs the double duty of being internal and external, subjective and objective, desire and reward. But in addition, it allows us to think through the libidinal economy that sustains economic discourse. The logic of the incentive is fundamentally about the distribution of jouissance, but this distribution is not onto actors in the social field, but rather, within the discursive economy of economics itself.87 Conceptualizing “incentive” as a universal object may account for its habitual, sustained repetition once it metastasizes onto the social field.

Lacan introduces the objet a as a designator of a fragment of “reality” that offers consistency in a subject’s relation to the world; it is both an object of desire and its apparent fulfillment. It is that which is “in you something more than you.”88 This object is, for Lacan, a fragment discoverable in speech, a “symbolic object.” He writes, “What is at stake in analysis is the advent in the subject of the scant reality that this desire sustains in him, with respect to symbolic conflicts and imaginary fixations, as the means of their accord, and our path is the intersubjective experience by which this desire gains recognition.”89 The word, however, is a

87 This innovation also marks a gentle re-figuration of the relationship between Marx(ism) and Lacanian thought. Samo Tomšič, in the recent The Capitalist Unconscious, argues for the structural homology between surplus value and surplus jouissance that Lacan identifies in his post-1968 seminars. Here, I keep the relationship at the level of the signifier: There is a discursive surplus in the invocation of the term “incentive” by economic thinkers because of the work it performs. See Samo Tomšič, The Capitalist Unconscious: Marx and Lacan (New York: Verso, 2015).


gap—an interjection into reality but without positive consistency on its own; as Slavoj Žižek puts it, it is “an objectification of a void,” but with a useful theoretical twist.\(^{90}\) The positive consistency it offers, or better, the libidinal surplus, is “the retroactive act of naming itself,” so what we call self-identity is itself already a discursive surplus imputed into the signifier.\(^{91}\) This operative signifier is “the incentive.” Economics is a discipline in search of a stable object in the 20\(^{th}\) century, and within theoretical debates we can discern how this term metastasizes. This chapter represents how the sense of “incentive” is constricted by the discipline of economics into an external reward; the following chapter on demonstrates how this narrow, calculative, economized utility function then is able to describe all of human behavior.\(^{92}\) “Incentive” becomes a universal unifying mechanism through the aforementioned struggle within the discipline itself.

**Early Uses of the Term: From Incentivum to Incentive, and to Incentivize**

According to the *Oxford English Dictionary*, the first appearance of the term “incentive” in English appears in the translation of Ranulfi Higdan’s *Polychronicon*, a “universal historical” chronicle originally written in Latin and translated in 1425. Higdan uses the term “incentivum” in a prologue, self-aggrandizingly praising the virtues of the writers of history, and calls historical writing the noblest of all. The Middle English translation, from the Latin, reads: “For in the contexte historicalle the rewle off lyvenge and forme of vertues morale, and the incentive

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\(^{91}\) Žižek, *The Sublime Object of Ideology*, 95.

\(^{92}\) I tend to think of this movement like an hourglass shape, with a nonspecific synonym for motive in the top bulb. This chapter represents where the glass narrows, and the sand transforms from an undefined mass to individual grains. When Becker introduces the “economic approach to human behavior,” this represents the second widening, with only the style of analysis (the neoclassical utility function) that remains intact.
of manhode, giffe grete resplendence thro the diligence of chroniclers.”\textsuperscript{93} (The text, in modern English, ought to read, “For in an historical context the rule of living and form of moral virtues, and the incentive of manhood, give great resplendence through the diligence of chroniclers.”) As mentioned, the term comes directly from Latin, and this translation is the first evidence the \textit{OED} has of its appearance in English. Interestingly enough, the specific term skips a translation: “Incentivum” appears in the original Latin, but does not appear in the first translation of the book by John Trevisa (a contemporary of Higdan’s)—it then reappears in the above translation that was done by an unknown translator, also in the 15\textsuperscript{th} century (according to Churchill Babington, the editor of the volume in 1865). Rather, “incentivum” was roughly translated as “blaiseth and schyneth” by Trevisa, giving credence to the idea that this use of the term incentive is related to the fire, lit beneath the actor in question. Although the \textit{Polychronicon} translation may be inconclusive in the specific appearance of the term between Latin and Old English, the fact that “incentivum” can \textit{disappear between translations} tells us something important, that the term was not fixed by Higdan’s readers as a specified description of a phenomenon (like a “tax incentive” functions today). Put differently, for one translator, Trevisa, “incentivum” indicated both a “blaze” and a “shine,” whereas for his 15\textsuperscript{th}-century contemporary, “incentivum” could be directly translated to “incentive.”

If the first appearance of “incentive” in English is tantalizingly inconclusive, we can turn to the second, indicated in the epigraph to this chapter. Here, a translation of Plutarch conveys the indomitable “incentive spirit of furie” of a person in love, for “there is no musicke in the

world, no charme, no lenitive song, no change of place able to stay it.” In this poetic version of the term, “incentive” functions as a *subjective* motivation, not one organized by an external reward. Once again, in a different translation, the exact term “incentive” does not appear at all in this passage. The phrasing is instead: “Whereas the fury of love, wherever it seizes either man or woman, sets them in a flame.” Plutarch continues, later, “the fancies and visions of Lovers being imprinted in their cogitations by fire or enambled [sic], leave in their memorie lively images surely engraved.” There is no doubt that “incentive” was understood, for Plutarch’s translators at least, as inextricably linked to the notion of the flame, something motivating for the “incensed” subject. “Incentive” here also functions as an adjective, not a noun: “Incentive” modifies “spirit,” whereas today, in something like a “tax incentive,” incentive functions a noun, as an objective thing that the adjective “tax” modifies. Unfortunately, the specifically “fire”-based deployment of the term is harder to find today; even if one is “incensed,” this typically conveys anger, not “motive.” (Indeed, “lighting a fire” underneath someone has become its own idiom.)

In contrast, there is another sense of “incentive,” that of a “tune,” borrowing from the above notion of “incantare,” closely related to “incantation.” Here I lay the groundwork for the terminological reduction of the term to an external monetary reward in Samuelson and other 20th century thinkers, since this tune comes from an outside source to motivate action. A 1612 poem, Michael Drayton’s *Poly-Olbion*, notes that the harps, tympanum and chorus of the people of

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Ireland, Wales and Scotland can produce a “musical incentiue to warre” against their foes, as well as “charme” their compatriots. To step, to fight, and contemporarily, to work, is to be set in motion by the tune. The notion of incentive as extrinsic motivation is also embedded within its etymology—as Harper notes, “incantation” comes from the Latin incantationem, a “noun of action from [the] past participle stem incantare.” “Incentive” here is more like a charm, something spellbinding to its listener—so when an organization or entity attempts to motivate a specific behavior, the inflection is on the “tune” rather than the “fire.” (And interestingly, recall that when the “incentive spirit of furie” seizes Plutarch’s subject; no lenitive song could stay him. The two senses of “incentive” go to war here, and the fire wins.) In this sense of the term, we are charmed by the tune, and it acts upon us. In contrast, the “fire” is “in” the subject—it wrangles the spirit of the actor.

The turning points this term takes is also evident in its more modern usage. Today, the prevalence of the term “incentive” ought not strike us as surprising: According to Google, the prevalence of the term has sextupled since 1800, taking an acutely advanced leap between 1925 and 1950, and maintaining its height until roughly 2000.

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As I argue below, the capture of the term by neoclassical economics, its use by economic policymakers, and its usage by businesses as a way to conceptualize motivation in the 20th century largely accounts for this rise.

Although “incentive” and “reward” seem roughly synonymous, at least in a standard reading, the 20th century witnessed a gradual rise in “incentives” and a gradual decline of “reward” in print form, although incentives do not surpass it. The alternative sense of the term “incentive,” that of a motivation, also witnesses a dramatic rise, while “inducement” gradually dwindles.
There could be multiple competing explanations for this. The logic of the incentive “works” today because it presents a fairly elegant explanation for people’s behavior, especially in what Thomas Piketty hypothesizes will be a “low-growth” society for decades to come. But even throughout the 20th century, the question of motivation arose alongside industrial, and then service-based, capitalism. After all, business and management literature is comprised of nothing but attempts to engineer motivation in workers. “Incentive” is thus a way to domesticate, and respond to, the anxiety surrounding motivation in capitalism, so the simultaneous rise of “motivation” and “incentive” is unsurprising.

Yet while the term “incentive,” aside from spikes thanks to rare books before 1800, greatly rises in popularity in the 20th century, two different linguistic instances—“incentivize” and “incentivization” come out of virtually nowhere:
The words “incentivize” (only 1,880,000 overall Google search results in 2016) and “incentivization,” (53,000 search results) may have fairly minuscule results, but it is these neologisms’ rise over time that is much more interesting than their amount. Only since roughly 1980 have either of these terms appeared at all, and this is roughly coterminous with the rise of “neoliberalism,” however broadly construed.

At the “neoliberal” moment, “incentive” gets “verbed”! This anthimeria, or the turning of a noun into a verb, is what results when economics wrangles the term into a discursive bottleneck. In other words, there are many ways of conveying the sense of the statement, “I wish
to motivate my workers,” or “I aim to reward my workers for their hard work.” The term “to incentivize” steps into this gap precisely because it offers a particular vision of human motivation by presuming that people are motivated by incentives—once “incentive” moves through Marshall and Samuelson, “incentivize” is an explicable outgrowth of the term. After all, the suffix “–ize” implies causation (to mobilize is to make mobile, to standardize is to render things standard), so the work is doubly metaphorical here. The term supplants its own metonyms, so that motivation, reward, and inducement are all made into particular cases of a narrower term, the incentive.

For instance, in a podcast on the Grantland sports website, two writers made suggestions about how to prevent teams in the National Basketball Association from “tanking,” or losing intentionally to gain a better spot in the following year’s amateur draft. Note the explicit use of the term “incentivize”:

**Bill Simmons:** We always think about, all right, what are the prizes with a tournament like this? You get a guaranteed spot, or what would incentivize all 30 NBA teams to actually try in a midseason tournament? I think I came up with the answer: 5 million extra for the salary cap the following season.

**Brian Windhorst:** …But you have to give a piece of candy to the players too. You’ve got to figure out something for them… You have to incentivize the players to really want to go hard in it. Otherwise, you’re going to get exhibition-style effort.

**Bill Simmons:** Oh, so they all get $500,000 bonuses, the first-place team.

**Brian Windhorst:** Yeah, I think either monetary or something with the schedule, where they get an extra four days off.  

To motivate someone’s behavior is to set them into motion with a tune, to externally motivate their activity toward a certain end. The “incentive” becomes a technique, an external reward

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instead of a subjective or intrinsic, “fiery” motivation, and “to incentivize” becomes the implementation thereof. To be clear, the “tune” is not the object of satisfaction, but is rather the scheme that sets the activity into motion. With this brief etymological sketch in hand, I now move to Jeremy Bentham’s work to determine how “incentive” enters an economic, then a cultural, lexicon in a narrowed manner.

**Jeremy Bentham: The Pleasure/Pain Calculus**

Bentham’s work accomplishes three things in this history of the incentive: First, he renders all action as incipiently rational and calculative according to his “hedonistic calculus,” and thereby reduces all action to the “simple utility function” of weighing pleasure and pain. Next, he interiorizes, or psychologizes outside motivations—turning all present and future motives into coefficients for enjoyment. And finally, in a dialectical return to the first point, Bentham operationalizes the pleasure/pain calculus as an objective measurement, one that polities deciding on a course of action can tabulate, to implement the proper incentive schemes. In other words, he presents an elegant justification for a psychologically rooted methodological individualism. Bentham is vital here in displaying how to we arrive at the presumption that humans are “incentive-driven animals.” Bentham’s “principle of utility” is a way to imagine how and why other people act the way they do.

Bentham first provides us with a list of sentiments that motivate human behavior, after which he offers a set of conceptual tools to reduce these motives for action down to two general containers for all human behaviors (pleasure and pain), and finally, offers a set of guidelines for how to judge the rectitude of any action (the principle of utility). Taken with Marshall’s economization of the selfsame process, we have in our hands the keys to understanding how all motives are reduced to a positivistic inference from market behavior. Davis claims that 19th and
20th century economists such as Jevons, Walras and Alfred Marshall developed their cardinal utility theories of consumer choice based on Bentham’s work: “Bentham, in terms of a hedonistic, pleasure and pain calculus, had laid the original foundations for a utility understanding of choice, promoting the idea that human psychology thus understood represented scientific advance.”

In his 1789 *An Introduction to the Principles of Morals and Legislation*, Bentham writes, “Nature has subjected to man the dominion of pleasure and pain. To them we are indebted for all our ideas… Be it understood that I take the words pain and pleasure in their common acceptation, without inventing arbitrary definitions, either to exclude certain pleasures; or to deny certain pains. No subtility, no metaphysics; we need not consult Plato nor Aristotle. Pain and pleasure are what every body feels them to be; the peasant as well as the prince, the uneducated man as well as the philosopher.”

For Bentham, the body does not deceive—the “common understanding” of pleasure and pain has to be universal, or else it could not serve as the common denominator of calculating utility. To feel pleasure is an intrinsic good, to feel pain is intrinsically bad. This may appear straightforward, but his position authorizes his later attempts to universalize his pleasure/pain calculus, since the presumption of rational action means that from the outside, we infer all people’s actions as having brought them pleasure. This becomes an injunction against state action that could potentially make someone less “happy” because of a higher tax bill. He writes, “Now, pleasure is in itself a good: nay, even setting aside immunity from pain, the only good: pain is in itself an evil; and, indeed, without exception, the

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only evil; or else the words good and evil have no meaning.”102 He also defines pain and pleasure dialectically, so pleasure involves the avoidance of pain and vice versa. He identifies 14 different “simple pleasures” (among them benevolence, amity, skill, and imagination), and 14 “simple pains” which are simply the contraries of the pleasures (thus, the pain of benevolence, the pain of amity, the pain of awkwardness, and so on).103

Bentham next identifies eleven primary motives for action (Good-will, Love of reputation, Desire of amity, Religion, Displeasure, Physical desire, Pecuniary interest, Love of power, Self-preservation, the love of ease, and the love of life)104, and how each of these terms could be positioned as “bad” or “good” motives depending on context and intensity. For instance, the love of power in some contexts is deemed “ambition,” whereas in others, it is termed the “lust for power.” Bentham next identifies several ways to characterize motive, first as internal or external, and secondarily in prospect and in esse (or in existence). For Bentham, “[t]he internal perception of any individual lot of pleasure or pain, the expectation of which is looked upon as calculated to determine you to act in such or such a manner; as the pleasure of acquiring such a sum of money,” qualifies as an internal motive, while “the breaking out of a fire in the house you are in, which makes it necessary for you to quit it,” is an external motive.105 Note here that for both types, motives appear as not-yet-realized desires—even an external motive like a fire is strictly anticipatory of the pain a fire would wreak. Bentham then attempts to distinguish among motives in prospect and in esse: “for a man to be governed by any motive, he must in every case look beyond that event which is called his action [the act in esse]; he must

102 Bentham, An Introduction to the Principles of Morals and Legislation, Ch. 10.
103 Ibid., Ch. 5, paragraphs II and III.
104 Ibid., Ch. 10, paragraph XXXI.
105 Ibid., Chapter 10, paragraph V.
look to the consequences of it: and it is only in this way that the idea of pleasure, of pain, or of any other event, can give birth to it.”\textsuperscript{106}

But this is merely a restatement of the prior distinction, with one vital twist: External motivation is subsumed under internal motivation by way of an anticipatory gesture. As Bentham puts it: “Of all these motives, which stand nearest to the act, to the production of which they all contribute, is that internal motive in esse which consists in the expectation of the internal motive in prospect: the pain or uneasiness you feel at the thoughts of being burnt. All other motives are more or less remote.”\textsuperscript{107} So in a sense, Bentham’s house fire example retains the traces of “incentive” as subjective motive, especially since a fire appears in both examples. By reducing our considerations down to whether pain or pleasure will be felt, the external world is reduced to a subjective psychological impression. Sigot writes that “The incentive to innovate depends on potential profit: it rests on a calculation made by the innovator which should in no way be different from that made by any individual regarding the pains and pleasures of any given action.”\textsuperscript{108} In the hands of Bentham and Becker, this entails that humans are more rational and more calculating than in Samuelson and other neoclassical economists.

In fact, Bentham introduces the notion of incentive schemes into public policy. Given that in his framework, individuals are naturally pleasure seeking and pain avoiding, he leverages several notions of “incentives” to, in effect, contour people’s natural dispositions toward economically beneficial ends. As one biographer writes of Bentham, “In his plan for prisons, workhouses, and other institutions, Bentham devised compensation schemes, building designs,

\textsuperscript{106} Ibid., Chapter 10, paragraph VI.
\textsuperscript{107} Ibid., Chapter 10, paragraph VII.
worker timetables, and even new accounting systems. A guiding principle of Bentham’s schemes was that incentives should be designed “to make it each man’s interest to observe on every occasion that conduct which it is his duty to observe.”\textsuperscript{109} That is, Bentham’s notion of incentives is provocatively modern, especially coupled with his notion that the mechanisms of capitalism provide objective incentives for people to behave rationally on their own. He writes:

“Competition—preference given to the best bidder among candidates bidding upon each other, under the spur applied by that incentive—competition, affords, in the instance of the party chosen, a better chance of fitness for the office and its services, than will in general be afforded by preference given.”\textsuperscript{110} Bentham’s innovation here is the suturing of his concept of human nature to the idea that actions can be organized both by savvy legislators and by market mechanisms.

Yet this is a careful line that he treads, because Bentham’s individualized pleasure/pain calculus is used to determine the proper actions of legislators. Étienne Dumont, Bentham’s translator and editor, writes, “To get a precise knowledge of the principles of utility, it became necessary to exhibit all the pleasures and all the pains, in a table; for they are the first elements—the figures which are to be employed in a moral calculation. As in arithmetic, we proceed upon numbers…so in legislation we are to work with pains and pleasures, the value of which it is necessary to have exactly estimated.”\textsuperscript{111} Bentham delivers an objective formula for determining proper legislative action:

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Sum up all the values of all the pleasures on the one side, and those of all the pains on the other… Take an account of the number of persons whose interests appear to be concerned; and repeat the above process with respect to each. Sum up the numbers expressive of the degrees of good tendency, which the act has, with respect to each individual, in regard to whom the tendency of it is good upon the whole…do this again with respect to each individual, in regard to whom the tendency of it is bad upon the whole. Take the balance which if on the side of pleasure, will give the general good tendency of the act, with respect to the total number or community of individuals concerned; if on the side of pain, the general evil tendency, with respect to the same community.

Elsewhere, in Principles of the Civil Code, Bentham writes: “Legislation, which has hitherto been founded principally upon the quicksands of instinct and prejudice, ought at length to be placed upon the immovable base of feelings and experience: a moral thermometer is required, which should exhibit every degree of happiness and suffering.”¹¹²

How is one to measure happiness? Bentham has an answer: money. He writes, “Each portion of wealth is connected with a corresponding portion of happiness. Of two individuals, possessed of unequal fortunes, he who possesses the greatest wealth will possess the greatest happiness.”¹¹³ But Bentham does allow one escape route. For Bentham, “[w]hat is here said of wealth, ought not to be limited to pecuniary wealth: the term is used with a more extended signification, and includes every thing which serves for subsistence and abundance.”¹¹⁴ On the one hand, this means that for Bentham, money is not always equivalent to happiness. Yet on the other, does this definitional expansion actually contradict the fusion of money and happiness? I say no, for two reasons: If “subsistence and abundance” entails durable capital goods and real estate (i.e. fungible commodities) then he has not fully opened up his utility function. And

¹¹³ Ibid.
¹¹⁴ Ibid.
secondly, if Bentham’s “extended signification” is anything that produces happiness, then the definition is entirely circular: happiness equals things that make us happy.

Finally, Bentham’s characterization of legislation anticipates the neoclassical approach thereto. As he puts it, “What can the law do relative to subsistence? Nothing directly. All that the law can do is to create motives; that is to say, to establish rewards and punishments, by the influence of which, men shall be induced to furnish subsistence to themselves.” In other words, states cannot (or ought not) directly produce or redistribute social resources, they can (and should) only incentivize and disincentivize certain behaviors to increase total social utility. For Bentham, legislation ought to primarily be used for behavioral modification. Governments cannot create resources, they can only channel motives into different avenues depending on their priorities based on the infinite desires of individuals.

In sum, Bentham interiorizes motive to such a degree that even external motives (charming tunes set from outside and house fires) become internal contemplations. He accomplishes this by the terminological reduction of different sensations down to pleasure and pain, and then down to a single utility function (essentially the subtraction of possible pains from the possible pleasures). But this is still a forward-looking, anticipatory calculus: In an anticipatory gesture, we take actions because we believe that they will be valuable for us, or avoid things we fear might cause us harm. And finally, Bentham characterizes legislation as behavioral modification, which Samuelson takes up more rigorously.

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116 This last clause is vital: As we shall see, Gary Becker argues for “total social utility” as the guiding principle of any legislation, but like any good neoclassical economist, is aggressively indifferent to distribution. It is why he argues against shared domestic tasks for heterosexual couples, and indeed for polygamy if one man, compared to another, is an extremely fit mate (and can raise total social utility with two wives than two evenly matched couples could). Bentham is the source of this general mathematical approach.
Alfred Marshall: Reducing Poetics to Positivism

Robert L. Heilbroner, the renowned economic historian, contends that Alfred Marshall introduced “nothing less than a new figure who will epitomize the Marshallian vision of the economy as aptly as, if much less dramatically than, the great monarch of the Hobbesian era. The new figure is The Individual, whose calculations not only symbolize the workings of the market system, but are in fact the rock on which the economy itself ultimately rests.” Heilbroner overstates his claim, if only because he downplays how influential Bentham was in this regard. (Indeed, Heilbroner even writes that Bentham’s “Felicific Calculus” was merely a “philosophical view of humanity as so many living profit-and-loss calculators, each busily arranging his life to maximize the pleasure of his psychic adding machine.”) However, Marshall does prove a pivotal figure for the history of the discipline of economics. His importance is threefold: First, he adapts much of Bentham’s methodology into the field of economics; next, he gently refigures Bentham’s equivocation of money and happiness by instead claiming that money is a marker of desire and effort (and subsumes even “non-economic” motives under this umbrella). And crucially, he introduces the vocabulary of incentives into economic theory to correspond to the tenets of equilibrium theory: Marshall explicitly uses the term to describe both motivation and reward—and this fusion is critical for neoclassical equilibrium analysis. Marshall is the crucial intellectual link between Bentham and Samuelson, and thus the 20th century neoclassical economic tradition. Bentham retains the link to our initial framing of “incentive” as a poetic, internal motivation, Marshall pivots toward positivistic inferences about economic activity, and Samuelson fully externalizes “incentive” as external motivation.


118 Heilbroner The Worldly Philosophers, 173.
In *Principles of Economics*, Marshall outlines why economics as an academic discipline is better suited to answer questions about human activity than others. He writes, “The advantage which economics has over other branches of social science appears to arise from the fact that it concerns itself chiefly with those desires, aspirations and other affectations of human nature, the outward manifestations of which appear as incentives to action in a form which is easily measurable, and which therefore are amenable to treatment by scientific machinery.”

Marshall’s enthusiasm for scientism is on full display here, but a scientism with a twist. In his *More Heat than Light* and several other works, economic historian Mirowski painstakingly elucidates how 19th-century physics influenced the foundations and assumptions of neoclassical economics—the seemingly random movement of stock prices, the law of diminishing returns, supply and demand curves, and especially the notion of market equilibrium all have precisely adopted analogues from the domain of physics. Marshall’s gambit is not just that human behavior can be observed scientifically, for any statistician could measure patterns of behavior. But rather, his gambit is that human beings behave according to the theories of neoclassical economics already—with defined consumption preferences and initial outlays of resources, each of which obey the ironclad laws of supply and demand.

More specifically, Marshall is concerned with developing a positivistic interpretation of all human behavior—one that can avoid looking “inside” of people’s heads for their motivations or desires. Consider the following passage: “But the economist studies mental states rather through their manifestations than in themselves; and if he finds they afford evenly balanced incentives to action, he treats them *prima facie* as for his purpose equal. He follows indeed in a more patient and thoughtful way, and with greater precautions, what everybody is always doing every day in ordinary life… He estimates the incentives to action by their effects just in the same

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way as people do in common life.” If Bentham’s pleasure/pain calculus was anticipatory, Marshall’s is positivist—this divergence has consequences for whether we assume people are hyper-rational or only boundedly so. Bentham presumes that people measure, however incompletely, actions for whether it will bring them pleasure or pain, Marshall’s orthodox neoclassicism assumes that people have taken an action because it has brought them material gain.

He further asserts that these motives are measurable precisely because they show up in market behaviors—we can measure effort and desire by measuring the movements of money: “Thus though it is true that ‘money’ or ‘general purchasing power’ or ‘command over material wealth,’ is the centre around which economic science clusters; this is so, not because money or material wealth is regarded as the main aim of human effort, nor even as affording the main subject-matter of study for the economist, but because in this world of ours it is the one convenient means of measuring human motive on a large scale.” Convenience is not the only alibi for Marshall’s terminological reduction of effort to money. Rather, Marshall reinforces his “money-as-motive” thesis in two ways: first, he offers a widened version of “economic” activity as simply goal-directed action for gain, and second, he sums all potential contexts (both internal and external, both cultural and individual) into a single utility function.

Following from his endorsement of positivistic inferences of economic behavior, Marshall contends that “this indirect comparison can be applied to all classes of desire,” so like Bentham, he does not simply restrict economic analysis to what we restrictively consider “the

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121 Ibid., 83.
economy.”¹²² Maurice Godelier contends that once the definition of “economic” is stretched (I would say metastasized) to include all purposive behavior, “it is no longer possible to distinguish between economic activity and activity directed towards obtaining pleasure, power or salvation. At this rate, while all purposive action comes to be called economic in principle, no action actually remains economic in fact.”¹²³ Godelier prefers to restrict “the economic” to “the production, distribution and consumption of goods and services,” granting a certain autonomy to habits, practices and activities that obey their own logics, even if they intersect with economic activity. In contrast, Marshall, at the very outset of the formalization of neoclassical economics as a discrete discipline, opens the floodgates to bring all activity under the auspices of individualized utility function. Indeed, Marshall claims that the way to draw comparisons between different actors’ behaviors is to measure extra-economic motives, with money as the common measure.

Next, Marshall offers that from a positivist standpoint, there is no sense in trading one influence in a utility function for another, because they are merely competing coefficients or points in a decision matrix. As mentioned, because the aim is to understand aggregated behavior, not psychologize individuals, one cannot assume an “animal instinct” was more or less powerful than a rational or “cultured” inkling. From Marshall, we get, as Aune puts it, the economist’s invocation of the phrase *ceteris paribus*—“all things being equal.”¹²⁴ Marshall writes, “Thus measuring a mental state, as men do in ordinary life, by its motor force or the incentive which it affords to action, no new difficulty is introduced by the fact that some of the motives which we

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¹²² Ibid., 77.


have to take account belong to man’s higher nature, and others to his lower.”
Either influence is functionally equivalent if it produces identical action. This motivational agnosticism is also why he endorses profit-seeking behavior as (a form of) deontological ethics: “Money is a means towards ends, and if the ends are noble, the desire for the means is not ignoble.”

To his credit, Marshall does not necessarily assume that people are rational or calculative to the degree that Bentham does: “When we speak of the measurement of desire by the action to which it forms the incentive, it is not supposed to be that we assume every action to be deliberate, and the outcome of calculation. For in this, as in every other respect, economics takes man just as he is in ordinary life: and in ordinary life people do not weigh beforehand the results of every action.” However, this skepticism about human rationality is in line with his concept of incentives overall: By analyzing human action positivistically, the economist can begin to take note of the incentives that motivate behavior, whether the incentive is a cultural influence or a monetary reward. One need not begin with the human as the hyper-rational computational machine if one instead believes that market mechanisms are the computational mechanism. To be clear, Marshall remains ardent for methodological individualism, just not that any one individual’s actions are hyper-rational, merely predictable from careful observation.

Taken together, Marshall gives us a fairly coherent picture of human motivation: Assume that all human action can be indexed according to the money commodity, equate money to a measure of desire and effort, assume nothing about a subject’s interiority or influences on motivations, observe behavior, and finally, (begin and) end by assuming neoclassical postulates about behavior are true. The final step is crucial here. As mentioned, Marshall equates “desire”

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126 Ibid., 83.
127 Ibid., 81.
with “satisfaction” in his *Principles of Economics*, in that the only way to express a desire for a commodity is to be motivated enough to purchase it, so that it registers on a supply and demand curve. Economist Maurice Dobb, mentor of Amartya Sen, writes, “The subjective theory of value has continued to rest on a very slender pediment: so slender that Marshall hid it in a footnote… This premise consists in the identification of ‘desire’ with ‘satisfaction.’” As Marshall said, “We call back on the measurement which economics supplies of the motive, or moving force to action, and we make it serve with all its faults, both for the desires which prompt activity and for the satisfactions that result from them.”

From a layperson’s point of view (although not from someone interested in the libidinal investments in signification), Marshall’s complaint appears to be merely semantic: the term motive (i.e. “incentive,” as he writes elsewhere) simply does double duty. If one wishes to analyze behavior today, one can easily cleave the definition and speak precisely about one or the other—“tax incentives” are a motive, “piecemeal pay” a reward.

Yet for neoclassical economics, the point is not semantic, but foundational: To produce market equilibrium, economists assume that every desire for a commodity is matched at a price point with its satisfaction—with the commodity. The whole notion of markets as efficient distributors of resources is predicated on the suturing of “desire” and “reward” together, and any disequilibrium is partial (and time-bound), since buyers and sellers make adjustments until equilibrium is reached. This point cannot be overstated: When in Chapter 1 I claimed that the vocabulary of incentives smuggles in the precepts of neoclassical economics, it is never more

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true than here. Even when economists, politicians or companies take a “proactive” approach to incentives, it means they are attempting to induce a new partial equilibrium.\(^\text{129}\)

The introduction of the term “incentive” into neoclassical economic thought by Marshall allows us to see the confluence of forces that professionalized, regularized, and rendered axiomatic the founding assumptions of neoclassical economics itself. Three competing, though not altogether contradictory stories arise regarding neoclassical economics in this period: Bernstein argues that the demands of academic professionalism on the field of economics partially determined its rise to prominence in the 20\(^\text{th}\) century.\(^\text{130}\) In a different vein, Mirowski claims that the necessary precondition for its professionalization is the adoption of a single organizing metaphor—that of mathematical equilibrium: “It was never quite enough to merely borrow some particular mathematical technique from elsewhere… What happened after roughly 1870 was that the analogical barrier to a social mechanics was breached decisively by the influx of a cohort of scientists and engineers trained specifically in physics who conceived their project to be nothing less than becoming the guarantors of the scientific character of political economy… They succeeded where others had failed because they had uniformly become impressed with a single mathematical metaphor that they were all familiar with, that of equilibrium in a field of force.”\(^\text{131}\) This is corroborated by George J. Stigler’s own account, that “marginal utility” in economics came about as a result of a “unified explanation of behavior: everyone was a utility-maximizer, and all economic problems became simply problems of tastes

\(^{129}\) Yet as mentioned, incentives must be mutable, because they frequently fail to work (like when CEO “performance pay” does not raise a company’s stock prices), or work in the exact opposite direction (like when plastic bag bans end up creating more landfill waste). Becker is at least internally consistent here, because he is able to assume that unobserved “shadow prices” dictate outcomes when typical economic data does not suffice.


and obstacles.”¹³² We shall return to this unifying insight in the following chapter, but for Stigler, the question of motive is simply axiomatic: Assume that a person acts to maximize their own utility, and neoclassical analysis can address any problem as an equilibrium problem.

But there is another compelling case to be made here, that “marginalism” in economics is itself a social response to a set of conjunctural questions: In other words, this self-aggrandizing story that Mirowski critiques, Heilbroner and Bernstein chronicle, and Stigler venerates, is a story that economics tells about itself, and the discovery of a unary trait is abstracted from its social milieu. Meek writes of economics, “[t]he new starting-point became, not the socioeconomic relations between men as producers, but the psychological relation between men and finished goods… the primary focus of attention in the theory of value was shifted from the relations between men as producers to the relations between men and goods.”¹³³ In other words, neoclassical economics fell victim to the commodity fetish as a way to become a respected “science,” but also to produce a story that reduced all considerations down to buyers and sellers (and eventually, to treating all economic actors as buyers and sellers simultaneously).

Ultimately, the equation of desire and satisfaction (in an equilibrium analysis) inevitably entails the admixture of cause and effect: Is monetary reward the cause of action (the external incentive) or the effect of internal motivation? For Marshall, the answer is both/and—money is a registration of effort and necessarily a motivational tool. In this section, I have traced Marshall’s influence in thinking about “incentives”—he uses Bentham’s utility calculus as a jumping-off point into economic thought more specifically. He explicitly equates money with desire/effort,


and sets up the precepts of equilibrium analysis by presupposing that “incentives” are both desire and its satisfaction. If Bentham reduced his hedonic calculus to interior weighing of future pleasures and pains, Marshall occupies a middle ground, in which money is the mediating agent to determine what efforts and what rewards motivate large-scale human behavior. I now turn to Paul Samuelson, who more fully externalizes the notion of “incentive.” Is money capable of serving as motive for all human activity?

**Paul Samuelson: Setting the Tune, or, Incentives as Behavioral Modification**

By the time we arrive at Paul Samuelson’s *Foundations of Economic Analysis* and his textbook *Economics*, 20th century economics had already become professionalized and culturally influential. Samuelson has tremendous importance here because he serves as an index for how the term “incentive” becomes fully externalized as an autonomous function of the laws of capitalism. He extends Marshall’s insights about motive and desire and sutures them to supply, demand and the postulate of utility maximizing behavior. In other words, “incentive” in 20th-century neoclassical economics becomes an external, autonomous effect of the hard-and-fast laws of supply and demand. Theoretical postulates of competitive markets serve as the argument for why people behave the way they do. Secondarily, and as a result, he defines incentives mainly as behavioral modification—while he rarely endorses state action because of its distorting effect on incentives, he did recognize (as Bentham did) that this is a legitimate state function.

Samuelson is also important here because he preceded the “marginalist revolution” of the 1970s, and the rise of the “Chicago School” in economics. (In a 2010 edition of *Economics*, the final one he worked on before his death, he called for a “renewed centrism” against the rampant neoliberalization of the world’s economies.) Samuelson coined the term “grand neoclassical synthesis,” which at the time was a synthesis between neoclassical and Keynesian (or
microeconomic and macroeconomic) thought. Today, that ground has largely been ceded by Keynesian economics, and neoclassical economics has its own narrative for how to build macroeconomics up from microeconomic foundations. But this is all the more reason to study the use of the term “incentive” from within Samuelson’s corpus—while it has metastasized today beyond even what Samuelson or Marshall could have anticipated, it still has a discrete history from within economic theory. In other words, even an old-fashioned quasi-Keynesian unproblematically deployed the term “incentive,” because it is fully within the canon of economic theory.

I begin with the notion that Samuelson develops of incentives being external motivations to gain-seeking activity. In the 1955 edition of his *Economics* text, Samuelson outlines different approaches to the issue of profit—as a reward for risk and innovation, as rent, and so on. One of his considerations describes profits as an incentive opportunity. He writes, “Profits are the carrots held out as an incentive to efficiency, and losses are the kicks that penalize using inefficient methods or devoting resources to uses not desired by spending customers.”[^134] We are very far away from Bentham’s internalized version of motive, and much further from the “incentive furie” of Plutarch. Samuelson registers this shift in economic thought, and writes, “One clearly delineated drift in the literature has been a steady tendency towards the rejection of utilitarian, ethical, and welfare connotations of the Bentham, Sidgwick, Edgeworth variety… Concomitantly, there has been a shift in emphasis away from the physiological and psychological hedonistic, introspective aspects of utility.”[^135] The shift away from Bentham’s

internal hedonic calculus is, for Samuelson, necessary to derive postulates about individual consumer behavior from within economic theory.

In *Foundations of Economic Analysis*, he postulates, “it is possible to derive operationally meaningful restrictive hypotheses on consumers’ demand functions from the assumption that consumers behave so as to maximize an ordinal preference scale of quantities of consumptions goods and services.”136 He continues, “The utility analysis rests on the fundamental assumption that the individual confronted with given prices and confined to a given total expenditure selects that combination of goods which is highest on his preference scale. This does not require that (a) the individual behave rationally in any other sense; (b) that he be deliberate and self-conscious in his purchasing; (c) that there exist any intensive magnitude which he feels or consults.”137 Samuelson’s position may seem paradoxical from the outside—we need not be rational, but we are calculative, according to our preferences. Even Samuelson somewhat admits this: “the consumer’s market behavior is explained in terms of preferences, which are in turn defined only by behavior. The result can very easily be circular, and in many formulations undoubtedly is.”138

Yet as introduced through Marshall, this position is not inconsistent, and indeed, works only because it is the external propositions of neoclassical economics that are held up as true—one can treat the internal, idiosyncratic desires of individuals as rational because he assumes that behavior changes according to the price of the commodity demanded. Marshall indicated that measuring motivation through the money commodity only works if he equated “desire” with “satisfaction”—we can trace someone’s motivation for, say, a monetary reward by seeing

136 Ibid., 22.
137 Ibid., 97-8.
whether they acquired that money. Samuelson uses this insight and renders it dynamic according to supply and demand curves; in so doing, he externalizes motive and treats it like an external fact of the laws of capitalism because for him, price determines action by individuals and firms.

Given a certain ordinal preference structure, he postulates that “an increase in one good’s price will, ceteris paribus, result in a decrease in its quantity.” And if we switch from the consumer to the capitalist, the behavioral postulates remain the same: Samuelson assumes that utility maximization also entails the profit motive—by assuming that people maximize their preferences, people in competitive (capitalist) conditions will behave competitively for profits. As he writes, “Profits and high factor returns are the bait, the carrots dangled before us enterprising donkeys. Losses are our penalty kicks. Profits go to those who have been efficient in the past—efficient in making things, in selling things, in foreseeing things… Profits are the report card of the past, the incentive gold star for the future, and also the grubstake for your new venture.” With Samuelson, “incentives” become disarticulated from internal motivation, and exist “out there”—because there is a profit opportunity to be had, people must naturally be drawn to them. The mechanisms of capitalism itself provide the motive for gain-seeking behavior.

Motives also exist “out there” as a result of market pressures—by presuming competitive competitions for behavior, if one does not take advantage of a profit opportunity, someone else will. (And later, one must never tax a future innovator, or else their “incentive furie” will be obstructed.) And once again, this does not presume internal motivations for any behavior—one simply must behave “as if” they are motivated by profits as a way to not go out of business. As Lazear puts it:

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Incentives are the essence of economics. The most basic concept, demand, considers how to induce a consumer to buy more of a particular good; that is, how to give him an incentive to purchase. Similarly, supply relationships are descriptions of how agents respond with more output or labour to additional compensation. Incentive contracts arise because individuals love leisure. In order to induce them to forgo some leisure, or put alternatively, to put forth effort, some form of compensation must be offered...An employer in a competitive environment must induce a worker to perform at the efficient level of effort or face extinction. The reason is simple: if one employer can, through clever use of an incentive contract, get a worker to perform at a more efficient level, that firm’s cost will be lower. Lower costs imply that higher wages can be paid to workers and all workers will be stolen from inefficient firms.  

