
Capitalism's New Clothes

Enterprise, Ethics and Enjoyment in Times of Crisis

Colin Cremin



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1

INTRODUCTION

The story of the Emperor's New Clothes is one we are all familiar with. It is often used as a metaphor for ideology. Capitalism is the naked emperor and the new clothes whatever ideological gown we drape over him to forget or disavow what is only too apparent. Ideology is our reality. It enables us to make sense out of non-sense, to have a sense of who we are and to generate meaning from chaos. When, in 2008, the financial markets went into turmoil, even the most skilled of tailors had trouble convincing anyone that the Emperor was anything but naked. Everybody could hear the little boy shouting, 'Look, the Emperor isn't wearing any clothes!' and in every quarter the media pundits, the free-market evangelists and the politicians all scrambled around hopelessly trying to find a way to cover the embarrassment. The corrupt financial traders, profligate consumers, inept politicians, eventually even the public sector, were the targets of ire stitched together to form a ragtag garment of ideological indeterminacy. We all had to pitch in to get through a crisis we were all somehow made to be responsible for. But what kind of capitalism are we speaking of here?

There are many ways to clothe what is essentially a system based on the perpetual exploitation of all resources, human and natural, for the purposes of profit or what Marx called surplus-value. Sometimes the fabric is of a racist or sexist nature. The Emperor's finest tailors, the corporations, liberal-parliamentary state, non-governmental organisations (NGOs) and so on, are not in the habit of using such yarns although their practices often suggest otherwise. Theirs are more refined and softer on the eyes. This book is about an ideology woven by the enterprise of those

concerned about the ethics of capitalism and at the same time embarrassed by the enjoyments the system has afforded them.

From a linguistic perspective we can never escape ideology. We might see through certain layers, but eventually we have to account for the nakedness through the imprecise device of language. In talking about capitalism's new clothes we draw attention to the fact that, however the social relations of society are dressed, there are truths about those relations that make some interpretations better than others. Critical theorists engage in an endless quest for that truth. Some of the best have shown that by combining the materialism of Marx, psychoanalytic theory and social linguistics, you have a better prospect of unpicking the threads of the social relations, subjective desires and ideological props than those who employ one approach at the expense of the others. Postmodern theory, with its emphasis on linguistics, is a case in point. So too, though, is the cruder materialism of the dogmatic versions of Marxism. Some of the most impressive theorists, such as Adorno, Marcuse, Deleuze, Žižek and Badiou, have often been accused of under-theorising or misappropriating Marx. The more serious problems lie with those that in Chapter 2 I describe as left-liberals. I am thinking here of figures such as Michael Hardt and Toni Negri, Ulrich Beck, John Urry and others who while critical of many aspects of capitalism tend, in my view, to confuse rather than advance analysis on the fundamentals.

Marxists sometimes neglect the buried impulses of subjectivity and the ideological knots into which we are all linguistically bound. In the past 30 or so years, many disillusioned Marxists have neglected political economy. *Capitalism's New Clothes* subscribes to a form of ideological critique that makes use of materialist, linguistic and psychoanalytic concepts to theorise the individual and society at this critical juncture. It explores, in the tradition of critical theory, the ideological configurations of apparatuses of power and how they are reproduced and challenged at a subjective level in societies oriented to mass consumption. It borrows from and advances observations of Frankfurt School theorists, such as Theodor Adorno and Herbert Marcuse, who describe how people are seduced into wanting a system that essentially enslaves them.

It returns to progenitors, Marx, Weber and Freud, while looking to more contemporary theorists such as Slavoj Žižek, whose advocacy of a ‘politics of the impossible’ this book endorses.

Herbert Marcuse wrote of a one-dimensional man who finds happiness in the superficial pleasures of consumption. Christopher Lasch described a culture of narcissism in which people identify in others a reflection of their own egos. Zygmunt Bauman read into processes of de-industrialisation and class fragmentation a liquid modernity characterised by fluid identities and loss of social bearing. *Capitalism’s New Clothes* follows in this tradition while also rejecting the dominant view in sociology today that Marx’s key insights on political economy are either irrelevant or in need of complete overhaul. It recognises that capitalism is a dynamic system in which nation states and institutions play a supporting role in ensuring that private capital can extract surplus profit from property-less workers. While the fundamentals remain the same, it acknowledges important socio-economic changes which spill over into and reconfigure the public domain, affect social reproduction and cause changes in subjective constitution and ideological orientation.

