

# The culture of capitalism

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Jonathan Rutherford looks at contemporary changes in the practices and cultures of capitalism.

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**W**e are living through an age of transition. The new co-exists with the old. We can identify political, economic and cultural elements of this change, but we do not yet have a way of describing the kind of society we are living in. The great explanatory frameworks of political economy and sociology inherited from the industrial modernity of the nineteenth century leave too much unsaid. Theories of the moment tend to skip from one modern phenomenon to another. They are like stones skimming across the surface of water. We lack a story of these times.

In the last three decades Britain, the US and other anglo-saxon economies have been experiencing a new type of capitalism. Class and the social relations of production are being re-organised by new regimes of capital accumulation. These changes raise a number of questions. How are new technologies and the new modes of production and consumption transforming the cultures and social relations of class? In what ways are individuals as social beings changing in these new conditions? How is capitalism utilising labour as a force of production? Contradictions abound across the old and the new, the national and the global. We need an analysis of contemporary capitalism, its culture of unrest and its forms of

# The culture of capitalism

capital accumulation. There are no clear signposts to follow. But, as Rebecca Solnit says, getting lost is like the beginning of finding your way.

Britain's old model of mass industrial production and capital accumulation began to fail in the 1970s. Growing pressure from labour for increased wages was undermining business profitability. Trade and overseas markets were limited by international competition and the decolonisation process across the third world. The growth of industrial capital relied upon a high ratio of profits to wages.<sup>1</sup> The outcome was a collapse in the rate of profit and a systemic crisis. Inflation rose to double figures. Economic growth slowed and the balance of payments deficit increased.

Out of this crisis arose a new and invigorated global capitalism which originated in Britain and the US. Three factors underpinned its extraordinary revival. The first was the development of new information and communication technologies (ICTs), which began to transform traditional manufacturing and distribution systems. The utilisation of knowledge and culture as economic resources created new types of 'post-fordist' firms, products and markets. The second was the influence on economic policy of neo-liberal ideals, which claimed to maximise individual freedom through the deregulation of markets. Only competitive capitalism, free from the interference of the state, could guarantee the separation of economic power from political power and so ensure liberty. Third, there was the emergence during the 1960s of new values in the counter-cultures of the young middle classes. Under conditions of growing and sustained affluence in the West, the imperatives of economic security gave way to post-materialist values associated with identity, ethics and belonging. These created a powerful trend toward a 'liberation ethic' of individual self-expression, anti-establishment sentiment, emotional attunement to the world, and the personal pursuit of pleasure. These cultures, the ideological weapon of neo-liberalism, and the new technologies of information and communication (including the media), were key resources for creating the new regimes of capital accumulation.

The political response to the crisis of capitalism came with the election of Margaret Thatcher in 1979. The Conservative government began with no coherent ideology, but neo-liberal ideas soon began to set the agenda for change. A hegemonic project - Thatcherism - took shape. Milton Friedman's 'shock therapy' was applied to the British economy and working class. The welfare state began

## Soundings

to be dismantled. Low profit, traditional, manufacturing industry was shut down and de-industrialisation was allowed to accelerate. Mass unemployment was used to drive down labour costs and destroy the influence of the trade unions. Capital controls were abolished. The aim was to eradicate collectivist cultures and optimise the conditions for capital accumulation. A possessive, petty bourgeois individualism spoke a civic language of self-reliance and authoritarian populism. In contrast a hedonistic culture of consumer choice created markets in aesthetics, personal leisure and fashion. Technology first revolutionised the retailing sector and then catalysed change across the economy. As the de-industrialising North disintegrated into poverty, the big cities and Southern England boomed with new service, financial and high tech industries.