The postulate of maximizing behavior, the assumption of competitive conditions, and the existence of price mechanisms over which actors have no control: These are the three ways that Samuelson is able to externalize the concept of “incentive.”

Samuelson also characterizes incentives as “behavioral modification” by states and governments. Once the laws of free market economics are affirmed, with their concomitant behavioral postulates, state activity inevitably distorts incentives. This does not just mean that resources are redistributed in a way Samuelson opposes (although this is certainly part of the story), but because tax policy alters the incentive structures of individuals and firms to comport to new external rewards. In other words, Samuelson is suspicious that states can “set the tune” of individual behavior outside of market precepts. In the 2010 version of Economics, Samuelson introduces the notion of incentives very early on—but remarkably, introduces it in reference to government policy before referencing how markets provide incentives: “To maintain a healthy economy, governments must preserve incentives for people to work and to save.” Several pages later, the aforementioned notion of profits-as-incentives makes its first appearance: “A system of prices, of markets, of profits and losses, of incentives and rewards determines what,

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Although he introduces the state’s role in producing incentives first, Samuelson does not give priority or preference to this view—as mentioned, once “incentive” is externalized as the result of the laws of competitive capitalism, governments can only morph, alter, and distort them.

Samuelson notes the paradox inherent in capitalist democracies: When the economic system appears to be unfair, citizens will seek political redress outside of this system: “Where a democracy doesn’t like the For Whom pattern that results from laissez faire, it puts in tax changes, school and other expenditures, fiats and subsidies, to change the pattern. This helps some incomes, hurts others. These redistributions are acquired at a cost. What cost? The cost of distortions of incentives, distortions which may somewhat lesson the efficiency of the most efficient market system.” Samuelson’s argumentation strategy unjustifiably thwarts ways of thinking about how social policy works (including the decision of what and how to tax), because the postulate of maximizing behavior within the confines of a free market system provide all the incentive one needs to act.

But before delving into Samuelson’s more negative version of state-based incentive structures, I introduce Henry C. Wallich’s The Cost of Freedom, which was written for Dwight D. Eisenhower’s Council of Economic Advisors in 1960. Wallich deploys the language of incentives in similar ways to Samuelson (even using the aforementioned carrot/stick metaphor), and although he makes nominal mention of “non-economic” incentives, like Marshall and Samuelson before him, ultimately settles on monetary incentive as the best way to motivate

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143 Ibid., 10.
144 Samuelson, Economics (1955), 610.
145 Interestingly, Wallich and Samuelson (with Milton Friedman) served as economics columnists for Newsweek in the 1960s, and Samuelson followed Wallich into the Council for Economic Advisors, albeit for presidents John F. Kennedy and Lyndon B. Johnson.
American workers and stimulate the national economy. Wallich’s work is important as an illustration of the neoclassical approach in policy since he outlines a positive vision of how states participate in the incentive-generating process. First, he begins explicitly with an endorsement of incentives as external motive for Americans: “A free economy means a decentralized economy. A system so constituted will work poorly unless the actors display a high order of initiative and drive. Its sponsors are committed, therefore, to a strategy of powerful incentives. To be successful, a free economy must be an incentive economy.”146 Much like Samuelson, Wallich identifies economic competition as one external spur of action, but identifies two others: “What are the conditions likely to elicit initiative and effort, among a group of men…? As I see them, they are freedom, competition, and incentives in the narrower sense.”147 Interestingly, Wallich never endorses an “incentive economy” or even capitalism writ large because of its efficiencies, but rather, leans heavily on the notion of “freedom” as the value that should be upheld.148 His position is far afield from Samuelson, whose intellectual edifice is reliant on the idea that markets are efficient resource distributors, and alternative arrangements are less so.

But Wallich does espouse what he calls a “narrower” version of incentives the best way to motivate people; for him this means monetary reward. But first, he takes us through how economic policymakers ought envision a wider version of incentives:

Even the incentives cannot be wholly economic. All forms of power and prestige, of sense of accomplishment, teamwork and service enter in, probably more importantly in the upper reaches of hierarchy. And there are all the lesser trappings for the younger


147 Ibid., 81.

148 For instance, he argues that socialized healthcare and socialized mortgage markets may be more efficient than private markets for each, but the latter is freer than the former, and hence, better for the body politic. Once again, this is a type of economic argument deeply embedded in the 20th century debates with Keynesians and other heterodox economists—neoclassicism did not “own” the debate over which economic setup was more efficient than the other. Compare to today and it is taken as understood that free markets are more efficient at distributing resources than socialized ones.
set—the office rug, the desk placed catty corner, the private water pitcher, and whatever invidious distinctions an up-to-date personnel department can devise. All this is commonplace. But the moral that seems to follow is perhaps less wellworn: if non-economic incentives are powerful, how essential are the purely financial? …To perform well economically, a society must appreciate worldly goods. Once it has acquired the taste, it will be receptive to and demand economic incentives.149

On the one hand, most of these “non-economic” incentives are still economic, just not monetary—each “non-economic” incentive costs a firm some amount of resources. (If a new desk or water pitcher appears to be “worth” more to the worker who receives it than it cost the firm, it was a rational economic investment by the firm.) But Wallich’s incentive argument moves into “worldly goods,” into “economic incentives” as a form of cultural development. He notes elsewhere that even investment in the stock market is “not exclusively wedded to the profit motive. It is related to other motivations—competition, sheer expansionism, prestige—which were duly noted in the preceding chapter. But remove profit and enough of the motive force probably will be gone to slow down the rest.”150

Here, “incentives” function seamlessly as the Lacanian objet a, defined earlier as an imaginary object that gives consistency to an inconsistent social reality (in this case, the social totality). It is both surplus and necessary for a subject, but that necessity is not obvious until its absence—as Wallich states, monetary incentives are not the only way to motivate people, but once they are taken away, each of the other motives (external and internal) lose their consistency. Bentham, Marshall and Samuelson all point to a “great outdoors” in which monetary motives do not explain all of human behavior, but for different reasons, shy away from embracing the idea fully. For Bentham, wealth and happiness are joined at the hip, but allows for an “extended signification” to include extra-monetary wealth as a measure of happiness. Bentham, to his


150 Ibid., 126-7.
credit, argues that an equilibrium analysis of the amount of nurses and hospitals in England could be done, but since they “are due to a feeling of duty and love of one’s neighbour,” one ought not bring to bear the machinery of economics upon them.\textsuperscript{151} Samuelson’s utility maximization function does not presuppose that individuals are solely motivated by money, but that when markets function properly, their fluctuations contour individual behavior.

It is the very centrality of the money commodity within economic theory—as the common measure of effort and desire, as Marshall put it—that forces these economic thinkers to gently and humbly say “that’s not all there is.” As we shall see in the next chapter, the prime inheritor of this tradition agrees—it is not the money commodity that is most central to economic analysis, but rather the market structure itself. The humble or world-weary nod to non-economic motives, the “activities, outlets, affections, satisfactions that lie far removed from the economic sphere” as Wallich writes,\textsuperscript{152} is perhaps a result of this gradual externalization of motive—the expunging of “fire” from the policymaker’s or corporation’s “tune.” It is a profound failure of imagination, but one inextricable from the problem-space Wallich himself set up. Once economic incentives are generalized, human beings gravitate toward them as a rightful restitution for their efforts. Finally, Wallich returns us to Samuelson, obliquely, in his discussion of tax rates as incentives. For Samuelson, tax rates function as \textit{distorting} incentives because they fundamentally alter behavior toward non-market or inefficient ends, but for Wallich, a gentler writer, disagrees: “A system with moderate incentives, such as ours at present, has proved itself to be quite effective. Social security has not led to widespread sloth. High taxes, which erode high incomes, have been found to erode the will to work in no comparable degree—at least for


\textsuperscript{152} Wallich, \textit{The Cost of Freedom}, 83.
the time being.”

In contrast, Samuelson maintains that “The issue of incentives must also enter in forming any decision on policy, since redistributing the pie may lessen its total.”

There are three vital parts of how Samuelson defines and argues against progressive taxation regimes: First, as mentioned, Samuelson treats incentives as part of the machinery of capitalism—they objectively exist “out there” because of the principle of utility maximization and the existence of profit opportunities. He next describes taxation solely in a negative sense—taxation takes from productive, job-creating, value-creating innovators. That is, he asserts that incentives are strictly behavioral modifications for those who are taxed, and is able to downplay how taxation regimes are a complex articulation of class and democratic power, and that tax revenues are distributed toward ends that societies deem valuable. From this, Samuelson negotiates in bad faith by questioning the inattention or indifference to incentives by economic policymakers. And finally, and as a result of these facets of his argument, Samuelson critiques any notion of mediation outside of market structures. In other words, because any non-market (re)distribution of resources distorts market-based incentives, any outcome is suspect because it is not mediated by the market and verified by the law of value.

Samuelson uses the example of taxing innovators as his way into tax policy more broadly. He writes:

If hostility to profit makes you tax implicit returns, you should realize this will change (and often distort) people’s decisions. The case of taxing innovators’ profit is even clearer. Taxing a retired innovator’s income may seem to have no distorting effects. But we must not forget the young innovator who can then no longer look forward to reaping a tidy sum from his new ideas. He may decide to take that civil service job or remain thirteenth vice-president of a bank. You cannot tax the results of an old innovation without affecting the prospects of an as-yet-unborn innovation. If Congress taxes risky activities more heavily than routine activities, what can any reasonable person expect to happen? People will naturally tend to avoid venturous fields and to gravitate toward

153 Ibid., 101.

routine, steady ones. Yet all of us—rich and poor alike—have a great stake in promoting vigorous exploration of new ways of doing things.\(^{155}\)

Of course, this noble-sounding stewardship model of economic supposed non-interference is solely limited by the economic imagination to the potential entrepreneur, who is only one progressive taxation scheme away from abandoning a lifelong dream. (Bentham also noted in *Principles of the Civil Code* that one improper—i.e., equality-minded—legislative act could lead to the downfall of society as a whole.)

This raises an interesting counterfactual historical question: Were successful entrepreneurs under progressive taxation regimes simply made of better “stuff” than their quiescent contemporaries? But if nothing else, this hypothetical demonstrates the obvious limits of this line of thinking—what prevents us from imagining the young potential entrepreneur whose federally subsidized tuition helped devise a profitable enterprise while at a public university? Or that a low-income food program, paid for by taxes on innovators, aided a future industrialist while she was in primary school? These potential counterexamples only function to highlight the limited nature of this form of criticism, which is what the fragility thesis predicts.

More specifically, this form of argument strategy is strictly negative, in that it complains solely of what is taken *from* economic agents, not what comes from such a policy. This also corroborates the claim that “incentives” are this *objet a*, the “special stuff” added to any discursive formation, but without which it would collapse. The “final cause” of any given incentive is, or must be, that of the individual profit motive, because only that corroborates the assumption that “incentives” exist in reality as the results of competitive market pressures.

Samuelson here treats tax incentives *strictly* as behavioral modifications—as encouraging or discouraging certain types of behavior (capital stock-holding, speculation, etc.), instead of

\(^{155}\) Ibid., 607.
thinking about how states mediate outcomes through decision-making. This performs certain rhetorical work for Samuelson and the allies of this position. It presumes that any tax policy is motivated by ressentiment, that a government is either indifferent to the behavioral consequences of said taxation policy, or it lacks knowledge that the market has. This attitude is extraordinarily rhetorically useful for partisans of “incentive-driven” positions, because one can humbly insist that one’s opponents are simply inattentive to the simple fact that people are driven by incentives. As McKenzie and Lee point out, “Care has to be exercised in using incentives because they are so powerful.” Of course, though Becker represents the strongest version of the idea that humans are always-already incentive driven, it is still a tenet of neoclassical economics writ large. And if this is true, then one must also accept that governments feel empowered to alter incentive structures.

Yet Samuelson’s opposition is merely a question of emphasis, and a political one, not at the level of the concept—as mentioned, he explicitly points out that the role of government is to provide incentives for behaviors he deems socially necessary: to work and to save. If one does not accept that efficiency is the aim of state action, but rather, specific social outcomes for a polity’s wellbeing are, then the two argumentative positions are like ships passing in the night. This is true of all state actions: Government subsidies of healthcare, as some economists argue, mean that people consume healthcare inefficiently, and hence, if citizens were force to pay for every procedure on their own, they would consume it more efficiently. Yet for a social-democratic government, increasing the health and wellbeing of the polity may be the aim, while subsidies are the object (or incentive). But from the position that taxation alters behavior, governments can only produce perverse incentives when they act outside of market principles.

because what a legislator aims at is not the object that produces this outcome. Put differently, a state ought not tax certain behaviors to pay for other social goals. One should instead incentivize certain behaviors to bring about those goals naturally—so instead of government subsidized healthcare, the government should incentivize people to be healthier, or, incentivize them to purchase private healthcare from a subsidized marketplace. One can, as Bentham puts it, only alter motives, not outcomes, if one accepts the thesis of incentives as behavioral modification. I take this redefinition of state action (as I call it, a redefinition of mediation) up in my final chapter, but it is noteworthy that the genesis of this idea appears here in the work of a 20th century Keynesian, not in the work of a “neoliberal” later down the road.

Conclusion

This chapter has traveled a considerable distance, both across time and across concepts, to return us largely to the place we ended up in Chapter 1. Beginning with one antiquated, poetic interpretation of the term “incentive,” and through Bentham, Marshall and Samuelson, we traced how “incentive” was introduced into economic thought, and how it has transformed from internal psychological motivation to an objective, external reward. In other words, this chapter documents the shift (due to the original, etymological bivalence of the term itself) between the fire and the tune. Bentham provided the philosophical foundation for later psychological theories of value; the “hedonic calculus” reduces all motives strictly to internal perceptions of pleasure and pain. Yet in his recommendations for legislation, he maintained that pleasure and pain must be something calculable and objective, must have some common measure. Marshall takes up Bentham here: For desires to be measurable, they must take some material appearance, and forwards that money is the proper concrete universal (for the domain of economics, at least). Marshall’s advance implies that the money commodity stitches up the internal and external
domains, but there are still complications associated with his account. Marshall insists that money best measures human effort, yet uses several examples that indicate the difficulty in acquiring money is a measure of desire. In other words, Marshall elides contextual differences by positing them as individual(ized) preferences for outcomes.

Finally, this chapter concludes with one of the preeminent economists of the 20th century, Paul Samuelson, filtered through an economic policy-maker, Henry Wallich. Samuelson fully externalizes incentives as objective results of competitive free market pressures—one is incentivized by profit opportunities. In Samuelson, “incentives” are fully yoked to the axioms of competitive capitalism; because incentives are assumed to be non-subjective, external and autonomous, they become fragile and reactive if modified by states. State action can “distort incentives,” and the only available interpretation of this is that “incentive” is synonymous with profit seeking. And at least for him, this is definitional and univocal: Gain-seeking monetary reward is the “tune” set by the precepts of neoclassical economics, so any modification of this through taxation unduly retards the entrepreneurial spirit. Paradoxically, capitalism is simultaneously the most powerful force for freedom ever devised by humans, the natural state of living, yet we are only one legislative decision away from destroying civilization as we know it. The upshot of this is that Samuelson thinks of “the economy” as a set of technical arrangements, so the behavioral modification of incentives becomes simply a technical question. Samuelson provides the intellectual foundation for the disposition that alternative distributions of resources are not simply alternative, but inefficient; social priorities that elude market principles are insufficiently attentive to incentive structures—they are erroneous, not just different.

As it migrates through economic thought, the “incentive” becomes the objet a for the discipline, the desired object that provides the key to unlocking an analysis of social reality. It is
a marker of desire, or effort, of motivation, and of reward, and when Marshall takes it up from Bentham, and when Samuelson objectifies it as part of the mechanisms of capitalism, it arrives as this universal object. Now we turn to the most vital figure in the dissertation, the one who is the pivot between economics as an academic discipline to an explanatory matrix for all human life: Gary Becker. Becker concludes that market mechanisms already structure human existence, because this inference has already been posited in advance of empirical work—he simply lays Samuelson’s neoclassical analytical precepts over the grid of all human activity. Whereas in Bentham, Marshall, and Samuelson, one positivistically infers the existence of a motivation in its appearance in market activity, in Gary Becker, one assumes (hermeneutically) the operation of market forces even in ostensibly non-market relations. Shadow prices, unobserved preferences, and non-monetary incentives organize all of social reality. Overall, in order to grasp the contemporary prevalence of “incentive-driven” logics, we must interrogate how the complexity of the term leads to these wildly varying outcomes. The fire and the tune exist concurrently, yet unequally, and the outcome of this discursive struggle has consequences for public life.

157 And beyond that, the authors of *Freakonomics* and behavioral economists apply this to even more scenarios and phenomena.
Chapter 3: Gary Becker, the Godfather of Incentives

“This book retains the assumption that individuals behave so as to maximize utility while extending the definition of individual preferences to include personal habits and addictions, peer pressure, parental influences on the tastes of children, advertising, love and sympathy, and other neglected behavior. This extension of the utility-maximizing approach to include endogenous preferences is remarkably successful in unifying a wide class of behavior, including habitual, social, and political behavior. I do not believe that any alternative approach—be it founded on ‘cultural,’ ‘biological,’ or ‘psychological’ forces—comes close to providing comparable insights and explanatory power.”—Gary Becker, Accounting for Tastes

Once the discipline of economics adopted the term “incentives” from Bentham, it became a universal object, a positivistic inference about human motivation through economic activity. In this chapter, I document how, through the work of Gary Becker, a metastasis occurs. It is no longer that any human motivation can find expression within just a commodity market; it is rather that all human motivation obeys the foundational principles of market activity. In Becker, it is the style of “economic” analysis that metastasizes across the social field, not the monetary object. In the words of one of his contemporaries, economics is the one and only social science because of its universal applicability. In this universe, monetary and non-monetary incentives obey identical principles because they are functional equivalents, so it is no longer necessary to distinguish between the two. In effect, Becker proposes a single, universal market in which all things are potentially fungible with one another and instantaneously calculated by all actors.

Becker is an apt figure for this phase of the inquiry, as the hinge point between standard neoclassical analysis and the metastasis of “incentives” into the social field. First, his 1972 book, The Economic Approach to Human Behavior, outlines the basic framework that most economists, politicians, legal scholars, and media figures deploy when they invoke “incentive-

based” vocabularies (whether his influence is explicitly stated or disavowed by these thinkers). Becker’s economic framework is a way to analyze any conceivable situation; his work openly metastasizes the neoclassical economic vocabulary of “incentives” onto choice of marriage partner, amount of children couples should have, proper penalties for crimes, the distribution of “love” in a household, and what sort of political system the United States ought to have.

Becker is the paradigmatic figure in the expansion of incentive logic from the narrow ambit of monetary logics to an all-encompassing description of the social field. Michel Foucault’s *Birth of Biopolitics* describes neoliberalism as a mode of social analysis defined by the use of “analyses of the market economy to decipher non-market relationships and phenomena which are not strictly and specifically economic but what we call social phenomena.” On the basis of a close reading of Becker’s *Economic Approach*, Foucault concludes that Becker inaugurates a mode of analysis in which: “All the problems of [inheritance?] -transmission-education-training-inequality of level, [can be] treated from a single point of view as homogenizable elements… refocused no longer around an anthropology or an ethics or a politics of labor, but around an economics of capital.” Becker supplants analyses rooted in psychology, history, politics, anthropology and sociology with an “economic approach to human behavior.”

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160 Ibid., 233.

161 This study has secondary importance as it relates to the term “neoliberalism” in both cultural studies and rhetorical studies. Neoliberalism here is not strictly reducible to “the privatization of everything,” because for Foucault, neoliberalism involves properly ordering the conduct of bodies into becoming entrepreneurial subjects. (And it almost does not bear repeating, but this in no way involves the end of the state, but rather the reconstitution of the state as one that compels as people as many people as possible to behave “economically,” to play the “economic game” (Foucault, *Birth of Biopolitics*, 209). Becker’s neoliberalism is suppler than this: To inoculate himself from criticism that market mechanisms must be instituted onto social relations, he simply presumes that a market exists there already, and that any given social phenomena exists at equilibrium. In other words, he is able to provide a retroactive account for why marriages, families, political systems, etc., all look like they do (and hence
Due to Foucault’s untimely death, he did not live to see the later accomplishments of the man he called “the most radical of the American neo-liberals.” Nor was he able to see that later in his career, Becker was given a weekly BusinessWeek column from 1985 to 1996, in which he answered all manner of political, social, and legal questions explicitly using the “incentives” framework. Nor was Foucault able to see that in 1992, the Bank of Sweden gave Becker a lifetime achievement award of sorts, a prize in Economic Sciences, precisely for the approach Foucault says characterizes neoliberalism. The prize committee writes: “Gary Becker's research contribution consists primarily of having extended the domain of economic theory to aspects of human behavior which had previously been dealt with—if at all—by other social science disciplines such as sociology, demography and criminology.”

This chapter is a sustained critique of his varied works, both popular and academic in which I work through the mechanisms by which Becker developed and extrapolated the “economic approach to human behavior,” by extending and applying the typology of incentives developed in Chapter 1. But the logic of the incentive is not reducible to Becker as an individual explain any injustice, inequality or discrimination as the result of stable preferences, and thus unfixable with policy (lest incentives be distorted). However, Foucault’s reading was perceptive enough to realize that neoliberalism’s stated goals are to institute market relations into social ones. The bulk of Becker’s editorials in BusinessWeek argue for the state to implement some form of incentive scheme—to fix the environment, protect the disabled, improve public schools, regulate immigration, make public utilities more efficient, etc. So I find Becker’s work to be potentially pernicious because it is able to cover every potential contingency with a single term. Incentives both retroactively explain the shape of social relations, because people are already incentivized, but when Becker believes people to be insufficiently incentivized, he advocates for marketizing their behaviors to force them to act more economically. His both/and position is not a paradox—it is part and parcel of the entire intellectual approach to incentives. If we take Becker seriously about the idea that people are always and already incentive-driven, and that any action is the result of some deep calculative rationality, then it becomes exceedingly difficult to argue for or against any economic policy (or economic outcome) on behalf of “efficiency.” This never stopped Becker, obviously, because he fervently advocated for defunding public schools, privatizing water utilities, punishing the poor with harsher jail sentences than the rich, destroying unions, and ending environmental regulations. But taking him at his word—to his letter—he does allow the possibility for this critique to be leveled.

162 Foucault, Birth of Biopolitics, 268.

figure—he is simply symptomatic of the logic, and its most fervent devotee. We can account for the tenacity, and the malleability of the logic of the incentive through a careful reading of his work. Becker radicalizes the notion that incentive-based thought “squares the circle” of human behavior because he posits rationality wherever action is taken, so that nothing can escape the purview of the neoclassical utility function. Further, by postulating that people are always and already incentive-driven, and that markets already organize social interactions (at equilibrium), the vocabulary of the incentive provides a retroactive justification for inequalities (particularly for gender); Becker’s axioms developed in *The Economic Approach to Behavior* and extended his *BusinessWeek* columns fill in any gap with references to a non-commodity incentive—an argument that “it must have been this way.”

In the shift from Samuelson to Becker we can also note a shift in the central problem-space of economics as a discipline. While it is inarguable that Becker’s approach parallels Samuelson’s methodologically, the conjuncture shifted monumentally between the 1950s and 1970s. Authors such as John Bellamy Foster, David Harvey, and Judith Stein have exhaustively documented this shift from Keynesianism to neoliberalism, wherein the prime assumptions of economics and economic policy shifted away from the question of employment to the question of inflation. Stein writes that in the 1970s, as a result of multiple and overlapping economic crises, even Democratic economists and economic policy makers shied away from full employment and toward anti-inflationary policies.\(^{164}\) For Samuelson and Wallich in a prior decade, the problem for economists and economic policy was how to motivate people to take risks, to work hard, and how not to dampen incentives with high tax rates from within a largely

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Keynesian framework. After the successive shocks of the 1970s—the Arab oil crisis, the Vietnam War, the end of Bretton Woods, this quaint notion was no longer in play.

Foucault writes of neoliberal thinking, “Whatever the rate of unemployment, in a situation of unemployment you absolutely must not intervene directly or in the first place on the unemployment, as if full employment should be a political idea and an economic principle to be saved at any cost… [F]ull employment is not an objective and it may be that a reserve of unemployment is absolutely necessary for the economy.”¹⁶⁵ Once the assumption that a state’s economy ought to work toward full employment, has been nullified (or rendered an aftereffect of good monetary policy), then the vocabulary of incentives can be unleashed in wholly new and variable ways. That is, by assuming in advance that markets are already perfect distributors of resources means that any inefficient or ineffective outcome is either an aftereffect of perverse incentives by a state policy, or that people who suffer from unjust or unequal outcomes deserved their fates because their human capital was inefficiently invested or their preferences are satisfied on a plane other than that of commodities. The result is that we cannot posit in advance that people desired better or even different outcomes (recall, in this view, all actions are voluntary, even as, paradoxically, states and corporations are able to alter incentive structures—equilibrium approach suggests people are simply the effects of aggregated economic behaviors). As a result, the levers of economic policy ought to be exclusively incentive-based, since all behavior takes place in a competitive market, and incentives are the best way to analyze market behaviors.

First, I describe and analyze in detail Becker’s “economic approach to human behavior.” He identifies three key components of this approach: the theory of maximizing behavior, a stability of preferences by economic actors, and the presumption that market mechanisms (especially price signals) shape all human activity. His conceptual edifice is slim, but powerful,

¹⁶⁵ Foucault, The Birth of Biopolitics, 139.
for it allows Becker to analyze literally any economic, social or political phenomenon, and discount any alternative explanations. The logic of the “incentive” undergirds each of these three categories. It performs a tremendous amount of rhetorical labor for him: Incentives are simultaneously external/objective profit opportunities, psychic costs that discourage behavior, internally generated motives, and the satisfactions of individuals’ desires. The rhetorical ambivalence of the incentive gives Becker tremendous leeway in advocating for his preferred economic policies and making non-falsifiable predictions about human behavior. The result is that Becker retroactively provides a coherent account of social, political and cultural life, and makes prescriptive recommendations and predictions based on this approach. Following this, I develop three theoretical implications of Becker’s work, each of which correspond to the three axioms of his “economic approach to human behavior.” Ultimately, Becker’s work cannot escape from the animating paradoxes of incentive-driven vocabularies writ large, and these three theoretical take-home points help to express that idea: market mechanisms, stable preferences, and utility maximization.

The first is that Becker posits “one big market” that structures all of human life, a market in which every behavior, action, belief, value, commodity, or policy is potentially fungible with anything else, and instantaneously sets up relations of externality among all relevant actors. Becker’s presumption that market mechanisms allocate resources and coordinate action allow him to set up relations of ontological commensuration between disparate elements, this is a process dependent on the ontological metaphor that “human life is a market.”

Second, following the presumption that market structures coordinate all activity, Becker’s presumption of stable preferences allow him (or rather, force him) to explain disparate or contradictory behaviors as the expression of either a market mechanism (a higher or lower price
for an action or belief, otherwise known as the “shadow price,” the as-yet unobserved qualia that explains why people act “irrationally” according to orthodox neoclassical theory), or the expression of a more fundamental preference. So the presence of a non-market preference like “comfort” accounts for why people purchase heating oil in the winter despite its higher price. This should be non-controversial, but the end result is that Becker must constantly reference these non-market goods’ “shadow prices” as explanations for behavior. His presumption of stable preferences across all contexts allows Becker to “hide the ball” within his explanatory matrix, first by deferring the referent for why people behave as they do, and importing or donating meaning when he wishes to come to a conclusion. “Stable preferences” are a cudgel Becker uses to beat back accusations from imaginary competing economists in *The Economic Approach to Human Behavior* and a way to retroactively provide a smooth account for why people behave divergent to his political preferences in his *BusinessWeek* columns. Coupled with the final pillar of his project, the “stable preferences” approach also inhibits his ability to explain social change, since his models privilege rational action that is strictly the result of preexisting preferences and the historical accretion of social arrangements that weigh on each actor.

Finally, I use Becker’s “household production function” to explain a fairly brilliant notion that Foucault initially picked up on in the *Birth of Biopolitics* lectures, the idea that consumption does not exist for its own sake, but that consumption is the *production* of satisfaction. Combined with the two previous concepts, Becker effectively sets up a univocal plane by which enjoyment is accounted for at all times—there is no lost energy or unsatisfied desire, only the infinite production and circulation of enjoyment at all times. Becker himself, in his *Economic Approach*, posits a Newtonian universe with (surprisingly) no entropy—no enjoyment can be unaccounted for. Becker’s universe is one of copulation without remainder,
and this tenet has ripple effects for each facet of his theory. However, one critical upshot of Becker’s universality is that, by taking this claim extremely seriously, there is no theoretical case that one can make to advocate for any economic outcome in the name of efficiency. That is, by taking Becker seriously—to his letter—his own prognostications, predictions and policy recommendations have no intellectual ground upon which to stand other than personal predilection.\textsuperscript{166}

Ultimately, Becker’s project is not simply to provide a retroactive account of all human behavior as obeying the principles of efficient markets and utility-maximizing atomistic actors. His project was explicitly aimed at extending the domain of economics into social formations, and offering both predictions and policy recommendations to politicians and the public. And his influence reverberates throughout the discipline of economics, even if his name is excised from its bibliographies. Tim Harford writes:

Superficially, Becker appears to stand for the opposite of modern behavioural economics, which these days seems to be the acceptable face of the economics profession. After all, while the behavioural economists bring psychological insights into an analysis of markets, Becker did the opposite, imposing a rational-choice model on non-market situations such as marriage and parenting. Behavioural economists love empirical data but Becker was a theorist. Is he not, then, the opposite of all that is cool and forward-looking in economics? That criticism only survives the most casual acquaintance with Becker’s work. His Nobel speech, for instance, opens with the comment: “I have tried to pry economists away from narrow assumptions about self-interest. Behaviour is driven by a much richer set of values and preferences.”\textsuperscript{167}

As I discuss in the conclusion to this dissertation, behavioral economics does not stray as far as it (or Harford) claims; it is far closer to Becker’s theories thanks to its explicit endorsement of

\textsuperscript{166} I demonstrate this using his argumentative style, his insistence on market equilibration, and his insistence on stable preferences. In my later chapter on \textit{Freakonomics}, the authors similarly lock themselves into offering advice to their readers that, if equilibrium theory is to be believed, would be immediately canceled by changes in the “price” of said behavior. In other words, methodological equilibration and incentive-driven behavior have an uneasy, and untenable theoretical alliance.


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neoclassical axioms. Becker was instead a behavioral economist *avant la lettre*, since he imposed three and only three axioms of neoclassical economics onto any social formation—when contemporary behavioral economists claim that people act irrationally in given contexts, he merely claims that there is some unobserved rationality at work in a given market. And finally, late in his career, Becker advocated for a kind of “discursive struggle” for economists to take control over public policy debates through the gradual, methodical and sustained push toward market-based solutions to state functions and social problems.168

**Overview of Becker’s Economic Approach to Human Behavior**

Becker’s work rests on three, and only three components: “The combined assumptions of maximizing behavior, market equilibrium, and stable preferences, used relentlessly and unflinchingly, form the heart of the economic approach as I see it.”169 The story he crafts appears convincing, because its alleged simplicity because he nods to a complexity in disguise—the idea that hidden forces operate below the level of social phenomena that condition them, and that a single universal grammar can detect them if we look closely enough. That is, the apparent simplicity of any given situation signals a deeper registrar of complex activity—that of the market. The simplifying assumptions that Becker makes end up truncating any context to render it under a neoclassical production function—the elegance he proffers is a Trojan horse for neoclassical truisms of behavior.

Arnsperger and Varoufakis, in a parallel way, argue that three and only three axioms account for “neoclassicism’s discursive success within the social sciences and…are the deep

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168 See Becker and Becker, *The Economics of Life*, 310-2.

cause of its theoretical failure.” These axioms are methodological individualism, methodological instrumentalism, and methodological equilibration, which correspond directly to Becker’s stable preferences, utility maximization, and market structure principles. “It is, therefore, uncontroversial to state that every aggregate phenomenon scrutinized by neoclassical minds is explained increasingly and exclusively as some axiomatically imposed equilibrium emerging from the interaction of instrumentally rational individuals who are either optimising consciously (as in rational choice or game theory) or are drawn to such behavior through a process of ‘natural selection.’” The authors use the recent example of game theory to explain how each facet emerges alongside the other—no instrumentalism without equilibration, and so on—and the same is true of Becker’s work. For Becker, these three principles, used “unflinchingly,” produce a stable account of the whole of human existence. The three pieces of his conceptual edifice all supplement and support the others like a Borromean knot—if preferences are not assumed to be stable, then shadow prices do not explain changes in behavior, if people do not maximize, then markets cannot reach equilibrium, if market mechanisms do not provide pricing information to inform consumer behavior, then actors cannot order their preferences or act accordingly.

Becker’s three axioms of “the economic approach to human behavior”—utility maximization, stable preferences, market mechanisms—can account for so much because they purport to be content-free, a mere set of heuristics that can convincingly explain every single human behavior, interaction, or structure. Hirshleifer, in an essay celebrating the American Economics Association’s centenary, writes, “it is ultimately impossible to carve off a distinct

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171 Ibid., 13.
territory for economics, bordering upon but separated from other social disciplines. Economics interpenetrates them all, and is reciprocally penetrated by them. *There is only one social science.* What gives economics its imperialist invasive power is that our analytical categories—scarcity, cost, preferences, opportunities, etc.—are truly universal in applicability… economics really does constitute the universal grammar of social science.”

Within Hirshleifer’s essay we can detect the metastasis in action: Hirshleifer advocates for the mutual interpenetration of all social inquiries and economics, but take note of what he argues that entails. The subject matter of other disciplines is simply the raw material for economic inquiry, since nothing about their methods is worth retaining. But these analytic categories he mentions (scarcity, cost, preferences, opportunities) are not forms without content, but rather entails specific contents and commitments to the “economic” point of view. Economic inquiry is placed outside the context of goods and services, and serves as a universal metaphor for all activity. Student truancy, discrimination against castes in India, pollution…they are all reducible to neoclassical analysis.

On the one hand, Hirshleifer’s, Arnsperger’s and Varoufakis’ comments appear to imply that Becker’s approach is no remarkable departure from Samuelson’s, or from any other standard neoclassical economics, textbook. People enter into market relations with specific, unbounded desires, they work to ascertain them, and certain impersonal forces constrain their actions. But it is because of the seriousness with which he takes these dicta make him, as Foucault said, the most radical of the American neo-liberals (in the sense that “radical” describes getting to “the root of” something). Becker’s dogged insistence also exemplifies how incentive-based vocabularies were defined in Chapter 1: They are responsibility oriented, trans-contextual (despite notional nods to complexity), and retroactive. He deploys these axioms of neoclassical economics to address every issue imaginable, from the distribution of “love” to family members,

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the appropriate penalties for criminal behavior (prison for the poor and fines for the rich), the reasons why people remain addicted to unhealthy substances, to the psychic benefits of advertising for consumers.

And that is just his academic work. His columns for BusinessWeek include many dozens of articles written from his economic perspective. As Becker’s former graduate student and wife, Guity Nashat Becker wrote of these columns:

They are unambiguously opposed to big government and central planning, illegal immigration, employment quotas and set-asides for minorities, union exemption from antitrust laws, highly subsidized tuition for middle-class and rich students at state universities, the NCAA restrictions on pay to college athletes, term limits for members of Congress, ESOPs and other subsidies to employee ownership of companies, and tariffs and quotas—even when other nations impose them. But the columns are not only ‘against’ certain issues. Among other things, they advocate selling the right to immigrate legally, extensive privatization of public enterprises, introduction of school vouchers primarily to poor children, legalizing many drugs, substituting an individual-account system for pay-as-you-go social security…”

The list goes on.

The vocabulary of “incentives” is metastasized over these social formations; it provides the urgrund for both his academic work and public policy statements. Guity Nashat Becker continues, “In this approach, behavior crucially depends on incentives… Gary did not start the columns with any statement of purpose, but practically all of them have in fact emphasized this link between incentives and public policies and other events. Our experiences indicates [sic] that while readers have short memories about the content of individual columns, they appreciate the general thrust of a series of columns with a common theme.” The “incentive” is the key

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173 Becker and Becker, Economics of Life, 6.
174 And on.
175 Becker and Becker, Economics of Life, 4.
feature that organizes social reality because it fills in any inconsistencies, and is the trans-contextual hidden force that commensurates difference at an ontological level.

In order to demonstrate the power of the economic approach, Becker argues that it simultaneously subsumes and dismisses all other forms of analysis: “Indeed, many kinds of behavior fall within the subject matter of several disciplines: for example, fertility behavior is considered part of sociology, anthropology, economics, history, and perhaps even politics. I contend that the economic approach is uniquely powerful because it can integrate a wide range of human behavior.” In *Accounting for Tastes*, Becker writes, “This extension of the utility-maximizing approach to include endogenous preferences is remarkably successful in unifying a wide class of behavior, including habitual, social, and political behavior. I do not believe that any alternative approach—be it founded on ‘cultural,’ ‘biological,’ or ‘psychological’ forces—comes close to providing comparable insights and explanatory power.” In other words, nothing escapes the approach because all action is already calculated by actors and markets, all

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177 Becker, *Accounting for Tastes*, 4. Becker has an ambivalent relationship with evolutionary biology in his work. As quoted, Becker contends that neoclassical economics subsumes every approach including biology, yet, in the same chapter, writes, “I believe the main reason habitual behavior permeates most aspects of life is that habits have an advantage in the biological evolution of human traits. For as long as habits are not too powerful they have social as well as personal advantages” (*Accounting for Tastes*, 9). Elsewhere, he writes, “To venture one further step, if genetical [sic] natural selection and rational behavior reinforce each other in producing speedier and more efficient responses to changes in the environment, perhaps that common preference function has evolved over time by natural selection and rational choice as that preference function best adopted to human society. That is, in the short run the preference function is fixed and households attempt to maximize the objective function subject to their resource and technology constraints. But in the very long run perhaps those preferences survive which are most suited to satisfaction given the broad technological constraints of human society (e.g., physical size, mental ability, et cetera)” (*The Economic Approach to Human Behavior*, 145). One could interpret these statements as indicating he believes that biology becomes a metaphor for economics, rather than the other way round, or that rational choice itself evolved as a preference over time (best suited for species survival). Yet if “rational choice” is only utility maximization as individuals see it, not a transcendent hyper-rationality, then his claim is entirely tautological: People acting in accordance with their own desires (utility functions) emerged as the best evolutionary way to ensure species survival. Mirowski, in *Never Let a Serious Crisis Go to Waste*, analyses the paradox of either arguing that market-thinking emerges from a market of choices (meaning it never emerged but was simply a transcendent principle) or that it arrived at a certain moment in evolutionary human history. For it to be the latter, the only intellectually coherent position is that we then retroactively transpose the rationality principle onto prehistoric formations for the purposes of simplicity, not because it bore any relation to reality at that time.
preferences are taken as illustrative of their desires, and no economist (and certainly no well-meaning politician, judge, fellow worker, or family member) ought to decide amongst them. Markets register all of social reality immanently and instantaneously, and for Becker, life is coded “as economic” because for him everything is economic.

