

Berkeley Seminar on Envisioning Real Utopias October 2007

SESSION 2, OCTOBER 17. WHAT IS SO BAD ABOUT CAPITALISM?

This session of the seminar revolved mainly around three general critiques of capitalism, two that were raised in chapter two of the manuscript, and two that were not:

- Capitalism has a bias for consumerism
- Capitalism generates patterns of work that impede human flourishing
- Capitalism promotes war and imperialism
- Capitalism undermines citizen virtue

Consumerism

Our discussion of consumerism revolved around a number of different kinds of issues.

1. *What is the real meaning of the idea that capitalism generates a bias for consumerism? Does this imply that capitalism requires consumerism?* I explained that it is a general mistake to slide from a discussion of what is good for capitalism to a claim about what is necessary for capitalism. Corporations may have higher rates of profit when people manically shop, spend everything they earn, run up credit card debt, but this does not mean that if constraints on consumerism occurred that capitalism would collapse. If a voluntary simplicity movement were to gain ground and actually begin to lower consumption in ways that hurt markets and profits, then I suspect there would be a reaction by the state and by corporations to counter this because the unemployment and disruption would become a serious problem. But this doesn't mean that hyper-consumerism is essential.

2. *Is consumerism mainly a cultural phenomenon or is it more a question of institutional arrangements and constraints on actors?* It is clear that whatever else is true about consumerism that it is "cultural" in the sense that it has something to do with people's beliefs and preferences and not just the institutional rules of the game which they confront. In our discussion we found it pretty hard to disentangle the cultural and the political-economic aspects of the problem. Thus, for example, rules about working hours and the like mean that it is pretty hard for people to simply choose a balance between work time and leisure that gives more weight to "free time". There are all sorts of institutional rigidities that make this difficult for people. Given that people work long hours (especially in the US), then this counts as a bias towards consumption over leisure (i.e. earning money to buy things over free time). But it is also true that advertising fosters status consumption and norms about life styles that do make it difficult for people to simply opt out of the work-and-spend cycle. I pointed out that "weakness of the will" is a powerful force – cheap credit is pretty hard to resist, as the housing mortgage crisis shows. I also noted the research of Rachael Dwyer on the increase in the average size of new home construction – from a stable level of about 1500 square feet in the period 1960-1980 to 2300 square feet now. This ratcheting up of home sizes constitutes a major shift in the consumption norms around housing. Exactly why these norms increased, what the underlying dynamic is, is not entirely clear.

3. *Is there a general correspondence between the degree of capitalisticness of an economy and the degree of consumerism in the culture?* If capitalism indeed generates a bias towards consumerism, then it should be the case that the more purely capitalist is an economy the stronger should be the consumerist biases. It would be an interesting project to try to sort this out – to develop some index of capitalisticness which did not itself contain any measures of consumerism, and of consumerism which did not contain any measures of capitalisticness, and then see how they co-vary. It wasn't so clear how this could be done.

4. *Is consumerism the same as wanting to buy more than is "necessary"?* How should we think of it? It is very easy for anti-consumerism to sound pretty puritanical and austere, opposing anything beyond basic necessity. This may be part of what makes the critique of consumerism sound elitist. The example of toothbrushes was brought up: it used to be you used a toothbrush for a long time, but now you are told to change it every three months supposedly for health reasons, but this may be just to get you to buy more toothbrushes. This triggered a discussion about the underlying mechanisms that get people to buy "more" things or more expensive things. Sometimes this is via their *beliefs*. This is the case for the toothbrush example: the extra consumption is a by-product of beliefs about health. Sometimes it is because of preferences, especially preferences linked to status issues. This is what is going on when a central city poor kid buys a \$150 pair of shoes – this is not because of a belief that this is needed for healthy feet or anything like that. And sometimes it is because of structural constraints. A good example, which I didn't mention in the session, is that people may buy more expensive houses than they can really afford because of the desire for their children to go to good schools and the link between housing and schooling. This is not so much "consumerism" in the cultural sense, but in the structural-bias sense.

5. *The time-bind & consumerism.* How are these connected: is the time-bind – the sense of always being rushed and never having enough time for family activities – a result of consumerism (the desire for higher consumption → working for long hours in order to buy lots of things → time scarcity) or is consumerism a result of the time-bind (working long hours because of the requirements of jobs → time-bind + discretionary income to spend on consumption).