The twin crises of economy and ecology present us with the objective limits of a system that depends for its existence on the unrelenting exploitation of all resources, ecology, material and mental labour and everything that people, in their unique ways, create. It seems that however objectively critical the tendencies of capitalism, or certain that it is human activity that causes global warming, or, from another angle, how ineffectual the individual as an atomised being is in responding to such seemingly intractable problems, life goes on pretty much as it has for most of our lives. We seem to be hurtling towards the abyss and, in the words of a large fast food chain, lovin’ it.

Capitalism’s New Clothes centres on three fundamental points. First, that we are not in liquid modernity, reflexive modernity, a new economy or risk society, the sort of new clothes commonly used to define capitalism today. Second, that ideologically, capitalism more than ever reveals itself as a system prone to repeated and intensifying crises that negatively and profoundly

affect human life in its social and natural environment. Third, that we know there is a major crisis of capitalism, that there are extreme inequalities of wealth and power, that a majority of the world's population is in poverty, that violence and injustice everywhere prevail and, perhaps even more importantly, that the mode of production which threatens the ecosystem on which we all depend does not appear to pose a threat to the system and its chief beneficiaries. It is a naked capitalism that reveals itself for what it is, without, so far at least, its power diminishing. There are metaphorical little boys and girls, though not nearly enough of them.

The book is organised around three core themes: ideologies, actions, ethical values (enterprise, ethics and enjoyment), each with specific chapters that imbricate and iterate one another to conceptualise a 'one-dimensional society' for the twenty-first century. For the purposes of *Capitalism's New Clothes*, enterprise is taken to refer to the instrumental-calculative activities that drive capitalism forward and that Max Weber argued increasingly colour social action. The old coat of enterprise was brushed up in the 1980s and mass produced for a new enterprising culture. While fashions change, enterprise is a classic design popular to this day with added frills such as ethical and ecological enterprise. So, in the chapter on enterprise, I focus on enterprise as a subjective endeavour to gain competitive advantage on the labour market which shifts the signifier from enterprise to the more ambiguous, softer sounding, notion of employability. Ethics refers to concerns about the welfare of others and commitments to principles of equality and social justice, the sort of principled commitments that Max Weber called value-rational action. So in the chapter on ethics I focus on the way principles, often associated with the political left, are appropriated into and coordinated around the interests of capital. Enjoyment is used in a general sense to refer to subjective forms of pleasure, fun, play, excitement and so on. So, in the chapter on enjoyment, I explore the way activities associated with these terms are commodified. The analysis builds on the Frankfurt School critiques of consumer society and develops Lacan's point that today we are obliged to enjoy.

Enterprise, ethics and enjoyment are also described as injunctions. We must be enterprising by striving to possess objects that improve employability. We must be ethical by striving to improve the lives of others, the health of society and the planet. We must enjoy the pleasures of modern life and in doing so not take life so seriously as to become fixated on a particular labour or political cause. Enterprise, ethics and enjoyment come together – for example, when we get involved in campaigns to raise money for social causes through events such as pop concerts or activities such as fun runs. The arguments are developed using illustrative examples of this configuration, one that Herbert Marcuse had earlier noticed when he said that,

In the sale of equipment for relaxing entertainment in bomb shelters, in the television show of competing candidates for national leadership, the juncture between politics, business, and fun is complete. But the juncture is fraudulent and fatally premature – business and fun are still the politics of domination. This is not a satire-play after the tragedy; it is not *finis tragoediae* – the tragedy may just begin. And again, it will not be the hero but the people who will be the ritual victims. (2002:106)

Approaching ideology through these three separate and synthetic injunctions allows for a richer interpretation into how capitalism as a naked form of exploitation is depoliticised. In regard to ethico-political causes, enterprise situates action within capitalism's ideologico-material matrix while enjoyment enters into every relationship, in the workplace, politics and of course consumption.