What authorizes the presumption that economics is better suited to analysis than any other mode of inquiry? Becker’s response begs that very question with the first of his three pillars, utility maximization: “Everyone recognizes that the economic approach assumes maximizing behavior more explicitly and extensively than other approaches do, be it the utility or wealth function of the household, firm, union, or government bureau that is maximized.”

Much like Hirshleifer above, Becker simply transposes the assumption that individuals are utility maximizing onto other contexts as a warrant for his assertion. (Not to mention the idea that the individual utility function scales upward with no qualitative differences into/onto unions, families, firms, and political organizations.) Schlefer rightly notes, “Gary Becker’s insistence that individuals ‘maximize welfare as they conceive it, whether they be selfish, altruistic, loyal, spiteful, or masochistic,’ is only a colorful way of stating accepted theory. The problem comes in the next step, when supposedly practical economists turn around and impose their own conception of utility on the agents in their models. Complaining about this sleight of hand is not just a theoretical quibble. The sleight of hand affects important conclusions.”

In other words, according to Becker, because some people view altruistic behavior as utility-maximizing, altruistic behavior obeys the principle of rational choice. Families operate like firms because the

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“head” distributes “love” like a capital good, and seeks to maximize the family’s output (i.e. utility).  

Second, he authorizes the supremacy of the economic approach with an appeal to the second pillar of his theory, that of stable preferences: “Since economists generally have had little to contribute, especially in recent times, to the understanding of how preferences are formed, preferences are assumed not to change substantially over time, nor to be very different between wealthy and poor persons, or even between persons in different societies and cultures.” He continues, writing that his approach is a “comprehensive one that is applicable to all human behavior, be it behavior involving…rich or poor persons, men or women, adults or children, brilliant or stupid persons, patients or therapists, businessmen or politicians, teachers or students.” That is, because economics as a discipline cannot speak to the formation of individual preferences, it is better to assume that people are fundamentally the same across all contexts, classes and temporalities, and that price difference explains why people act differently—i.e., why there is difference in the world. This is a tremendous feat of what I call “hiding the ball” in two way. First, noneconomic factors provide the “raw material” for economic explanations for behavior, but their effectivity and influence is reduced to a utility function leveraged by the lone economist, so broad trends (like feminism, civil rights, and racial/sexual discrimination) become deep background on some occasions and fundamental in others, depending on their ability to corroborate Becker’s account. As argued below in greater detail.

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181 Ibid., 5.
182 Ibid., 7-8.
183 Later in his career, Becker intensified this axiom of stable preferences in an influential article with George Stigler, and afterward claimed to cautiously revise the position—but only by amplifying the strength of the utility-maximization principle. Below, I take up the discursive consequences of assuming stable preferences in more detail.
detail, the invocation of “metapreferences” allows Becker to rationalize contradictory behavior as the expression of a more fundamental preference previously unseen by analysis.

In some sense, Becker’s third pillar underwrites the other two. This is the view that “market mechanisms” exist in and at every level of human existence, that these mechanisms (especially price) constrain behaviors—and that these markets all exist at equilibrium. Becker writes, “Prices and other market instruments allocate the scarce resources within a society and thereby constrain the desires of participants and coordinate their actions. In the economic approach, these market instruments perform most, if not all, of the functions assigned to ‘structure’ in sociological theories.”¹⁸⁴ In other words, we can be agnostic about what motivates people and what they desire (i.e. their incentives) if we assume that in the final analysis, the supply, demand and cost of certain behaviors is what matters. Becker also contends that market mechanisms function according to what sociologists call structure, that is a “relatively stable patterning of the relationships of the…component actors or as the roles in terms of which they participate in social relationships,” as Parsons writes.¹⁸⁵ The difficulty here is that Becker insists on two different, potentially incompatible phenomena simultaneously. On the one hand, by assuming people are basically identical, all social relations involve what I call “relations of externality,” in that the prices of behaviors actually do function like a commodity market, where prices are available and known to relevant actors. Yet on the other, Becker has an alibi regarding individual preference and utility maximization, arguing that while differences in behavior are located in the last instance in commodity price, behavior also depends on people’s own utility


function or preferences—otherwise, “psychic benefits” or “shadow prices” could not exist parallel to an empirically observed price.

These three pillars, underwritten by the logic of the “incentive,” constitute Becker’s contribution to the field of economics. Incentives, for Becker, represent simultaneously the external principle of least action—the economically “rational” choice according to price signals, the tune set from outside—as well as an internal motive, represented by the “preferences” that economic actors purport to express in market activity. The attribution of an incentive like dignity, guilt, or love onto welfare recipients, children, and marriage partner is an immense discursive resource of Becker’s; these incentives fill in gaps to render behavior coherent absent numerical evidence. And finally, Becker openly advocates for the production of new incentive structures—the poor in particular are improperly incentivized by public schools and social welfare benefits.¹⁸⁶

As mentioned, Becker had both an academic and a popular writing career, and despite the remarkable uniformity of his approach, he does advance contradictory positions between the two. Most notably, Becker advocates for the supremacy of the market in his academic writings, and in his BusinessWeek columns, advocates, technocratically, for governments to introduce incentive schemes with which he politically agrees. That is, Becker’s commitment to “stable preferences” and a relatively robust vision of human rationality in his academic writing means that people’s actions are to be taken prima facie unimpeachable; in his popular writings, he advances the position that governments ought to shape the incentives of the poor to become less dependent on

¹⁸⁶ The idea that Becker advocates for producing new incentives is difficult to parse. The pertinent question from within Becker’s vocabulary is whether new incentive structures alter preferences or metapreferences. On the one hand, Becker claims that people’s preferences are stable, and unassailable—he makes no normative assessments about racist or sexist behavior, since they are simply part of a person’s utility function. On the other, he does (eventually) define metapreferences as past choices and choices by others; in a word, the conditioning effects of context, of which new governmental policies would be an example. Yet he does not go as far as his as his intellectual descendants, the authors of Freakonomics, who exemplify Aune’s “futility thesis,” for whom any nonmarket-driven policy is doomed to fail.
welfare programs, mainly by cutting off their benefits. This apparent incongruity has serious intellectual implications, and is not simply reducible to Becker’s “rhetorical situation” as a national columnist for a pro-business publication. Rather, this demonstrates the inescapability of incentive vocabularies from partaking in the animating contradictions I outlined in Chapter 1. Becker’s privileging of incentives means that they are both proactive and reactive, self-generated and generated by an other, retroactive and predictive; these contradictions cannot be resolved from within his work (it is, as Lukács would put it, representative of the antinomies of bourgeois thought). Ultimately, the “incentive-based” approach in his popular-press columns reduces social life to a set of techniques, or levers pulled by economic technocrats who, in Lacanian parlance, are the sujets suppose savoir that can interpret what is best for people based on the metapreferences attributed to their behaviors. To believe that people are motivated primarily by incentives becomes a proactive way to contour their behavior by assuming that they are passive, reactive and malleable.

“Market Mechanisms”: The Copulating Metaphor and Ontological Commensuration

Here I evaluate Becker’s first claim, that market mechanisms always-already structure all of reality. Primarily, this means that relations of externality—of price, in particular—affect

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187 Although that may be part of it.

188 The major contradiction in any incentive-driven approach is that any recommendation/prescription for people to alter their behavior must then tacitly deny the idea that markets self-regulate to equilibrium, for any change in the supply of a belief or action will dialectically affect the demand thereof, and vice versa. Robert Lucas argued forcefully for a strong version of this with his theory of “rational expectations” which presumed that markets are hyperbolically and perfectly self-regulating. Becker negotiates, poorly in my opinion, this antinomy, and resolves it only by arguing that although all of social life is a market, and hence at equilibrium, people are oftentimes inattentive to the roles that incentives play in distributing resources and motivating behaviors. So when he wishes to advocate for ending social welfare programs, or punishing the poor with longer jail sentences than the rich, Becker insists that incentive structures need to be implemented. When explaining why women are paid less than men, or why people choose their marriage mate, social life is at equilibrium, so no changes need to be made. In other words, Becker’s conceptual edifice runs up against itself: People either have unassailable, reasonably produced stable preferences that correspond to their individual utility function, or they have preferences moldable to the whims of governments and economists. The problem is that in arguing for no action at all to be taken for certain phenomena (improving childcare, healthcare, public schools through legislation), he is in fact endorsing the status quo.
people’s decision-making more than any other explanatory factor—culture, gender, class, history, etc. (As mentioned above, Becker is willing to place his approach against all others, precisely because it purports to subsume all relevant behavior under these pricing mechanisms.) This presents a serious challenge to the academic disciplines he names, and I would place the domains of rhetoric, cultural studies, and critical theory as similarly threatened by his account.  

Grossberg identifies the growth of “economic culture” in our contemporary conjuncture, and I believe that Becker’s work is partially responsible for this development. Grossberg writes, “The cultural presence of economy, what I would call economic culture, has changed significantly and become part of our popular culture in ways that I think it never used to be.” He gives the example of the name of the Federal Reserve head being common knowledge, and the preponderance of stock market tickers on television news channels. But more than that, elsewhere he points to how “the economic” is prevalent, inescapable, at an even more fundamental level: “the economic itself moves toward becoming the ground of our lived experiences of the world. That is, some economic apparatuses are functioning according to affective logics that enable them to be increasingly articulated to the popular, so that then the economic expands its ability to realize or articulate the virtual into the actual.” Becker marks this gesture because his argument is not at the level of signifying content in cultural formations (reality shows with “undercover” CEOs, “futures markets” for political candidacies), but at the level of form. It is at the level of the copula—the joining of subject and predicate in the statement “human reality is a market” that Becker’s metaphorical work happens.

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189 This is not strictly for the analytical presuppositions that set them apart from economics, but because of the political commitments that stem therefrom.

190 Grossberg, “Interview with Lawrence Grossberg,” 85.

Becker’s theories are a specific form of knowledge-production predicated on the very thing Grossberg warns against: the “becoming economic” of everything. Grossberg writes, “economies or, better, certain practices and relations[,] are constituted as ‘economic’ per se (and even as particular sorts of economic forms) contextually; the line between the economic and non-economic is constructed…and hence the assumption of economic essentialism—that there is some stable, natural and universal distinction to be drawn between economic practices and non-economic ones—is untenable.”

Becker’s answer is remarkably perverse, from this perspective: Yes of course there is no distinction to be made between economic and noneconomic practices, because every practice is, prima facie, already economic. He writes: “In addition, the economic approach does not draw conceptual distinctions between major and minor decisions, such as those involving life and death in contrast to the choice of a brand of coffee; or between decisions said to involve strong emotions and those with little emotional involvement, such as in choosing a mate or the number of children in contrast to buying paint.”

This is what Grossberg identifies: “the economic” articulates lived experiences through apparatuses of capture, so even if there are only ever local, provisional, contextual practices, they are coded “as economic” through financial capital, “big data” analytics of social media, micro-transactions, and the like.

For Becker, if any cultural practice is assumed to be “noneconomic,” this is simply because the tools of neoclassical analysis have not been parachuted onto it—market behavior is already there, we simply have not yet discovered it.

Take Becker’s assertion that “marriage” is a market. For him, only two features are necessary: “The first is that, since marriage is practically always voluntary, either by the persons marrying or their parents, the theory of preferences can be readily applied, and persons marrying

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192 Ibid., 148.

(or their parents) can be assumed to expect to raise their utility level above what it would be were they to remain single. The second is that, since many men and women compete as they seek mates, a *market* in marriages can be presumed to exist. Each person tries to find the best mate, subject to the restrictions imposed by market conditions.”¹⁹⁴ These minimal criteria coincide with textbook definitions of markets.¹⁹⁵ Perfect competition is, of course, taken as an article of faith in neoclassical analysis, thanks to Arrow & Debreu’s general equilibrium theory (in particular, the “proof of existence” presumption); Becker is agnostic about whether the marriage market has perfect competition because it satisfies the other tenets thereof.¹⁹⁶

For Becker, the decision to marry “is a decision related, ultimately, to the *expected net gains* (*benefits minus costs*) from marriage (compared with remaining single).”¹⁹⁷ That appears fairly uncontroversial—people get married because they assume they will be happier after joining together. But the next move is trickier: He contends that marriage markets improve *total* social utility because they have been freely chosen by utility maximizing agents: “In other

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¹⁹⁴ Becker, *Economic Approach to Human Behavior*, 206. Note that for Becker, the individual preferences of the person getting married do not matter, only the preferences of the person deciding on the marriage. While I contend that for the most part, “incentive-driven” logics depend on the assumption of voluntarism, this is not strictly true at an individual, subjective level, only for the person making the choice. (This is true for Becker’s household production function—only the “head” of the household decides on the optimal allocation of “love” to raise total family utility.)

¹⁹⁵ “Technically speaking, a market is any medium through which two or more parties can engage in an economic transaction, even those that do not necessarily need to involve money… In addition, though only two parties are needed to make a trade, at minimum a third party is needed in order to introduce an element of competition and bring balance to the market. As such, a market in a state of perfect competition, among other things, is necessarily characterized by a high number of active buyers and sellers.” “Market.” *Investopedia*, accessed Dec. 11, 2015. [http://www.investopedia.com/terms/m/market.asp](http://www.investopedia.com/terms/m/market.asp).

¹⁹⁶ Presumably, a “perfect” marriage market would allow all people free entry and complete freedom of choice in partner, but this was certainly not true in Becker’s lifetime (nor is it entirely true today and in all cases). Becker does not need this restriction because marriage is itself a voluntary market choice and *not* a universal one, so people without access thereto because their preferences take them afield of the available market mechanisms are simply not counted. Of course, using his “stable preferences” axiom, one could argue that “marriage” simply satisfies a fundamental preference, so being barred therefrom actually is a restriction on entry and renders marriage markets less efficient.

words, the marriage market chooses not the maximum household commodity output of any single marriage but the maximum sum of the outputs over all marriages, just as competitive product markets maximize the sum of the outputs over all firms…Put still differently, the marriage market acts as if it maximizes not the gain from marriage compared to remaining single for any particular marriage, but the average gain over all marriages.”¹⁹⁸ Note the action verbs in this section: Marriage markets, not even marrying agents, choose and act; these markets—impersonal mediums of exchange and competition—maximize total social utility. This echoes Crouch’s observation that for the Chicago School of economics, of which Becker is a proud member, the creation of wealth is an intrinsic good no matter the type of distribution or manner of its procurement: “For example, all profits made by Internet gambling firms automatically contribute to wealth creation and therefore, it seems, to human welfare; as a result, they are beyond reproach. Medical research can only prove its worth when a corporation succeeds in turning its work into clearly effective cures—or, into medicines that can be traded commercially.”¹⁹⁹ Orthodox neoclassical theory is explicitly hostile to questions of distribution (since alterations in distribution may affect the size of the “pie” being sliced, according to Samuelson), so Becker adopts this maxim for “marriage markets.”

Finally, Becker claims that, even if people individually are optimizing “as they see it,” he argues that the marriage market is “assumed to be at equilibrium, in the sense that no person could change mates and become better off.”²⁰⁰ Given that, according to the National Center for Health Statistics, 74 percent of women remarry within 10 years of their divorce, this seems like a


dubious assertion to make—choosing a new mate ought to be empirical proof of being better off with a new partner. However, from the perspective of his intensified version of neoclassical economic theory, Becker’s assertion is true, since the monetary and social costs of divorce, the social time/cost of meeting new people after a divorce, and the opportunity cost of deciding on a legal partner are already calculated by the economic actor herself, so as a rule, total social utility is always raised when a partnering choice is made. This sufficiently insulates Becker’s position from criticism, since any voluntary decision is expected to raise individual utility, and by extension, total social utility is raised, QED.

For Becker, human existence is not like a market. It cannot be a simile, because that involves a minimal figurative distance between concept and thing. Instead, human existence is a market, at the level of identity, not relation. Margolis writes: “What happens is that a decaying metaphor deposits a developing literal assertion in the place of its figure. Also, be it noted, the decaying metaphor generates the property to be literally attributed to the object of interest, whereas the simile, on translation, discards completely the properties of that to which the object of interest is compared.” Lacan corroborates this assertion, for in the production of metaphor, “There’s not a comparison but an identification… Metaphor presupposes that a meaning is the dominant datum and that it deflects, commands, the use of the signifier to such an extent that the entire species of preestablished, I should say lexical, connections comes undone.” Becker’s metaphoric claims are at the level of form, not of content—even if his form is not a neutral, empty vessel in which to tabulate behavior.

Contrary to the Ramist conception, metaphor is not strictly reducible to “ornamentation,” something that describes poetically that which has an already-existing content, but is a signifying gesture *par excellence*. In fact, the reduction of metaphor to “ornament” does an injustice to both the centrality of metaphor and the critical avenues opened thereby, particularly in the “rhetoric of economics” subfield. Mirowski argues that simply pointing out neoclassical economics relies primarily on a mathematical metaphor “has little cash value, because there are a potentially limitless number of possible metaphors that might have been proposed and a myriad of mathematical metaphors that might have been deemed to warrant sustained elaboration.”

Mirowski’s frustration is welcome, because focus on metaphors as ornamentation or explanation, or even as idiomatic (“time is money,” “a profitable encounter,” “opportunity cost,” “everything has a price”) distracts from what the founding neoclassical metaphor unlocks.

Lacan points out in his “Instance of the Letter in the Unconscious” that “Metaphor’s creative spark does not spring forth from the juxtaposition of two images, that is, of two equally actualized signifiers. It flashes between two signifiers, one of which has replaced the other by taking the other’s place in the signifying chain, the occulted signifier remaining present by virtue of its (metonymic) connection to the rest of the chain… [M]etaphor is situated at the precise point at which meaning is produced in nonmeaning.” Here, Lacan does not mean that meaning is produced out of nonsense, but of nonmeaning—of an *x* signifier prior to a condensation of

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204 Phillip Mirowski, “Shall I Compare Thee to a Minkowski-Ricardo-Leontief-Metzler Matrix of the Mosak-Hicks Type? Or Rhetoric, Mathematics and the Nature of Neoclassical Economic Theory,” in *The Consequences of Economic Rhetoric*, edited by Arjo Klamer & Robert Solow (Cambridge: Cambridge University Press, 1988), 130. Mirowski doubles down on the following point, that “utility maximization” smuggles in myriad theoretical commitments, and is nowhere near the “neutral container” that neoclassical economics claims it to be: “It surreptitiously presumes an inordinately large amount of structure about the nature of desires and objectives, the role of time, the understanding of causality, the unimportance of process, the conservations of the domain of the objectives…and much, much more,” 133.

affective investment. For Becker, social reality does not have signifying content prior to its condensation in the market metaphor it simply is economic, rather than being like the economic concept it parallels. For example, Becker does not enjoin us to act “as if” families are a firm, or argue that the psychic turmoil of hiring a Black person is “like” a monetary cost—they are joined at the level of identity. Regarding the second example, in Becker’s thought, hiring a Black person “costs” more in psychic energy to a white racist than it does to hire a white person, even if that white person has a higher wage. Thus it is psychically “cheaper” to hire a white person, and this conclusion is offered as if there were no discursive labor expended to map market mechanisms onto this complex process.

What does the “market mechanisms” metaphor do for Becker? Its role is Janus-faced: It allows for retroactive narrative coherence for any social phenomenon, and it sets up relations of ontological commensuration. So although Becker’s claims are at the level of the copula—at the level of “X is Y,” I would still offer that it is a product of discursive labor, of artifice—partially because Becker’s claims never fully cover the social field (not just in effect, but in fact: for instance, Becker refers to children as commodities, but by any reasonable definition, commodities can be bought and sold in markets). His signifying gesture—“market mechanisms coordinate behavior, they account for what sociologists call ‘structure,’” is still discursive labor expended in order to produce predictions and recommendations for behavior. Lundberg reminds us of an insight from Aristotle’s *Rhetoric*: to efface the traces of one’s own discursive labor is rhetorical work itself, and perhaps one of its most important components. These simplifying

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207 In my case study on *Freakonomics* (Chapter 4), I use the psychoanalytic concept of “perversion” to explain that there is affective, discursive surplus when theoretical/ontological claims like Becker’s are brought into the realm of public discourse. To identify with one’s own symptom, of one’s own being “as economic,” is merely an intensification of this founding gesture Becker makes.
gestures, coupled with the grandiosity of the scope of his project are part and parcel of the market metaphor.

At its most benign, Becker’s “market metaphor” results in a set of tautologies or circularities: After all, Becker claims that while received economic/fertility theory predicts wealthier people ought to have more children, they in fact have fewer. 208 What explains this? Becker posits that well-off people instead invest in better children, spending their money on dance lessons, piano recitals, summer camps, and so on. However, by Becker’s own admission, income determines behavior more than cultural or institutional factors, so the assertion could rightly be raised that wealthy people spend more money on their child because they have more money to spend. But ultimately, the notion that reality is a market is yoked to the notion that markets exist at equilibrium, and that notion hypostasizes reality in a way that resists any explanations for social change. To assume that any given social phenomenon is a market at equilibrium implies that resources are already being distributed efficiently.

Yet this point is used to attack any alteration to the status quo—as the chapter on equal pay legislation demonstrates, assuming “incentive-driven behavior” by women means that they are already incentivized by their given (lower) wages, and to legislate equal pay would produce tremendous market inefficiencies and perverse incentives. And as William K. Black writes of Becker’s Treatise on the Family, “women and men are genetically predisposed to desire to work, respectively, in the household and paid labor sectors.” 209 This results in a set of predictions that similarly hypostasize social reality into the given categories of his analysis (foremost among

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208 Becker, Economic Approach to Human Behavior, 175.

them being “men” and “women” in this example). As Febrero and Schwarz argue, “one of Becker’s predictions is that, if all members of an efficient household have different comparative advantages, all (except at most one of them) will tend to specialize in either the market or the household sector. This implies that fully sharing household tasks would lead to an inefficient allocation of resources.”

This prediction later became a policy recommendation: In a column decrying tax credits to defer childcare costs for households with small children, Becker argued against women entering the workforce because of the positive effect stay-at-home mothers have on child development.

It is here where Becker’s presumption of equilibrium runs up against itself: To presume that markets are the ontological structure of social reality, and that markets allocate resources at equilibrium, one must then presume that actors are already incentive-driven and acting according to their own utility functions and preferences. That is, one cannot use “efficiency” as a rhetorical resource for advocating behavior if people’s behavior is determined by their own utility function, especially if people’s voluntary activities by definition increase “total social utility.” For certain aspects of Becker’s work (like marriage markets and religious affiliation), this approach entails that all “buyers” of a given commodity have found a seller offering a corresponding price to the appropriate level of desire/incentive. Recall the argument from the previous chapter: Alfred Marshall infamously sutured desire and its fulfillment in his equilibrium approaches—virtually his only authorization for positing a “general equilibrium” at all. Yet for others—welfare, immigration, criminal punishment, the post office, social security, public education, etc.—Becker insists that these “markets” are functioning inefficiently because incentives are

210 See Chapter 5 for the consequences of attempting to change this gendered dynamic in the workplace.


212 Becker, Economics of Life, 244.
improperly distributed. According to his wife, he explicitly argues that political liberals “more frequently than conservatives ignore the importance of incentives when that helps their argument—as in considering whether welfare breaks up marriages and encourages dependency, or whether high income tax rates reduce work and investments.”

He is also able to make these claims because of the data-based bias of his work: Economic data incorporates wage changes, labor force participation, etc., over time—basically everything that would account for measurable, material economic progress (for women, for ethnic minorities, for different sexualities). And since economic data is capable of displaying such change over time, all change is the result of market forces: Women entering the workforce due to World War II represents a market force (for it was merely a change in the supply of labor). He writes, “the growth in the employment and earnings of women is explained mostly by market forces than by civil rights legislation, affirmative action-programs, or the women’s movement.” Asian parents prioritize schooling and private (for-profit) tutoring, which raises their human capital and renders them attractive to tech firms.

According to Becker all cultural, political, and historic formations occur at the level of the market, and this is where they are registered. This is why (even after some substantial theoretical revisions) Becker is silent on the origins of different incentive structures/utility-maximization functions—he presupposes that it is the result of the rational calculus that is inherent within every economic actor, so all historical change is the result of some rational utility-maximizing principle. Why do Asian families and countries prioritize schooling and tutoring programs? It is in their best economic interest to do so. Why do women leave the labor

213 Ibid., 6.
214 Ibid., 132.
215 Ibid., 74.
force and raise children? They have extra-economic incentives to maximize their own pleasure function. It is, in short, circular reasoning: If one posits that the market is an all-powerful, all-encompassing information processor beyond the scope of any individual entity’s comprehension, then only “market activity” accounts for social, historical, political and cultural changes in a way that disavows the very nature of these changes as social, historical, political, or cultural.

Culture, for Becker, is a black box, or a deep-enough background as to be meaningless in the face of “hard” economic data, or only methodologically relevant insofar as it produces “economic” effects. “The market” is simultaneously the registrar of cultural change and the explanatory mechanism thereof. Take his explanation of fertility patterns in America: “Secular changes in educational attainment, religious attachment, discrimination against women, and so on, may also have decreased fertility, and presumably there were changes other than the growth of income which increased fertility. It would take a major study—and even that might be inconclusive—to determine whether the factors decreasing fertility were sufficiently strong to produce a secular decline in fertility in spite of the secular rise in income.”216 Here, culturally significant shifts, such as “discrimination against women” are posited as explanatory factors, and just as quickly dismissed, or at least relegated to deep background behind market factors. All in all, Becker predicts a rise in fertility accompanying a rise in income, despite his own pronouncements to the contrary elsewhere, which predicts the production of “better” children as opposed to more of them.217 As if on a univocal plane, Becker sets up a relation of ontological commensuration between the amount of children and the “quality” thereof—not to mention equating the “quality” of a child with the investments made into her or him. And somewhat surprisingly, he later argues in a BusinessWeek column indicating his opposition to social welfare


217 Ibid.
payments to the poor that “values,” not money, are the most important things transferred to children. That is, “values” are assumed to fill in the gap when social welfare benefits are taken away from the poor—once again, he advocates for a univocal, immanent plane of “incentives” without empirical data to corroborate his assertions.

**Stable Preferences, or the Metonymy of Desire**

Becker’s second axiom, the “stability of preferences,” performs a tremendous amount of rhetorical labor. Primarily, with Jeremy Bentham’s help, Becker is able to narrate a smooth explanation of fluctuating or contradictory behavior by positing a deeper layer of rationality and decision-making beneath any commodity/behavioral choice. This strategy centralizes the economist in any explanation of human behavior; the economist alone can claim, “You purchased this, but what you really purchased was…” The result is that things like “guilt” and “pride” become quantifiable variables for why children care for the elderly, or why people do not sign up for social welfare benefits. This is a metonymic process, in which Becker links each commodity choice to one of fifteen distinct pleasures that Bentham enumerates. The second feat that Becker’s axiom of “stable preferences” accomplishes is that, with a major definitional overhaul late in his career, Becker subsumes historical and cultural accretions under the term “metapreferences.” This allows him to retroactively stabilize economic inequalities under the rubric of “preferences” and symbolize them as having already been chosen by the relevant actors. As argued previously, incentive-based vocabularies are “responsibility oriented” and

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218 Becker, *Economics of Life*, 100. That is, for the recipients of social welfare benefits, “money” and “values” are ontologically commensurate—absent “money,” the values of hard work hydraulically fill in the gap; with social welfare benefits, values are absent, or at least not required. In a different column, Becker advocates against tax breaks for working families to defray childcare costs, because selfish parents would not use the money for its intended purpose. Instead, any increased public spending…must be targeted to specified purposes that are likely to improve skills, training, mental health, values, and other human capital. This is the best way to reduce the chances that spending is not diverted to benefit other groups” (Becker, *Economics of Life*, 103). This is a surprisingly refreshing argument from a “neoliberal,” since he advocates for specific programs to help the working class, but read more cynically, it does appear that he does not believe the poor can be trusted to make their own decisions with their money.
assumed to be voluntary; Becker’s reformulation from “stable preferences” to “stable metapreferences” is the theoretical warrant for this move. In sum, to paraphrase Linda Richman, “stable preferences” are neither stable nor preferences.

Becker defines preferences, and his penchant for the “stable preferences” approach as:

The preferences that are assumed to be stable do not refer to market goods and services, like oranges, automobiles, or medical care, but to underlying objects of choice that are produced by each household using market goods and services, their own time, and other inputs. These underlying preferences are defined over fundamental aspects of life, such as health, prestige, sensual pleasure, benevolence, or envy, that do not always bear a stable relation to market goods and services… The assumption of stable preferences provides a stable foundation for generating predictions about responses to various changes, and prevents the analyst from succumbing to the temptation of simply postulating the required shift in preferences to ‘explain’ all apparent contradictions to his predictions.

“Stable preferences” allows Becker to posit a non-empirical object that commensurates between disparate elements (pride, companionship, refrigerators, sporting goods) because what is being satisfied in any purchase is not the preference for the market good, but the satisfaction behind the purchase. He will change this definition later in his career, but now it is explicitly linked to underlying objects of choice that economic actors produce, and the values that undergird these actions.

Becker inherits this position from Bentham, who, “in 1789 set out a list of fifteen ‘simple pleasures’ which he argued was ‘the inventory of our sensations.’ These pleasures, which were supposed to exhaust the list of basic arguments in one’s pleasure (i.e. utility) function are of senses, riches, address, friendship, good reputation, power, piety, benevolence, malevolence, knowledge, memory, imagination, hope, association and relief of pain… Alfred Marshall suggested an even smaller set of arguments for the utility function when he stated that the basic

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sources of satisfaction are but two: distinction and excellence.”220 As argued in the final section, Becker tautologically links all of these sensations under only one good, “utility.” But for now, the idea is that economic actors choose their preferences based on the underlying values that can express them: “Individuals help guide their destinies by exercising control over future stocks of personal capital that determine future utilities and preferences. Therefore, individuals, in effect, help to choose their own preferences, if ‘preferences’ are taken to mean not the extended preference function of goods and capital, but the (sub)utility function that depends only on goods, which is what the function economists usually consider.”221 By presuming in advance that people are fundamentally identical, and rejecting that fads, trends or changing tastes affect behavior, Becker is able to hold these variables constant and argue only changes in purchasing power determine behavior in the aggregate.222

To explain any differences in market activity, Becker presumes that either the commodity itself changes price, or that the people in question simply have different purchasing power. This is the thesis of the first axiom, that of “market mechanisms” structuring all behavior. But what accounts for a change in purchasing power? Two things: Becker initially contends that there is simply an assignation of a “psychic benefit” or “shadow cost” to a behavior—the individual utility function is preserved because people assign different values to commodities. In other words, if a certain economically rational action is not taken (hiring a lower-waged Black person at a business, or purchasing a more expensive nearby meal because traffic is too bad to travel to one’s favorite restaurant), one has simply assigned a higher cost to the preferred choice or a lower price to the “easier” choice. In other words, Becker assumes that these internally generated

220 Becker, Economic Approach to Human Behavior, 137.
221 Becker, According to Tastes, 9.
price signals affect behavior the same way external price signals do for “rational” economic actors—people simply follow their economic incentives because “economic” describes all behavior, not strictly ones based on commodity purchases. (The other explanation is that one’s “purchasing power” is changed because of prior purchases, preferences and investments—this is the “metapreferences” solution Becker proffers later in his career.)

Of course, from the perspective of behaviorism, or even “standard” neoclassical analysis, people choosing a more expensive meal reveals a preference for expensive meals. This represents an undeniably different outcome than a prediction that people have “stable preferences” and act in accordance with them—which is why these non-empirical concepts (“shadow price,” “psychic benefits”) are so necessary for his theory. He writes:

When an apparently profitable opportunity to a firm, worker, or household, is not exploited, the economic approach does not take refuge in assertions about irrationality, contentment with wealth already acquired, or convenient ad hoc shifts in values (i.e., preferences). Rather it postulates the existence of costs, monetary or psychic, of taking advantage of these opportunities that eliminate their profitability—costs that may not be easily ‘seen’ by outside observers. Of course, postulating the existence of costs closes or ‘completes’ the economic approach in the same, almost tautological, way that postulating the existence of (sometimes unobserved) uses of energy completes the energy system, and preserves the law of the conservation of energy.223

Phillip Mirowski, among others, has rightly critiqued the discipline of economics for indelicately borrowing metaphors from the 19th-century physical sciences to authorize their models of marginal utility, general equilibrium, and the price of stocks, so I shall not dwell on Becker’s appropriation of physics.

However, the fact that this strategic concession is left untouched is telling. The best example of this “psychic benefits” comes in his analysis of American fertility. As stated before, Becker contends that since wealthier families have fewer children than poorer ones, wealthy families are invested in creating “better” children rather than “more” of them. He writes, “It is

possible that in the mid-nineteenth century children were a net producer’s good, providing rather than using income. However, the marginal cost of children must have been positive in families receiving marginal psychic income from children; otherwise, they would have had additional children. Even in 1850, the typical family in the United States was producing fewer children than was physically possible.”

I shall leave aside what Becker believes to be the physical limits of the production of children. However, his argument is simply that if the physical possibility were met, this would be the equilibrium level, since having \( n+1 \) children would be a “profitable opportunity” according to this view. Since this opportunity is not being taken, there must be differential incentives that fill in this gap—there must be non-empirical (hence, “psychic”) benefits attached to children that account for their existence. Second, and most importantly, “stable preferences” allows Becker to evade the question of why people are (or become) different, because everything is re-reducible to the price mechanism. The axiom of stable preferences is nothing but an expression of the first axiom, that of market mechanisms, since every preference is reducible to a “relation of externality”—every action weighs on a prior one, and hence becomes the conditioning context for every future decision. In other words, the only thing that makes people different are their differences, and the preferences axiom is largely a way to leave intact the current state of affairs, to rhetorically justify inequalities.

The stable preferences axiom entails hiding the source, direction and genesis of social change, and the meaning of the preference as expressed. Actions are never contradictory—the metapreference is simply expressed in a different manner, even if that manner actually is the inverse of a prior action. Becker uses the example of heating oil to explain what he means by “stable preferences.” In *Economic Approach*, he writes:

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224 Ibid., 175.
To illustrate the reliance on ‘changes in tastes’ in interpreting observed behavior, consider the following examples. If a household’s utility function has heating fuel as an argument then its tastes must change seasonally to explain why it purchases more fuel in the winter (when the price of fuel is usually higher). Or, couples must experience a shift in preferences toward snow removal services and medical care services away from sporting goods equipment and high-cholesterol foods as they age since the market prices of these items are not related to age and yet expenditure patterns appear to change with the couple’s age.\textsuperscript{225}

Here, Becker uses the tilt of the earth and aging of the human body as examples for why preferences do not change, and that an underlying, as-yet-quantified meta-preference better explains consumer behavior than what he calls the “received” theory of consumer behavior. For the first example, Becker claims that typical economists, via this theory of consumer behavior, believe that people who heat their homes during the winter change their tastes from “non-consumer of fuel” to “consumer of fuel,” because otherwise, they would be either consistent purchasers of fuel, or the opposite. Economists, in Becker’s view, use “change in tastes” to explain away this apparently “irrational” behavior, because if they were truly economically rational, they would purchase heating fuel in the summer (at a lower price).

The second example is trickier, but instructive: Becker elliptically claims that as people age, they do not change their preferences from sporting goods to snow removal, nor do they act economically “rationally” by responding to price fluctuations in the different types of commodity. After all, medical care is more expensive for an elderly person than for a young person, so a rational economic actor would purchase such care as a whippersnapper, and regarding commodities with relatively stable prices, like sporting goods, one could (presumably) better afford them, or purchase more of them, after a lifetime of waged income. If a person buys fewer skis in their 60s, it must be because they have changed their taste or predilection for winter sports, so sayeth Becker’s straw-person economist. At first glance, this seems altogether

\textsuperscript{225} Ibid., 133.
reasonable to a reader, but Becker’s axiom forces him to be baffled that people change their consumption patterns across seasons and decades.

The point is that another rational calculus is going on behind, alongside, through, and beyond commodity exchange: When people purchase fuel in the winter, they are satisfying an underlying non-commodity preference, like “comfort” or “satisfaction;” when they avoid such purchases in the summer, they either allocate their resources toward other “comfort”-inducing products, such as fans or air conditioners, and/or produce “comfort” without expenditure. (Here, incentives are an immanent field, and enjoyment occurs at every moment. Like the anorexic, what the comfort-seeker in summer consumes is nothingness itself.) For the aging person in Becker’s example, both sliding down snow from atop a mountain and removing it from one’s yard can be expressions of the same meta-preference, since they both fulfill an individual utility function. For Becker, commodity prices cannot, in the last instance, determine consumer behavior. If that were true, as mentioned, his exemplars would purchase heating fuel in the summer and medical procedures while young. Instead, he must have recourse to a “shadow price” that governs behaviors beneath that of the price of a given commodity.

These extreme examples represent a remarkable intellectual contortion, but are vital for the remainder of his work. The rhetorical effect is that we as readers are inclined to agree with Becker’s interpretation over his unnamed intellectual foes, because his is more intuitive: People do not change at will, and people have very good reasons for their actions. People do not change their tastes every four months, or (perhaps hyperbolically) every four decades but rather, aim to satisfy a set of stable preferences throughout their lives, and every commodity purchased is simply the expression of some underlying desire. (Becker may be hostile to psychology, but his insight bears some resemblance to psychoanalysis.) Becker’s “metapreference” is unobservable
except through economic analysis, which centralizes the economist in any analysis of a social phenomenon; this process is a conversion of metonymic preferences into an overarching metaphor about human behavior.

Lacan, following Roman Jakobson, defined metonymy as the axis of language perpendicular to that of metaphor. I use this term to describe how Becker’s interpretive work depends on arguing that any economic action is the expression of a non-commodity preference—one of the fifteen he borrows from Bentham. For Lacan, metonymy is the structure of desire; “desire…is caught in the rails of metonymy, eternally extending toward the desire for something else.”

Becker contends that every commodity purchase, every rational action taken by an actor, is done in the service of a non-commodity preference—the underlying values that motivate action in the first place. And because of this metonymic sliding, Becker is always able to defer, or better, to displace, the “meaning” of a commodity purchase into one he finds analytically palatable. For example, Social Security corrodes family values because children no longer feel obligated to care for their parents, family values can be measured by monetary gifts, and this is one reason to eliminate it entirely. And when Becker argues against social welfare programs, he metonymically slides “nonparticipation in welfare” into that of “values and self-respect.” He writes, “Some eligible families do not apply for welfare because it erodes a family’s values and self-respect. This may be partly because of the social stigma of being on welfare, but I believe it is mainly because some parents conclude correctly that welfare handouts badly affect their own


\[227\] Of course, since “utility maximization” remains highly individualized and hence can run an end-around any counterfactual criticism, it is almost not worth positing alternative explanations to Becker’s own. Yet in this specific example, could it not be that wealthier offspring can afford to help their elderly parents, and the children of parents who rely on Social Security cannot afford to give any extra monetary assistance?
and their children’s motivation to help themselves. They decide that the harmful effects are too large a price to pay for welfare checks.”