The neo-liberal ideology of Thatcherism virulently attacked the progressive social influences of the civic counter-cultures of the 1960s, while at the same time marketing them in consumer culture and in the social relations of the new industries. It transformed the political and economic landscape. However its attempts to reduce public owned resources as a share of GDP foundered on a residual, popular social democracy. In 1997 New Labour achieved power by appealing to this social democratic sensibility while accommodating itself to the neo-liberal ascendancy. To manage this contradiction it abandoned traditional class-based politics for its own brand of aspirational individualism. The ideological driving force was the Department of Trade and Industry under its Minister, Peter Mandelson. A key figure was Charles Leadbeater, who had developed his idea of a new individualism a decade earlier in the pages of *Marxism Today*. The failure of the left, he had argued, was its lack of a vision of an individually-based collectivism. However, by the 1990s his 'socialist individualism' had metamorphosed into the figure of the entrepreneur: 'confident, inspiring, charismatic ... quick to absorb new ideas, restless to discover new opportunities'.<sup>2</sup>

Two documents have come to define New Labour's adoption of this politics of individualisation. The 1998 Competitiveness White Paper, *Our Competitive Future - Building the Knowledge Driven Economy*, set out a framework for Britain's industrial policy in which the market and its values were central. National prosperity depended on the ability to create a knowledge driven economy. Peter Mandelson delivered New Labour's vision: 'Knowledge and its profitable exploitation by business is the key to competitiveness'. This was followed by the 2001 White Paper

# The culture of capitalism

on *Enterprise, Skills and Innovation*, which addressed the creation of a labour force for the knowledge economy. Individual and business success was dependent upon a culture of innovation and competitiveness. Education and training would create workers who were autonomous entrepreneurs rather than dependent employees.

A new economy developed rapidly, based in the South East, organised around the technological development of the commodity and trading in intangible intellectual assets. It was dominated by the global financial sector, whose share of GDP increased from 6.6 per cent in 1996 to 9.4 per cent in 2006. Its business model became the new paradigm of the capitalist revival and has been incorporated into traditional sectors of the economy. Profit seeking in the traditional way is no longer the sole driver of economic activity. What counts is increasing shareholder value. As Richard Sennett has argued, companies must constantly 're-engineer' - introduce new products, create new markets, restructure their organisations and re-brand - to signal to the capital markets their economic dynamism. Profit alone will not guarantee a rising share price. This demand for constant change creates organisational cultures characterised by a state of permanent revolution without a cause. The pursuit of insecurity is the business model of the new economy.

It is this business model that New Labour adopted in its policies on the knowledge economy and in its modernisation plans for the public sector. Public service reform turned the organisational cultures of education, healthcare and welfare into quasi- or proxy markets. Intangible outputs such as relationships of care, the processes of learning and the provision of social security were incentivised and measured by proxies such as cost indicators and league tables, in order to judge their 'value for money'.

## A capitalism of intimacy

The fastest growing economic sector during the 1990s was the cultural industries - advertising, architecture, TV and radio, music, publishing, film and video, design, designer fashion, and computer and video games. Their raw materials are information, sounds, words, symbols, images, ideas, produced in creative, emotional and intellectual labour. By 2001 the Government's *Creative Industries Mapping Document* reported that the cultural industries were worth £112.5bn and employed 1.3m people. Now estimated to be worth 8 per cent of the economy, they

## Soundings

are indicative of the rise in an experience-oriented consumerism whose ends are aesthetic pleasure and self-fulfilment.

The Future Foundation's regular survey *Changing Lives* asked interviewees in 2004: 'If you had just one wish, which one of these would you choose? To be more highly esteemed; to have less fear; to be able to afford something; to be able to fulfil yourself; to have more friendship.' The proportion choosing personal fulfilment as their number one wish more than doubled between 1986 and 2004; for those in their 60s it increased from 18 per cent to 56 per cent; for those in their 40s the rise was from 19 per cent to 48 per cent. In another question the survey asked: 'For each item I read out will you please tell me whether you feel the need for it strongly, moderately, slightly, or not at all. Firstly ... To satisfy my need for new experiences.' Eighty per cent of 16-24 year olds felt they must strongly or moderately satisfy their need for new experiences, up from 56 per cent in 1983. A similar proportional increase was registered in those aged 35 to 54, with the largest increase being amongst 45 to 54 year olds: up from 22 per cent to 42 per cent. This cultural revolution crosses classes. During this period social group AB registered a fairly small increase in those responding positively to this question, from 55 per cent to 60 per cent; but in other social groups the proportion increased by a much greater margin. In the C2 group it rose from 32 per cent to 51 per cent and in the DE group from 35 per cent to 49 per cent.<sup>3</sup>