The three chapters are bookended with discussions on economy and ecology. The first provides the background of the analysis while the last adapts arguments from previous chapters for a critique of what is referred to here as the climate change industry. It is important to begin with the economy for a book that is indebted to critical theory. This component is the most under-theorised within the tradition I am most sympathetic to. The chapter makes some attempt, admittedly limited, to situate the arguments within a Marxism that subscribes to the labour theory of value without neglecting the complicated effects of desire and language on the capacity of workers to mount an effective

challenge against capitalism. Scholars of Marx, or for that matter Lacan, will no doubt find shortcomings in the way concepts are appropriated. Sacrifices are made and liberties are taken with the theories used, but the end result hopefully justifies the means.

The economic and ecological problems we face are the metacrisis of our times and perhaps of all times, so it is apt for a book that includes crisis in its title that these figure prominently here. These crises (material and ideological) are likely to intensify and by the time the book goes to print the warned of 'double-dip' recession could well be in full swing. If today the outlook does look bleak, then more than ever we need to examine the way the material economy, subjective desire and ideology imbricate one another so as to find ways in these configurations to prevent the future being written for us.

2

NAKED ECONOMY

The global financial crisis of 2008 put paid to the notion, at least rhetorically, that the market is the only game in town. Of course, the market never was the only game in town. Finance capital may have gone wild, but it was the state that forged a global framework that allowed this. This fact has not prevented some from claiming that the state has become a ‘decentred’ bit player in the global economy. This chapter is about neo-liberalism as an ideological project; it is about unsubstantiated assertions regarding the nature of society today; it is about where we are now and where we might be going. This is not a naked economy in the respect that non-economic factors play no role in tempering exchange relations; rather it is naked in that we are describing a society in which responses to the squeeze on surplus-value have been such a driving force for socio-economic change. The ‘base’ remains the very relations between capital and labour that Marx so eloquently described; however, it is through the ‘superstructure’ – institutions, ideology, and so on – that we make sense of the configurations that the mode of production depends on and identify here the dialectical tension between base and superstructure that Marx described. *Naked economy* provides a foreground for later chapters on how we are locked into a system that thrives on inequality, exploitation, alienation and violence.

The Stupid ID

If capitalism were conceived in Freudian terms, the unconscious raw energy or human drives called the id would be the market itself. The internalised superego authority would be the institutional

frameworks that support and regulate it. The conscious ego would be the individuals, capitalists and workers, responding to the two opposing demands of id and superego. By renouncing its authority, the superego/state staged a retreat from the id creating a space for the stupid drives to wreak havoc. As the author of *The Great Transformation*, Karl Polanyi (1957) observed, if it was not for the state creating and regulating the legal frameworks that allowed for the commodification of land, labour and money, capitalism would not exist. There never is, nor could there be, an id without a superego to socialise it; to promote a neo-liberalism which Saad-Filho describes as,

[A]n accumulation strategy, a mode of social and economic reproduction and a mode of exploitation and social domination based on the systematic use of state power to impose, under the ideological veil of non-intervention, a hegemonic project of recomposition of the rule of capital in all areas of social life. (2005:342)

In contrast to classical liberalism, which held that states and markets should be separated, the neo-liberal doctrine saw states and other institutions as functions of the market. According to this view, governments were incapable of predicting and adapting in time to shifts in consumer trends. State-owned industries, welfare systems, trade unions and protectionist economic policy undermined competitive efficiency either by propping up vested interests or removing incentives for businesses and people to adapt to changing market demands. According to the efficient market hypothesis, the state's role should be limited to providing a stable environment for businesses to compete in. This would also involve the creation of artificial markets where infrastructures prohibit competitive duplication, for example water supply, the railways and the electricity grid. Such examples illustrate the point made by David Harvey (2005a) and others¹ that the state is instrumental to neo-liberalism to the extent that it is accurate to say there is no such thing as *laissez-faire*.