Later in his career, Becker chose to engage with criticisms of his “stable preferences” axiom by retroactively redefining “preferences” from his original conception into one that better suits the principle of utility maximization. Recall that in his original definition, preferences were “values,” and “fundamental aspects of life, such as health, prestige, sensual pleasure, benevolence, or envy, that do not always bear a stable relation to market goods,” that remain stable. They are also partially contoured by economic actors, at least insofar as commodities can be purchased that satisfy a forward-looking expectation (like developing a “preference” for classical music by purchasing tickets to a symphony). However during a lecture at Northwestern University, Becker argues the following: “Some of you might be surprised to hear a coauthor of the de gustibus point of view, with its emphasis on stable preference, waxing enthusiastically about the formation of preferences. But what de gustibus assumes is that metapreferences are stable. Metapreferences include past choices and choices by others as arguments in a person’s current utility function.” This is a tremendous reversal, for two reasons.

First, it contravenes the definition of “meta-preferences” originally introduced by Sen into economic theory. Sen initially coined the term “meta-preferences” as “rankings of preference rankings” to critique what he saw as a too-narrow vision of rationality in neoclassical decision theory. He writes, “Economic theory has been much preoccupied with this rational fool decked in the glory of his one all-purpose preference ordering. To make room for the

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different concepts related to his behavior we need a more elaborate structure.” But more than that, Becker’s redefinition of “stable preferences” into “metapreferences” means he no longer places “preferences” under the rubric of “objects of choice,” or even values, but that of “choices by others.” Examples he gives of this are a parent’s decision to smoke, or a woman who experienced sexual abuse as a child. Each of these weighs on a person’s individual utility function because it “costs” more to perform an action in line with one’s own desires because these “meta-preferences” weigh on them. In some sense, this is a refreshing change to make: He argues in According to Tastes that culture affects the actions of individuals more than the other way round, so in some way this is a legitimate nod to how culture, history and politics complexly articulate the lived experiences of people beyond the scope of economics. But on the other hand, it is a form of retroactive determinism, in which people’s values and objects of choice are assigned as costs from the outside.

This is perhaps an etymologically fruitful disagreement about the nature of the term “meta-”. Sen’s definition (“preferences of preferences”) partakes in the sense we have of “meta-” being both self-referential and “beyond,” much like “metaphysics” is physics outside of the bounds of physics. But Becker’s definition of “meta-” entails both “after” and “outside,” so that an individual’s preferences come after their stable metapreferences, or an individual’s metapreferences exist outside of their preferences. Either way, Becker’s shift from stable preferences to stable metapreferences is a significant revision to this theory, enough to be considered a reversal. Note the agentic reversal here: Becker’s original concept of “preferences” was based on the production of satisfaction, which authorizes the contention that commodities are simply the means to the various ends of different consumers. Yet later, Becker’s concept of

231 Ibid., 336.

232 See Becker, According to Tastes, Chapter 1.
the stable metapreference entails the stability of non-subjective allocations of social forces—they are past choices, or choices by others, that contour behavior.

And further, the appearance and disappearance of “metapreference” allows Becker to evade the full implications of the “stable preferences” axiom he posits. For instance, other writers have rightly derided Becker’s stance that discriminatory business owners merely have a “taste for discrimination” that explains why they refuse to hire Black labor. Using Becker and Stigler’s “De Gustibus” approach, economists have nothing normative to offer about people’s preferences—that is perhaps the one area outside the scope of economic thought. Becker does provide a sophisticated, if unsatisfying rejoinder: economic actors can form and modify their preferences, but strictly in accordance with their individual utility function (see below section). The reason why this is unsatisfying is that it is avowedly circular: People act in accordance with their own desires (to fulfill their utility function) so they only alter their preferences when it suits their individual utility functions—and in this case, it means that the “price” of holding a bigoted belief is raised beyond the psychic benefit of holding it. In this conception, going along with social norms is “rational” economic behavior because one obeys the available price signals. When one disobeys social norms, laws, or customs (that is, partaking in behavior with a higher social “cost”) in either direction (whether for “good” or “bad” social outcomes, they simply signify they are willing to pay a higher “social cost” for their behavior.

**Utility Maximization: An Incipient Theory of Enjoyment**

In this final section, I describe the final piece of Becker’s economic approach to human behavior. Here, using Foucault as a springboard, I find that Becker’s utility maximization axiom

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233 There is a kernel of truth in here, even from a Marxist perspective: Discrimination is not about what goes on inside the head of an individual person, but is rather an objectively measurable phenomenon. (Becker simply disagrees that anything other than the sovereign individual ought to do anything about it.) And further, if the social basis for discrimination is not destroyed, the “taste for discrimination” remains, albeit disarticulated from economic activity.
is an incipient theory of enjoyment. Becker’s “household production function” best exemplifies
the utility maximization axiom and primarily works by attributing qualia of enjoyment (of
“satisfaction”) to actions. This ends up inoculating neoclassical economics from criticism from
outside. Following his axiom of stable preferences, Becker is incapable of giving a complete
account of difference in reality, since the only reason why people act differently is because it
fulfills their utility function. Take the above example from Becker about the equitable
distribution of household labor. For Becker, the prediction is that “women,” as a result of their
metapreferences (i.e. their cultural and familial upbringing) have “human capital” better
designed for domestic labor than men, ergo, women should either earn less at work or perform
more domestic duties.

But faced with evidence to the contrary, be it statistical or anecdotal, of a woman’s power
to command a high wage or a man performing domestic duties willingly, Becker is simply able
to point to differences in purchasing power, i.e. human capital, and thereby to differences in an
individual’s utility function. So if a woman comes from a wealthy background without domestic
labor “investment,” or a man was raised in an egalitarian household and happily performs
domestic labor, Becker’s prediction can inhere in the aggregate. The couple in question is merely
maximizing their utility as they see it, so once again any evidence to the contrary is insulated
from implicating the theory. Becker in fact doubles down on his opposition to empirical proof as
evidence one way or another on the thesis of utility maximization. He and George Stigler, in the
influential “De Gustibus Non Est Disputandum,” write:

It is a thesis that does not permit of direct proof because it is an assertion about the world,
not a proposition in logic. Moreover, it is possible almost at random to throw up
examples of phenomena that presently defy explanation by this hypothesis: Why do we
have inflation? Why are there so few Jews in farming? Why are societies with
polygynous families so rare in the modern world? Why aren’t blood banks responsible
for the quality of their product? If we could answer these questions to your satisfaction,
you would quickly produce a dozen more. What we assert is not that we are clever enough to make illuminating applications of utility-maximizing theory to all important phenomena… Rather, we assert that this traditional approach of the economist offers guidance in tackling these problems—and that no other approach of remotely comparable generality and power is available.²³⁴

Their argument is offered somewhat awkwardly: Direct proof of this assertion is not available, because the claim is being made about empirical reality, not via formal logic. And although there may be empirical evidence that contradicts this claim, the proposition is generalizable and therefore, more useful than provisional, contextual, atheoretical knowledge. In fact, Becker’s rejoinder to those who would throw empirical anecdotes that contravene his theory is to remind readers of empirical anecdotes wherein the stable preferences/utility-maximizing framework was proven correct.²³⁵

But Becker, undeterred, invokes the notion of the “household production function” as a way to explain that any differences in reality are simply down to production functions of families. He defines the household production function thusly: “The household production function framework emphasizes the parallel services performed by firms and household as organizational units. Similar to the typical firm analyzed in standard production theory, the household invests in capital assets (savings), capital equipment (durable goods) and capital embodied in its ‘labor force’ (human capital of family members). As an organizational entity, the household, like the firm, engages in production using this labor and capital. Each is viewed as maximizing its objective function subject to resource and technological constraints.”²³⁶ In this view, “the heart of the theory is an assumption that households are producers as well as


²³⁵ Ibid.

²³⁶ Becker, Economic Approach to Human Behavior, 141.
consumers; they produce commodities by combining inputs of goods and time according to the cost-minimisation rules of the traditional theory of the firm.”

Foucault diagnoses the “household production function” here:

And I will not talk about it here, because it would take too long, but in Gary Becker there is a very interesting theory of consumption, in which he says: We should not think at all that consumption simply consists in being someone in a process of exchange who buys and makes a monetary exchange in order to obtain some products. The man of consumption is not one of the terms of exchange. The man of consumption, insofar as he consumes, is a producer. What does he produce? Well, quite simply, he produces his own satisfaction. And we should think of consumption as an enterprise activity by which the individual, precisely on the basis of the capital he has at his disposal, will produce something that will be his own satisfaction.

According to an editor’s footnote, Foucault breaks off his lecture due to lack of time, and “does not develop the final points of the last part of the lecture dealing with the relevance of this kind of analysis for…the possibilities of analysis of familial behavior.”

His subsequent lecture engages with Becker and other neoliberals’ approaches to crime, but he does not return to the “production of satisfaction” notion so briefly introduced. We may be able to piece together Foucault’s argument from his overall thesis, that under neoliberalism, “homo œconomicus is an entrepreneur of himself [sic].” That is, a subject continually produces her own enjoyment out of her “human capital” outlays, so any “consumption” is simply “production” in another guise.

For example, Becker contends that when a family purchases a refrigerator, it is not strictly a durable consumer good, but is rather a durable capital good, capable of “producing” preserved food for the family. When a family goes out to dinner, the family is not simply consuming a meal at retail price, but is producing an artifact of satisfaction—their utility—in the

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237 Ibid., 112.

238 Foucault, Birth of Biopolitics, 226.

239 Ibid., 233

240 Ibid., 226.
act of eating out. Becker’s revolutionary theory of consumption is that we continuously produce our own satisfaction at a level other than (commodity) market exchange. In the restaurant example, we put a price on the “cost” of time and energy to go out, and/or put a higher price on the domestic labor one would perform at home for an equivalent meal. Yes, these things show up in the cost in money, but the commodity purchased is not wine or food, but “satisfaction,” or utility. This is why Becker enjoins us to think that whenever we witness what appears to be an “inefficient” or “irrational” economic behavior, it is that some other market is contouring the activities of the observed.

Thus far, this is a fairly elegant solution to a persistent problem at potentially all levels of economic and non-economic thought: The real market is the “other scene,” the unobserved quantum field, or perhaps, the dark precursor that appears, lightning-like, when the economist retroactively infers what market consideration really mattered for the actor at hand. The attribution of this production matters here, as we shall see in the following chapter: When an economist or a politician is able to attribute enjoyment (utility, pleasure, reward) to an actor, there are serious discursive consequences, especially because in Becker’s model, one is always-already enjoying one’s preferences. With the household production function, there is a kernel of truth in Foucault’s unease with “neoliberal” outcomes—the idea that human beings are forced to become, in essence, obsessional neurotics, always working to produce enjoyment/utility in the guise of the indefatigable entrepreneur (and never the rentier, or the capital-owner).

So rather than enjoyment being continually deferred, what if the opposite is true? For Becker, “incentives” signify an immanent field, a mechanism that ontologically links disparate elements under a single rubric, that of “utility.” Recall, utility maximization is taken as an article of faith by Becker—if someone performs an action, it is in line with their utility function, and are
maximizing it to the best of their abilities. Clearly this is an unsatisfying assertion, because after the assertion thereof, we have no normative grounds upon which to make judgments about social phenomena. (As mentioned, this does not stop Becker from making said judgments about social programs and social groups.) So Foucault’s diagnosis is that in Becker, we no longer consume, we produce, and what we produce is our own satisfaction—hence the entrepreneurial self that Foucault identifies as the subject of neoliberalism. I offer a brief reformulation, using a psychoanalytic diagnosis of the “obsessional neurotic” to explore how “enjoyment” functions in Becker’s thought.

“Enjoyment” for Lacan is not coterminous with satisfaction, or happiness—it is, instead a mark of habituated repetition; it signals a fixation or tic that repeats without our conscious knowledge or control. For the obsessional neurotic, one’s neurosis is expressed, pace Laplanche and Pontalis, in “symptoms which are described as compulsive-obsessive ideas…and through a mode of thinking which is characterised in particular by rumination, doubt and scruples.” But as Mladen Dolar contends, this doubt and repetitive behavior does not signal a lack of enjoyment, but rather, expresses its preponderance—there is simply too much enjoyment happening, and this is why the obsessive seeks to categorize and stabilize it. (Alternatively, one could argue that the categorization and repetitive behavior is the enjoyment, that it is constituted in the act. Either interpretation is consonant with the idea that enjoyment is not deferred, but rather is present at every moment.) For the obsessive, according to Lacan, language is the currency of his symptom: “The neurotic symptom acts as a language that enables repression to

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be expressed. This is precisely what enables us to grasp the fact that repression and the return of the repressed are one and the same thing, the front and back of a single process.”

It is my contention not that all subjects act in this way, but rather, for Becker’s “household production function” to work, he must attribute these obsessional qualities onto subjects. The economist, not his subject, performs the neurotic action, obsessively rooting out where and when people “enjoyed” in their given actions, be they irrational, habitual, socially beneficial or none of the above. How else do we make sense of contradictory or habitual behavior other than the “utility maximization” axiom? Mirowski writes that for neoclassicals, “noise was just waste; and the existence of redundancy was simply a symptom of inefficiency, a sign that someone, somewhere, was not optimizing.” Becker’s position is subtler than this, since his main rebuke to economics (akin to the critique he levels at the “received theory of choice” within his “stable preferences” axiom) is that his discipline is simply inattentive to the enjoyment that was happening in front of their faces at all times. The neoclassical fear that someone was “not optimizing” is not Becker’s, but that does not make the rooting out thereof any less obsessive. Instead of looking for inefficiencies (in the workplace, in family life even, in policies), Becker’s “utility maximization” axiom simply posits that markets are efficient at a much deeper, more fundamental level than we are even aware. And by positing all actions as fulfilling an individual utility function, and by positing all action not as the inefficient or “unproductive” logic of consumption, he places enjoyment at the center of his theory. Or rather, he must, since he cannot assume that enjoyment is happening non-economically. Were that true,


then something could escape the grasp of his axioms, and some normative, empirical, logical, or
political rebuke could be made to oppose the shape of society he supports.

**Conclusion**

To conclude, Becker stands as the pivot point in this dissertation because he most
thoroughly articulates the metastatic vocabulary of “the incentive” onto nearly every conceivable
social phenomenon. His rigorous commitment to the three axioms of economic behavior
successfully “square the circle” of human behavior, for any issue can be analyzed and
retroactively justified as the result of incentives; through these theoretical commitments, he is
able to make policy recommendations in line with his predictions. Becker’s argumentation
strategy “works” discursively because of how simple it appears—all one needs is a market
metaphor, the metonymic sliding of economic action, and the behavioral repository of
enjoyment. Becker ends up flattening social reality into a single, univocal plane, upon which
commodities, non-commodity desires, values, and even people can be made ontologically
commensurate with one another. He metonymically links economic actions with a shortlist of
preferences in order to make predictions and recommendations about the proper shape of society
(for him, this proper shape means being under market structures). And finally, he reduces these
metonymic values to a single catch-all term, “utility,” that becomes an alibi for any criticisms
levied against the other facets of his theory. “Utility” becomes a metonym for enjoyment, and
this enjoyment is unimpeachable and a retroactive justification for any individual action. Becker
discursively attributes enjoyment to people across all contexts: In a Nietzschean vein, his maxim
becomes “thus I willed it.” The following chapter, on the *Freakonomics* phenomenon, describes
the consequences of applying Becker’s theory to cultural life writ large, and the perverse
pleasures of identifying with one’s economic symptom; the final case study, on the issue of equal
pay for women, exemplifies the consequences of when the vocabulary of incentives is applied to an issue of public policy.
Chapter 4: *Freakonomics* and Incentives as Perversion

“Economists love incentives. They love to dream them up and enact them, study them and tinker with them. The typical economist believes the world has not yet invented a problem that he cannot fix if given a free hand to design the proper incentive scheme... An incentive is a bullet, a lever, a key: an often tiny object with astonishing power to change a situation.”—Stephen D. Levitt & Steven J. Dubner, *Freakonomics*

In the prior chapter, I worked through Gary Becker’s theoretical commitments to a robust vision of neoclassical economic analysis; this present chapter delves into the inheritors of his legacy, the authors behind a discursive cluster that have popularized—and metastasized—this vision of social reality as obeying the principles of neoclassical economics. *Freakonomics: A Rogue Economist Explores the Hidden Side of Everything*, has grown beyond its “unlikely” roots as a happenstance collaboration between a *New York Times Magazine* writer and a Harvard and MIT-educated economics professor at the University of Chicago (the nation’s most prestigious neoclassical economics department) to veritable mini-industry of pop microeconomic analysis. An updated version of the original book, a sequel entitled *SuperFreakonomics: Global Cooling, Patriotic Prostitutes and Why Suicide Bombers Should Buy Life Insurance* (published in 2009, with its own illustrated “Super Sized” version published a year later), a third “self-help” style book from 2014, *Think Like a Freak: The Authors of Freakonomics Offer to Retrain Your Brain*, a blog (and a fourth published book which a compiled a number of blog posts), a movie version of the original book, as well as “a weekly podcast, a segment on [National Public Radio’s] Marketplace every two weeks, an upcoming series of five one-hour specials...that will be heard on public-radio stations around the country...and a few Freakonomics Radio live events,” have

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all sprung up since the book’s initial publishing in 2005. At its peak popularity, *Freakonomics* was listed at No. 9 on Amazon.com’s list of “Business and Economics” books, and (curiously) No. 2 under its “Humor and Entertainment” category.

Freakonomics, as a discursive system, begins with a remarkably simple formal proclamation from which all of its conclusions emanate. The authors, Steven D. Levitt (the economist) and Stephen J. Dubner (the journalist) approach their work with the premise: “Incentives are the cornerstone of modern life” and later, “You could boil it down to four words: People respond to incentives. If you wanted to get more expansive, you might say this: People respond to incentives, although not necessarily in ways that are predictable and manifest.” Later, in their 2014 self-help book, they write, “If there is one mantra a Freak lives by, it is this: people respond to incentives… Different types of incentives—financial, social, moral, legal, and others—push people’s buttons in different directions, in different magnitudes… But if you want to think like a Freak, you must learn to be a master of incentives—the good, the bad, and the ugly.” Every anecdote within the books is a confirmation of this apparently incontrovertible fact. Their position is an espousal of the tenets of neoclassical economic theory, which posits a rational, autonomous, utility-maximizing individual subject as the basic unit of analysis, stemming entirely from the work of Gary Becker, who, as we now know, devised the “economic approach to human behavior” at the University of Chicago in the 1960s.

Following the 2008 financial catastrophe, “Chicago School” economics supposedly had its day of reckoning—and yet, the influence of Chicago’s own Gary Becker has metastasized via


248 Levitt and Dubner, *Think Like a Freak*, 106-7.
this particular cultural avenue, and this chapter aims at interrogating this very phenomenon.\textsuperscript{249} Specifically, The “freakish” outcomes that \textit{Freakonomics} describes stems from a \textit{perverse} relationship with the “economic approach”—by identifying with the economic approach to human behavior, and with market mechanisms, what we perceive to be “freakish” or idiosyncratic about our own behavior falls away. Overall, \textit{Freakonomics} does the duty of disseminating neoclassical economic truisms about social life by wrapping them in perverse identification strategies. The neutrality of this statement smuggles in neoclassical precepts regarding human nature, market characteristics, and the state, which truncates our vocabulary for thinking through complex social formations. As a result, “incentives” in this discursive formation are fundamentally rhetorical, in that they retroactively symbolize the existing social order as the expression of a deep, hidden force—the ontological structure of a “free market” in all of social life.

Undoubtedly, the titles (and audacious subtitles) of the books, their major publisher, as well as the pedigree of each of the authors in their respective fields, all have something to do with the series’ popularity, as well as its digestible format in podcast and short chapter format. Yet its ubiquity cannot be reducible to the conditions of its production, or its consumption. \textit{Freakonomics} appears to have a pan-political allure, so its popularity also cannot be reduced to either a “conservative” or “liberal” echo chamber effect. Yet at first glance, there seems to be a political incongruity between the books’ content and its audiences. For the most part, the authors espouse libertarian political stances, while as mentioned, the authors’ work regularly appears on

\textsuperscript{249} Becker’s work is influential throughout the field of behavioral economics, traditional economics, and throughout other cultural formations, even if this influence is unstated. See Tim Harford, “Gary Becker—The Man Who Put a Price on Everything,” \url{http://timharford.com/2014/05/gary-becker-the-man-who-put-a-price-on-everything/}. 
NPR, and until 2011, was affiliated with the New York Times.250 The duo’s third entry, Think Like a Freak, was excerpted in the online version of the Guardian newspaper, despite the authors foregrounding a closed-door meeting with Conservative Prime Minister David Cameron in the very same book. And further, documentary filmmaker Morgan Spurlock, of Super Size Me, What Would Jesus Buy? and The Greatest Movie Ever Sold (all films nominally skeptical of laissez-faire capitalism) directed the documentary version of Freakonomics. Freakonomics undoubtedly occupies a unique and popular ideological position within American economic and social discourse, and I believe the popularity of this series goes a long way in explaining why “incentives” have become so ubiquitous today.

Freakonomics purports to provide a singular explanation for all human behavior—the incentive—and, in doing so, buries alternative vocabularies and explanations; it is a closed system of discourse that resists non-market descriptions of social phenomena. This is a massive challenge to rhetoricians of all stripes, as well as cultural studies scholars and critical theorists. Over a half century ago, James Carey recognized that “communications and economics constitute contradictory frameworks.”251 This assertion is even truer today, and for all of these reasons, it is vital to perform a critical, tropological dissection of the Freakonomics phenomenon, and the discourse of “incentive-driven behavior” contained within it. Once all context has been reduced to a set of fairly simple incentive structures that are guided by a set of fairly simple assumptions, alternative approaches risk being “crowded out,” to use an old-school neoclassical metaphor.

250 Talia Jomini Stroud’s Niche News: The Politics of News Choice supports the assertion that there tends to be a correlation between political beliefs and the perceived political positions of a news outlet.

Overall, *Freakonomics* seeks, and manages to find, “markets” everywhere. Their works have a public character to them and aim toward public persuasion about the desires of the self and the desires of others. That is to say, “incentive-driven behavior” functions as a stand-in to imagine the desire of others, since we have no immediate access thereto. “Incentive,” in whatever form, functions as a way to mediate—to figure—desire in a regularized, calculable way. The anxiety associated with what the other wants is attenuated when we have a set of figures that render the actions of others explicable. Incentives function as both a condensation and a displacement of social analysis. That is, “incentive” is a powerful metaphor upon which the bulk of their analysis rests; its very trans-contextuality (which is instead a non-contextuality) signals its explanatory power for its proponents. And yet, conversely, it functions as a displacement, or as a metonym, for other forms of social analysis. Motive (profit and otherwise), intention, desire, punishment, reward—all of these wildly varying explanations for human action are linked in the trope of “incentives.”

This chapter follows three major arguments. First, *Freakonomics* functions as a representative anecdote for neoclassical economic discourse more broadly. The Freakonomists’ “incentive-driven approach” argues for neoclassical assumptions about human nature, the place

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252 There is a possibly minute, but theoretically crucial point to be made here. Because of Becker’s influential “economic approach to human behavior,” in *Freakonomics* there is an inexorable rhetorical movement toward calling all contexts—social, sexual, historical, cultural—“markets” in some sense. So while I primarily argue that the trope of “incentive-driven behavior” is a tropological displacement of potentially useful explanatory mechanisms from other disciplines, the minimal attention the authors devote to non-market contexts within the text demonstrates the rhetorical trope of “metalepsis.” Victoria Kahn writes that metalepsis is the substitution of one trope for “another which is itself figurative” See Victoria Kahn, *Rhetoric, Prudence and Skepticism in the Renaissance* (Ithaca: Cornell University Press, 1985), 147. An example of metalepsis can be found in Shakespeare’s *Macbeth*: “Tomorrow, and tomorrow, and tomorrow/Creeps in this petty pace from day to day/To the last syllable of recorded time” (“Metalepsis,” *Literary Terms*, [http://literarydevices.net/metalepsis](http://literarydevices.net/metalepsis)). That is, *Freakonomics* works “incentives” in at two levels: First, it is a trope of condensation that absorbs neoclassical theories of market, individual and state into a single explanationary matrix. Second, it works metaleptically by invoking the various contexts that influence behavior (“financial, social, moral, legal, and others”)—not as meaningful explanatory mechanisms, with autonomous modes of effectivity. But rather, *Freakonomics* defers from “incentive” (a trope) to “context” (another trope) without letting go of the essential feature that unites the two: that all contexts are organized like markets already. It is a remarkably circular argument that insulates the different registers of *Freakonomics* from outside criticism.
of the state, and characteristics of markets into/onto social phenomena. Second, the authors’ invocation of “incentives” is a quintessentially symbolic process by which the desires of groups and individuals are retroactively inferred from economic data—the result of which is a flattening of hierarchy and a reticence to engage with context. And third, there are two types of perversion operational in these books, the first being the standard economic notion of “perverse” incentives, which the authors use to describe incentive schemes with which they disagree. The other version of perversion, as described by Lacan, is a properly psychoanalytic deployment of the term that pertains to the structure and disposition of the “incentive-driven” approach as a whole.

That is, the “freakish” outcomes *Freakonomics* describes comes from a perverse relationship with the texts—by identifying with the “economic approach to human behavior,” and with market mechanisms, what we perceive to be “freakish” about our own behavior falls away. The discursive strategies of the books have us identify not with our own idiosyncrasies, but with the economic mechanisms that organize social reality into a stable equilibrium. *Freakonomics* does the duty of disseminating neoclassical economic truisms about social life by wrapping them in perverse identificatory strategies. I begin with a review of the pertinent features of neoclassical economics from Becker—utility maximization, stable preferences, and market structures, as well as a fourth, borrowed from Samuelson and the mainstream neoclassical tradition—that of antipathy toward the state. Each of these piece together into a coherent worldview within *Freakonomics*. I then develop theoretical insights from Lacan and Kenneth Burke to explore how this discursive cluster works to make us perverts, not “freaks” by identifying with our symptom.
Neoclassical Economics and *Freakonomics*

As influenced by Arnsperger and Varoufakis, rhetoricians Hanan, Ghosh and Brooks define neoclassical economics in the following three ways—methodological individualism, methodological instrumentalism, and methodological equilibration. They write:

>[T]he human subject is assumed to be atomistic, or self-contained, and therefore not subject to any kind of structurally imposed constraints. The assumption of atomism affords a certain kind of additive operation by which the neo-classical economist may deduce the aggregate behavior of a large group of individuals by simply “adding up” individual behaviors. In turn, individual behavior is assumed to be guided by a single, positively stated normative orientation, one of instrumental rationality, which requires that each individual employ the most efficient means to achieve her or his ends. Moreover, ends as preferences are given, not contingent or context-dependent, and are therefore assumed to be arbitrary... Further, a key feature of neo-classical scientific praxis is its emphasis on methodological equilibration, by which a state of equilibrium is axiomatically imposed upon the interaction of instrumentally rational individuals, and this allows an economy to be represented in a way that is aligned with the stabilizing and positivistic principles of modern science.

I endorse this definition, adding only the skepticism that neoclassical economists have with the state in practical matters. As mentioned, actors are all assumed to be individual, rational, selfish, self-conscious, utility-maximizing, and autonomous. Following this, agents are assumed to have stable bundles of preferences and initial outlays of resources (capital and labor).

As Klamer writes, “In an economic analysis preferences are given and are usually assumed to be

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254 Philip Mirowski attributes the discomfort that economists have in talking about class to this theoretical elision of actual differences in class power to the neoclassical “starting outlays”—everyone is assumed to be equal, except those that are not. See Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown (New York: Verso, 2013). Becker, in *The Economic Approach to Human Behavior*, used this assumption of initial outlays to explain racial discrimination in labor markets. For him, the meaningful difference between races was that whites (“W”) had more starting capital and people of color (“N”) had more starting labor power. He did no empirical work for this paper, but simply plugged these assumptions into a preference and production model, so suffice it to say that his thought is uninterested in how the starting outlays of groups become what they are. Additionally, Becker’s model only functions if people of color are assumed to have a preference for their own race’s products, just as whites have preference for white labor and products. “Reverse racism” is vital for neoclassical myths to function mathematically.
constant.” The result of this is, as demonstrated, is that agents have underlying, non-empirical “metapreferences” that structure their actions, so even contradictory or changing behaviors are grouped under the same signifier (“comfort,” or “prestige,” and so on).

Next, neoclassical approaches rely on the consistency of the mechanisms of capitalism, with markets finding equilibrium via supply and demand fluctuations. Roubini and Mihm, in Crisis Economics, note the near-universal approval this hypothesis had throughout the worldwide system: “Markets know best and never fail: this was the conventional wisdom in Washington, London, and elsewhere in the English-speaking world. Alan Greenspan, perhaps the most visible advocate of letting the financial system regulate itself, claimed that markets would sort things out, warning in 1997 that when it came to financial innovation, ‘we should be quite cautious in enacting legislation or creating regulations that unnecessarily fetter market development.’

Ackerman and Nadal note that general equilibrium approaches within neoclassical economics obey “the common practice, in applied economic analyses, of referring to all taxes and tariffs as ‘distortions’ assumes that only a hypothetical pure laissez-faire economy could be undistorted.” Recall that once “incentives” have been taken through the neoclassical wringer, they are simply an autonomous, objective “thing,” so certain taxation schemes “distort incentives,” as Samuelson writes. The upshot of this is that “distortion” is seen as self-evident, and self-evidently negative, and contrary to the flow of capital.

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We come now to our final feature—the neoclassical skepticism about the scope of the state. Brennan and Moehler write, “Neoclassical economists…insist that government intervention is justified only if there is a reasonable expectation that democratic politics will do better in relation to the policy issue than will the market. On this view, the prospects for effective political intervention in the economy cannot be properly assessed without an empirically informed and realistic account of the workings of democratic politics in agreement with the analysis of markets drawn from conventional economics.”258 Recall that Becker devoted several of his *BusinessWeek* columns and a chapter of his 1972 book to the thesis that markets should take over the majority of state functions.259

The “public choice” school of neoclassical thought picks up on this assumption (that markets function more efficiently than democracies, and therefore, produce better outcomes) and extends it. Crouch writes that public choice theory “presents nearly all state activity as the self-seeking and self-agrandizement of political figures and officials. For this school, a proposal to develop a public service should not be seen as having anything to do with the substance of the service in question, but as politicians and officials expanding their scope for patronage.”260 That is, because humans are assumed to be selfish and rational actors (as voters, politicians, bureaucrats and consumers), and because markets deliver outcomes efficiently, then politics as such is an unnecessary distortion unless it conforms to incentive-based approaches to social


policy. This feature is important for two reasons. First, the “Freakonomic” approach to social problems explicitly disavows the rectitude of governmental action when it is convenient to do so. The second is that this distrust of governmental redress for social problems arises in the following case study chapter, on equal pay for women. When the “incentive-driven approach” for analyzing human behavior is invoked in public policy debates, proponents of state-based or legislative solutions face significant challenges.

The Representative Anecdote: “Humans are Incentive-Driven”

The Freakonomists deploy the economic, incentive-driven approach much as Becker does (indeed, he is their only theoretical citation in their first book), but conspicuously without the aggressive assertion of Becker’s key features. They write, “Our thinking is inspired by what is known as the economic approach. That doesn’t mean focusing on ‘the economy’—far from it. The economic approach is both broader and simpler than that. It relies on data, rather than hunch or ideology, to understand how the world works, to learn how incentives succeed (or fail), how resources get allocated, and what sorts of obstacles prevent people from getting those resources, whether they are concrete (like food and transportation) or more aspirational (like education and love).”261 This is the first demonstration of how “incentive” language smuggles in neoclassical concepts—while Levitt and Dubner do not need to explain that market functions allocate these resources, they forward the idea that a thing like “love” is a scarce resource allocated by individuals, that people’s resources are the result of underlying meta-preferences, and that people are assumed to be homogeneously gain-seeking.

Michel Foucault diagnoses how the “Freakonomics” approach works in his path-breaking lectures on *The Birth of Biopolitics*:

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261 Levitt and Dubner, *Think Like a Freak*, 9.
[Neoliberals] use the market economy and the typical analyses of the market economy to decipher non-market relationships and phenomena which are not strictly and specifically economic but what we call social phenomena... This means that analysis in terms of the market economy—or, in other words, of supply and demand, can function as a schema which is applicable to non-economic domains. And, thanks to this analytical schema or grid of intelligibility, it will be possible to reveal in non-economic processes, relations, and behavior a number of intelligible relations which otherwise would not have appeared as such—a sort of economic analysis of the non-economic.

The “Freakonomic approach” is the apotheosis of this impulse that Foucault identified in 1979, since quite literally every social, economic, political, or cultural issue can be re-described and rearticulated as an “economic” problem, or more specifically, an “incentive” problem. As the duo writes, “We all learn to respond to incentives, negative and positive, from the outset of life. If you toddle over to the hot stove and touch it, you burn a finger. But if you bring home straight A’s from school, you get a new bike.” This ontological market structure is the “hidden force” that Levitt and Dubner promise us organizes reality. Any reference to these contexts as noneconomic, or conditioned by other organizing logics is deliberately suppressed in favor of market approaches.

As heralds of neoclassical economics, the authors reduce the level of analysis to the singular individual (the “representative agent”), and claim at many times throughout their work that both governments (to solve economic ills) and macroeconomists (to study economies as a whole) are fundamentally misguided. “We hope that after reading this book, you’ll realize there is a whole different breed of economist out there—microeconomists—lurking in the shadows. They seek to understand the choices that individuals make, not just in terms of what they buy but


\[263\] Levitt & Dubner, *Freakonomics*, 16.
also how often they wash their hands and whether they become terrorists."²⁶⁴ The neoclassical scope is a selection and a reduction to a manageable—and mathematizable—discrete subject. To further this end, I introduce Burke’s concept of the representative anecdote: The entire argumentative structure of Freakonomics rests on the single proposition that humans are “incentive-driven” animals; anecdotes follow and edify the original proposition. Later, I describe how the method of economic analysis lends itself to a retroactive distillation of the “incentive” as the difference that makes a difference, the hidden force that structures reality at the cost of ignoring context.

I begin with the form of the books themselves. Burke defines form as “the creation of an appetite in the mind of the auditor, and the adequate satisfying of that appetite.”²⁶⁵ He writes, “A work has form in so far as one part of it leads to a reader to anticipate another part, to be gratified by the sequence.”²⁶⁶ Freakonomics embodies Burke’s “repetitive form,” for aside from a brief introduction that posits humans are fundamentally incentive-driven, the books simply rehearse anecdotes that confirm this hypothesis. No anecdote (perhaps aside from viewing the length of each chapter as a hierarchy of importance) appears to have priority over the other.²⁶⁷ Burke writes, “Repetitive form is the consistent maintaining of a principle under new guises… By varying a number of details, the reader is led more or less consciously to the principle underlying

²⁶⁴ Levitt and Dubner, SuperFreakonomics, 211. Given the dominance that the microeconomic, neoclassical orthodoxy has over economics departments throughout the country, Levitt and Dubner’s proclamation of their approach as somehow that of the underdog is troubling, but shrewd.


²⁶⁶ Burke, Counter-Statement, 124.

²⁶⁷ Yet the end of SuperFreakonomics culminates in a hypothesis that even the animal kingdom operates according to the laws of profit and enjoyment: The authors describe the work of an experiment wherein baboons learned the value of coins, first for treats (of the food variety) and then for sexual favors.
them—he then requires that this principle be observed in the giving of further details.” Their consistent repetition of anecdotes (bracketed only in the first book by paragraphs from the New York Times Magazine article that led to the authors’ partnership, snippets which neither introduce the following chapter nor sum up the previous) leads to what Burke calls the “atrophy of form.” As he puts it, “In so far as the details in a work are offered, not for their bearing upon the business of molding and meeting the reader’s expectations, but because these details are interesting in themselves, the appeal of form retreats behind the appeal of information. Atrophy of form follows hypertrophy of information.” Sheer repetition is part of the appeal of the books—adopting the “Freakonomic” attitude means seeing each worldly phenomenon as part of a neoclassical montage.

To wit: In just their first book, the Freakonomists write chapters on late pickup penalties at an Israeli daycare center, Chicago schoolteachers cheating on their students’ standardized exams, sumo wrestlers throwing matches, the moral economy of cheating a bagel seller, the takedown of the Ku Klux Klan by a single individual, age discrimination on The Weakest Link, the lies of real estate agents, the characteristics of online dating profiles, the structure of Chicago gangs, the force of crack in America (as related to nylon stockings), the “infamous Kitty Genovese murder,” the legalization of abortion and its impact on crime, whether owning a pool or a handgun is more dangerous for children, the “eight things that make a child do better in school and eight that don’t,” the average education level of “white”- and “Black”-named schoolchildren, and many more. Yet with all of this said, the authors claim that “We have

268 Burke, Counter-Statement, 124-5.

269 Ibid., 144.

270 The importance of this story was later substantially reduced in the updated edition of the book, due to glaring exaggerations.

271 Levitt and Dubner, Freakonomics, vii.
therefore done our best to tell stories in this book that rely on accumulated data rather than on individual anecdotes, glaring anomalies, personal opinions, emotional outbursts, or moral leanings.”

That is to say, if you discount the entire structure of the book, the authors never argue by anecdote. In sum, the very structures of the books are a confirmation of the metastatic nature of the “incentive-driven” approach: Any question or phenomenon can answered and analyzed as an incentive problem.

Freakonomics is both a selection and deflection of reality, aimed at a persuasive purpose. Burke explains that in this quest for an accurate chart of the world, “Men seek for vocabularies that will be faithful reflections of reality. To this end, they must develop vocabularies that are selections of reality. And any selection of reality must, in certain circumstance, function as a deflection of reality. Insofar as the vocabulary meets the needs of reflection, we can say that it has the necessary scope. In its selectivity, it is a reduction.” This process involves “the search for a ‘representative anecdote,’ to be used as a form in conformity with which the vocabulary is constructed… The informative anecdote, we could say, contains in nuce the terminological structure that is evolved in conformity with it. Such a terminology is a ‘conclusion’ that follows from the selection of a given anecdote. Thus the anecdote is in a sense a summation, containing implicitly what the system that is developed from it contains explicitly.”

These two concepts, “repetitive form” and the “representative anecdote,” work together within Freakonomics. The books’ form is nothing but repetition of anecdotes following a short supposition of “incentive” as motive—and for that reason, any chapter or story can be selected as the “representative anecdote” of Freakonomics, and by extension, the discursive formation

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272 Levitt and Dubner, SuperFreakonomics, 16.