Individuals increasingly view culture as something to be actively created, rather than passed down from on high and passively consumed. The 2006 Office of National Statistics survey shows that after housing and transport costs, the highest household spending category is recreation and culture. Social networking sites like Facebook and MySpace have facilitated new kinds of community for tens of millions of individuals. The virtual world Second Life, established in 2003, has over 5,500,000 avatars and L\$2.6bn (Linden dollars) in virtual circulation. Its real world exchange rate is L\$250 to the US dollar. After social networking and pornography, the internet's largest collective activity is the creation of family histories. Individuals are redefining a sense of history through their personal genealogies. Technology is creating new kinds of commons and at the same time opening up new opportunities for capital to commodify these cultural practices.

The new capitalism is extending commodification into the realms of subjective life. Its forms of production are not confined to output, but use individuals and their

## The culture of capitalism

relationships in the co-inventing of cultural and symbolic meanings and new ideas. The market creates communities of interests and seeks the intimacy of the consumer in order to embed commercial transactions in personal and daily life. Promotional culture creates desiring consumers whose personal histories can be mined for their interests, desires and purchases. The economic sphere expands as production conscripts the thinking, imagination and sensibilities of individuals. New kinds of property and property relations are being created by companies using patenting and intellectual property law. Just as early industrial capitalism enclosed the commons of land and labour, so today's post-industrial capitalism is enclosing the cultural and intellectual commons (both real and virtual), the commons of the human mind and body, and the commons of biological life.

Paulo Virno argues that the productive force of post-fordist economic activity is 'the life of the mind'.<sup>4</sup> Not just cognition, but also intuition and the symbolic world of the unconscious, where communication is non-verbal. In order to utilise this potential, capital is creating communicative forms of labour. These forms do not make tangible products but function as transmitters of care, information, symbolic meaning and learning (in effect, they lubricate the means of production). Education plays a central role in producing these new kinds of production. The organisational cultures of schools, colleges and universities have been subjected to continuous corporate reform as they are geared to the labour market and economy. Their function is to realise individual productive potential and to facilitate the restructuring of the class relations of production. Because communicative labour has no end product, what counts as a measure of productivity is performance. In school and at work, a culture of capitalism rewards individuals who comply with market-shaped criteria to measure, judge and discipline themselves in pursuit of a self-reliant, entrepreneurial form of life. This culture of capitalism is about producing the subjectivity of the individual as a form of economic potential. Failure, closely linked to class, brings with it the threat of exclusion from its promise of a good life. But success on its treadmill of competitive exams, performance demanding careers, and never-be-still life trajectories, can lead to a sense of inauthenticity and futility. The culture of capitalism is nihilistic. It invades what the psychoanalyst Donald Winnicott calls the space of creative living, which is 'sacred to the individual'. Here, in the name of profit, or utility or function, it requisitions the tools of social life - intellect, learning, relational life, communication.

# Soundings

## Class and consumption

The promises of economic success and the pleasures of consumption cast a veil over the inequalities generated by these new modes of capital accumulation. A majority of the UK population is peripheral to wealth creation and its productive forces. One in six leaves school unable to read, write or add up properly. Social mobility has diminished. The fastest growing occupations are not in creative and knowledge work, but in low paid communicative labour: data input, admin, face-to-face services in health, education and care. Half the population share just 6 per cent of UK wealth, owning assets of £600 or less. In stark contrast to this low wage, low skill workforce is the new, high net worth market of very rich individuals. The Institute of Fiscal Studies has identified the top 1 per cent of individuals - 470,000 people - who earn an average annual income of £220,000 and between them own approximately 25 per cent of marketable wealth. Within this group wealth is unevenly distributed, with the top 0.1 per cent earning an average of £780,000.<sup>5</sup>