Neo-liberalism is an ideological project that aims to open up the economy to competitive practices through deregulation, especially of finance, and privatisation of state assets and, crucially, to

fashion people as atomised, self-aggrandising rational actors. Whereas Freud saw human subjectivity as the outcome of an act of self-sacrifice to wider social interests, this thesis held that people are in effect self-interested psychopaths (those promoting this thesis no doubt recognised such traits in themselves). And psychopaths, when free to pursue their own interests, act in the interests of capital because their very existence depends on the health of the companies they work for, or so it goes. Consequently, the worker has a vested interest in developing the skills, knowledge and personal attributes that business wants. The state, in turn, modelled legislation around this limited view of human subjectivity by making it harder for people to draw on welfare and easier for businesses to fire workers who were no longer able to meet their needs. In the Foucauldian reading, free-markets are a governing technology of power and, as Jose Gabriel Palma (2009) explains, life becomes the art of practising the principles of free-markets: the worker who seeks improvements by measuring his life against the standard of market competition becomes a docile body of neo-liberal discourse.

This ideology became a global orthodoxy with the help of state-backed institutions such as the World Bank, International Monetary Fund (IMF) and World Trade Organization (WTO). Developing countries were forced to open up their markets to foreign capital, remove state subsidies and introduce free-market reform into vulnerable sectors of the economy while privatising state institutions and industries. ‘Shock therapy’ was the preferred name for sabotaging the economies of the former Soviet bloc. This included a programme of rapid privatisation of all state assets and the introduction of competitive markets that, according to David Harvey (2005b), signalled a return to a smash and grab primitive accumulation or accumulation by dispossession. This mode of accumulation enacted on a global scale included the commodification and privatisation of land and national resources – state-owned industry and intellectual property – the suppression of rights over the commons including the forced expulsion of people from land to make way for agribusiness, the slave trade, monetisation of taxation and exchange. This was

to accelerate the proletarianisation of labour and the growth of 'informal' sectors of the economy in the expanding slum areas of the world where 'entrepreneurialism' becomes a means for survival. Capitalism, Alex Callinicos (2007) explains, unifies under a global world system that ensures an extremely unequal geographical distribution of resources through restrictions on access to investments and markets with egregious effects on much of the world's population. Mike Davis provides an illustration of the impact of market reform at the micro-level of society. This from an aid worker in Haiti,

Now everything is for sale. The woman used to receive you with hospitality, give you a coffee, share all that she had in her home. I could go get a plate of food at a neighbour's house; a child could get a coconut at her grandmother's, two mangoes at another aunt's. But these acts of solidarity are disappearing with the growth of poverty. Now when you arrive somewhere, either the woman offers to sell you a cup of coffee or she has no coffee at all. The tradition of mutual giving that allowed us to help each other and survive – this is all being lost. (Cited in Davis 2006:184)

Neo-liberalism is a multiplier. It multiplies the wealth of the few at the top and the numbers of people in poverty at the bottom, many who reside in the urban slums of major cities. In total, a staggering third of the world's population is estimated to live in slum dwellings (Davis 2006:23). Growing levels of inequality is a phenomenon of the more developed nations too. Between 1979 and 2006, the share of the national income of the richest 1 per cent of the US population went up from 8.9 per cent to 22.8 per cent while, in real terms, the average national income of the bottom 90 per cent fell (Palma 2009:837). In 1979, 5 million households in the UK were on an income that was less than half the national average. By 1991–92 this had increased to 13.9 million, representing a rise from 9 per cent to 25 per cent of the population (Turner 2008:145). According to the Institute of Fiscal Studies, levels of inequality in the UK are today higher than at any time since records began in 1961 (Elliott 2008).²

The availability of cheap credit to increasingly indebted workers offset effects that a low wage economy would otherwise have had

on consumer spending. By the end of January 2009, the total of UK personal debt stood at £1,457 billion (Credit Action 2010). In the US, between 1997 and 2007, total personal debt had increased from \$5,547.1 billion to \$14,374.5 billion, a rise of 159.1 per cent (Turner 2008). For comparison, David Harvey (2005a) reports that the total debt of the 60 poorest nations is \$523 billion.