274 Burke, A Rhetoric of Motives, 59-60.
known as neoclassical economics. The phrase “humans are incentive-driven” is the motive force behind each anecdotal story, and the reduction of scope to any one individual example is perfectly consonant with neoclassical economic theory as a whole. The methodological individualism inherent within neoclassicism is embodied in the repetitive form of the books. This is an extension of Burke’s initial insight, to be sure. The representative anecdote, however, connotes the sense of motive embodied within any anecdote; it is for this reason I believe it provides some explanatory value. As Lentrecchia puts it, “From the vast and confusing historical panorama of human motives, one is selected as the essence (self-sufficient ground or core) of motivation, while all others are done away with as forces in their own right, by being relegated to the status of variants or departures from the essence that is single, unitary, infinitely repeatable, and therefore fundamentally real—in a genealogical formulation of great moment, Burke calls it the ancestral cause of all other motives.” In other words, “incentive” becomes the name of all human motives.

Because macroeconomics has been superseded in academic economics departments since the rise of the Chicago School and the “marginalist revolution,” microeconomics fills this gap by positing itself as the best way to analyze any phenomenon. Neoclassical economics posits that only individual economic actors are knowable. As Wickens writes, “Modern macroeconomics seeks to explain the aggregate economy using theories based on strong microeconomic foundations… In modern macroeconomics the economy is portrayed as a dynamic general equilibrium (DGE) system that reflects the collective decisions of rational individuals over a range of variables that relate to both the present and the future. These individual decisions are

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275 Frank Lentrecchia, Criticism and Social Change, 59.
then coordinated through markets to produce the macroeconomy.” And thanks to the once-
popular principle of rational expectations, the market will reach equilibrium in advance of and beyond any policy enacted by a government. Michel Aglietta writes that the “new macroeconomics” hypothesis of the “representative agent” renders us indifferent to actual individuality—“individuals are so completely socialized that they are the same!” I return to this notion of equilibrium below, since the Freakonomic approach promises that social reality is continuously reaching equilibrium, but not at the visible or sensible level we expect.

Within Freakonomics, the authors explicitly argue against the complexity of macro-level explanation, and rather that it is futile to expand the scope and circumference of our imaginations. In relation to the 2008 financial crisis, they offer, “After recent events, one might wonder if the macroeconomy is the domain of any economist.” Aune terms this the “futility thesis,” in that any intentional action taken to rectify an economic or social ill is simply pressed against the dazzling complexity of the social whole. This narrowing of scope, its circumscription to the individual, lurks the assumption that the world as a whole is viewable through a grain of sand. The authors continue: “Believe it or not, if you can understand the incentives that lead a schoolteacher or a sumo wrestler to cheat, you can understand how the subprime-mortgage

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277 For example, if the Federal Reserve announced a policy decision to purchase T-bills, the price of the bills would rise so that the net gain for the government would be nil, and the supply of money would (once again) reflect the expected value (or rate of return) that exists in the market. As some neoclassical economists like Robert Lucas suggest, government action can only be 1) nonexistent—let the market make all “policy” decisions; 2) random; or 3) completely unannounced. All three of these directly contradict the “essence” of a government at all, for policy would have to be unaccountable and indifferent to voting opinion. This, of course, is the “essence” of neoclassical economics.


279 Levitt and Dubner, SuperFreakonomics 16.
bubble came to pass.²⁸⁰ From this perspective, the macroeconomy is simply aggregated individuals making rational choices according to exogenous preference structures. Analyzing the financial crisis becomes simply the assessment of “rent-seeking” individual behavior of investors, rather than a rigorous interrogation of the priorities of the system as a whole. This is especially prescient, and rhetorically savvy, considering that the financial crisis was in some ways the result of “perverse” incentives by both government entities like Fannie Mae and Freddie Mac as well as private entities like AIG and Countrywide. At the same time as “incentive” is a terminological reduction of complexity to the individual, it also contains within it the assumption that methodological individualism contains insight about economies and societies as a whole.

In the third book by the *Freakonomics* authors, *Think Like a Freak*, the authors take this methodological individualism and turn it onto individual behavior. Therein, the authors largely give practical advice to readers to manipulate social and economic situations in their readers’ favor. They write, “The key is to climb inside other people’s minds to figure out what really matters to them.”²⁸¹ In this case, “incentive” is not just produced retroactively, but is produced proactively, the result of which is a flattening of social and economic hierarchies into a single plane, an imaginary space in which advantages can be leveraged by choosing the right incentives. Levitt and Dubner offer a 6-point plan for how to manipulate others into a chosen outcome: “So while designing the right incentive scheme certainly isn’t easy, here’s a simple set of rules that usually point us in the right direction:

1. Figure out what people *really* care about, not what they say they care about.
2. Incentivize them on the dimensions that are valuable to them but cheap for you to provide.

²⁸⁰ Ibid., 17.

²⁸¹ Levitt and Dubner, *Think Like a Freak*, 111.
3. Pay attention to how people respond; if their response surprises or frustrates you, learn from it and try something different.
4. Whenever possible, create incentives that switch the frame from adversarial to cooperative.
5. Never, ever think that people will do something just because it is the ‘right’ thing to do.
6. Know that some people will do everything they can to game the system, finding ways to win that you never could have imagined. If only to keep yourself sane, try to applaud their ingenuity rather than curse their greed.”

This advice may be useful in the same way that leadership advice is doled out in self-help books.

But just as the authors have committed themselves to methodological individualism, this advice is a parable for all activities under life in capitalism: This advice slips neoclassical assumptions into our everyday understandings, and jettisons our ability to think about hierarchy. Now that incentives have become globalized, any situation can be leveraged through “incentivization.”

That is, in the textbook neoclassical account of market behavior, actors meet in marketplaces simply as utility-maximizing buyers and sellers, not as “workers” or “capital owners” as heterodox accounts would propose. Think Like a Freak accomplishes this task by placing social phenomena under this same rubric—we are all equally incentive-driven, and also equally capable of manipulating incentives for our own chosen purposes. This elision of hierarchy is an elision of complexity. “Incentive” functions here as an ideological buffer zone against questions regarding inequality; all motivational problems can be reduced to differences in incentivization or volition. Returning to the penalty kick example presented in Chapter 1, the Freakonomists perform a metaphorical code-switch from the “hard” economic data that presents an obvious best-case scenario to a narration of the action as reducible to the individual volition of the shooter. The data suggest that kicking the ball down the middle is the optimal strategy, yet

282 Ibid., 135.
283 Much like Thaler and Sunstein’s influential Nudge: Improving Decisions about Health, Wealth and Happiness, Levitt and Dubner presume that readers are “choice architects” capable of organizing social reality according to techniques of incentive structures.
the argumentative surplus of the authors suggests that failure to follow the “rational” economic data indicates there is something “freaky” going on under the surface. “What is your true incentive? …is winning the game your truest incentive?” they ask. Fear of shame, selfishness, desire for glory and approbation, these are all proffered as potential explanations for why players kick where they do—the effect of this is that a tremendously complex situation is reduced to a set of hypostatized data points. Overall, in this simple, and simplistic example, the authors invite the reader to adopt what I call below the “père-version” of events—the god’s eye view of social reality, to find an exploitable opening. What is missed are the sets of contextual and logical becomings that must be occurring for this profitable opportunity to present itself. This minimal difference, this gap, where “freakish” outcomes are produced, is the objective, external, and proper incentive. We shall return to the incentive as the mark of perversion at the conclusion of the chapter.

**Incentives and the Retroaction of the Signifier**

The logic of the incentive is fundamentally a rhetorical process by which these economists retroactively infer the desires of their subjects. This process of retroaction also reduces every potential incentive onto a single plane. Even though not every interaction is monetary, (for instance, the social relationship that constitutes the sumo tilt, or the decision to have a child, or marry a partner), the authors of *Freakonomics* use neoclassical economic

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284 Levitt and Dubner, *Think Like a Freak*, 6.

285 The theoretical objection to level at Levitt and Dubner’s exploration of this problem is that it violates both an “equilibrium” approach and a “game theory” approach simultaneously. It violates the “equilibrium” approach by offering advice to people that, if implemented wholesale, would lead to a new equilibrium altogether: After all, keepers will cease to move if more players kick down the middle, forcing players to find other targets, and so on. The game theoretic objection is that teams and players make strategic decisions in the moment that cannot be reduced to a single decision point. Even the authors of the original paper concede the point: “We cannot reject that players optimally choose strategies, conditional on the opponent’s behavior,” Chiappori, Levitt & Groseclose, 1150. That is, kicking down the middle is a “rational” response thanks to subtle empirical observation and the bet that the keeper will move one direction.
analysis to discover the hidden causes that influence individual actors; these causes are then retroactively placed onto a single plane called “incentive.” Money is but one “incentive” among others; incentives can be “economic, social and moral,” they write. Yet in one example, the authors give an example of pickup penalties at an Israeli daycare center that commensurates money with guilt, and places them on a single plane: Instead of morally cajoling parents to pick up their children on time, this daycare center began to charge parents late payments their children. Yet instead of fixing the problem, the daycare center saw an *increase* in late pickups. The lesson, according to *Freakonomics*, is that parents traded their abstract, non-quantifiable guilt for a monetary payment they could reasonably afford—their “incentive” was revealed through this structure.

This version of economic analysis obeys the same logic as the psychological theory of behaviorism, for it illuminates “the terministic relationship between the circumscription and the circumscribed” in terms of methodological individualism. Burke writes:

> We cherish the behaviorist experiment precisely because it illustrates the relations between the circumference and the circumscribed in mechanistic terms; and because the sharpest instance of the way in which the altering of the scenic scope affects the interpretation of the act is to be found in the shift from teleological to mechanistic philosophies…The narrowing of the circumference thus encouraged a shift from the stress upon a ‘final cause’ to the stress upon ‘efficient cause,’ the kind of cause that would reside not in a ‘prime mover,’ but in a ‘last mover’…We are here in the orbit of the *vis a tergo* kind of cause, prominent in all theories of motivation that stress ‘instincts,’ ‘drives,’ or other sheerly compulsive properties.

“Incentive” functions rhetorically because nearly anything can be called an incentive, and the economic analyst always names the incentive retroactively.

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286 Levitt and Dubner, *Freakonomics*, 21.

287 Ibid. Note: This anecdote in 2005’s *Freakonomics* was lifted wholesale from Paul Krugman’s *Peddling Prosperity*, which was published in 1994.


289 Ibid., 79.
The Freakonomists simply assume that the incentive is reducible to the individual psyche of the person—whether the “incentive” is rational, individual, selfish or altruistic. But if the principle of “incentive” is universal, only produced retroactively, as a result of an economic analysis, then we must avow the essential rhetoricity of “incentive” over and above the Freakonomists’ assumption that they substantially exist in reality. In other words, economists create incentives—they do not discover them. This contention gives us a more complex account of how incentives-as-motives are articulated, particularly because the authors tend to impute motives upon their subjects, as demonstrated above. In order to do so, the authors follow standard economics in drawing a distinction between “revealed” and “declared” preferences.\textsuperscript{290} As they write, “Figure out what people really care about, not what they say they care about.”\textsuperscript{291} This distinction posits that the actor’s signifiers, their declared preference, is inadequate to its referent and that economic analysis better captures the “meaning” of the revealed preference.

Ultimately, “incentive-as-motive” functions to ground all activity and is assumed to be immanent to the situation. If someone has a low wage, or if someone is discriminated against, it is because they are incentivized something other than a high wage or respectful treatment—the following chapter takes this up in much greater detail. The interesting question that comes next is whether this explains anything at all—whether a ground for motive that contains literally everything does anything than re-describe, in economic terms, human behavior writ large. The beauty of this formulation is that practically anything can be called an incentive provided that the “incentive” is retroactively and symbolically constituted. We find out what motivates people by retroactively distill their incentive through economic analysis and then posit the efficient cause,

\textsuperscript{290} Levitt and Dubner, \textit{SuperFreakonomics}, 7.

\textsuperscript{291} Levitt and Dubner, \textit{Think Like a Freak}, 135.
as Burke, following Aristotle, writes. How do we know our symbolic analysis is adequate to the
revealed incentive? This is the million-dollar question, to borrow another economic metaphor.

Lacan points out that in any given speaking situation, the synchronic component of
discourse is what determines the “sense” of any individual utterance. The period, or point, is
what retroactively confers meaning, and in *Freakonomics*, that sense is conferred after the fact to
make a stable explanation for behavior. Recall the penalty kick example from *Think Like a
Freak*: The “true incentive” is not immanent to the situation at hand, but it is retroactively
constituted through economic analysis—the player who kicks high and to the right is acting
“selfishly,” in this framework. The retroaction also occurs in *Freakonomics*: The authors devote
the entire final chapter of this book to the question of nominative determinism, or what happens
when parents name their progeny stereotypically “white” or “Black” names. The upshot is,
unsurprisingly, that names do not determine one’s success (so naming your child “Shithead”
does not condemn them to a life of destitution). However, the more critical point is that
nothing other than class determines whether a name is “white” or “Black,” and so we only
associate Alexandra, Lauren and Katherine as “high status” names after viewing the income of
their parents after the fact.

Another way of putting this challenge is that “All humans respond to incentives” is
equivalent to contending that “humans are inherently violent” or “economic outcomes are caused
by humans being carbon-based life-forms.” If “incentive” is the ground of every act, then it
explains very little, because it explains everything. Basu explains, “Some may argue that what I
am describing as cases of foregoing some individual advantage is not really that because those

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293 Levitt and Dubner, *Freakonomics*, 174.

294 Ibid., 176
individuals have different preferences, and so it is in their utility-maximizing interest to forego those things. But this is purely a semantic point, with which I have no disagreement except to note that this kind of a definition of utility is tautological and devoid of content.” The difficulty here is that while “incentives” may purport to be an empty container, a form rather than a content, it does contain a content—that of neoclassical economics’ assumptions about market and individual behavior. Although it may be tautological, this tautology “works,” in part because of the form of the books, and in part because the re-articulation of social phenomena as economic provides a stable figuration of a chaotic, complex and contradictory reality.

**On Perversion(s)**

There are two competing concepts of perversion operative within the *Freakonomics* universe. The first is the concept of the “perverse incentive,” which the authors describe as a poorly designed incentive structure, one that produces the opposite effect intended, or one that produces a suboptimal outcome from the perspective of the writers. The second is the psychoanalytic concept of perversion, in which the agent of enjoyment is reversed, from the subject to the Other. The first contains a moral code that once again forecloses alternative possibilities for addressing social problems; the second I believe accounts for the astonishing success of the series’ popularity in this current conjuncture.

First, *Freakonomics* stacks the deck against state intervention in social phenomena for the same standard theoretical reasons as neoclassical economics writ large. The authors write, “Governments, for instance, often enact legislation meant to protect their most vulnerable charges but that instead ends up hurting them.”

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immutable “law of unintended consequences” for progressive social politics.\footnote{James Arnt Aune describes this as the “perversity thesis” in economic rhetoric. See Aune, \textit{Selling the Free Market}, 25.} And elsewhere they write, “Governments aren’t exactly famous for cheap or simple solutions; they tend to prefer the costly-and-cumbersome route. Note that none of the earlier examples in this chapter were the brainchild of a government official. Even the polio vaccine was primarily developed by a private group, the National Foundation for Infant Paralysis. President Roosevelt personally provided the seed money—it’s interesting that even a sitting president chose the private sector for such a task.”\footnote{Levitt and Dubner, \textit{SuperFreakonomics}, 157. Given that Roosevelt was part of one of the richest and most powerful families in America at the time, perhaps this information is less interesting than the authors would like.} This distrust of government stems from the idea that social phenomena have already approached stable equilibria on their own, and thus any intervention will produce perverse or suboptimal behavioral incentives.\footnote{Markets are presumed to be efficient when all buyers and sellers of a commodity reach a given price (and that the price is free to move up and down, and buyers/sellers are able to enter and exit a market freely). Yet the retroactive process of inferring desire means that there is no standard in advance that shows a market (for love, for sumo wrestling victories, for Ku Klux Klan membership) is at disequilibrium.}

There is a crucial rhetorical elision at work in the Freakonomists’ dismissal of state action. First, because the \textit{Freakonomics} project relies on equilibrium models of markets and market actors, humans are inherently reactive to market (price) signals, not ontologically or sovereignly free. In other words, “incentives” are never self-generated, but rather are generated from others, and agents act in accordance with them. They write, “most incentives don’t come about organically. Someone—an economist or a politician or a parent—has to invent them.”\footnote{Levitt and Dubner, \textit{Freakonomics}, 17.}

While on the surface, this is uncontroversial: Governments provide incentives to marry, procreate, make home repairs, invest in small businesses, own stock, among many other things. And in converse, the monopoly of punishment that the state controls incentivizes people to
refrain from breaking the law. For the Freakonomists, it is not that governments do not produce incentives, but rather, it is that they produce the wrong ones.

This suspicion about the state takes on a strictly moral or political, not theoretical valence. That is, arguing that states only go for “costly and cumbersome” routes to solve social problems enables the authors to ignore how state actions, at multiple levels, function as a rich context in relation to other social phenomena. Recall how “public choice” theory posits that all actors (organizations, individuals, states, etc.) all behave “selfishly,” so the very idea of a government as a site of struggle is impossible to consider. Instead, laws and regulations are simply data points or constraints that condition economic action, usually for the worse. Resentment about the scope and nature of the state is an incredibly powerful communicative resource especially today, and it buttresses other identification strategies for readers throughout the book series. The state functions as a scapegoat for when perverse incentives in market or social phenomena occur. For example, the authors argue, “The Endangered Species Act created a similarly perverse incentive. When landowners fear their property is an attractive habitat for an endangered animal…they rush to cut down trees to make it less attractive. Some environmental economists have argued that ‘the Endangered Species Act is actually endangering, rather than protecting, species.’”301 By assuming markets will reach equilibrium in a way that counteracts the intended policy to such a degree that things are worse after action is taken is, definitionally, Aune’s “perversity thesis.” Aune points out that rhetorics of free markets frequently invoke “the perversity thesis,” the idea that, following Hirschman, “the attempt to push society in a certain direction will result in its moving all right, but in the opposite direction.”302 Aune’s properly dialectical notion, the notion of unintended consequences, disables any alternative modes of

301 Levitt and Dubner, SuperFreakonomics, 139.

302 Quoted in Aune, Selling the Free Market, 25.
thinking since the “economic” approach demonstrates amply how futile any exercise in amelioration can be.

And because people are assumed to be rational in the face of competing contexts, this opens the door for easily dispensed antipathy for social welfare programs. This thesis finds corroboration in the 2014 book, *Think Like a Freak*. The duo reminds readers: “To think like a Freak means to think small, not big. …There isn’t a single big problem we’ve come close to solving; we just nibble around the margins.” Yet the first chapter of this book involves the duo being summoned to 10 Downing Street to meet the Conservative Prime Minister of Great Britain, David Cameron. During this meeting, the authors attempt to convince Cameron to cut and privatize the National Health Service, something even he expressed reticence about in that very meeting. “When people don’t pay the true cost of something, they tend to consume it inefficiently,” they write. That is, one can only think “big” if you wish the market to do more, but to think “big” and advocate for interventionist, redistributive, or regulatory policy, it is not just impossible, but forbidden.

Finally we must contend with what exactly makes *Freakonomics* so “freaky.” To answer this question, I turn instead to the psychoanalytic concept of perversion. Economic outcomes, according to the Freakonomists, are “freaky” insofar as they are unexpected, irrational and astonishing according to “common sense,” but crucially, not according to the mechanisms of the market economy. It is here that we must distinguish between a precise definition of perversion and what they call “freaky.” Certainly, it is “common sense” to say that Chicago public school teachers cheating on their students’ exams, women engaging in prostitution only on holidays, or

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303 Levitt and Dubner, *SuperFreakonomics* 122.

304 Levitt and Dubner, *Think Like a Freak*, 89.

305 Ibid., 15.
doctors recommending chemotherapy despite its inefficiencies are all “perverted” behaviors, since they violate our typical understandings of morality, profit and the ideologies of the various social fields therein. Yet this is precisely the lure of Freakonomics: There is a mathematizable substrate of economic and noneconomic activities that cuts across “received wisdom” and individual intention. No matter how far afield one believes one is from mathematizable motives (evading the gaze of the big Other, so to speak), the rules of the neoclassical game envelop them. But the Freakonomic pervert is not that who enjoys outside of this gaze, rather the pervert is the one who assumes the burden of the Other’s desire. In other words, what is “freaky” about *Freakonomics* is not that actors do not obey neoclassical economic principles, but that they do. The concept of perversion helps explain this communicative process, and that the pleasure involved in the reading of these books is to take on the role of the pervert—to enjoy as if the market enjoys through us. Lacanian psychoanalysis is not the first to mark the relationship between economics and perversion. Deirdre McCloskey delights in pointing out what she calls the “ironies in social engineering” that follows any attempt to improve the world legislatively.306 What is unique to the psychoanalytic tradition is not the pathologizing of perversion, as some sort of moral judgment the way that economists judge incentive structures with which they politically disagree.307 Rather, perversion involves a particular relationship to signifying regimes—a passage (or reversal) of the position of enjoyment.

On a cursory read, we assume that certain events are “freaky” (sumo wrestlers throwing bouts, parents refusing to pick their kids up on time from daycare or naming their child “Loser”) because they do not obey typical assumptions about rational behavior. Yet the authors’ point is


307 For instance, the moralizing notion that the U.S. Department of Housing and Urban Development played a key role in the subprime mortgage meltdown represents a “perverse incentive” instituted by the government.
the reverse: Human behavior is always calculating, rational and “incentive-driven,” so what we perceive to be “freaky” is underwritten by a meta-rationality of the market. As mentioned above, this approach retroactively and symbolically reduces complexity of behaviors to a single alibi, and smuggles in concepts from neoclassical economics to justify behavior: Recall Becker’s insistence on “[t]he combined assumptions of maximizing behavior, market equilibrium, and stable preferences” that organize all social behavior. This symbolic stitching-up of human behavior involves perverse reading strategies: If we begin to identify with the economic/Freakonomic approach, then we begin to identify with the functioning of our actions as the unconscious expression of market mechanisms. As Becker wrote, “When an apparently profitable opportunity to a firm, worker, or household, is not exploited, the economic approach does not take refuge in assertions about irrationality, contentment with wealth already acquired, or convenient ad hoc shifts in values (i.e., preferences). Rather it postulates the existence of costs, monetary or psychic, of taking advantage of these opportunities that eliminate their profitability—costs that may not be easily ‘seen’ by outside observers.”

Lacan’s concept of the “fundamental fantasy,” $\mathcal{O}a$, describes typical human behavior: The subject barred by language ($) is set in motion by, and acts on ($\mathcal{O}$), the objet a—the object that is the cause of desire. He writes, “The fantasy is thus both that which enables the subject to sustain his desire…and ‘that by which the subject sustains himself at the level of his vanishing desire.” The structural formula for perversion is instead the inverse of the fundamental fantasy: the objet a (the object-cause of desire) is in the position of the agent and it relates to the barred subject instead of the other way round: $a\mathcal{O}\$.

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309 Evans, An Introductory Dictionary of Lacanian Psychoanalysis, 60.
object—of making himself the agent-executor of the Other’s Will—he avoids the division constitutive of the subject and transposes his division upon his other.\textsuperscript{310} Fink describes the phenomenon thusly: “\textit{perversion involves the attempt to prop up the law so that limits can be set to jouissance} (to what Lacan calls ‘the will to jouissance’). Whereas we see an utter and complete absence of the law in psychosis, and a definitive instatement of the law in neurosis (overcome only in fantasy), in perversion the subject struggles to bring the law into being—in a word, to make the Other exist.”\textsuperscript{311} The law of the Other is a critical part of perversion: The pervert acts in such a way to be the instrument of the Other’s enjoyment.

This is accomplished textually by enjoining readers and listeners to consider themselves as these instruments of enjoyment. Note how different this formulation is from Foucault’s judgment of economic thought, wherein there is no God (or god-function), only self-conscious market actors. He writes, “\textit{Economics is an atheistic discipline; economics is a discipline without God; economics is a discipline without totality; economics is a discipline that begins to demonstrate not only the pointlessness, but also the impossibility of a sovereign point over the totality of the state that he has to govern.”\textsuperscript{312} In Foucault’s formulation, it is structurally impossible to represent all economic activity in something other than a price system—in other words, there is no big Other of the market. Macroeconomic policy is misguided because it lacks the ability to represent the capitalist market economy as a whole.\textsuperscript{313}

However, \textit{Freakonomics} raises the level of accounting to that of all social reality—even the price system is inadequate to symbolizing reality because markets of all kinds organize life at

\textsuperscript{310} Žižek, \textit{For They Know Not What They Do}, 234.

\textsuperscript{311} Bruce Fink, \textit{A Clinical Introduction to Lacanian Psychoanalysis: Theory and Technique} (Cambridge: Harvard University Press 1999), 165.

\textsuperscript{312} Foucault, \textit{Birth of Biopolitics}, 282.

\textsuperscript{313} This is the heart of the debate between John Maynard Keynes and Friedrich Hayek.
equilibrium. *Freakonomics* addresses what Lacan calls a big Other—the figure of the market that functions as a neutral register of all symbolic activity, a discourse without remainder or room for an outside.\(^3\)\(^1\)\(^4\) In other words, Foucault misses the mark when he says there is no god-function in neoliberal thought, because the god-function is “the market.” As Lacan says, “The reason why there is human desire, that the field can exist, depends on the assumption that everything real that happens may be accounted for somewhere. Kant managed to reduce the essence of the moral field to something pure; nevertheless, there remains at its center the need for a space where accounts are kept. On the far edge of guilt, insofar as it occupies the field of desire, there are the bonds of a permanent bookkeeping, and this is so independently of any particular articulation that may be given of it.”\(^3\)\(^1\)\(^5\) For *Freakonomics*, we are asked to identify not with ourselves as idiosyncratic, individual subjects, but rather, perversely to ourselves as always calculating, rational ones. We are always-already incentive-driven—there is nothing prior and nothing outside—so we must come to occupy the place where our motives have been. This is the position of the pervert, in which we become the objects of (simultaneously) our “economic” selves and of market mechanisms. In *SuperFreakonomics*, the authors write that while it may be romantic to think of oneself as special, unique and “different” from one another—it is more useful to use a “coldly mathematical approach” to understanding that we are, in many ways, “typical” and “average.”\(^3\)\(^1\)\(^6\) For Lacan, “the perverse subject, whilst remaining oblivious to the way this functions, offers himself loyally to the Other’s jouissance.”\(^3\)\(^1\)\(^7\) The “enjoyment of the market” is another name for the enjoyment of the self—the line between these two things is blurred because

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316 Levitt and Dubner, *SuperFreakonomics*, 13, 14.

in *Freakonomics*, anyone’s individual enjoyment simply expresses a deep market mechanism. It is for this reason, Lacan puns on the term “perversion” by calling it the “père-version” of events.

Žižek, following Lacan, claims that today’s superegoic injunction is not to save, practice responsibility, and think about the future—rather, it is to “Enjoy!” But because of the dictum from outside, this paradoxically produces a lack of enjoyment, or an inability to fully enjoy without the neurotic question, “Am I enjoying enough, or in the proper way?” *Freakonomics* dismisses this concern outright by offering “You have always been enjoying, even in ways not conscious to yourself.” Mladen Dolar remarks that the status of enjoyment is central to the division between perversion and neurosis.\(^{318}\) For the neurotic, there is no enjoyment, only infinite deferral, ritual and circumscription. For the pervert, there is nothing but enjoyment, because every choice they make is calibrated to the underlying fundamentals of stable preferences, utility maximization, and market structures. That is, *Freakonomics* marks the passage from the neurotic to the pervert in culture.

The “economic approach to human behavior” posits that all human activity is already, constantly, organizing itself like a market at equilibrium: Any attempt to upset this fragile balance is “perverted”—hence the glib dismissals of equal pay legislation and other state action to attenuate pressing social problems, like polio, pollution or helping the disabled. Establishing this limit is absolutely vital for *Freakonomics*—there is a definite prohibition on thinking exterior to this law of unintended consequences, of the discipline of the market:

If we know something now about the pervert, it is that what appears from the outside to be an unbounded satisfaction is actually a defence and an implementation of a law inasmuch as it curbs, suspends, and halts the subject on the path to jouissance. For the perverts, the will to jouissance is, as for anyone else, a will that fails, that encounters its own limit, its own reining-in, in the very exercise of desire as has been very well underlined by one of the people who took the floor earlier at my behest, the pervert

\(^{318}\) Personal communication, Nov. 19, 2014.
doesn’t know what jouissance he is serving in exercising his activity. It is not, in any case, in the service of his own jouissance.\(^{319}\) 

Lacan precisely diagnoses why perversion is a defense mechanism—identifying with the Other of the market, making one’s actions the instrument of the Other’s enjoyment—these are merely other ways of saying that the discourse of the incentive prohibits non-market solutions by positing the ubiquity of “the market” in every and all contexts.

The vocabulary of “incentives” works, in part, to attenuate anxieties about the desires of the Other—but to be clear, this other is split between concrete others and the Other of “the market.” Yet they are sutured together because if we assume that people everywhere and always are “incentive-driven,” we need not make any other assumptions about them, they act volitionally within market contexts just as we do. Deferral to the register of “incentives” is a way to domesticate the desire of others analytically. And simultaneously, the big Other, this fiction we call “the market” is simply the theoretical repetition of that selfsame proposition: “the market” is nothing but others acting in and on an ontological market structure. Foucault correctly identifies the problem-space that neoliberalism articulates, but just misses the insight that the “God-function” is the trope of the market itself. And following Fink, *Freakonomics* elicits pleasure in readers by *instantiating* this big Other as the registrar of all human activity. In this account, the market is the only mechanism to articulate demands and desires, but it is a universality based on an exception: In a market economy the only thing one cannot profess a preference for is a non-market economy. That is why in the final analysis, the Other, or the market, is not neutral or natural, but a Law based on that singular prohibition from which all other decisions stem.

Conclusion

In sum, Freakonomics makes an argument through repetitive form, a representative anecdote and a retroactive reduction of all human activity to “incentive.” Through this, the authors make a case that individuals are the sole horizon for economic analysis, thus buttressing the original suppositions of neoclassical economic theory: individuals are autonomous, rational (even in noneconomic terms), utility-maximizing and discrete. *Freakonomics* itself becomes the “representative anecdote” for neoclassical economics, and becomes a total ground for activity under capitalism. Throughout the book series, but especially the final one, the authors argue that the manipulation of incentives is the primary mode for “freaks” to act. This presupposes, and indeed performs, the idea that rational agents meet in predetermined market spaces, and are equally capable of leveraging one another’s incentive structures. Finally, Freakonomics is an admonition for “better” economic behavior as it simultaneously is presumed to be an accurate depiction of how the economy functions. Because of this, the authors elicit a “perverted” approach to identification. The authors ask us to identify with the meta(-economic)-rationality behind “freaky” economic outcomes (of once-a-year hookers, of Indian television watchers, and of selfish penalty shot-takers). We are better off identifying with market mechanisms themselves—and especially neoclassical assumptions about our own rationality—in order to better act and think in the world. *Freakonomics* does not make us freaks; it makes us perverts, in order to preempt any grievances about fairness in market economies.

Freakonomics, then, is a “whole” discourse. It avows no outside, through the grounding of all activity in “incentive,” and can potentially mathematize and incorporate all behaviors, be they economic or noneconomic. Much like the rules of the game of capitalism are structurally unequal, so are the rules of *Freakonomics*: All behavior is incentive-driven; all things can be
retroactively reduced to incentives; any attempt to change the status quo is perverted. Yet precisely for this reason, we must find terministic ways of evading it, despite the pleasure it elicits from its audience and its coherent explanations for all human activity. By substituting the “incentive-driven” animal with the “symbol-using” one, and expanding our “economic” descriptions of the world to a more robust and contextual ones, we can give an account of social change aside from supply and demand.

To conclude, the vocabulary of “incentives” positivizes a deadlock in social, political and economic thinking. In the absence of cultural agreement about the benefits of market behaviors, and a unified theory of cultural/individual valuation, *Freakonomics* “hides the ball” in an attempt to provide a singular explanation for all of human behavior, in both the individual and the aggregate. My final case study chapter deals with the consequences of when incentive logics are brought to bear on an issue of pressing social importance, that of equal pay for women. The habituated invocation of “incentives” has consequences for public decision-making precisely because this vocabulary can retroactively infer the rectitude of discrimination and inequality.
Chapter 5: Approaching Gen(d)eral Equilibrium—Equal Pay Legislation and the Logic of Incentives

“Rather than interpreting women’s lower wages as a failure, perhaps it should be seen as a sign that a higher wage simply isn’t as meaningful an incentive for women as it is for men. Could it be that men have a weakness for money just as women have a weakness for children?”—Levitt & Dubner, SuperFreakonomics

This chapter explores arguments surrounding two pieces of equal pay legislation for women, the Lilly Ledbetter Act of 2009, signed into law by President Barack Obama, and the failed Paycheck Fairness Act of 2014. This chapter investigates the institutional, political effects of when incentive logics are globalized into new realms—and ones of public import. Contemporary opposition to equal pay legislation is largely organized around the trope of “women’s incentives,” while support for equal pay legislation is organized more loosely around notions of fairness, justice and liberal-democratic civil rights. This bifurcation should appear uncontentroversial: Much of the testimony in favor of the Lilly Ledbetter Act centered specifically on Ledbetter herself enduring harassment and poor treatment at work, but generally about the challenges women face in the workforce. Meanwhile, those opposed to the equal pay bills defer to the “economic” logic of labor market forces, self-interested trial lawyers, and most importantly, the different incentive structures that lead to gendered work and gender pay gaps. Supporters of the Paycheck Fairness Act in particular faced significant, nigh-insurmountable difficulties in overcoming the logic of the “incentive” as deployed by the bill’s opponents.

I perform an in-depth appraisal of the testimonial arguments surrounding the Lilly Ledbetter Act of 2009 (hereafter written as LLA) and the failed Paycheck Fairness Act of 2014.

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320 Levitt and Dubner, SuperFreakonomics, 45.
(hereafter written as PFA). I chose these bills for practical reasons, namely that they were the two major pieces of equal pay legislation in the current presidential administration, and that hearings held on the bills were largely concurrent in 2007-2009. Most importantly, this case study allows us to see what happens when the vocabulary of incentives metastasizes onto a specific public policy debate, and what are the tremendous consequences thereafter. I shall evaluate the arguments of both pro- and anti-equal pay legislation with an eye on how each side constructs their arguments, not necessarily the veracity or virtues thereof.\(^{321}\) I aim to demonstrate how this issue appears intractable because of a structural divergence in argument strategies for both sides, rooted in the logics of incentives. There is no “neutral ground” upon which to stand and evaluate the merits of the bills, or even determine the existence of unequal pay, the source thereof, and the possible remedies. Hence I invoke the notion of the Lacanian Real, as a hitch or anamorphic stain on “reality”—this snag is deeply tied to the notion of how we inscribe biological sex onto reality, onto bodies.\(^ {322}\)

Ultimately, this issue concerns two overlapping gaps. First, the gender pay gap, calculated by the National Women’s Law Center as a 23% difference between women’s and men’s earnings; and second, the rhetorical work that covers over, diminishes, or explains away pay gaps under the guise of “incentives.” As Gérard Genette describes, a rhetorical figure names a gap: “We see that here, between the letter and the meaning...there is a gap, a space, and like all

\(^{321}\) With that said, the prominence of this issue in contemporary politics and the ferocity with which both sides debate it implies that there is something to the “problem” of equal pay. And as mentioned, I do relate why pro-equal pay legislation supporters build a case for structural and intentional discrimination in several ways. In contrast, those opposed to equal pay legislation face a significant rhetorical challenge: If your position is premised on the market’s ability to efficiently distribute social resources, then any suggestion for a remedy must either be 1) do nothing, the market will take care of it, or 2) legislation should aim at more closely aligning public priorities (incentives) with those of the market.

\(^{322}\) As I argue below, this is why Lacan’s notions of masculine and feminine enjoyment are so useful, since his mathemes demonstrate a logical limit to thought, they provoke questions rather than induce biological determinism or essentialism.
space, it possesses a form. This form is called a *figure*, and there will be as many figures as one can find forms in the space that is created on each occasion between the line of the signifier…and that of the signified.”

Displacements in language are at work to explain (away) the gender gap, and the purpose of this chapter is to discover how “incentive” fills in the remaining 23% in pay.

To preview my conclusions: Neoclassical economic theories (of equilibrium, of efficient markets, of exogenous preferences, and especially of “women’s incentives”) circumscribe debates about economic policy in such a way that renders heterodox interpretations of economic data or alternative explanations of social life moot. The metastasis of incentive logics prefigures any robust debate about fairness in compensation, and indeed about difference writ large. As I show, opposition to equal pay legislation in the current decade sublimates moral arguments about gender roles into the language of economic incentives. These arguments defer to the logic of “women’s incentives,” their human capital investments, and their individual rational action to explain why women take home smaller paychecks than men, so it becomes futile to combat such pay inequities with policy. Opponents to equal pay legislation defer to the logic of incentives because the language is a domesticated and digestible way to infer people’s choices, beliefs and behaviors.

Among others, the figures of “education, experience and training” are deployed as displacements of genuine gender inequality. In this view, women first lack the education and training to gainfully succeed in their chosen professions, and second, women’s choices to have and raise children set them back in earning seniority. I explain below that those opposed to equal pay legislation see each of these circumstances as either “gender neutral” or the result of

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323 Genette, *Figures of Literary Discourse*, 47.
women’s preexisting incentives and preferences.\textsuperscript{324} Opposition to the bills posits, and discovers, a woman’s calculable jouissance outside of wage structures. Just as Becker posits a Newtonian economic universe (complete with a conservation of mass), economists, politicians, and media figures use “women’s choices” to fill in the gap to prove that women are paid at the rate they deserve. Most importantly, economists and politicians attribute jouissance to women—by refiguring their constrained, contextual choices as the result of their unique substance as “woman.”

The mobile, metastatic vocabulary of incentives accounts for how opponents of equal pay successfully combated the PFA, but other discursive strategies worked in their favor. Opponents to this Act develop a case against the closing of a loophole in the original Equal Pay Act of 1963 and force businesses to name a “bona fide factor,” such as experience, training or education, as a reason to pay a man more than a woman. Previously, employers simply had to name a “factor other than sex” that could account for difference in compensation, and courts allowed employers to be as literal as possible, so height and weight requirements were presented as gender-neutral “factors other than sex” to discriminate against women. Yet paradoxically, “sex” becomes the forbidden keyword in this discursive economy—closing the loophole shuts off the available alibis for discriminatory pay.\textsuperscript{325} I use Freud’s concept of negation (Verneinung) to explain how employers are able to use everything but sex to authorize unequal pay.

Opponents of the legislation also effectively repelled the PFA’s provision to gather and dispense salary data so women could improve their bargaining positions in negotiations. Opponents argued that women (and well-meaning politicians, lawyers and judges) would misuse

\textsuperscript{324} And equally important that the Paycheck Fairness Act does not significantly alter these excuses for inequality, but that it calls attention to gendered inequalities and offers redress for discrimination.