The traditional working class in the UK, formed out of the industrial revolution, has lost its economic role as the engine of wealth creation. Manufacturing as a share of GDP fell to 13.2 per cent in 2006. With the introduction of new technologies, its workforce continues to decline. Goods are increasingly imported from a periphery of poor, low-wage economies where primitive forms of capital accumulation, backed up by WTO rules and bilateral trade agreements, are creating a global proletariat in conditions of violence and exploitation. The working class, forced to compete with this global proletariat in a flexible labour market, is being caught in a vortex of Victorian-era casualised labour. Migrant labour is used by unscrupulous employers to further deregulate the labour market and drive down wages. The institution of work, once a source of collective cultural identity, has become fragmented, making forms of class solidarity difficult to organise. Class consciousness is displaced by the fear of redundancy, not simply from employment but from life's purpose. This threat to the integrity of the self generates anxieties over individual status and loss of recognition as a social being. The culture of capitalism has depoliticised class while heightening the inequalities and social gulf between classes.

In the society of consumers, class develops a new lexicon of cultural domination. Individualised status-seeking consumption enacts the old class conflicts and inequalities. Consumption offers the pleasurable pursuit of desire, but it is also a

## The culture of capitalism

mass symbolic struggle for individual social recognition, which distributes shame and humiliation to those lower down the hierarchy. The pain of failure, of being a loser, of being invisible to those above, cuts a deep wound in the psyche. This kind of stress dramatically increases our vulnerability to disease and premature death. Violence is more common where there is more inequality because people are deprived of the markers of status and so are more vulnerable to the anxieties of being judged by others. This is the culture of consumption that has driven growth in the UK economy. It has been primed by the hard selling of cheap credit, which makes accessible a never-ending value chain of positional goods. The resulting personal debt has created an indentured consumption that requires never-ending work in a precarious labour market. Total UK debt stands at £1.4 trillion, of which £223bn is unsecured debt. In terms of profitability what counts is not the selling of commodities, but the lending to buy them. The highly lucrative markets in debt have fuelled the City bonuses of the super-rich. In 2007 they totalled £14bn. In effect capital lays claim to future earnings as a means of accumulation.

The extension of the commodity form into non-market areas of life has privatised the public realm and opened up intimate, personal life to the market. It has eroded civility, and the boundary between social relations and economic utility. It threatens the social bonds of care, association and community. Isolation and alienation contribute to a social recession: a near epidemic of stress, eating disorders, alcoholism, mental illness, men's violence against women. The culture of capitalism, with its boundless choices and omniscient dreams of celebrity fame, disassembles human wanting and need. What is claimed to be freedom veers toward a tyranny of objectless desire, an opaque and unbounded world that leads to all kinds of compulsive and addictive behaviours. Personal boundaries are more easily pierced by nameless fears. Young women, subjected to an unremitting commercial sexual gaze, are incited into anxious states of self-dislike and body-management. What is inside and what is outside is no longer clear. It has become commonplace to feel one lives, so to speak, as a stranger outside the community.

Cultural difference is the prism through which large sections of the white population experience and react to their insecurity. Migrants whose cheap labour is exploited to bring down wage levels are viewed as competition for housing and under-resourced public services. They become the portents of social disaster and cultural loss. Political antagonisms and culture wars around race, gender and



# Soundings

religion attempt to construct boundaries of identity which will define a sense of belonging and entitlement. At stake in the transition from an investment in an imagined mono-culture to a capacity to live with multi-culture is the struggle for individual and cultural recognition. As Sue Gerhardt argues, 'we are dependent on what others see, and how much of our "being" they recognise'. Class inequality creates a paucity of recognition, and cultural difference becomes a focus for people's fear, paranoia and hatred.

The uncertainty, the constant change and the decline in a sense of belonging herald the spectre of the cultural destruction of the traditional working class. Life continues but the cultural symbols that gave it meaning have been destroyed. Those who flourished in the old class culture find themselves ill equipped to deal with the new. For them the future becomes difficult to imagine. The question of hope is bound to the question of how to live. To lose a way of life is to lose a sense of hopefulness.