The flooding of credit into an overstretched market has been traced to the expansion of finance capital in the 1990s. This was facilitated by China, which had built up huge quantities of US dollar reserves used to purchase US bonds and securities or dollar-denominated assets (see Bello 2010). Giovanni Arrighi described financialisation as a method for generating profit from financial circulation rather than trade and commodity production. As Arrighi (2009:8) pointed out, intensification of competition between capitals makes investments in industrial capital, where the returns are not immediate, a riskier proposition given the amount of investments required. This leads to an accumulation of liquidity that, with the help of China, created the supply conditions for finance capital to expand. The point echoes Braudel's claim that financial expansion which happens at the expense of labour-intensive industrial investment, announces the autumn of a hegemonic system.

Fredric Jameson describes finance as, '[A] play of monetary entities which needs neither production (as capital does) nor consumption (as money does): which supremely, like cyberspace, can live on its own internal metabolism and circulate without any reference to an older type of content.' (1998:161) The problem is that sooner or later the real economy has to catch up with the fictitious one. While finance has expanded, the rates of economic growth have been in decline in the US for over half a century. Between 1950 and 1959, growth stood at 4.11 per cent. This dropped to 3.24 per cent in the 1970s and by the 1990s was a mere 3 per cent (The National Accounting Framework, cited in Saad-Filho & Johnston 2005:16).³ In 1950, finance contributed 10 per cent to gross domestic product (GDP). By 2001, the figure stood at under 25 per cent while in the same period employment in finance had risen by just 3 per cent (Krippner 2005:189).

What these figures show is that neo-liberalism has been spectacularly unsuccessful in stimulating economic growth, increasing general levels of prosperity and creating a stable material-industrial foundation for work and investment. Neo-liberalism has succeeded in cementing the fortunes of the financial elites at the expense of industry and the majority of the world's population. In doing so it has made capitalism itself vulnerable to systemic collapse. The 2007–08 crisis of liquidity became a full-blown global crisis of overaccumulation on the scale not seen since the Great Depression. But, as Walden Bello (2010) emphasises, overproduction, not financial deregulation, was in fact the root cause of the current crisis.

Robert Wade (2008) notes three 'game-changing' events in the September 2008 crash that, in his words, drove an ideological stake through the efficient market hypothesis. The first of these was the collapse of three of the five major US investment banks including the bankruptcy of Lehman Brothers. The second was the US Treasury's bail out of the insurance group American International Group, Inc. (AIG). The third was the massive commitment of the US Treasury to buy up \$700 billion of the toxic assets held by major banking institutions, a figure subsequently increased. The need for states to intervene on such a scale exposed the flaws in the global financial architecture. The financial services regulator had failed to ensure banks held adequate funds to protect individual bank deposits. The US and UK governments had responded to the crisis by lowering interest rates to unprecedented levels, introducing quantitative easing (pumping money into the economy) and providing huge loans to the banking sector without demanding major structural reform. By pumping money into financial institutions, Jan Kregel (2009) notes, governments have created further distortions in the economy while heavily indebting themselves, not without irony, to the financial institutions they protected. This has enabled banks to continue with their traditional trading activities without increasing lending to the real economy and bringing entire nations to the brink of bankruptcy. Without a stimulus for consumer spending

the crisis is far from over. We are potentially in a situation today that Giovanni Arrighi had earlier warned of:

Historically, the crises of overaccumulation that marked the transition from one organizational structure to another also created the conditions for the emergence of ever more powerful governmental and business agencies capable of solving the crises through a reconstitution of the capitalist world-economy on larger and more comprehensive foundations ... this process is necessarily limited in time. Sooner or later, it must reach a stage at which the crisis of overaccumulation cannot bring into existence an agency powerful enough to reconstitute the system on larger and more comprehensive foundations. (1994:330)

The ideology of neo-liberalism was one of the initial victims of the crisis, as Alessandri and Haldane's 2009 report commissioned by the Bank of England seems to indicate:

Over the course of the past 800 years, the terms of trade between the state and banks have first swung decisively one way and then the other. For the majority of this period, the state was reliant on the deep pockets of the banks to finance periodic fiscal crises. But for at least the past century the pendulum has swung back, with the state often needing to dig deep to keep crisis-prone banks afloat.