\textsuperscript{325} This might seem like an exaggeration, but it is not: the majority of complaint regarding this point is that businesses would be forced to give an account of their hiring practices.
this data to deliver unduly high wages to female workers, thus throwing off the labor market’s equilibrium. The argument goes: Women are already incentivized by raising children (and leave the labor market to do so); to pay them a wage equal to men would be a disproportionate double reward, or a dreaded “perverse incentive.” Mary Poovey’s insights from *A History of the Modern Fact* assist me here to note the vicissitudes of using “big data” by both sides of this issue. Hidden within Congressional debates about the PFA is an open question about the importance that we afford to “big data”-type arguments for rendering prudential judgment; the paradox here is that supporters of “market-based” solutions largely opposed the “big data” databases that would objectively demonstrate unequal pay.

On the other side, those who favor equal pay legislation deploy several different rhetorical strategies for the bills. First, some testifiers straightforwardly adopt the language of morality to argue for fair treatment and fair pay, but not everyone relied on a straightforward argument for morality or equity. Second, pro-equal pay legislators and testifiers also invoke specifically “economic” language to plead their case, including the language of “incentives.” This objectively demonstrates the metastasis of “incentive-driven” thinking across the political spectrum, but this deployment comes at a price. By relying on claims of economic efficiency and incentives for companies to remain legally compliant, equal pay advocates risk engaging with the idea that gendered inequality is the result of gender-neutral economic logics. Testifiers instead invoked the “hysteric’s question,” in which they ask the free market to reconcile the division between economic and non-economic incentives that motivate people’s behavior. Fink writes that the “hysteric” in psychoanalysis is the one who calls the “master” into question, demanding figurative wholeness from a given discursive formation: “In addressing the master, the hysteric
demands that he or she produce knowledge and then goes on to disprove his or her theories.326 This is another form of “stitching up” an inconsistent reality by pointing to the gender pay gap and asking why we ought to interpret it as being filled by the preexisting incentives of women.

The LLA succeeded not just because of the political party that held the houses of Congress, but because supporters were able to suture together sets of discursive investments into a coherent narrative: Pay discrimination is not just an issue of economic efficiency and a better distribution of human capital within the body politic, but an issue of liberal civil rights, very broadly conceived, as President Obama explained while he signed it into law. That is, Lilly Ledbetter’s struggle intersected with basic principles of dignity, the idea that fair pay should accompany the day’s work she put in alongside male coworkers, but also her ability to submit a claim within a courtroom for back pay and damages. I conjecture that because the LLA concerns a subject’s right to sue (to participate in the judicial process), one might not even need to support a woman’s right to be paid equally to a man, but strictly that an aggrieved party should be able to have a day in court. Once again, it is reductive to simply argue that Republicans, regardless of gender, oppose equal pay legislation, or that Democrats generally support it. This is evident. I am more interested in what types of discursive investments organize the political field.327

Finally, this chapter has substantial theoretical value: Our intractable public debates about equal pay legislation are a way to illuminate the status of the Lacanian Real—and how we manage, or cover over, it. We know we are speaking about the Real when the gender pay gap appears to be anamorphic: On the one hand, no one seriously disputes that the gender pay gap exists. Yet those who oppose equal pay legislation claim that the gap has perfectly good reasons

326 Fink, *The Lacanian Subject*, 134.

327 One could easily make a set of arguments from a neoclassical or an Austrian perspective that equal pay is a positive social good; indeed, the president of the American Economics Association attempts to argue that the government need not intervene to ensure equal pay, since markets can and should do it on their own.
for existing—which then implies that there is no “gap” at all, only a coherent social reality that abides different returns for different genders.\(^\text{328}\) According to this view, women are paid less not because of discriminatory practices, but because they (are free to) choose things other than high wages, including child-rearing and affective labor. As Alenka Zupančič puts it, “the psychoanalytic discoveries regarding the nature of sexuality (and of its accomplice, the unconscious) have led to the discovery and conceptualization of a singularly curved topological space, which it named the Real. The something produced by the signifier, in addition to what it produces as its field, curves or magnetizes this field in a certain way. It is responsible for the fact that the symbolic field, or the field of the Other, is never neutral (or structured by pure differentiability), but conflictual, asymmetrical, ‘not all,’ ridden by a fundamental antagonism.”\(^\text{329}\)

We argue out of a necessity to cover this gap, to manage or discipline it—any attempt to speak it out of (or indeed into) existence is impossible.

As Žižek and others have posited, Lacan’s concept of the Real is not some inaccessible, non-figural, Kantian ding-an-sich, but a gap that opens up within the Symbolic order itself. “The Real is first there as the anamorphic stain, the anamorphic distortion of the direct image of reality—as a distorted image, a pure semblance that ‘subjectivizes’ objective reality.”\(^\text{330}\) When it comes to equal pay, there is no neutral ground upon which to stand to discover whether or not there is discrimination, or what to do about it.\(^\text{331}\) When Lacan claims that “sexual difference is

\(^\text{328}\) Opponents engage in the logic of the “borrowed kettle”: Women are not underpaid, but women are underpaid because they find their rewards elsewhere.


\(^\text{330}\) Slavoj Žižek, “The Real of Sexual Difference,” in \textit{Reading Seminar XX}, 64.

\(^\text{331}\) Another example of the Real rearing its ugly head is in debates about human-made climate change. The logic of mutual exclusion prevents action on three levels: First, people can claim that climate change does not exist for whatever reason. Next, those invested in denial can claim that while climate change may exist, human beings are not responsible for it. And finally, people can admit, “Well, climate change does exist, and humans may or may not be
Real,” he means that it is Real not just in the sense that there are definable traits of the female and male sex (that these differences exist), but in the sense that between the male and female sexual organs, there is no “neutral” or objective ground that organizes them. Rather, the sexes are defined as pure difference from one another. “There is, according to Lacan, no direct relationship between men and women insofar as they are men and women. In other words, they do not ‘interact’ with each other as man to woman and woman to man. Something gets in the way of their having any such relationship; something skews their interactions.”

Žižek claims that “sexual difference” is, paradoxically, what prevents the “complementarity of the sexes” so longed for by traditionalists: “One could say that sexual difference is the paradox of the particular that is more universal than universality itself—a contingent difference, an indivisible remainder of the “pathological” sphere (in the Kantian sense of the term), that always somehow derails or destabilizes normative ideality itself. Far from being normative, sexual difference is thus pathological in the most radical sense of the term: a contingent stain that all symbolic fictions of symmetrical kinship positions try in vain to obliterate.” In other words, if there were a natural complementarity of the sexes, wage gaps would not need to be legislated at all, since social arrangements would actually comport to the biological and cultural attributes of men and women. Sex is a hitch that prevents the “objective” data of qualifications, education, and experience from being interpreted “objectively”—sex is the cause of it, but we cannot adopt policies that would endanger our economic futures in the present for a hope of an eventual payoff in a livable planet.” For example, former Sen. Rick Santorum’s position on climate change is all three of these simultaneously. The Real here is not simply some inert, unknowable quantity outside of our capacities for representation and action, but an active logic (or dare I say, a drive) that resists symbolization.


difference that makes a difference. I return to this point when discussing the endemic problem of sexist discrimination in both sorting and hiring within occupations.

Finally, the Lacanian Real is not an objective “reality” which rhetors and social actors can invoke to win arguments—it is the hitch, or stain, that prevents a subjective position on the whole. It is a way to describe that each position—for and against equal pay legislation—is mutually exclusive from one another. In contrast to the invocation of a neutral “reality” in public arguments, the Lacanian Real does exist as a rhetorical resource, in a precise sense. It arrives when those who testify against equal pay legislation reveal that no one really supports discrimination, but that even if it exists, the available legislative remedies would be ineffectual and/or counter-productive. That is, the inability to adequately symbolize all of social reality is incorporated into our calculations (because some substance always exceeds it). This is a synthesis of both Aune’s “futility thesis” and “jeopardy thesis” in Selling the Free Market: not only will nothing change human nature/the perfection of markets/take your pick, if you try to change things, the consequences will be dire.

Overview of Laws: Lilly Ledbetter and Paycheck Fairness Act

I turn now to the texts of the two bills in question, starting with the Lilly Ledbetter Fair Pay Act of 2009, the first law that President Barack Obama signed into law. The bill:

> [a]mends the Civil Rights Act of 1964 to declare that an unlawful employment practice occurs when: (1) a discriminatory compensation decision or other practice is adopted; (2) an individual becomes subject to the decision or practice; or (3) an individual is affected by application of the decision or practice, including each time wages, benefits, or other compensation is paid. Allows liability to accrue, and allows an aggrieved person to obtain relief, including recovery of back pay, for up to two years preceding the filing of the charge, where the unlawful employment practices that have occurred during the charge filing period are similar or related to practices that occurred outside the time for filing a charge.\(^{334}\)

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This type of wage discrimination is prevalent in many industries: Wal-Mart, Merrill Lynch and other major American corporations have had class-action lawsuits brought against them for their discriminatory wage practices, with varying results for plaintiffs. This law came about after a 2007 Supreme Court ruling against the namesake of the law, Lilly Ledbetter, who had, in a lower court, successfully sued for back pay and damages from her time at a Goodyear tire plant in Alabama. According to the National Women’s Law Center, “The Court of Appeals for the Eleventh Circuit reversed the jury verdict, holding that her case was filed too late—even though Ms. Ledbetter continued to receive discriminatory pay—because the company’s original decision on her pay had been made years earlier. In a 5-4 decision authored by Justice Samuel Alito, the Supreme Court upheld the Eleventh Circuit decision and ruled that employees cannot challenge ongoing pay discrimination if the employer’s original discriminatory pay decision occurred more than 180 days earlier, even when the employee continues to receive paychecks that have been discriminatorily reduced.” In summary: The Supreme Court ruled that a worker who believes she is discriminatorily compensated has only 180 days from her first unfair paycheck to challenge it. The new law as written only allows for two years of back pay to be reinstated, but the statute of limitations for filing a claim resets after each paycheck.

Next, the Paycheck Fairness Act was a bill designed to supplement the existing Fair Labor Standards Act of 1938 (otherwise known as the Equal Pay Act). It was first ratified in the US House in 2009, but failed to pass with a filibuster-proof majority in the US Senate. Sen.

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337 There are exceptions and waivers, including an exception for if a worker is unaware of the discrimination, which, it should be noted, is what happened to Ledbetter.
Barbara Mikulski most recently introduced the bill in April 2014, but it once again failed in September of the same year for the same reason.\(^{338}\) The bill has three major provisions.\(^{339}\) First, it tightens up the language in the Fair Labor Standards Act of 1938: Whereas the current law allows for differences in pay based on seniority, merit, quantity and quality of goods produced and “a differential based on any other factor other than sex,” the bill specifies “a bona fide factor other than sex, such as education, training, or experience” as the heretofore unnamed “any factor other than sex.”\(^{340}\) Next, it “[p]rohibits retaliation for inquiring about, discussing, or disclosing the wages of the employee or another employee in response to a complaint or charge, or in furtherance of a sex discrimination investigation, proceeding, hearing, or action, or an investigation conducted by the employer.”\(^{341}\) Finally, the bill would compel the federal government to gather data on gender pay gaps. After passage, the EEOC would “complete a survey of the data that is currently available to the Federal Government relating to employee pay information for use in the enforcement of Federal laws prohibiting pay discrimination and, in consultation with other relevant Federal agencies, identify additional data collections that will enhance the enforcement of such laws; and… provide for the collection of pay information data from employers as described by the sex, race, and national origin of employees.”\(^{342}\)


\(^{339}\) Other provisions include making discriminatory employers subject to punitive damages, allow women to be gathered in class action lawsuits, and provide negotiation skills training to women and girls.


\(^{342}\) “S.2199—Paycheck Fairness Act,” 16.
The Lilly Ledbetter Act of 2009

The following analysis draws upon the House and Senate hearings about the bill in 2007, 2008 and 2009. The bill failed initially in 2007, under a Republican Party Congress, but after its reintroduction in 2009 under a majority Democratic Party Congress, it was passed with newly inaugurated President Barack Obama’s support. As mentioned, the main threads in favor of the bill rely upon tropes of “fairness” and “justice,” along with the struggles of working in a discriminatory environment as a woman. However, there is a significant strand of thought in favor of legislation that deploys the language of “incentives,” namely that businesses and individuals rely on incentives generated by the legal system. Those opposed to the bill also deploy the vocabulary of “women’s incentives” and insist that self-interested trial lawyers, not women, will be the main beneficiaries of this bill.

Testimony in Favor of Lilly Ledbetter: Fairness, Justice and...Incentives

In his five-minute opening statement in favor of the Fair Pay Restoration Act, Sen. Edward Kennedy uses the term “civil rights” five times, explicitly linking the issue of fair pay to American civil rights: “Equal pay for equal work is a fundamental civil right in our society.” He mentions the terms “fair” or “fairness” seven times, both in reference to the proposed law

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343 The Senate version of the bill, introduced in 2007, was named the “Fair Pay Restoration Act,” with no mention of Lilly Ledbetter like in the House bill, but was essentially the same bill.


345 Why is this rhetorically interesting? The metastasis of “incentive-driven behavior,” alongside a more wholehearted focus on economic reasoning in public culture, faces a significant challenge in arguing against self-interested trial lawyers taking up cases for the aggrieved. As mentioned elsewhere, to believe that markets 1) do and 2) should exist to contour social relations is to believe that each interaction is performed on a cost-benefit analysis; if someone chooses to hire (or become) a lawyer, they are doing so out of a utility function that they believe brings them greater pleasure than to not hire (or become) a lawyer.

being fair to workers and employers, and also the social bond implied in a contract for work
(“She endured the frequent scorn of her male co-workers, but she persevered and constantly gave
the company a fair day’s work for what she thought was a fair day’s pay”).

Sen. Patty Murray, in her brief opening salvo, mentions the notions of “justice” and “injustice” thrice, and needing
to remedy paycheck “unfairness” twice. Sen. Barbara Mikulski, in her brief statement,
gestures in two directions. First, she links the health of the nation’s economy to the power of
women to earn equal pay: “if you want to get the economy going, let us start paying women what
they are worth.”

Second, Mikulski emphasizes that women struggle with genuine
discrimination at work. She quotes Justice Ruth Bader Ginsburg: “the court does not comprehend
or is indifferent to the insidious way in which women can be victims of pay discrimination.”

This rhetorical strategy—paying heed to the realities of gender-based workplace
discrimination—is embodied by the testimony of Lilly Ledbetter herself.

Ledbetter’s testimony weaves together three aspects: her own feelings of everyday
workplace discrimination with soft “economic” arguments about her ability to provide for her
family, and a generalizable argument that renders fair pay a civil right.

What happened to me is not only an insult to my dignity; it also had real consequences
for my ability to care for my family. While every paycheck I received I got less than what
I was entitled to under the law, the U.S. Supreme Court said this didn’t count as illegal
discrimination. But it sure feels like discrimination when you are on the receiving end of
that smaller paycheck and trying to support your family on less money than what the men
are getting for the same job. It doesn’t feel like any less like discrimination because it
started a long time ago. Quite the opposite, in fact. But according to the court, if you

350 Ibid.
don’t figure things out right away, the company can treat you like a second-class citizen for the rest of your career, and that is not right.\textsuperscript{351}

Ledbetter immediately articulates the blind spots in the Supreme Court’s decision, and the incentive-driven account writ large: The Supreme Court ruled that because Ledbetter did not take action over her discriminatory treatment within six months, she had, in effect, locked herself into a legally discriminatory paycheck. That is entirely consonant with the logic of the incentive developed in Chapter 1 as “responsibility oriented;” she is not only assumed to have freely chosen to take the wages, but in putting her head down and accepting unequal pay, she then conferred legitimacy upon it, binding her to the legal outcome.

Later, during the question-and-answer session, Ledbetter tells the story of her experiences with sexual harassment at work, including when a supervisor “continually discussed [her] underwear, whether or not [she] had worn a bra to work that day.”\textsuperscript{352} Her daily indignity, as we shall see, remains uncounted and uncountable within the neoclassical account, since while it cannot appear on a balance sheet, her decision to remain employed at Goodyear can be taken as evidence that she rationally weighed her dignity against her paycheck and chose the latter.

Finally, and in reference to the final point, Ledbetter renounces her own self-interest (partly out of necessity, because the Supreme Court did rescind her back pay and damages) and offers that the beneficiaries of the bill will be other women: “Goodyear may never have to pay me what it cheated me out of, but if this bill passes, I will have an even richer reward because I will know that our daughters, our granddaughters, and all workers will get a better deal. That’s what makes this fight worth fighting and it’s what makes this fight one we have to win.”\textsuperscript{353} In contrast,

\textsuperscript{352} Lilly Ledbetter, “The Fair Pay Restoration Act,” 37.
witness the strategies of a testifier who invokes “incentives” as a positive case for equal pay justice.

Margot Dorfman, CEO of the U.S. Women’s Chamber of Commerce, exemplifies the “incentive-driven” approach in favor of equal pay legislation. Dorfman indicates that because the Supreme Court decided to only allow 180 days for women to make a claim about a discriminatory paycheck, businesses now have a financial incentive to wait out potential challenges, and workers will in turn be incentivized to bring hasty litigation.

The 180-day time limit also creates incentives for business practices that will be detrimental to both business owners and workers. Rather than take the time necessary to evaluate their situation and confirm they have been subject to discrimination before filing a claim, the new deadline puts pressure on employees to file complaints as quickly as possible… And while the previous system promoted voluntary employer compliance, this new interpretation provides an entirely different incentive… Under this decision, employers instead have a reason to be less vigilant about pay discrimination, knowing that after 180 days, they will be insulated from future challenges.”

She extends this line of argument to how it will affect businesses owned by women. By closing off avenues for redress after six months, the Supreme Court inadvertently distorts the playing field against businesses that voluntarily comply with the law. Women-owned businesses “frequently provide stronger employee benefits than their male counterparts,” the Court’s interpretation doubly discriminates against women—both workers in male-dominated industries and female business owners in an equilibrium-determined economy.

This a case in which the legal system and the market combine to produce a new incentive structure: If a business is legally capable of prohibiting its workers from discussing pay, thereby preventing a worker from discovering discriminatory pay for six months, the company now has a

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355 Dorfman’s comments are not exclusively limited to the “incentive-based” approach. She also links the Act to the tradition of American civil rights, and references the particular struggles with poverty that women experience. See “The Fair Pay Restoration Act,” 12-3.

“get out of jail free” card in perpetuity. An argument from an equilibrium standpoint turns out to be a useful critique of pay discrimination: Every market that intersects, however obliquely, with underpaid women is potentially inefficient—in effect, businesses that discriminate are gathering rents from other sectors. Dorfman’s perceptive analysis is an example of how an “incentive-driven” approach in market economies can be helpful in advocating for different and socially beneficial outcomes. Because she endorses the government’s legitimate ability to produce incentives, laws that enforce equal pay for equal work will properly incentivize both businesses and individuals within this framework. Overall, many of those testifying in favor of the bill argue that fair pay is connected to civil rights, and that women struggle with real discrimination at work. But for some, fair pay is connected to the logic of incentives and other modes of “economic” thinking. The discursive differences are stark, but they become starker when the PFA comes about. Now I turn to the Ledbetter bill’s opposition.

Opposition to Lilly Ledbetter: Trial Lawyers Benefit, and Discriminators Die?

Those opposed to the bill develop a few major points: First, the bill would engender frivolous lawsuits; the bill’s allegedly open-ended liability incentivizes aggrieved workers like Ledbetter to delay their accusations for years in order to reap the most monetary benefit. Second, the bill would create undue hardships for businesses forced to keep paycheck records in perpetuity. Sen. Johnny Isakson, argues against the merits of the bill’s 180-day reset of each discriminatory paycheck, and argues that the only result will be more lawsuits against companies. In the sixth sentence of his opening statement, Isakson explicitly condemns the law for going “overboard in favor of trial lawyers;” his penultimate claim is that “the bill is ripe for

357 Recall the discussion of “perverse incentives”: The stock answer for opponents of progressive legislation is that states can only produce “perverse incentives” because they, by definition, distort the free market.
abuse and amounts to nothing more than a gift to trial lawyers eager for a frivolous lawsuit.”

According to Isakson’s interpretation of the bill’s provisions, an employee has an incentive to wait until the person in charge of her or his paycheck leaves the company or dies; it becomes harder for a corporation to defend itself against the accusations of an aggrieved party if the discriminator cannot provide exculpatory information.

Eric Dreiband, former general counsel for the EEOC, and opponent of the bill, asserts, “By eviscerating the charge-filing period, the Fair Pay Restoration Act would require the EEOC to conduct investigations into events that happened decades before anyone filed a charge despite the absence of records. Witnesses’ memories will be faded. Some witnesses will be missing. Others, as in the Ledbetter case, may be dead.”

The US Chamber of Commerce’s statement similarly argued, “An employer’s ability to tell its story dissipates sharply as time passes. Memories fade; managers quit, retire, or die, business units are reorganized, disassembled or sold; tasks are centralized, dispersed, or abandoned altogether.”

Although the Ledbetter Act does reset the ability to file after each discriminatory paycheck, it only provides for two years of back pay and only up to $300,000 in damages. Samuel R. Bagenstos, a witness in favor of the law, deploys the language of incentivization to rebut this point. In his prepared statement, Bagenstos writes, “Under the bill, victims of pay discrimination would have no incentive to sleep on their rights. Because a plaintiff can recover back pay for only the two years...an employee

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360 Statement of the U.S. Chamber of Commerce before the House Committee on Education and Labor, June 12, 2007.
who waits to file more than 2 years after the initial discrimination charge will lose the chance to obtain full compensation.” 361

The opposition’s “infinite liability”/“incentive to delay” accusation is repeated by people who testify against the bill with such regularity that it cannot be attributable to a simple misreading. Says Dreiband: “The bill likewise contains no time limit for back pay and liquidated damages that may be recovered under the Age Discrimination in Employment Act. If enacted, then the Fair Pay Restoration Act would subject state and local governments, unions, employers, and others to potentially unlimited compensatory and punitive damages, back pay, and liquidated damages.” 362 Either Dreiband had not read the bill, or assumed the gathered Senate committee had not. 363 Even Ledbetter’s $3 million in damages was greatly reduced; as the federal appeals court noted, “The district court denied Goodyear’s motion for judgment as a matter of law but remitted the entire award to $360,000, including the statutory maximum of $300,000 in compensatory and punitive damages and $60,000 in backpay.” 364 To be fair, $300,000 in damages may be expensive for some businesses, but opponents of the bill refer to potential damages as “lottery-style” winnings (implying that the damages would be in the multiple

363 Further, the FPRA simply amends the existing Civil Rights Act, so any punitive damages earned by a plaintiff fall in line with its statutes. Certainly the bill’s opponents have a valid point that someone who is discriminatorily paid for 20 years as opposed to two would earn more punitive damages. (I assume that this issue is a matter for one’s personal politics: Is dealing with 20 years of discriminatory pay geometrically more repugnant than two?) However, two points mitigate the force of this complaint. First, as mentioned, Ledbetter’s $3 million in damages was capped at $300,000, so any similar complaint would be similarly significantly reduced. Second, proponents of the bill emphasize that the punitive damages meant to deter (or better, dis-incentivize) businesses from discriminating against their workers. Ultimately this comes down to competing interpretations of incentive structures. Proponents aim to incentivize businesses into compliance via the threat of punitive liability; opponents imagine aggrieved workers are incentivized to wait out a discriminatory career for the hopes of a large legal payoff.

millions), not to this legal maximum. This rhetorical strategy obfuscates the fact that the LLA does not alter this maximum damages statute.

So how can we go about explaining this habituated rhetorical strategy arguing that the bill would lead to unlimited damages, if the text of the bill so clearly defines their limits? On the one hand, this could be a classic example of mauvais foi by these actors—an unconscious signal that infinite liability would be the proper response to discrimination. Or perhaps it is the slippery slope fallacy, that even one political act of redress over and against the laws of supply and demand would result in the dissolution of the system altogether. These both contain some kernel of truth, for I believe it to be connected to the logic of monetary “incentives” writ large: That is, the “incentive” to benefit from discriminatory pay and harassment is a massive payoff, so any self-interested actor would quietly, and rationally, absorb such indignities. This is a profoundly paranoiac strategy: by presupposing that all aggrieved parties are simply self-interested, the complex reasons why people remain in demeaning jobs are transformed into evidence for why they might eventually submit a lawsuit and win “lottery-style” payments from a judge. Here, I am reminded of Žižek’s remarks about the signifying order: “Language, in its very notion, involves a minimal distance towards its literal meaning—not in the sense of a some irreducible ambiguity or multiple dispersion of meanings, but in the more precise sense of ‘he said X, but what if he really meant the opposite.’” So remaining in a demeaning job proves the paranoiac’s point, that truly “incentive-driven” people are just biding their time to unleash hell on business owners.

Also paramount in the fears of the anti-LLA camp is that a corporation would be unable to defend itself since it would be unable or unwilling to keep records that detail payroll decision-

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365 Žižek, For They Know Not What They Do, xiii.
making. Dreiband redefines the word “dreadful” to argue this point: “The Fair Pay Restoration Act would also require anyone accused of discrimination to make a dreadful choice—preserve records in perpetuity or lose the ability to mount a defense to a charge that challenges decades-old employment decisions. The cost of perpetual recordkeeping would be enormous and, in the cause of public employers, would add to the taxpayers’ burden.”

This is undoubtedly a strange defense, for three reasons. First, the bill’s provisions, like many statutes regarding allegations of discrimination, place the burden of proof on the accuser to demonstrate bias—not on the company to prove its innocence, and summary dismissals would be potentially allowed if a plaintiff did not file a claim in a timely manner. Secondly (and pedantically), this bill was introduced in 2007. Digital copies of prior records, and the production of new ones are entirely feasible. Third, and most importantly, this defense against the law personalizes the decision to pay a woman less than a counterpart—hence the opponents’ insistence that memories will fade, or that the people who make decisions might die.

On this view, paycheck decision-making is not an institutional decision, but rather one that can be explained, defended and mitigated through an individual’s testimony. Here, a company is not a single legal entity, liable for wrongdoing (and similarly protected against other forms of penalties). Instead, a company is a mere aggregation of individuals, some of whom may have discriminatory foibles. Opponents of the bill create an exploitable epistemological opening here, one that comes into greater focus during debates over the PFA: unequal pay is the result of sets of individual choices (both by employers and employees), and it is unfair to compare

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366 This is undeniably a strange defense: If a corporation should not be held liable for discriminatory pay because a single individual is responsible for a discriminatory paycheck, then it is not clear what any corporation could be held liable for, ever.

someone’s wages with another, and certainly improvident to question what kinds of good reasons someone has for paying a worker less than another.\footnote{368}

On the other hand, equal pay proponents argue the reverse: If a woman is objectively paid less than a man, the individual who makes such a decision is secondary to the institutional or objective discrimination. Ledbetter’s case is exemplary here: She never alleged that Goodyear’s supervisors acted with discriminatory intent, just that they would have been larger prior to her accusation.\footnote{369} Sen. Tom Harkin begins to advance this point in his endorsement of the Fair Pay Act during this hearing (which contains language similar to the PFA): “In addition to requiring that employer provide equal pay for equivalent jobs, my bill also requires disclosure of pay scales and rates for all job categories at a given company without disclosing individual pay levels. This will give women the information they need to identify discriminatory pay practices negotiate better for themselves—which, in the end, could reduce the need for costly litigation in the first place.”\footnote{370}

In the end, Congress passed the Lilly Ledbetter Fair Pay Act, and the newly inaugurated president, Barack Obama, signed it into law on January 29, 2009. In his remarks, Obama synthesizes several of the strands of argument generated by its proponents:

So signing this bill today is to send a clear message: that making our economy work means making sure it works for everybody; that there are no second-class citizens in our workplaces; and that it’s not just unfair and illegal, it’s bad for business to pay somebody less because of their gender or their age or their race or their ethnicity, religion or disability… Ultimately, equal pay isn't just an economic issue for millions of Americans and their families, it's a question of who we are—and whether we're truly living up to our fundamental ideals; whether we'll do our part, as generations before us, to ensure those

\footnote{368}{In the Paycheck Fairness Act discussion below, note how some political actors oppose a study of how the money commodity (a generalized, embodied form of value) is distributed across genders. That is, the one thing that does allow for equivalence between jobs (the money commodity itself) and ordinal comparison (one’s salary in dollars) must be kept safe from actual comparison by the state.}

\footnote{369}{Ledbetter v. Goodyear Tire & Rubber Co., 127 S.Ct. 2167.}

\footnote{370}{Sen. Tom Harkin, “The Fair Pay Restoration Act,” 43.}
words put on paper some 200 years ago really mean something—to breathe new life into them with a more enlightened understanding that is appropriate for our time. The President’s remarks suture equal pay to civil rights, moral character, and good business practices together—a fairly broad bit of symbolic coverage. Supporters argued that equal pay is a moral issue and an issue of the unfinished project of civil rights; the surplus is that equal pay makes markets function more efficiently. While it is not extant in testimony for the bill, I also hypothesize that a broadly conceived civil right, namely the right to participate in the judicial system, was instrumental in its passage. Had the Supreme Court’s ruling remained in effect, anyone with a job for over six months would be legally barred from bringing a pay discrimination lawsuit against their employer; the consequences would have been dire, since as mentioned, this would have produced a “get out of jail free” card for businesses who could effectively disguise any discriminatory payment practices for 180 days. In other words, this bill may have succeeded because of the gender neutrality of the liberal subject of rights, not because it provided a coherent moral story about the rectitude of fair treatment.

Following from that, no opponents to the bill ever resorted to exhorting the “traditional role of women” to oppose equal pay: Mistreated women were figured simply as incentive-driven, self-interested litigants. The PFA, which I discuss below, did not have the same legislative success, and some opponents adopted some of this morally traditionalist language under the rubric of “incentives” to argue against it.

Paycheck Fairness Act

As mentioned, the PFA stalled in Congress in 2014, and despite the introduction of a similar bill in nearly every congressional session since 1997, it does not appear to be a legislative

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priority at present. Democratic Sen. Barbara Mikulski, who has introduced the bill most recently, will not be running for reelection in 2016, and the Republican Party currently controls both houses of Congress. In this section, I evaluate the arguments made for and against the bill, and bring forward several concepts from the prior section. There are three major points to be made about this bill that might explain its legislative failure, each of which interlock in interesting ways. First, even more than in debates about Lilly Ledbetter, opponents deploy the language of incentives to explain away the gendered wage gap. “Women” have different incentive structures, and because markets adequately and efficiently distribute social resources according to individuals’ incentive-driven behavior, state action to remedy pay gaps neglects the underlying calculative behavior by all rational actors.

Second, specific language within the PFA aimed at closing the available discursive openings to pay women unequally, namely, a “bona fide factor other than sex, such as training, experience or education,” runs up against powerful investments in existing nondiscrimination law. Previously, “any factor other than sex” was interpreted quite literally by courts, “sex” became the key word that, while it unquestionably operated to depress pay, could not be uttered by employers. I use the Freudian concept of negation to contend that when policymakers attempt to close this discursive gap, they bring this intentionally repressed word into consideration. The edifice of “incentives” becomes more tenuous when the key word of “sex” must be accounted for mathematically.

Finally, the PFA contains a provision to allow the federal government to aggregate data about salaries across fields and geographic regions to determine if women are systematically underpaid and give women bargaining power to demand equal salaries to men in the same field.

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372 Eight members of the Republican Party voted for the Lilly Ledbetter Act, but not a single Republican voted for the Paycheck Fairness Act in the last two times it was introduced. See “S. 2199 (113th): Paycheck Fairness Act,” https://www.govtrack.us/congress/bills/113/s2199. Accessed March 5, 2015.
On the face of it, this provision does not appear to be radical, or even controversial. Yet opponents of the law condemn this bill as inimical to the free enterprise system.\textsuperscript{373} I hypothesize that, following Poovey’s *A History of the Modern Fact*, there is considerable persuasive power in the epistemological units generated by “big data.” Whereas Poovey describes the generation of such epistemological units in the service of nascent free market capitalism, the gender-based salary data works to momentarily disturb this easy connection.

Overall, the bill’s failure can be interpreted as the confluence of these factors. From a practical, partisan standpoint, equal-pay opponents in the Republican Party controlled both houses of Congress, so despite 53 “aye” votes in September 2014, the bill could not overcome the threat of a filibuster. But opposition stems from not just a simple issue of party allegiance, but rather through investments in the above ideas: The vocabulary of “incentives” cloaks traditionalist beliefs about women’s desires in the language of neoclassical economic inferences; if passed, the bill would bring to light implicit discrimination against women, and make it harder for business owners to hire whom they choose.

*Testimony for PFA: Metaphysics and Hysteria*

As with the LLA, supporters of the PFA argue in terms of fairness and justice, and rely on “economic” reasoning to make a case for the bill, but also open up a “metaphysical” avenue for interrogating gender inequality, as Sen. Tom Harkin puts it. Many of the arguments in favor

\textsuperscript{373} There is a remarkable similarity here between equal pay and gun control legislation. Because of influence by the National Rifle Association, the U.S. Centers for Disease Control and Prevention has legally barred from researching gun violence as a public health problem since 1996. (According to the *Washington Post*, President Barack Obama ordered the CDC to study the causes of gun violence in 2013 after the Sandy Hook child massacre, but Congress has refused to fund the research, so no progress has been made. See Todd C. Frankel, “Why the CDC Still Isn’t Researching Gun Violence, Despite the Ban Being Lifted Two Years Ago,” *Washington Post*, January 14, 2015, \url{http://www.washingtonpost.com/news/storyline/wp/2015/01/14/why-the-cdc-still-isnt-researching-gun-violence-despite-the-ban-being-lifted-two-years-ago/}, accessed March 6, 2015.) The identical fear shared by both issues is about the persuasive power of “big data”: If enough salary data are collected to verify that women are objectively underpaid in comparison to men, or that gun ownership directly correlates with higher rates of death and violence, then there are fewer available rhetorical resources for opposition to equal pay and gun control.
of this bill mirror the arguments in favor of Lilly Ledbetter—this is largely because the bills were first argued concurrently in 2007, and because many of the same members of Congress staffers the committee meetings for them. For this reason, I shall only note the major, and intellectually interesting, differences in arguments here. Progressive economists draw upon a repertoire of economic studies that argue unequal pay and gendered labor is an inefficient use of social resources, and the PFA’s preamble deploys explicitly “economic” reasoning in much of its justification for the remedy:

The existence of such pay disparities—
(A) depresses the wages of working families who rely on the wages of all members of the family to make ends meet;
(B) undermines women's retirement security, which is often based on earnings while in the workforce;
(C) prevents the optimum utilization of available labor resources;
(D) has been spread and perpetuated, through commerce and the channels and instrumentalities of commerce, among the workers of the several States;
(E) burdens commerce and the free flow of goods in commerce;
(F) constitutes an unfair method of competition in commerce;
(G) leads to labor disputes burdening and obstructing commerce and the free flow of goods in commerce;
(H) interferes with the orderly and fair marketing of goods in commerce; and
(I) in many instances, may deprive workers of equal protection on the basis of sex in violation of the 5th and 14th Amendments.\(^{374}\)

Straight away, we see how a constitutional argumentation strategy partakes in a reinforcement of the neoclassical concept of equilibrium—by pointing to moments of apparent disequilibrium, the bill can take concrete steps to restore efficiency to labor and commodity markets. Sexist wage discrimination simply prevents women from earning as much as the equivalent amount and quality of work by a man, and thus violates the equal protection clause within the US Constitution.

There is experimental and empirical evidence to suggest this happens many places. A study done at Yale University in 2012 claims that outright sexist discrimination is endemic to the natural sciences: The researchers performed a randomized double-blind sample study for professionals in the field about who to hire as a laboratory manager. Applications were identical, save for the name of the applicant—the participants were handed applications with either a name gendered typically female or typically male. “Faculty participants rated the male applicant as significantly more competent and hireable [sic] than the (identical) female applicant. These participants also selected a higher starting salary and offered more career mentoring to the male applicant. The gender of the faculty participants did not affect responses, such that female and male faculty were equally likely to exhibit bias against the female student. Mediation analyses indicated that the female student was less likely to be hired because she was viewed as less competent.”

For the fictional female applicants, the exact same employment information as men was turned against them—there was not a plethora of information tested in this experiment. The signifier “woman” reversed the valence from “hirable” to “not hirable.”

Overall, the Act’s preamble also synthesizes the micro and macro levels of economic reasoning, for not only does discrimination hinder the prospects of individuals (and families), it also hinders the proper flow of commodities, thereby throwing commodity markets into disequilibrium. That is, when company owners can hire people at a discriminatory wage rate,

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376 As I hope to have made clear in previous chapters, “equilibrium” is a profoundly dialectical notion, because the bill’s logic can be easily disputed using the selfsame terms of equilibrium/disequilibrium. To dispute the notion of disequilibrium, all one must do is posit that cultural, social and economic resources are allocated efficiently; the collection of “raw” economic data misses the point entirely. Women are not only incentivized by child rearing (thereby accounting for cultural and biological influences), but also, their time out of the workforce accounts for their lower wages (thus providing an elegant economic justification for their inequality). Equilibrium-style arguments from both sides rely on an objective, neutral standpoint from which to argue—the ideal point of the
they are able to either sell the wares at a lower price, or more likely, sell commodities at the going rate and pocket the difference in wage. Therefore, sexist discrimination has the potential to throw off any market in which women are paid less than men.\footnote{377}

Jocelyn Samuels and Sen. Tom Harkin also open up a “metaphysical” question contained within the debates about equal pay. The Iowa senator begins with an inquiry about how gendered occupations with demonstrable pay gaps actively discourage men taking traditionally “women’s” jobs: “I throw this out for your consideration. You might get more men willing to take those jobs that have been previously considered women’s jobs. Certainly there is a nurse’s aid paid the same as a truck driver. Hey, I might not like getting beat around that truck cab all the time. I might want to be a nurse’s aid if I had the same equal pay and benefits and retirement benefits and that type of thing. It might be a more appealing job but if there is this huge wage gap, well then, I’d gravitate to something else.”\footnote{378} He is correct about the “gendering” of jobs in America: Men overwhelmingly make up the truck-driving workforce (the Bureau of Labor Statistics estimates that only 5.8 percent of truck drivers in America are women\footnote{379}), while women overwhelmingly comprise the nursing industry. According to the Bureau of Labor Statistics, in 2013, 90.4 percent of nurses in the United States were women.\footnote{380} Here, Harkin demonstrates that

\footnote{377} Of course, if women’s unequally paid work is evenly distributed throughout the entire capitalist economy, then it could be mathematically possible for there to be zero arbitrage opportunities for company owners who distribute discriminatory wages.


one’s stable workplace preferences could be stunted by the “gendering” thereof—men are guided to “masculine” jobs just as women are sorted into “feminine” jobs, albeit for different reasons.\textsuperscript{381} Harkin is asking, in effect, a hysteric’s question; by asking, “all things being equal,” what would happen to the labor market if people could follow their preferences rather than their pocketbooks. Aune points out that “all things being equal” is the mantra of neoclassical rhetorics, which allows economists to avoid precisely the kinds of complexities when we start with an unequal world.