## A new politics

We live in a time not of capitalism without class, but of capitalism destroying and creating class cultures and social relations around its new modes of production. Technologies continue to transform industries. Large sections of the population live and work as if they are a reserve army of labour: economically inactive, or working in casualised and temporary jobs, or threatened with the loss of their job. Class inequalities in health and education are becoming entrenched. The process of individualisation, evident for much of modernity, has been accelerated by the market and the imposition of entrepreneurial ways of life. Employees, students, schoolchildren, welfare benefit recipients are made responsible for their own social capital investment decisions, risk management and life course. With the decline in welfare provision, work, however insecure and poorly paid, is deified by the government as the panacea of all social and individual ills. The culture of capitalism demands competitive self-enhancement and performativity, and with these come the threats of a precarious life, personal failure and existential redundancy. This culture of nihilism erodes the trust and reciprocity which underpinned the interdependencies of individuals. Non-market modes of life are squeezed between the intensifying demands for target driven productivity and commercial value, and

## The culture of capitalism

the fear of being excluded or made useless and invisible.

After three decades, there is no end in sight to this period of transition. Despite the vigour of capitalist growth, the structural problems of the 1970s associated with the falling rate of profit have not been resolved. Rising oil prices associated with peak oil and growing international competition from China and India threaten the longer term hegemony of Western capital. The collapse of the US sub-prime market has revealed the inherent dangers of under-regulated financialised capitalism. An argument can now be made that the era of possessive individualism is on the ebb. Popular response amongst the middle classes to the experience of individualisation is changing. The benefits of economic growth and the pleasures of consumerism are increasingly marred by anxieties over debt and now the prospect of falling house prices. The growing levels of mental illness are not confined to people living in poverty. Middle-class children are at risk of self-harm, eating disorders, depression and burn-out. The fear of impoverishment in old age, and the burdens of caring for aged relatives, extend across the population. Compounding these is the threat of global warming. For the great majority of people, there are no individual, market solutions to these problems.

New forms of political activity have grown up outside the institutions and structures of the old order. They have created a multitude of skirmishes that defy the old political categories. An extraordinary array of social movements, single issue campaigns and community actions reflect a growing level of political activity that is often global in its dimension. These social and cultural politics are also manifest in individual and group pre-occupations with race, identity and belonging. There is a 'bio-politics' of the body, emotions, sexuality, nature. 'Life', argues Virno, 'lies at the centre of politics when the prize to be won is immaterial labour power.' Democratic personal relationships, an ethics of authenticity, and ecological concern inform alternative ways of living that seek to counter the invasive force of the market and commodification. These micro-politics are without common voice or organisation, but they articulate the contradictions and conflicts of the emerging social and class relations of contemporary capitalism.

The change from a society of producers to a society of consumers requires a new kind of politics. The old politics and language of collectivism has lost its applicability. Central to any new politics of the left will be the revival of forms of political struggle around class and inequality. It will need to develop an idea of

# Soundings

the common - a livable balance between togetherness and individual autonomy. Individuals are not the discrete and closed personalities of capitalist markets. We bring into the world our own propensities, but our minds and individuality are properties of the cultures, values, conscious and unconscious communications we grow up within. They form the fabric of our social bonds and relations. The culture of capitalism does violence to this fabric because it destroys the relational nature of individuality. A new politics will be socialist because it will recognise the interdependence of individuals. Tend to the social and the individual will flourish.

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## Notes

1. Andrew Glyn and Bob Sutcliffe, *British Capitalism: Workers and the Profits Squeeze*, Penguin 1972, p15.
2. Charles Leadbeater, *Living on Thin Air*, Penguin 2000, p243.
3. See Will Hutton, Aine O'Keefe, Phillipe Schneider, Robert Andari, *Staying ahead: the economic performance of the UK's creative industries*, The Work Foundation 2007, chapter 3.
4. Paulo Virno, *A Grammar of the Multitude: For an Analysis of Contemporary Forms of Life*, Semiotexte, p84 [www.generation-online.org/c/fcmultitude3.htm](http://www.generation-online.org/c/fcmultitude3.htm).
5. Mike Brewer, Luke Sibieta, Liam Wren-Lewis, *Racing Away? Income inequality and the evolution of high incomes*, Institute of Fiscal Studies 2007.