Events of the past two years have tested even the deep pockets of many states. In so doing, they have added momentum to the century-long pendulum swing. Reversing direction will not be easy. It is likely to require a financial sector reform effort every bit as radical as followed the Great Depression. It is an open question whether reform efforts to date, while slowing the swing, can bring about that change of direction.

We should not underestimate the effect of September 2008 on the collective psyche nor the challenge this poses to the already threadbare claims in support of neo-liberalism. The role of economics departments of major universities in propagating neo-liberal ideology is well documented. But attention should also be paid to the myths propagated more generally about the nature of capitalism today. This is the subject matter of the next section.

The Postmodern Spirit

The 'autonomous sphere of culture', Fredric Jameson (1993:48) writes, has expanded prodigiously to the point where everything can be said to have 'become "cultural" in some original and yet untheorised sense.' In postmodernism, *or*, the cultural logic of late capitalism, indeterminacy, playfulness, pastiche and irony are components of an ideology in which commodities are now celebrated rather than criticised. Postmodernism, in David Harvey's words, '[S]wims, even wallows, in the fragmentary and the chaotic currents of change as if that is all there is.' (2007:44) The ideology disavows materialism while embracing cultural relativism perfectly complementing the neo-liberal project and its stated aims of turning everyone into self-seeking enterprising individuals.

People appear to one another as abstract quantities while the things into which labour is embodied acquire a subjective quality. This is what Marx (1988) referred to as commodity fetishism. In this theory the measure of a thing's worth is the price it exchanges for rather than its social usefulness. And as Simon Clarke (1991) explains, commodity fetishism is not simply about the relations hidden beneath the commodity, but the processes through which commodities acquire their social power. For Clarke, the starting point of Marx's analysis is alienated labour which *precedes* capitalist property relations. This point is crucial for distinguishing the political economy of Ricardo which held that property relations are the natural base of society and Marx's *critique* of political economy which examines property as an outcome of a particular form of social relations. For Marx understood the nature of society and our relation to it as the outcome of dynamically and historically unfolding social processes and conflicts of interest. Capitalism is not a fixed entity by his reckoning; it adapts under pressure from other capitals to maintain surplus-value, doing so by developing the productive forces (machinery, infrastructures, labour in the service of production and so on) and responding to various social pressures and demands from competing class fractions. The social relations of production acquire a fetishistic

form of appearance and, as Clarke has emphasised, this is not simply illusionary:

It really is the case that the relations between individuals and things are determinate, while the relations between particular people are accidental. It really is the case that the social fate of the individual is determined by the fate of the commodities she possesses. Thus it really is the case that social relations are mediated by relations between things. (1991:103)

Markets in a certain fashion are disembedded from society the more that commodities shape our existence. Reading like a passage from Marx and Engels' *The Communist Manifesto*, Tony Blair's swansong to the Labour Party conference in 2005 rearticulated the centrality of free-market ideology to the New Labour project:

The character of this changing world is indifferent to tradition. Unforgiving of frailty. No respecter of past reputations. It has no custom and practice ... It is replete with opportunities, but they only go to those swift to adapt, slow to complain, open, willing and able to change. Unless we 'own' the future, unless our values are matched by a completely honest understanding of the reality now upon us and the next about to hit us, we will fail. And then the values we believe in become idle sentiments ripe for disillusion and disappointment. (BBC News 2005a)

Commodities do indeed batter down customs and traditions. But whereas Marx saw this as a dialectical process, for Blair the market, in Anthony Giddens' (2003) words, is a juggernaut without a driver, already naturalised and pregnant with opportunities for those who capitulate to its logic. For Reagan and Thatcher there was no need for a superego authority, no society or 'nanny' state. In Third Way, the state becomes another victim of the market; the onus is then on all of us to adjust to the problem rather than transforming the architecture.

What links Marx, Blair and many commentators concerned about globalisation is the idea that what had hitherto been thought of as solid about society is now melting in the heat of competition between capitals, a process extending far beyond national boundaries. While Marx was able to recognise this as a dialectical and by no means one-way process characterised

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