Fink writes, “The hysteric pushes the master—incarnated in a partner, teacher, or whomever—to the point where he or she can find the master’s knowledge lacking. Either the master does not have an explanation for everything, or his or her reasoning does not hold water. In addressing the master, the hysteric demands that he or she produce knowledge and then goes on to disprove his or her theories.”\textsuperscript{382} His question signals a fracture in the stolid neoclassical account by acting as a “perspective by incongruity,” a vantage point from which to ask how gender pay inequality affects men as well. Harkin asks “the market” to give a coherent account of itself—either it is aimed at facilitating the freedom of actors to pursue what they choose (the \textit{jouissance} of the individual) or it is aimed at the maximization of profit (the \textit{jouissance} of the market), since men (too) have to make this tradeoff thanks to gendered pay inequality.

According to Evans, Lacanian psychoanalytic theory typically poses the hysteric’s question as “What is a woman?”\textsuperscript{383} The hysteric asks what she/he is for the other, or what position in relation to the signifier she or he holds; as I demonstrate below, the question of “Woman” is not reducible to the female sex. Harkin’s question, it seems to me, is similarly less

\textsuperscript{381} The “incentive-driven”/Becker riposte is as follows: Even if men are incentivized by care work, they value a higher wage over that preference. In essence, they are making their choices “economically” in the narrow sense of maximizing earnings, rather than the broader conception of “the economic approach to human behavior” involving the maximization of preferences, however defined.

\textsuperscript{382} Fink, \textit{The Lacanian Subject}, 134.

\textsuperscript{383} Evans, \textit{An Introductory Dictionary of Lacanian Psychoanalysis}, 78.
about a specific gender—men of course are affected by sexist structures, even if they may monetarily benefit from it. Rather, he is asking more pointedly how both men and women are affected by the system of difference that organizes them as such, and so he asks, “What is a woman?” in different terms. In so doing, he demands that defenders of the status quo provide a “whole” account for an inconsistent reality; he, like the hysteric, finds it lacking. For psychoanalytic theory, the hysteric’s question ultimately serves to reconstitute the relation between the hysteric subject and their Other—by calling into question the Other’s knowledge, the hysteric finds a place for her/his desire therein to make up this gap. Harkin’s only difference is that he strategically uses the question, and provides no final rejoinder—this question hangs in the air because it cannot be answered by those gathered to testify.

Next, in an exchange between Samuels and Harkin, we uncover the most pointed criticism of the logic that offers a safe, sealed, and circular explanation for women’s unequal pay. Samuels explains that because of the history of systematic inequality in the United States, one cannot reasonably expect market forces to do any amelioration on its own: “there is unfortunately pervasive and systemic sex discrimination as well as discrimination on the basis of race and national origin and disability that still persists in the workforce… [T]he problem that these bills are intended to address is that the market forces themselves, not only cannot alone solve these inequities but, in fact, are based on the kinds of prior barriers and discrimination that have prevented people like women, like minorities, like people with disabilities from reaching the same level playing fields that men have occupied.”

What follows is the exchange between the two:

Sen. Harkin: So your point being, how can you expect a system to adjust itself to change the basis when the system itself is set up on that basis? You’re right. Interesting point.

Ms. Samuels: It’s metaphysical.

Senator Harkin: Yeah, it’s getting metaphysical here, you’re right.\(^{385}\)

“Metaphysical” is not the term I would use here, but it does signal that the neoclassical account’s stability is the “universality based on an exception” introduced at the end of Chapter 4. Since market structures are the only available registrars of preferences and power, one cannot express a preference for a higher paying job without the power to obtain one. This strategy is also what allowed Becker, in Chapter 3, to argue that all positive changes in women’s employment were the result of “market forces,” since markets are the only mechanism available to register cultural, political and social changes. Below, I introduce the line of argument by opponents of the PFA that women’s incentives, generated from their stable preferences, fill in the pay gap; I pick up Samuels’ and Harkin’s critique in the conclusion of the chapter.

**Opposition to PFA 1: Incentives Fill the Gap**

Today, opposition to the PFA in this decade sublimes traditionalist arguments about women’s enjoyment into the language of economic incentives. Gender inequality is natural (and expressly unfixable with public policy) because women voluntarily choose options other than high-earning jobs, including raising children, doing domestic work, and doing “care work” with children or the elderly.\(^{386}\) These arguments defer to the logic of “women’s” incentives, their

\(^{385}\) Quoted in “Closing the Gap: Equal Pay for Women Workers,” 51.

\(^{386}\) In this view, the low-paying jobs that are typically gendered “feminine” carry with them their own “incentives” of caretaking that resonate with the “essential” feminine qualities of women. The consequence is that the average wage of these jobs is at the legal minimum because so many women take these types of jobs (which admittedly involve lower training thresholds than many other professions) after leaving the workforce to have children of their own. However, careful attention to this argument reveals that the logic of “incentives” works retroactively to justify their choices as the result of their innate preferences for care. That is, as Becker and other economists aver, these two phenomena do not happen simultaneously, and it is less likely that the preference for care happens first. Rather, women leaving the workforce precedes, and leads to, the lack of professional/specialized training. To claim that women follow their preferences is simply a retroactive symbolization of this straightforwardly supply-and-demand problem.
“human capital” investments, and their individual rational action to explain why women take home smaller paychecks than men. As Becker says, women are incentivized by child-rearing instead of high earnings, and therefore do not invest in “education and training that improve[s] earnings and job skills.”387 As List and Gneezy put it, “Scholars have long theorized about the reasons why women haven’t made faster progress in breaking through the glass ceiling. Personally, we think that much of it boils down to this: men and women have different preferences for competitiveness, and at least part of the wage gaps we see are a result of men and women responding differently to incentives.”388 That is, because women do not receive higher wages, clearly women are not incentivized by higher wages.

Even someone who believes the wage gap exists is opposed to legislative fixes thereto. Claudia Goldin, president of the American Economic Association, holds that the wage gap is just a numerical problem: Occupations like lawyers, doctors and pharmacists have high wages because they are rewarded for long hours, or recompensed more greatly for unusual hours. Employees who pick up children from school, care for young ones, and perform domestic labor in the evenings will inevitably earn less—hence, a gender gap in pay. Goldin writes, “The gender gap in pay would be considerably reduced and might even vanish if firms did not have an incentive to disproportionately reward individuals who worked long hours and who worked particular hours.”389 Crucially, Goldin does not explicate how, or why, firms would alter their incentive structures to aid women; she simply offers an elegant implementation of incentive-

387 Gary Becker, Accounting for Tastes, 147.
based vocabulary, and a faith in the self-correcting nature of markets as a private, nongovernmental solution to the problem of sexism.  

Camille Olson, representing the United States Chamber of Commerce, argues:

The proponents of the Act have not cited any evidence establishing that the existing wage gap is actually caused by employer discrimination. They essentially propose acceptance of the existence of the gap as definitive proof of employer discrimination. However, this unsubstantiated and faulty syllogism does not withstand scrutiny, or common sense. As labor economists and feminist scholars, alike, have proven and observed, the existing wage gap between men and women is attributable to a number of factors bearing no relationship whatsoever to alleged employer discrimination… Logically, these factors include personal choice; women’s disproportionate responsibilities as caregivers and other family obligations; education; self-selection for promotions and the attendant status and monetary awards; and other “human capital” factors.

Olson’s statement is symptomatic of nearly the entire “incentive-driven” argument strategy of the PFA’s opposition. First, and perhaps most importantly, her testimony demonstrates that the two opposing sides of this bill are ships passing in the night on even the stasis of the problem. Proponents argue that structural wage inequality cannot be fixed through market mechanisms because women are still subject to discriminatory wages, even after controlling for education, training and experience. The bill aims to remedy this impersonal-yet-operative structure; intentional discrimination is not an issue for this bill, specifically.

That is why, on its face, Olson’s complaint that “[t]he proponents of the Act have not cited any evidence establishing that the existing wage gap is actually caused by employer discrimination…[t]hey essentially propose acceptance of the existence of the gap as definitive proof of employer discrimination,” is true only in a very narrow sense. Proponents argue the opposite: the existence of the gap is proof of a structural, impersonal inequality that is irreducible.

390 Of course, the market has already reached an equilibrium with a distribution of wage-earning and domestic work, so unless there were a financial reason to pay women more, it is not clear why a firm would take an economist’s advice (even if it is the president of the AEA) to alter their compensation schemes. It seems to me that the only outcome from a purely market-based solution standpoint would be to pay men disproportionately to their hours worked—in effect, lowering their wages. The legislative solution, fraught as it may be, at least ensures that no one can be paid less as the result of implementing fair pay laws.

391 Olson, “Paycheck Fairness Act,” 22.
to a single market actor undervaluing a female worker. (Even a progressive, interventionist politician might be willing to concede that the market could discipline a single discriminatory employer in a competitive labor market.) It is also important that Olson reveals her opposition as syllogistic. She contends that PFA supporters simply engage in faulty reasoning: The premise that there is a wage gap (which Olson does not deny exists) joins with the premise (faulty, in her eyes) that employers are intentionally discriminating against women, to support the conclusion that legislation should fill this gap.

Next, she points out that “logically,” the wage gap is attributable to the following factors: “personal choice; women’s disproportionate responsibilities as caregivers and other family obligations; education; self-selection for promotions and the attendant status and monetary awards; and other ‘human capital’ factors.” However, PFA supporters point out that the explanations for pay inequality are not alibis for said inequality. Precisely the opposite: Whereas opponents point to these to end the debate for a political solution to inequality, supporters point them out as contextual and malleable sites of struggle. Cohen points out, somewhat clumsily, that women make choices that change due to circumstances sometimes beyond their control:

“Women do make choices that have negative effects on their long-term earnings but the choices they make are highly constrained and a lot of the times, those choices are constrained by factors at their places of work. So that you may be comparing women and men in different positions at the same workplace who have responded to opportunities at that workplace. It is very important to consider the factors in hiring and promotion and wage setting that work through people’s careers, even within the workplace that they’re in.”

That is, women may lack the desire to work 60-hour weeks, or they never received the education that would generate a top-earning job, but that only implicates the prior availability or desirability of those choices in the past. As Sabrina Schaeffer from the Independent Women’s Forum (a right-wing think tank) writes, “The differences in pay between men and women come down to choices. Choices women—and men—make have costs. More women than men choose to take time off to raise a family, but that's a far cry from discrimination. And costs are the result of a woman's freedom, not an injustice imposed on her by society.” Incentives, as noted in Chapter 1, are almost always “responsibility-oriented,” meaning that because they are assumed to be voluntary, they are solely the responsibility of the incentive-driven actor—they dwell in the realm of freedom. And because they are inferred retroactively as the result of stable preferences, we can only conclude that such women previously followed their existing incentive structures. With an incentive-driven vocabulary, it is always too late to talk about change.

As also explored in the introductory chapter, “incentives” function as both a trope of condensation and of displacement. Primarily, it condenses existing investments in neoclassical economic explanations for human life into a single term; because of this, it hypostasizes these competing explanations (recall, Gary Becker throws all of history, anthropology and psychology under the bus to claim that “the economic approach” explains each of them in turn) and pushes them further from the levers of cultural and political effectivity. Solving social problems is no longer the work of interrogating multiple, interacting, and complex layers of human society; since everything is reducible to incentive structures, human life is reduced to a series of techniques. And because the vocabulary functions both proactively (we solve problems by altering incentive structures) and retroactively (everyone is always assumed to have been

incentivized by their pre-given preferences, as evidenced by their behavior), the vocabulary stunts any critical interrogation of social life. In this case, each of the factors Olson brings up—education, experience, even motivation—are all contextual factors in and of themselves, and sites of struggle. Whereas in pro-legislation positions these are avenues for change and redress, anti-legislation actors use them as ways to stop debates on the merits of the bills. These identical terms have opposite functions in the two positions: one metaphoric and one metonymic.

Those opposed to the PFA see these factors functioning metaphorically, as concrete expressions of the “stable preferences” so venerated by neoclassical analysis. First, economists (and others who make these claims) attribute women’s choices to their preference structures; that is, women’s labor force behavior is attributable to their innate desires, their affective investments condensed in their calculable behavior. But beyond that, the semiotic closure foregrounded by economists is condensed affective investment on their part, as well. That is, uncovering the hidden forces that govern women’s wages is also a discursive act of affective investment by economists and other cultural actors. Defenders of the status quo have demonstrable investments in this act of attribution, so the metaphoric condensation works by attributing affective investment to the actions of others. For example, Jennifer Colosi, who runs an executive search firm, contends that Silicon Valley firms wish to hire women, but women turn them down because of family commitments: “They say ‘no thanks’ because they are unable to travel or commit the hours for the job that would move their careers further upward.”

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394 This outcome is potentially pernicious because economists perform the attribution of investment onto women regardless of whether it actually intersects with their thought processes or preferences. The affective investment to give a stable account of inequality is on the side of the economist.

that “Women and men are different…and it should stay that way!” For Colosi, this attributive act is where our considerations, and especially our attempts to rectify through public policy, should end.

On the other hand, equal pay supporters see these aforementioned incentives (of “women’s choices,” “disproportionate housework responsibilities,” or “raising children”) operating metonymically, as tropes of displacement. Supporters interpret these incentives as contextual factors, as potentially malleable social forces, not as explanations that stand on their own. Therefore, when such alibis are invoked, these serve only to highlight a more fundamental antagonism that slips away when equal pay opponents order them in the metonymic chain: Incentive → Women’s choices → Housework/Raising Children. “Women were more likely than men to leave the workforce with intentions to sacrifice their paychecks for the sake of caring for their families,” writes Penny Nance, of Concerned Women for America. For opponents such as Nance, invoking the “choice” tropes is intended to stop debate. Meanwhile for supporters, these are signals that we are missing something—an opportunity for action or redress—in this type of analysis. Both sides are caught on the rails of desire, to paraphrase Lacan, in the quest to symbolize an inconsistent reality; opponents of equal pay condense meaning in stable and demonstrable phenomena, while supporters thereof simply insist that meaning is elsewhere, and symbolizing it as a concrete expression of preferences misses the mark entirely.

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396 Quoted in Dubner, “One Woman’s View of the Female Wage Gap,” *Freakonomics.com.*
397 That is, as concrete expressions of innate desires and the stable preferences posited by neoclassical economics.
The Italian feminist autonomist Silvia Federici takes the assumption of “women’s incentives” head on. She argues that the sexual division of labor is a powerful ideological tool for the capitalist mode of production—it is not the result of innate preferences. In an essay about the political importance of waged housework, she writes:

The wage gives the impression of a fair deal: you work and you get paid, hence you and your boss each get what’s owed; while in reality the wage, rather than paying for the work you do, hides all the unpaid work that goes into profit. But the wage at least recognizes that you are a worker, and you can bargain and struggle… The difference with housework lies in the fact that not only has it been imposed on women, but it has been transformed into a natural attribute of our female physique and personality, an internal need, an aspiration, supposedly coming from the depth of our female character… Capital had to convince us that it is a natural, unavoidable, and even fulfilling activity to make us accept working without a wage.399

Federici’s analysis dovetails neatly with the themes developed here: A woman’s prescribed (and proscribed) social role is posited as the result of her innate preferences—her feminine qualities combined with her human capital investments. My contribution is that this process is a retroactive symbolization of the observed behavior of women—economists infer, or pundits extrapolate, that women must have been incentivized by their culturally agreed-upon role because they have performed it.400

Of course, the neoclassical point rejoinder is that the capitalist mode of production is not innately sexist—it just so happens that men develop better wage-earning potential, and women just happen to invest their human capital more heavily in domestic chores and raising children. (This is, in not so many words, Becker’s entire position on differences among the sexes.) But this effectively “hides the ball” of the historical and cultural arrangements that organized the sexes

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400 Or without a geography for that matter: Sweden, the 4th-most egalitarian country in the world, according to the World Economic Forum, has robust anti-discrimination laws to protect new parents who take leave—this is precisely where the gender pay gap begins to flower. See “Gender Equality in Sweden,” [https://sweden.se/society/gender-equality-in-sweden/](https://sweden.se/society/gender-equality-in-sweden/). Accessed May 4, 2015.
into these roles; for economic theory, capitalism is a process without a history. This purportedly agnostic position also confers human capital investments onto economic actors who may not have volunteered for such investments: Gendered wardrobes and toys for young children, cultural texts that treat sort boys and girls into defined roles, and socialization by peers at puberty are all prior to when people are assumed to be legally responsible for their actions.

Jean-Paul Sartre saw this inattention to childhood development as a strategic failure of Marxism, and sought to supplement Marxist thought with psychoanalysis:

Today psychoanalysis alone enables us to study the process by which a child, groping in the dark, is going to attempt to play, without understanding it, the social role which adults impose upon him. Only psychoanalysis will show us whether he stifles in his role, whether he seeks to escape it, or is entirely assimilated into it. Psychoanalysis alone allows us to discover the whole man in the adult; that is, not only his present determinations but also the weight of his history… In fact, it is a method which is primarily concerned with establishing the way in which the child lives his family relations inside a given society.401

Neoclassical economics shares this failure, but effectively obfuscates it in a twofold manner:
First, economic actors need not be of age to be considered rational economic actors, and second, children are considered to be the durable good of their parents, so the investments that parents make in their children cannot necessarily be condemned. As I discuss in the conclusion, women are somehow held responsible for this historical accretion and these concrete practices that contour their lives qua gender, and here is no exception: Their available menu of choices cannot reasonably said to be unencumbered by context.402


402 Basu also condemns the assumption of voluntarism in neoclassical choice models. In a personal anecdote, he retells the story of a mugging, in which he was given a choice: “Your watch, or your life.” Of course, Basu hands over his watch, but while he purportedly had a choice in the matter, it was nevertheless a forced one. He writes, “I chose to keep my life. In fact, it was a bargain since mine was a cheap, unreliable watch. So having a choice cannot be equated with noncoercion. It is depriving me of my right—namely, the right to both my watch and life—that made it a case of coercion” (Beyond the Invisible Hand, 139.) Lacan also has his own version of this “your money or your life!” forced choice—his is at the level of the subject’s entry into the Symbolic order. One is not able to keep one’s “self” without castration, without a piece of flesh sacrificed to symbolic inclusion. This initial decision—the
Overall, opponents to equal pay legislation defer to the logic of incentives because the language is ostensibly an impartial way to infer people’s choices, beliefs and behaviors—all from the perspective of the “economic approach” to behavior. The metonymic connection of “women’s preferences” are made into a governing metaphor for the gendered division of labor, and such a metaphor represses the contextual, accidental and, yes, ideological functions of such metonymic connections. Each of these circumstances is then retroactively assumed to be either “gender neutral” or the result of women’s preexisting incentives and preferences.\textsuperscript{403} As Olson’s testimony demonstrates, that women are expected to perform the majority of domestic labor, or that their personalities might disincentivize them to demand a promotion, are “human capital” outlays—gender-neutral and the result of individual volition. This allegedly gender-neutral language still carries, however consciously or unconsciously, the assumption of a certain substance of femininity or womanhood. In sum, those opposed to equal pay legislation today do not rely on outwardly sexist arguments about a woman’s place, but rather, use the positive version of a form of essentialism to argue against legislative fixes.\textsuperscript{404}

\textit{Opposition to PFA 2: Closing the “Any Factor other than Sex” Loophole}

The gap within the language of the original Equal Pay Act just happened to be broad enough to allow employers to justify pay disparities without acknowledging the historical role that gender plays in determining pay. Four affirmative defenses against accusations of sex

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\textsuperscript{403} And equally important that the Paycheck Fairness Act does not significantly alter these excuses for inequality, but that it calls attention to gendered inequalities and offers redress for discrimination.

\textsuperscript{404} Additionally, opposition to the Equal Rights Amendment did invoke some mild apocalyptic language—a radical form of equality would imperil the edifice of the family, and the nation. Those opposed to the Paycheck Fairness Act invoke the threat that if the federal government is empowered to set wages, the free market would be hamstrung by excessive regulation, and everyone would suffer.
discrimination are proffered within the Equal Pay Act: seniority, merit, quantity/quality of produced goods, and “any factor other than sex.” Greenberg testifies:

Court interpretations of the last of the affirmative defenses, however—the defense that a pay differential between equal jobs is based on a “factor other than sex”—have in some instances opened the door to a perpetuation of the very sex discrimination the Equal Pay Act was designed to outlaw… Some courts have, for example, authorized employers to pay male employees more than similarly situated female employees based on the higher prior salaries enjoyed by those male workers. In a case decided in March of this year, for example, one federal district court accepted the argument that higher pay for the male comparator was necessary to “lure him away from his prior employer.” According to the court, “salary matching and experience-based compensation are reasonable, gender-neutral business tactics, and therefore qualify as ‘a factor other than sex.’”

“Sex” functions as the one thing that cannot be named as a reason for wage discrimination, but as advocates are keen to point out, much of what constitutes sexist wage discrimination is not because of a conscious sexist belief, but because wage determination relies on the privileges that men are privy to in the first place.

Aune points out that free market rhetorics rely upon “the law of unintended consequences,” by which I interpret as the ability to imagine, via a slippery slope or *reductio ad absurdum*, how anyone could potentially exploit a public policy aimed at remedying a social evil. Within debates about equal pay legislation, the specter of the “trial lawyer” and “frivolous lawsuit” is consistently invoked (so much so that it warrants its own study, since it makes an appearance in so many criticisms of public policy). The gap within the language of the Equal Pay Act is large, excruciatingly so: Greenberg testifies that “[i]n fact, at least two circuits have accepted the argument that ‘any’ factor other than sex should be interpreted literally and that employers need not show that those factors are in any way related to a legitimate business

406 Especially because the “trial lawyer” trope is an example of social life organized like a market: Since individuals pursue their own selfish ends, and there is a market for lawyers to exploit tragedies and inequalities for their own personal gain, then their existence has not become obsolete. For a set of thinkers that wish for, or believe that, everything is organized like a market, consternation qua the “trial lawyer” functions as an exception to how a fully marketized system would operate.
purpose.”\textsuperscript{407} That is, literally anything can be invoked as a way to affirmatively defend pay discrimination.

In a 1925 paper, Freud relates the strategy of verbal negation to the divergent psychological acts of judgment and repression. He uses the anecdote of a patient who says, during analysis, “You ask who this person in the dream can be. It’s \textit{not} my mother.”\textsuperscript{408} Freud contends that “Negation is a way of taking cognizance of what is repressed; indeed, it is already a lifting of the repression, though not, of course, an acceptance of what is repressed… The outcome of this is a kind of intellectual acceptance of the repressed, while at the same time what is essential to the repression persists.”\textsuperscript{409} I use this concept to describe how the “factor other than sex” in the original Equal Pay Act is deployed to the detriment of women’s wage discrimination lawsuits because the discursive hole was large enough to be filled with \textit{any} other factor. Evans notes, “Whereas negation concerns what Freud called ‘the judgement of existence,’ \textit{Bejahung} denotes something more fundamental, namely the primordial act of symbolisation itself, the inclusion of something in the symbolic universe. Only after a thing has been symbolised (at the level of \textit{Bejahung}) can the value of existence be attributed to it or not (negation).”\textsuperscript{410} “Negation” in the psychoanalytic sense is a term that plays between logical negation and a stronger form of “disavowal” (in German, this would be translated as “\textit{verleugnen}”).

Laplanche and Pontalis claim that “When we turn to the specifically Freudian usage, there seems to be a justification for distinguishing between ‘\textit{verneinen}’ [negation proper] and ‘\textit{verleugnen}’ [denial, disavowal],” and that Freud reserved “disavowal” for when a patient denies

\begin{itemize}
\item \textsuperscript{409} Freud, “Negation,” 667.
\item \textsuperscript{410} Evans, \textit{An Introductory Dictionary of Lacanian Psychoanalysis}, 17.
\end{itemize}
I endorse the use of the term precisely because of the un-decidable zone between “logical” negation and “rejection” in wage discrimination cases. That is, because discriminatory employers have recourse to some external facts that justify unequal pay, these attributes (height requirements, equivalent positions’ pay, etc.) become rhetorical resources, even if they serve as displacements for a more fundamental fact—that of sex. Numerous experiments, surveys and lawsuits have demonstrated that women are systematically paid less after controlling for these “factors other than sex,” hence I claim that “sex” is the one piece of the discursive economy that must remain unsaid.\footnote{Jean Laplanche and J.-B. Pontalis, \textit{The Language of Psychoanalysis}, trans. Donald Nicholson-Smith (New York: Routledge, 1973), 262.}

Olson argues that companies will be unduly burdened by the need to justify a pay inequality via one of these factors. She states, “It would be nearly impossible for an employer to defend against a claim that a wage differential existed by explaining that the differential was based on a factor other than sex… Employers would be required to \textit{prove}, in order to counter the presumption of wage discrimination, that the factor responsible for a wage differential not only is something other than sex, but also meets a higher standard of ‘job relatedness’ or ‘legitimate business purpose.’”\footnote{There is an interesting case that paradoxically relates to the “factor other than sex,” which stems from the notion that a woman’s childbearing ability is what disqualifies her from certain types of work (and thus certain types of higher pay on a shop floor). In a case brought against Johnson Controls by eight female employees (and backed by the UAW), Johnson Controls had barred women from working in conditions that exposed them to lead because it could potentially harm an “unborn child.” While ultimately, the plaintiffs were successful (the Supreme Court ruled that this policy violated Title VII’s provision against sex discrimination in workplaces), it is useful to keep in mind that a woman’s mere biological potential can be, and was, used against her employability. Carrie Crenshaw argues that “By assuming the likelihood of accidental pregnancy… courts treated all women capable of bearing children as ‘potential mothers’ although neither court cited any quantifiable evidence.” See Carrie Crenshaw. “The Normality of Man and Female Otherness: (Re)Producing Patriarchal Lines of Argument in the Law.” \textit{Argumentation & Advocacy} 32, no. 4 (1996): 170. \textit{Communication & Mass Media Complete}.} To paraphrase Freud’s analysis from before, with the current law as written, employers may say in court, “I do not know why I paid this woman less (or did not hire her in the first place)—all I know is that it was \textit{not} because she is a woman!” Rather than Betty

\footnote{Camille Olson, “The Paycheck Fairness Act,” 28-9.}
Friedan’s “problem that has no name,” the problem of unequal pay does have a name—it simply cannot be uttered by employers. Put differently, the gender pay gap appears through its symbolization—and then is negated just as quickly. Yet for our purposes, and for the purposes of those fighting for gender pay inequality, this negation is registered as a wage gap, and what is repressed in the symbolic of the legal realm returns in the “real” of big data.

**Opposition to PFA 3: “Big Data” Creates an Epistemological Quandary**

Finally, those opposed to the PFA object to the creation of federal surveys and databases of salaries across occupations and geographical regions. The idea, concomitant with the Act’s prohibition on retaliating against workers who share salary information at work, is that more information will aid female workers in negotiating for salaries. Prior to the PFA, Iowa Sen. Tom Harkin wrote in a similar provision in his own Fair Pay Act, which eventually ended up in the PFA: “In addition to requiring that employer provide equal pay for equivalent jobs, my bill also requires disclosure of pay scales and rates for all job categories at a given company without disclosing individual pay levels. This will give women the information they need to identify discriminatory pay practices negotiate better for themselves—which, in the end, could reduce the need for costly litigation in the first place.”

That is, because opponents to all workplace nondiscrimination legislation invoke the threat of lawyers, not aggrieved workers, benefiting, this provision was inserted as a way to directly avoid the court system altogether. Women can refuse to apply to jobs below their pay expectations, and/or negotiate for equivalent salaries to men once they have earned the job.

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415 The Lilly Ledbetter Act faced a similar set of counterarguments—those opposed did not take issue with Ledbetter’s experiences with outright sexist harassment and discrimination, only that lawyers would benefit more if a greater number of discrimination cases could be brought to trial.
The main argument developed by the bill’s opponents is that data could be misused by plaintiffs. For instance, some testifiers fear that a worker in Iowa could use the salary of a worker in an equivalent position in New York City to demand a higher wage. Barbara Brown, testifying against the bill, relates this: “First, the law has always said that employees need to be similarly situated in order to be fairly compared for purposes of pay. This law will eliminate two key concepts. One, the notion that employees must be in the same establishment to be working at equal work and that seems to me, fundamental. If you’re talking—whether it’s Wyoming, Iowa or New York City, you’ve got to look at that market, not only that geographic market but that employment market in terms of what skills are in demand there and what drives pay in that place.”  

Sen. Mike Enzi of Wyoming argues that “[t]hose who would go beyond the vigorous enforcement of gender discrimination laws and the efficient operation of open markets often make highly selective use of statistical data reported by the Department of Labor’s Bureau of Labor Statistics to support their position.”  

Furchtgott-Roth complains, “The Paycheck Fairness Act would require practically all employers to give the government information on workers' pay, by race and sex, with the goal of equalizing wages of men and women in different job classifications. This would represent a substantial intrusion of government into wage-setting and would discourage hiring.”  

Even the act of collecting data is an intrusion into the free market.

In order to explore what the value of this critique is for anti-equal pay opposition, I turn to the work of Mary Poovey, who, in A History of the Modern Fact, defines how thinkers of the Scottish Enlightenment created epistemological units of classical political economy in order to


influence policy—numerical, as opposed to metaphorical, data was a form of “value-free persuasion.”” She writes:

The ensemble of knowledge practices that dominated the ancient world was reordered in such a way as to separate numerical representation from figurative language and, gradually, to elevate practices associated with numbers over those associated with metaphorical language… [T]he emergence of the modern fact coincided with this reordering—indeed, was instrumental to it—and that effacing this epistemological unit’s characteristic peculiarity was central to creating, then sustaining, the illusion that numbers are somehow *epistemologically* different from figurative language, that the former are somehow value-free whereas the excesses of the latter disqualify it from all but the most recreational or idealist knowledge-producing projects.  

As a result of this shift, *laissez-faire* capitalist policies and practices were able to colonize the mindset of the modern world.

By setting ‘descriptive’ in opposition to ‘rhetorical’… he [Adam Smith] created an epistemological space for an apparently nonsuasive mode of representation (whose form could be numerical but did not have to be), whose credibility came from its internal coherence as much as from its truth to nature… Thus the idea of a market system, which was generated by the systematic science of political economy, also helped address the problem of induction *in protopsychological terms*, for it brought what had not yet been observed (or counted) into relation with what the theorist could imagine, and it signaled that it had done so by conferring satisfaction where there had once been doubt.  

Poovey is arguing, in fact, that classical political economy introduced the power of numerical thinking into public policy; yet this was crucially not *empirically* numerical thinking, since she argues Smith’s mathematical arguments were largely imaginary. Instead, these “epistemological units” bear a closer resemblance to “big data” in our contemporary conjuncture; in most cases, “big data” reveal hidden (equilibrium) forces, “hidden patterns, correlations and other insights” through regression analysis.  

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However, the harnessing of “big data” today for equal pay is a considerable challenge to this form of argument, for two reasons. First, if such databases would be able to demonstrate a gender pay gap even after controlling for purchasing power, cost of living, training, experience, and so on, those who rely strictly on the market would have nowhere to hide, as it were. The recourse to women’s incentives would be considerably more difficult, as would the assertion that markets are efficiently distributing the social resources of labor irrespective of sex or gender. After all, the Government Accountability Office already concluded that, even after controlling for marital status, race, children, income, and experience, women still earn 20 percent less than men do. The only rhetorical resource would be to argue that each of these contextual (not innate) factors explains gender inequality better than any form of discrimination, which is essentially the argument that opponents proffer. Poovey further indicates that Smith’s argument style invites the reader to imagine a world in which a potential outcome could be, but is not yet: The adoption of free trade policies (back then) would produce epistemological satisfaction in aligning free-market actions with the supposedly free-market inclinations of Nature itself. With a demonstrable gender pay gap, interested publics could imagine the diminution, and hopefully, the elimination of this gap, and could take concrete actions to participate therein.

The neoclassical argument against this position follows: If “hard” economic data is itself persuasive—which Poovey insists rests at the heart of the classic economic project—then the capture and dispersal of “hard economic data” that says women are paid less than men would inevitably lead to redistributive public policies toward women. “Perverse incentives” would then infect the market, either revising wages for both genders downward, or “unjustly” raising wages.

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for women with no regard to their marginal productivity.\textsuperscript{423} In the latter case, so the argument goes, labor markets would function inefficiently, as surplus value would become the property of working women and not the companies that employ them.\textsuperscript{424} Nance invokes Aune’s perversity thesis here by arguing, “Rather than helping women, the Paycheck Fairness Act would actually hurt them by abolishing jobs. It eliminates the flexibility between a woman and her employer… This will encourage frivolous lawsuits against companies, which will hurt business. Any time you hurt business, you hurt women… If you really want the economy to soar, then nix excessive government regulations and taxation for the sake of both working women and men.”\textsuperscript{425}

Furthermore, according to this view, the published wage information cannot adequately represent women’s incentives— theirs are embodied in the durable good of children, or in her prior human capital investments expressed by a tidy home. Poovey’s insight, I believe, momentarily de-familiarizes our assumptions that the epistemological units are uniformly tilted toward market-based solutions, but only in the sense that the valuation system can work once more informational sunshine is poured onto the labor market—which is, in itself, a component of market-based principles.\textsuperscript{426} After all, the bill’s sponsors claim that the publicized information

\textsuperscript{423} Philip Mirowski’s \textit{Never Let a Serious Crisis Go to Waste} is one of many works to note how fearful neoliberals are of representative democracy. Democracy’s radical egalitarianism in the distribution of political power is inimical to the capitalist system of determining values of all types.

\textsuperscript{424} Here is an opening for speaking about the question of remuneration for domestic labor. If “women’s work” were adequately and monetarily valued by the capitalist mode of production, one would assume that these inequalities would be attenuated, and indeed, individuals of all genders could make choices better in line with their incentive structures. If there were no difference in payment between waged work inside and outside the home, then any household arrangements could reasonably be called “efficient.” Becker’s aforementioned mathematical sexism would become gender-neutral, since the data would not privilege one gender’s human capital investments over the other. There is an open political question about whether people should demand that the market assign a price to biopolitical reproduction, discussed in the next footnote.

\textsuperscript{425} Nance, “Act Undercuts Protection, Choices Women Have in Job Market.”

\textsuperscript{426} In \textit{Commonwealth}, authors Michael Hardt and Antonio Negri contend that the 2008 financial crisis was a crisis of biopolitical reproduction. Because financial capital harnesses the immanent power of the multitude’s biopolitical/immaterial labor and withers it away for its own purposes (\textit{Commonwealth} 300), the worldwide meltdown was a crisis not of commensuration, or of realization, but of subjectivity. This produced what the duo

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will allow women and employers to *avoid* lawsuits and legislation. The market will solve the problem of inequality because women will better bargain for wages and take jobs that accurately reflect their value. What is astonishing about this strategy is the idea that we ought to cast aspersions on empirical evidence, since the explicitly non-empirical accounting of women’s preferences as evidenced by children, domestic labor, and the like, is proffered as a more holistic way of viewing the assets of women. Here is the subversive upshot of Poovey: This type of argument is explicitly non-empirical while still partaking in a “numerical form.” We cannot trust hard economic data because it cannot account for everything, while we ought to trust equilibrium approaches that promise us there is no gap at all. (Even contemporary “big data” analytics rely on equilibrium models of analysis to argue that, as mentioned in Chapter 3, social reality is organized like a market already—“big data” simply registers these hidden forces unseen by say, pricing mechanisms.)

In sum, there are essentially three overlapping arguments working against the PFA: The invocation of/deferral to “women’s incentives,” negation that covers over the particularity of inequality as a “factor other than sex” despite demonstrable evidence to the contrary, and hand-wringer about the potentially distorting effects that gathering empirical information would have on women’s ability to bargain for higher pay. These all, in different ways occlude our attention to both structure and contingency. Contextual decisions that make up a woman’s pay are explained away as the result of the metaphor of “women’s preferences,” structural inequality is negated (in the psychoanalytic sense), barred from our consideration. As a whole, these argument termed “blockages of subjectivity” (to others, it might reasonably be described as a “credit crunch,” or “unemployment,” or “a cascading foreclosure nightmare”). Following Federici, the duo in effect argue that crises could be avoided if the capitalist mode of production better valued the immaterial biopolitical connections among people that make up the multitude. I am unenthusiastic about this strategy.
strategies render it difficult, if not impossible, to gain a vantage point from whence to argue against gender pay inequality—the difference then becomes Real.

**Conclusion: What Does Woman Want?**

As argued in Chapter 1, one facet of incentive logic is that it is “responsibility oriented,” meaning that people who make a choice are assumed to have done so from an available, non-coerced menu of choices, and thus are responsibility for choosing X over Y. (And following the choice=utility axiom, the chooser is assumed to value, or be incentivized by, X over Y.) In this particular case, the strict incentive-based logic does not inhere. Women are judged to be responsible for four simultaneous and occasionally contradictory phenomena—their own choices, the choices of other women, the cultural expectation of motherhood and the biological necessity of species propagation. On an individual level, women are rendered responsible for their own choices—should they choose to leave the labor force to raise children, they must expect to individually forego earning opportunities available to people who do not. Next, women are paid less than men even in equivalent circumstances, even if they have not raised children. The mere potential of the woman’s body to become pregnant, and the expectation that they will is enough of an alibi to underpay one gender, as Moss-Racusin et al. demonstrate. That is, the concrete choices of women who wish to become mothers and the cultural expectation that they eventually will do so is confirmation that women are held to the standards of other people’s incentive structures. The only way the logic inheres here is to admit that the incentive structures of other actors determine those of others. In this case, employers have incentives to hire women at lower wages, and resist legislative or judicial redress by engaging in the political process through lobbying and donations to agreeable lawmakers.

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427 To say nothing of the cultural expectation that women should perform the bulk of domestic work.
Finally, this vocabulary closes in on itself, and around alternative ways of being, when the issue of species propagation arises. Opponents of equal pay legislation aver that women’s unequal pay arises because they leave the workforce to have and raise children—so hypothetically, if all women refused the order to propagate in favor of equivalent pay, the outcome is naturally the dissolution of the human species.\textsuperscript{428} Child-rearing is an indispensable “externality” of the system; the capitalist mode of production reaches its partnering equilibrium when women find the mate with wage-earning human capital outlays that best matches their human capital outlays of domestic work (see Becker’s \textit{The Economic Approach to Human Behavior}, 1972). And as Federici emphasizes, naturalizing the privatization and gendering of domestic work is one of the greatest ideological victories of the capitalist mode of production over alternative modes of being.

In Lacan’s 20\textsuperscript{th} seminar, \textit{Encore}, the psychoanalyst asks, as his subtitle conveys, what (if any) relationship love and knowledge have, and what is the essence of “feminine sexuality.” He engages with Freud’s unanswerable question “What does a woman want?” Lacan, in high Lacanese emblematic of his latter-day seminars, contends that:

Analytic discourse demonstrates to me…that, to one of these beings qua sexed, to man insofar as he is endowed with the organ said to be phallic…the corporal sex (\textit{sexe corporel}) or sexual organ (\textit{sexe}) of woman—I said, ‘of woman,’ whereas in fact woman does not exist, woman is \textit{not whole} (\textit{pas toute})—woman’s sexual organ is of no interest (\textit{ne lui dit rien}) except via the body’s jouissance…Phallic jouissance is the obstacle owing to which man does not come (\textit{n’arrive pas}), I would say, to enjoy woman’s body, precisely because what he enjoys is the jouissance of the organ.\textsuperscript{429}

In concordance with the definition of masculine knowledge noted above, men (that is, those organized as “man” by the symbolic order) only cognize the “woman” insofar as she is reducible

\textsuperscript{428} Again, this is a hypothetical thought exercise—a tracing of the consequences of what equal pay opponents actually proffer as explanations for gender inequality.

to the object of enjoyment, the *objet petit a*. What he enjoys is phallic enjoyment, not the woman in and of herself. In this interpretation, “woman” is “not-whole (*pas-toute*) because it lacks the “thing” that men possess—the phallus.430

Butler extends this position, writing, “Women are the ‘sex’ which is not ‘one.’ Within a language pervasively masculinist, a phallogocentric language, women constitute the *unrepresentable*… [T]he feminine ‘sex’ is a point of linguistic *absence*, the impossibility of a grammatically denoted substance, and, hence, the point of view that exposes that substance as an abiding and foundational illusion of a masculinist discourse.”431 Lacan’s point in defining masculine knowledge thusly is that, as Lundberg puts it, “the ‘male’ position represents the reduction of the Other to an object.”432 This reduction is endemic to the debates about equal pay legislation—opponents are able to stably objectify the activities of women as epistemologically commensurable with objects at other levels of reality. However, the movement is more complex than the reduction of “woman” to an object, calculable and domesticated. The sophisticated criticisms of the PFA and Lilly Ledbetter posit something like “woman’s *jouissance,*” something *inaccessible* to male legislators, except as this enigma—they can only gesture to it. The Real of the woman’s incentive is a rhetorical resource: The gap of intelligibility, of being able to definitively account for all of human interactions, is precisely how opponents of equal pay can posit something like “women’s incentives” exist, and that they are calculable and able to be registered at the same ontological level as wage-earning.

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430 Elsewhere, Lacan speculates that while men “have” the phallus (and therefore are separated from it at the level of being), woman “is” the phallus, the fantasy object that men wish to possess.


Lacan’s concept of feminine jouissance is helpful here—rather than being strictly reducible to an object, Lacan claims that “there is always something in her that escapes discourse.”433 Later, he contends, “when I say that woman is not-whole and that is why I cannot say Woman, it is precisely because I raise the question of a jouissance that, with respect to everything that can be used in the function $\phi x$, is in the realm of the infinite.”434 In other words, while the feminist criticism of reducing woman to object $(a)$ helps us understand how anti-equal pay rhetors, legislators and economists essentialize “women” as caregivers and childbearing vessels, these same actors’ arguments are effective precisely because they attribute this inaccessible, infinite jouissance to women. Women’s jouissance is inaccessible to legislators, barred precisely because of the masculinist reduction of “other” to “object”—hence paradoxically producing this remainder of jouissance. It is an act of figuration, of attribution, that occurs here, not one of substance—far from it. In my view, it is instead the masculine jouissance of the economist, the politician, and the testifier that is circulated in these debates. The pleasure is the attribution of jouissance to an other, through the metaphorical reduction of that other to an objet $a$.

What makes this particular rhetorical strategy pernicious is that this purported agnosticism about “woman” is in fact an alibi for the persistence of the tropes that surround all women. In other words, women are held responsible for the (male) fantasies that surround them—“woman” is not reducible to biological sex, although that is occasionally an alibi for mistreatment. Instead, “woman” is a fantasy structure within a signifying economy that reduces concrete others to objects of control. The conceptualization of woman, much like the wage gap itself, is both/and, not either/or: Women have both the non-monetary incentives inaccessible to


434 Ibid., 103.
capitalism as well as their stable figuration that guarantees their unequal treatment thereby. That is, if we attribute the predictable essentialist predicates to “woman,” she does have a substance; women are caregivers, they raise children, they deeply desire to do housework. And because one is able to posit this enjoyment as calculable in the very deepest sense—calculated instantaneously by all actors, resulting from their preference structures, woman’s work (in both senses!) must not be valued monetarily as highly by the work done by men. As Federici puts it, “Wages for housework, then, is a revolutionary demand not because by itself it destroys capital, but because it forces capital to restructure social relations in terms more favorable to us and consequently more favorable to the unity of the class.”435 Federici’s demand is that the capitalist mode of production should have no recourse to invoking non-monetary incentives, since it can theoretically put a price on everything. (“Women’s work” is “work.”)

Yet the same logic works in reverse: As long as a woman is not “woman,” she can achieve anything she wants in the capitalist mode of production. In the end, it is not that women cannot “have it all,” it is that the capitalist mode of production cannot have “it all,” a universality without remainder. Here we have the alliance between Lacan’s concept of masculine knowledge and Marx’s conceptualization of the capitalist mode of production. Lacan’s masculine knowledge is a universality grounded in an exception, the exception/remainder is what generates the dynamism of the universal. Marx, in turn, defines the capitalist mode of production in the same way—a system that generates its own unstable excesses even as it continually reabsorbs them. The dialectical tension in reproducing the worker (for the autonomist school) or for the discovery of equilibrium (for the neoclassical) is a relation of labor-power to its supplement, the “woman”—the part that is generated precisely to not be calculated with the wage relation. Once again, we are in the realm of the Real—the hitch or stain that prevents the whole from relating to

435 Federici, Revolution at Point Zero, 19.
itself as such, but the hitch that generates our anamorphic reality. When legislators attack equal pay legislation as improper, they are pointing to this supplementary enjoyment, contending that both women and firms already calculate it. The term “incentive” is the signal of this enjoyment, and its alibi for non-remuneration. Ultimately, the capitalist mode of production would be imperiled if this enjoyment were doubly registered—if women close the wage gap legislatively, it means they would be enjoying their housework (non-monetary incentive) and their wages (monetary incentive) too. Neoclassical economics, then, provides the model of the obsessional neurotic, contending with the fear that someone, somewhere, is enjoying (inefficiently).436

436 Philip Mirowski, in Machine Dreams writes that “inefficiency [is] a sign that someone, somewhere, was not optimizing.” See Machine Dreams: Economics Becomes a Cyborg Science, (Cambridge: Cambridge University Press, 2002), 21. Opponents denigrate equal pay legislation by claiming it would produce inefficiencies in the market, causing unemployment, higher prices, or unjustly higher wages for women. Hence, one must root out these inefficiencies by positing the types of enjoyment that need not be remunerated.
“Unrealistic optimism is a pervasive feature of human life; it characterizes most people in most social categories. When they overestimate their personal immunity from harm, people may fail to take sensible preventative steps. If people are running risks because of unrealistic optimism, they might be able to benefit from a nudge.”—Richard H. Thaler and Cass R. Sunstein, Nudge.\footnote{Thaler and Sunstein, Nudge, 33.}

In September 2015, President Barack Obama released an executive order calling for the creation of a team to advise federal agencies to use insights from behavioral economics in policymaking, since a “growing body of evidence demonstrates that behavioral science insights…can be used to design government policies to better serve the American people.”\footnote{Barack Obama, “Executive Order: Using Behavioral Science Insights to Better Serve the American People,” The White House, September 15, 2015, https://www.whitehouse.gov/the-press-office/2015/09/15/executive-order-using-behavioral-science-insights-better-serve-american, accessed February 20, 2016.} In so doing, President Obama continued his own trend of relying on behavioral economists to influence government policy. Cass R. Sunstein, an author of the popular 2008 book Nudge: Improving Decisions in Health, Wealth, and Happiness served in the Obama administration from 2009 to 2012 at the Office of Information and Regulatory Affairs, and economist Peter R. Orszag headed the Office of Management and Budget from 2009 to 2010. Bloomberg News credited Orszag with implementing incentive-based schemes within the Affordable Care Act and the Dodd-Frank financial reforms, and noted that his team’s “handiwork can be seen in proposed rules ranging from mine safety to retirement savings, tire durability, and food labels.”\footnote{Mike Dorning, “Obama Adopts Behavioral Economics,” Bloomberg News, June 24, 2010, http://www.bloomberg.com/bw/magazine/content/10_27/b4185019573214.htm, accessed February 20, 2016.} In 2010, Bloomberg heralded this trend in the Obama administration as a return of the “regulatory state,” which was, in their words, “poised for a dramatic comeback following decades of
But was this the case? Or more importantly, if the Obama administration’s “regulatory state” instead entailed incentive-based policies rather than classically regulatory ones, in what precise sense would this remain true?

In the preceding chapter, we saw that the metastasis of “incentive-driven” vocabularies onto a bill regarding equal pay for women had a calamitous effect on its legislative success. The attribution of “incentives” onto the choices of women rendered a site of contextual, conflictual and culturally bound circumstances as the voluntary result of their preexisting preferences. The case study functions as a paradigm for how incentives function in the current conjuncture: Incentives are assumed to be voluntarily chosen from an available menu of options, and they condition (or control) people’s behavior. (In this case, women had human capital factors and “innate preferences” that motivated them to take low-paying or “care work” jobs.) Thus, incentive logics are responsibility oriented, in that people are held responsible for their choices—they are assumed to be ready to “pay the price” of whatever behavior they take. The logic of the incentive retroactively renders coherent these contextual factors, and acts as a figure that covers over a gap in our available matrix of explanation. The result is that we infer people’s preferences as the result of their behavior and posit an underlying “incentive” therein. And finally, neoclassical economics is fundamentally underwritten by the presumption that market mechanisms already structure all social relationships: Only three simplifying assumptions need to be made to argue any social phenomenon as an “economic” one—the principles of utility maximization, stable preferences and market mechanisms.

In sum, this model of analysis smuggles in fairly standard neoclassical assumptions about human behavior in order to treat all social phenomena as market phenomena, and what results is an attenuation of non-economic vocabularies and the reduction of potential solutions to “market-
based” ones. For many social phenomena, this simply implies that the status quo is at equilibrium, and no changes ought to be made thereto: Witness Becker’s claim that the “marriage market” exists at equilibrium, or Levitt and Dubner’s glib remarks that women are simply not incentivized by higher wages. That is, these “market-based” solutions rely on the notion of equilibrium to retroactively authorize opposition to any ameliorative action.

Yet in other ways, “incentive-driven” rubrics authorize the prescription or application of what Foucault calls “the economic grid” onto “non-market relationships and phenomena.” Here, the retroactive account is presented as a prescriptive model for behavior. When faced with an intractable social problem, an economic policymaker makes the simplifying assumption that people are improperly incentivized as a way to authorize the imposition of market structures onto social existence. Becker’s *BusinessWeek* columns advocating for the auctioning off of immigration slots to the highest bidder falls under this rubric, since that would properly signal who most highly values residency in the United States, as do his academic works advocating two justice systems for the rich and poor. (In his view, stiffer jail sentences for the poor and monetary fines for the rich would better incentivize each group of people into more “rational” criminal acts, thus making the criminal justice “market” more “efficient” at deterring and punishing crime.)

This final chapter introduces the consequences of the executive branch, especially when occupied by the Democratic Party, adopting incentives as a governing metaphor to contour social

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441 Foucault, *Birth of Biopolitics*, 240.

442 The great irony of this position is that it depends on a disavowal of the efficacy of incentives as a global explanatory mechanism. That is, to assume that humans are *always already* incentive-driven means that their current behavior is already driven by unacknowledged incentives. The implementation of incentive schemes into non-economic social phenomena means only that policymakers, economists or judges aim to alter those already existing incentives. Thus, incentives are a *partial* explanatory matrix in the guise of a *universal* one.
I use this as a way to conclude and examine the limits of incentive logics overall. Here, I introduce the psychoanalytic distinction between the “goal” and the “aim” of a subject to explain what makes incentive-based social policies so attractive to the liberals of all parties, and the consequences of its metastasis. As of this writing in 2016, the Democratic Party is poised to occupy the White House for a third consecutive term, and by 2020, will have occupied the executive branch for 20 of 28 years. The party has enthusiastically embraced the logic of the incentive in social policy over and above that of redistributive and regulatory politics as part of the uptake of “public choice”-based policies writ large. Barnett, writing in the context of the United Kingdom over the same time period, writes that the public choice model, “leads therefore to a search for incentive structures that will encourage agents to align their own self-interests with forms of action which will also be of benefit to their clients. It also recasts the role of elected officials as champions of the interests of public service users, seeking to rein in and discipline indifferent and inflexible ‘producer’ interests in bureaucracies and expert professions.” While the Republican Party has deregulated and defunded industries outright, preferring the “real thing” of commodity markets, the Democratic Party has instead sublated the logic of the market into policymaking towards its chosen ends.

Overall, should governments metastasize the social logic of the incentive onto social policy writ large, we may witness the abandonment of the state’s traditional role of mediating

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443 At least at the federal circuit court level, the “economic approach” has been enormously influential due to the gargantuan influence of Judge Richard Posner. Indeed, the entire subfield of “law and economics” is one that he largely inaugurated. See Ranney’s “The Things We Say: The Speculations of Legal Science” in Ethics and Legal Rhetoric. Richard Coase, another highly influential economist, won a Bank of Sweden prize in economic sciences for work in this vein. According to Landes, Lessig and Solimine, Posner is the single most cited federal appeals judge, followed in third place by his ideological fellow traveler and colleague in at the 7th Circuit, Judge Frank Easterbrook. See William M. Landes, Lawrence Lessig, and Michael E. Solimine, “Judicial Influence: A Citation Analysis of Federal Courts of Appeals Judges,” Chicago Working Paper in Law & Economics (Second Series) 1998, 23.

social conflicts through the taxation and redistribution of social surplus. Instead, states will
govern by incentivizing “good” behaviors for those formerly the beneficiaries of social welfare
programs, and rewarding businesses that facilitate or enact good behavior for those in need of
help. This presents a robust challenge to the social democratic tradition: The introduction of
incentive schemes may entail a foreclosure of alternative solutions to social ills regarding both
wealth redistribution and economic regulation: To fulfill social priorities, the state may no longer
tax social welfare at a progressively higher rate, but instead, incentivize businesses through tax
cuts to produce socially beneficial outcomes. The narrowing of the scope of social policy may in
fact determine its content.\footnote{445}{This does not mean that the state shall cease to mediate conflicts—
far from it! Instead, such conflicts will be transposed onto a different register, a \textit{stasis} upon
which the axioms of neoclassical economics reside most comfortably.}

In the standard view of governmental activity, the state collects tax revenues
progressively based on wealth as well as on certain activities (like investment, or wage-earning),
then redistributes that surplus toward programs, agencies and individuals. In addition, state
agencies enforce regulations for businesses and individuals, such as environmental protections,
food safety standards, or building codes. These actions are the complex expressions of social
priorities, legislative compromise, interest group power, and political will, among many other
factors. For instance, between 1879 and 1906, “nearly 100 bills had been introduced in Congress
to regulate food and drugs,” according to the Food and Drug Administration, each one of them
failing.\footnote{446}{The publication of Upton Sinclair’s \textit{The Jungle}, first in serial form in \textit{Appeal to}

\begin{footnotesize}
\footnote{445}{In the case of equal pay, advocates for the Paycheck Fairness Act either imitated the rhetorical logic of the
incentive, which presumes incentive logics fully characterize the entirety of the issue, or rejected it outright, after
which opponents could produce a coherent explanation of why equal pay is acceptable.}

\footnote{446}{John P. Swann, “FDA’s Origin,” \texttt{http://www.fda.gov/AboutFDA/WhatWeDo/History/Origin/ucm054819.htm.}
Accessed June 22, 2016.}
Reason, and later on its own as a novel, galvanized public support for safety standards, and contributed to President Roosevelt signing the Food and Drugs Act in 1906. This law instituted a set of regulatory agencies and regimes for insuring food safety through inspections and standards, and represents one of the high points of the Progressive Era in the United States.

Criticism of the standard position occurs in two ways: The first, following Samuelson, comes by retroactively re-articulating all governmental action as an unconscious production of “perverted” or “distorted” incentives. The second builds off the first: Pace Becker, policymakers metastasize the form of “the incentive” to encompass any and all behavior, and what results is a set of calculable levers or techniques to contour the behaviors of citizens and subjects toward chosen social or political ends. These two positions collapse in on one another. The first relies on the “law of unintended consequences,” in which any progressive policy (taxation, regulation, redistribution) is thwarted by the iron laws of supply and demand, and returns social reality to equilibrium. The second position fails by not taking this intellectual challenge seriously enough. By presuming market mechanisms organize all behaviors, one does not avoid the problem of mediation by producing new incentive schemes—desire is only displaced onto a different register. In other words, the Carter, Clinton, and Obama administrations simply rephrase the question “What do you want?” without taking seriously the tremendous challenge that market-based approaches bring to social problems. It is here Lacan can make a decisive intervention: His schematization of desire helps us understand how incentive logics founder at their frontiers.

First, the notion of taxation-as-incentive long precedes the recent uptake of incentive logics in politics and society. Recall that Samuelson’s claim that taxation is primarily a form of behavioral modification: By incentivizing and disincentivizing certain behaviors (such as taxing risk-taking entrepreneurial behavior), governments produce suboptimal outcomes. Samuelson’s
concern was that taxation “distorts” incentives, by which he means distorts markets from unilaterally determining the behaviors of individuals. (And long before that, Bentham argued that states cannot create appetites, only articulate them toward productive ends.) When the term “incentive” becomes an objective feature of markets, and there is agreement that it is sutured to “financial motivation,” then any potential inhibition can be characterized as a “distortion” of incentives. “Incentive” becomes a rhetorical resource to guard against any taxation scheme that does not connect the taxed behavior to the desired outcome. In the terms of psychoanalysis, redistributive state policies produce an unconscious signification: They do not realize they are producing incentives that, due to the iron (dialectical) laws of supply and demand, produce suboptimal effects. The solution is for the state to voluntarily remove itself from issuing top-down regulations, and instead to “incentivize” socially beneficial behaviors.

This (neoclassical) position is not that governments intentionally set out to morph the behaviors of its constituents, but because governments are ignorant of the profound consequences of their taxation, regulatory, and incentive schemes, they unconsciously produce suboptimal social outcomes. It relies on the immutable “law of unintended consequences” to point out what McCloskey calls the “ironies of social engineering.”

As pointed out by Foucault, “economics is an atheistic discipline” because it “demonstrate[s] not only the pointlessness, but also the impossibility of a sovereign point of view over the totality of the state that he has to govern.” The problem with Foucault’s account, as posited in Chapter 3, is that the “god-function” is that of “the market” itself, the purportedly neutral registrar of all human activity through prices. What “incentives” do, then, is transfer the position of knowledge from

447 Deirdre McCloskey, *If You’re So Smart*, 15. McCloskey argues that this “pointing out” function is the aim of the discipline of economics as a whole. This is also what Aune identified as the “perversity thesis.”

the state to that of the individual (and by extension, the market, since that is the only place where individuals can act). Foucault arrives at the insight that neoliberalism instantiates a necessary—and useful—stupidity at the heart of the state. It begins from the proposition that since no state could adequately represent all desires, motives and activities better than the price system, no state ought to be allowed to do so. McCloskey’s point is that when a well-meaning politician or bureaucrat mistakes the “aim” of a social policy for its “goal,” they produce perverse incentives, thereby nullifying, or worse, producing the exact opposite intended outcome. Incentive-based arguments are predicated on the idea that one cannot ever aim directly at a desired outcome and achieve it. (Or if we do, we produce unexpected perverse outcomes. For instance, solving the problem of homelessness cannot, in this view, involve giving all people housing, since that would depress housing prices, drive down property values, and so on.) Instead, the best social policy is to aim at a mediating object and indirectly produce the desired outcome.449 We shall return below to interrogate the structural necessity of this indirection.

The second position, represented by Sunstein and Thaler, relies on the metastasis of “incentives” to incorporate all behaviors, not just monetarily influenced ones. The duo was explicitly cited in the Obama administration’s 2015 executive order, and their work functions as an exemplar of this “incentive-based” approach to social policy. To them, individuals act in accordance with their own selfish preferences and they respond to the “prices” of behaviors, financial or otherwise. Therefore, the best social policy is not to prohibit any behaviors, but rather, to raise the cost of behaviors and appeal to people’s rationalities. (In this world, everything is permitted, as long as you are willing to pay.) The implicit coercion of regulation

449 Adam Smith’s concept of “self-interest, rightly understood” is another way of articulating this point. Only when we appeal to the baker’s self-interest do we get a loaf of bread—money functions as the mediating object that motivates someone to provide a service for another. The metastasis of “incentive” merely means that we assign nonmonetary, social and political rewards to the same selfish calculus that money formerly occupied on its own.
makes way for a softer, positive entreaty toward better behavior. The duo intensifies the logic of the incentive and metastasizes it to include every single action, not just to taxation. In Nudge, the authors aver they are actively aiming to direct or contour the behaviors of their subjects. They write, “choice architects must think about incentives when they design a system. Sensible architects will put the right incentives on the right people. One way to start to think about incentives is to ask four questions about a particular choice architecture: Who uses? Who chooses? Who pays? Who profits?”. So committed to the incentive-driven approach are the authors that they place it first in their mnemonic device for “nudges,” by creatively fudging the device’s arrangement. Choice architects, they argue, should be concerned with the following checklist:

- Ncentives
- Understand mappings
- Defaults
- Give feedback
- Expect error
- Structure complex choices

To be fair to the, every other item on Sunstein and Thaler’s checklist does represent an acknowledgement of complexity and context in the production of outcomes.

Anchoring points, for instance, represent “one of the most common human biases. As an example…write down your phone number and add two hundred. Now answer when you think the Hun sacked Europe? In surveys, people’s answers differ by a few hundred years depending on whether they have a low or a high anchor.” That is, people can feel totally different about identical outcomes if their “anchoring points” are manipulated: Being told you are receiving a

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450 Thaler and Sunstein, Nudge, 97.

451 Ibid., 100.

“free serving” of a differently packaged but identically sized item changes your likelihood of purchasing it. But ultimately the vision of “libertarian paternalism” reinforces the centrality of neoclassical economic approaches in social analysis because any divergences are cosmetic, since Sunstein and Thaler explicitly aim to produce new equilibria from already existing ones. In other words, this is a formal difference rather than a content-based one, since the organizing metaphor of the universal market remains in place. White writes that behavioral economics “successfully parodies the traditional model’s implicit assumption that no matter how complex a choice situation, people can instantly perform all the mental calculations of benefit and costs, or ‘pleasures and pains,’ to arrive at the utility-maximizing choice.”453 The accent, for the Nudge authors, is on the ability for a state to adequately represent the socially or economically “correct” choice for a given individual, and contour the available choices to be what someone would have wanted all along.454

Yet the duo’s divergence from the traditional function of the state is also explicit. They write, “Typically regulators have chosen some kind of command-and-control regulation, by which they reject free choices and markets entirely and allow people little flexibility in promoting environmental goals. Command-and-control regulation is sometimes embodied in technological mandates, through which government effectively requires the environmentally


454 White, in an explicitly libertarian manner, bristles at the notion that governments can know better than individuals what the “utility” of their choices are. He writes, “The only way a policymaker can judge another person’s choice is by the policymaker’s own standards and interests, not the standards and interests of the person whose choices are being judged. And regardless of whether a particular choice is judged as good or bad by the person who made it, policymakers are not justified in ‘nudging’ that person to make a different choice which suits the interests imposed by the policymakers.” White, The Manipulation of Choice, xii. The Lacanian riposte, of course, is that nothing authorizes the presumption that an individual knows full well the utility of their choices, only that the individual retroactively authorizes that decision through a Nietzschean “thus I willed it.” The tricky issue is that Thaler and Sunstein are right when they remind us that “nudges” happen everywhere, whether we like it or not, so there is no moral case against them in a highly complex world. Because there is no pure space of decision, whether individual or social, all we have are competing accounts of our acceptance or rejection thereof.
friendly technologies that it prefers; catalytic converters for cars are one example.”\textsuperscript{455} The authors liken this to “Soviet-style five-year plans,” and instead advocate for incentive-based plans for problems as large as global climate change: “And if the problem of climate change is to be seriously addressed, the ultimate strategy will be based on incentives, not on command-and-control.”\textsuperscript{456} Such is the dominant disposition of the present presidential administration, but was also nothing new for the Democratic Party twenty years before.

Philip Cooper, in \textit{The War Against Regulation}, argues that the Jimmy Carter and Bill Clinton administrations frequently used “incentive-driven” policies in their regulatory directives. Cooper notes that the Clinton administration was outwardly enthusiastic about the role of government in regulatory issues, but when their guidelines arrived in 1993, the “public” nature of government regulation was absent or severely attenuated. He writes: “Notwithstanding the rhetoric about concern for the good people in government, it was clear that many Clintonites held little trust or confidence in the public service to make the changes they sought. That lack of confidence—and for some a very real suspicion—was manifest in part by a focus on policy that emphasized the creation of policies that relied as much as possible on incentives and other market dynamics and not primarily on implementation and administration by public administrators.”\textsuperscript{457} The Obama administration’s disposition mirrors Clinton’s in this respect, which makes the Bloomberg prediction that the “regulatory state” was due for a resurgence

\textsuperscript{455} Thaler and Sunstein, \textit{Nudge}, 184.
\textsuperscript{456} Ibid., 186.
\textsuperscript{457} Cooper, \textit{The War Against Regulation}, 61.
sound so strange. That is, the content of the Obama administration’s regulatory structures are not demonstrably different from Clinton’s, which makes the term “regulatory state” oxymoronic.\textsuperscript{458}

Take Clinton’s September 1993 Executive Order #12866: “Each agency shall identify and assess available alternatives to direct regulation, including providing economic incentives to encourage the desired behavior, such as user fees or marketable permits, or providing information upon which choices can be made by the public.”\textsuperscript{459} Vice President Al Gore partook in this strategy as a policy endeavor. In an overview of the entire American government in a commissioned “National Performance Review,” two of the Vice President’s suggestions to “invent a government that puts people first” are “Replace regulations with incentives” and “Search for market, not administrative solutions.”\textsuperscript{460} It should be lost on no one that the language of the “performance review” is explicitly borrowed from corporate management—Gore simply applied this logic of a “performance review” to the ferociously complex, trillion-dollar social organization known as the federal government.

Perhaps the turning point for the Democratic Party’s embrace of this new way of thinking comes with debates over “welfare reform” in the mid-1990s. As then-First Lady Hillary Clinton wrote of President Bill Clinton’s welfare reform bill, “Bill promised to ‘end welfare as we know it’ and to make the program pro-work and pro-family… Bill and I, along with members of Congress who wanted productive reform, believed that people able to work should work. But we recognize that assistance and incentives were necessary to help people move permanently from

\textsuperscript{458} A charitable interpretation of this point is that Republican administrations have both aggressively implemented “incentive-based” approaches as well as deregulating entire industries through a variety of other nefarious strategies that Cooper details. Essentially, Cooper’s thesis is that the last six presidents, starting with Carter and moving forward into the present have had their own strategies for deregulating industries and governmental agencies, but have used different tactics to accomplish a singular goal.

\textsuperscript{459} Quoted in Cooper, \textit{The War Against Regulation}, 78.

welfare to employment. Foucault identified this as a neoliberal strategy, to get as many people as possible to play the “economic game” as possible, and for the state to facilitate and officiate. By giving poor people the “ends” of a social welfare system—housing, food, money, governments blunt the poor’s incentive to work. Instead, a mediating object—an incentive—must intercede, and in this case, that incentive is privation. The Congressional Research Service notes that the bill “imposed a 5-year limit on basic ongoing aid paid with federal funds. It required states to engage recipients in state-defined ‘work’ after 24 months of aid, achieve minimum participation rates in federally recognized work activities, and spend on needy families from their own funds at least 75% of the sum they spent in FY1994 on programs replaced by TANF [Temporary Assistance to Needy Families]—maintenance-of-effort (MOE) rule.

The results of this bill for many have been catastrophic—although the poverty rate fell prior to the 2000 recession, the Center on Budget and Policy Priorities notes that “TANF plays much less of a role in reducing poverty than AFDC [the welfare law replaced by TANF] did—and the provision of less cash assistance has contributed to an increase in deep or extreme poverty. Although a key focus of welfare reform was on increasing employment among cash assistance recipients, states spend little of their TANF funds to help improve recipients’ employability.” The globalization of the “incentive-based” approach to social problems entails a code-switch from a structural to an individual one because it demands we ask what


retroactively accounted for an unexpected outcome: By what are people in extreme poverty incentivized, if not by payments?

So although the “incentive-based” approach is nothing new for the Democratic Party, what do we make of the Obama administration’s explicit endorsement of behavioral economics specifically? Behavioral economics accepts the precepts of neoclassical economics, only making cosmetic changes to individual utility functions to retain the force of equilibrium approaches overall. As Rabin puts it, behavioral economics “is not based on a proposed paradigm shift in the basic approach of our field, but rather is a natural broadening of the field of economics...[it is] built on the premise that not only mainstream methods are great, but so too are mainstream economic assumptions.”

Loewenstein and Ubel, in a piece for the New York Times, similarly argue, “Behavioral economics should complement, not substitute for, more substantive economic interventions [of] traditional economics.” Tellingly, the title of this editorial is “Economists Behaving Badly,” but this is not a rebuke of orthodox economists for having an inadequate theory of the subject, or for failing to predict the worldwide financial catastrophe in 2008.

Rather, their argument is a perverted, self-faced (and self-effacing) argument about the conduct of behavioral economists—their complaint is that behavioral economics strays too far from the assumptions of neoclassical economics, and thus draws non-generalizable conclusions. Not to put too fine a Freudian point on this, but the “bad boys” of behavioral economics posit themselves as such because of the enjoyment they gather from the fetishistic disavowal of the power of the big Other of market discipline in the field of academic economics. Behavioral economists “know full well” that markets rationally coordinate behavior, and that individuals

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maximize their utility function, yet they momentarily disobey to advertise (and enjoy) the seemingly “irrational” behaviors of individuals. Behavioral economists instantiate the enjoyment of the Other—the Freakonomists are not the only perverts in “economic culture.”

Thaler and Sunstein also arbitrage this split in the discourse of economics by positing that there are two types of “people” in the world: “To keep our Latin usage to a minimum we will hereafter refer to these imaginary and real species as Econs and Humans.”⁴⁶⁷ Ariely, another prominent behavioral economist, admonishes traditional economics for privileging rationality over context, anchoring points, and irrationality.⁴⁶⁸ Despite these nods to such contexts, both projects tend to reaffirm rather than rebuke traditional neoclassical economic dicta. John B. Davis makes a similar point, since “individual psychology” is not a rigorously interrogated phenomenon in behavioral economics, only the presumption that people act quasi-irrationally in context, “psychological” insights do not matter in behavioral economics.⁴⁶⁹ Mirowski also raises this point: Theories of the individual, of development, or of groups from the discipline of psychology are never introduced as explanatory heuristics for interpreting available data in behavioral economic studies. Instead, the word “psychology” simply acts as a shibboleth for access to cultural privilege.⁴⁷⁰

Overall, I contend that the “incentive-based” criticism of traditional governmental policy fails as a result of its own success, and here I re-introduce Lacan’s distinction between the “aim” and the “goal” of a subject. The Lacanian position begins with a general agreement with

⁴⁶⁷ Thaler and Sunstein, Nudge, 7.


⁴⁷⁰ See Mirowski, Never Let a Serious Crisis Go to Waste, 258-61.
neoclassical economics: The nature of desire is such that aiming at an object and attaining it is impossible—it must go through some swerve or clinamen in order to achieve satisfaction. Such is the nature of the objet a: It is never the object of satisfaction, but rather, the signifier that resides within the object—satisfaction itself. To arrive at one’s object of desire is to destroy it; desire is sustained by “missing” that which is aimed at, only to circle back thereto. Laurent writes, “you have to aim at the object between the lines, using the subject’s chain of signifiers and equivocation… [I]n psychoanalysis you cannot grab hold of an object. You can, however, aim at it. Using signifiers, you have to target that point. You cannot hit it directly.”

Lacan posits that desire is sustained by saying “That’s not it!” when confronted with the supposed object thereof. This has everything to do with the signifier: Lacan emphasizes that the presence of the signifier is what swerves desire from its aim, which then becomes the point of investment itself. He illustrates this point by referring to archery, and playing off two senses of the term “but” in French, translatable as both “aim” and “goal.” He writes, “In archery, the goal is not the but either, it is not the bird you shoot, it is having scored a hit and thereby attained your but. If the drive may be satisfied without attaining what, from the point of view of a biological totalization of function, would be the satisfaction of its end of reproduction, it is because it is a partial drive, and its aim is simply this return into circuit.” In archery, there is no way to aim at “the score” directly, one must aim at “the bird” and achieve satisfaction thereby. Paradoxically, Lacan’s point is the satisfaction behind the object is thus not “the real thing” itself—it is not copulation, or bodily satisfaction (or even the bird), but the signifier, or the button tie that retroactively names the act of achievement.

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Thus, it may be completely valid that governments set up “perverse incentives” for people to ruthlessly or unconsciously exploit to the detriment of society. Lacan’s intervention is to point out that shifting the stasis from one incentive scheme to another does not evade the form presupposed by any sign system. As long as there is a mediating principle (be it money, satisfaction, reward), there is an inevitable swerve around satisfaction of “the thing itself,” and the incentivized action becomes the object of desire itself. As argued in Chapter 4, perversion may very well be built into every incentive system. One example suffices from an alteration that the Clinton administration made to the income tax code: American corporations regularly exploit a tax loophole in which they can deduct only $1 million from their tax bill toward CEO compensation—unless the pay is designated as “incentive” or “performance” pay. According to Brian Hall of Harvard Business School, “The dramatic explosion in stock option grants during the past 15 years represents a major change in the financial incentives facing US top executives. CEOs of the largest US companies now receive annual stock option awards that are larger on average than their salaries and bonuses combined.”

According to the Roosevelt Institute, this well-intentioned strategy to better tax executive pay has ended up completely inverting: it “has not only further driven the rise in average executive pay (while reducing tax revenues), but restructured it such that it has skewed economic incentives, arguably to the detriment of our economy.” That is, making pay more compatible with incentives ended in one of McCloskey’s “ironies of social engineering.”


475 The Hillary Clinton 2016 presidential campaign also provided what in the future may be a textbook case of “incentive-based” policies that produce adverse consequences. The campaign unveiled an “Initiative on Technology” in June 2016 that, among many other provisions, proposed a “deferment incentive” on federal student
My point is not that Lacan provides us an easy rebuke to neoclassical economics—rather, he points us toward the misplaced enthusiasm for “incentives” as a cure-all for social ills precisely because it fails to take seriously its founding proposition, that markets structure all behavior, even non-commodity activities. If “incentives are the cornerstone of modern life,” as Levitt and Dubner claim, then modern life fundamentally rests on the presumption that markets are the only way in which social life is registered. The structure of desire (as metonymic, as “impossible” to slake) does not change when incentives enter the frame—the argument is simply transposed, or better, metastasized, onto another register. That the discipline of economics is so invested in these deep ironies, and that current policymakers are invested in attempting to overcome them through more precise or more elaborate incentive schemes is simply a reminder that both are largely playing the same game by the same rules. The political challenge is that by not defying the fundamental precepts of market behavior, one cannot overcome the built-in dialectical reversals of fortunes that market theory presents to us. Without a challenge to the logic of private property as a whole, social policymakers do not get us out of this trap.

A fully incentive-compatible system would entail the absolutely perfect calculation of all relevant incentives instantaneously—no free riders would be allowed to partake in social services (or sidewalks) without pay, no surplus enjoyment could be extracted from individual commodity purchases. A fully incentive-compatible system entails the abolition of remainders, and these remainders or fragments of enjoyment may be itself social bond itself. Schroeder argues that this fear is built into the very structure of market societies, that actual enjoyment (jouissance) is delayed or deferred while we circulate (among) the objects of our desires in commodity

loans repayment for people who open a “startup” company. That is, the campaign uses an explicit argument of “incentives” to induce entrepreneurial behavior—young people will now be incentivized to take on student loans and start small businesses in the hopes that those loans will be more easily paid back after 3 years of successfully running a business. See “Hillary Clinton’s Initiative on Technology and Innovation,” hillaryclinton.com, accessed June 28, 2016.
exchange. She writes, “Once wealth is maximized through the transfer of objects to the highest valuing user, all exchange will stop. Only then can market participants finally stop procrastinating and enjoy their objects of desire. The achievement of the perfect market would fulfill the end of the actual market and result in the end of the actual market.\textsuperscript{476} Schroeder’s speculative judgments on the precepts of market theory should not be taken as empirical, or realistic. Rather, she points us to fundamentally what is embedded in the founding assumptions of such theories. The proper Lacanian point here is to note that the transposition of the organizing metaphor of market behavior onto other social behaviors entails the same result: We miss what we aim at because the “aim” of a given incentive scheme is inadequate to its “goal” for precisely the same reason that all desires are a deflection or deferral of the selfsame satisfaction.

Another way of phrasing this question is as a question of mediation from the perspective of a government: With a global account of “incentives,” the state will still function, but will function mostly as a “vanishing mediator” between competing market actors, providing incentive structures for citizens to adopt “socially beneficial” behaviors, like eating healthy foods and signing up for retirement plans, as Thaler and Sunstein advocate.\textsuperscript{477} Thus the issue of redistributive justice can be explicitly evaded, since properly incentivized citizens will be able to choose proper behaviors in a market society. Instead, or in addition to the superegoic injunction “Enjoy!”, the dictum “Act in accordance with your own incentive!” will be offered to the subjects of any given state. Blurring the “aim” and the “goal” via an incentive scheme entails

\textsuperscript{476} Schroeder, \textit{The Triumph of Venus}, 266.

\textsuperscript{477} The authors also support limiting liability for malpractice by offering insurance plans for citizens that do not cover it. In other words, the authors wish to save money for hospitals and practitioners by allowing individuals to bet on whether they will be victims of gross negligence.
individuals being perfectly responsible for any given outcome—a healthy polity is the result of individuals making healthy consumer and behavioral choices. Instead of vigorous taxation or regulatory regimes for businesses, governments will provide monetary incentives for proper actions, such as cash rewards for companies that reduce their emissions. Presumably, tax revenues will be collected from companies that pollute over the legal limit, and from “traditional” sources, but they do not offer a limit to this remuneration. It may seem like a “slippery slope” argument toward the abolition of the state, but at least within their own explicit comments, Thaler and Sunstein only advocate for the state to simply “incentivize” and contour behavior by disbursing cash payments toward its political priorities.

This is an open challenge to the traditions of social democracy and other “progressive” ways of thinking about governmental action as the complex expression of social priorities. The “incentive-based” discursive formation by and large smuggles in explicitly neoclassical assumptions about individuals, society and the shape and role of the state. Any social phenomenon can be rearticulated as an “incentive” problem—it is indeed a metastatic vocabulary that functions as both a displacement of alternative explanations and a condensation of attachments to a strictly neoclassical view of social reality. The question is what we lose along the way. And the cultural prevalence of this discursive formation in political debates, in popular culture, in economic theory, online, in news, and in individual utterances, signals that we should at least be cognizant and vigilant about how and under what circumstances the term is deployed. This dissertation is merely the jumping off point for interrogating new sites of inquiry that use this term as a Trojan horse, and then a cudgel, or for market-based solutions to complex problems.

478 Thaler and Sunstein, Nudge, 187.
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