Work

In my critique of work generated by capitalism I emphasized the ways in which the kinds of jobs generated by capitalist firms tended to be boring and reduce the autonomy of people and, as a result, constituted obstacles to human flourishing. My focus was on the problem of creativity and challenge, not the meaningfulness of work. But it is also the case that organizations dedicated to maximizing profits tend to generate lots of jobs that are not very "meaningful" in the sense of the activities in the job contributing to human wellbeing and the common good. Ofer Sharone put it this way: the distribution of jobs people face who have just graduated from law school or business school contain very few that make meaningful contributions. It is very hard to get a good public interest law job but easy to get a corporate law job. Even if money didn't matter, it is hard to get public law jobs. This, he argued, was inherent in organizations dedicated to maximizing profits: lots of jobs will be devoted to making rich people richer. These may have interesting

puzzles and be challenging, but are they “meaningful”? Another student said that as children everyone imagines themselves doing something that is important in the world, doing well by doing good. Later this is seen as immature, as a childish longing. There is a slow realization that this is adult life: to be realistic is to give up the idea of doing something that is intrinsically valuable. Ofer, who had been a corporate lawyer, said that many people were swept up in this competitive game of wanting to win, to be the best. They could not imagine alternatives –if you wanted to have a good life this was the only game in town. I asked what “good life” meant in this context, and he responded that this basically meant having high status, good pay and being powerful in society. This, then, raised the issue about whether status-recognition as such could be a source of meaningfulness in work and to a discussion of the values implicit in how we were characterizing the problem: do these concerns depend upon a particular set of moral values about what it is that renders a job meaningful? One student pointed out that these jobs are like games: what makes a game meaningful is the competition and challenge and skill, not some broader purpose which it might serve. So people in high power professions engage in challenging competitive games and they gain power and status recognition if they are good at it. But why isn’t this a valid source of meaning? I added that the issue here was not so much the “meaning” attached to status and power-seeking as such, but the meaning attached to the purposes served by such recognition and power. In every society people seek recognition and status and probably power, but this can be in the service of something meaningful or something empty. Perhaps this problem should be handled like the way I discussed consumerism: the issue is a bias towards recognition through power and status linked to corporate profit-maximizing. The distribution of available jobs would be different if it was not capitalism.

Wars and imperialism

In my analysis of the criticisms of capitalism I do not include militarism, war and imperialism. Several of the students in the class felt that these were a pivotal basis for a critique of capitalism. In Marx’s analysis, imperialism was certainly seen as an inherent feature of capitalism. One student raised the issue of the markets for arms and how this generates war-making. So, isn’t militarism and war an inherent feature of capitalism?

I replied that I had thought a lot about this issue and had considered including war and imperialism as part of the critique of capitalism. It is certainly the case that imperialism has been deeply connected to capitalism and the global expansion of capitalism, and warfare between states is often closely linked to issues around capitalism. Still, there is one important difference here. In talking about the effects of capitalism on work or opportunities or poverty we can identify a process or mechanism inherent in capitalism as such which generate these effects: the mundane activities and interactions of capitalists and workers engaged in capitalist production and distribution generate certain effects. These may be intensified or counteracted by the strategies of the state, but the mechanism in question is located inside of capitalist relations. In the case of war-making and militarism these effects require the action of states. They may be acting on behalf of capitalism (or at the behest of capitalists), but still war is not a direct unmediated effect of capitalism as such.

This also means that there is a somewhat more contingent relationship between capitalism and these effects. In the case of the other criticisms it is the case that in order to counteract the negative effects attributed to capitalism, countermeasures have to be put in place which make the system less capitalistic. To counteract negative externalities on the environment of profit-driven capitalist corporations requires curtailing capitalist property rights in various ways; to counteract the effects of capitalism on inequality requires coercive state redistribution or regulation of markets, both of which again erode the purely private quality of property rights. But countering militarism and war-making does not require changing anything specific about capitalist property rights or corporate powers, but changing their connection to the state and the actions of the state. So, while capitalism may be conducive to militarism – indeed it surely is – this is a different kind of effect than the others on my list.

Still, after this discussion I think I should add a section of militarism and imperialism to the analysis of “What’s so bad about capitalism?” and then just raise these kinds of issues.

Capitalism and virtuous citizens

While I talk about the effects of capitalism on both democracy and community and about the way commodification threatens certain values, there is another kind of effect of capitalism that I do not directly engage: the effects on “virtue”, especially virtues relevant to citizenship. Jorge argued that capitalism undermines four virtues that are important for good citizens – and, in the republican tradition of political theory, for the good society:

- Active public mindedness
- Respect for the common good
- Willingness to use deliberation on the common good rather than see public policy as simply an equilibrium of particularistic interests
- Fraternity based on equality

The practical consequence of the weak development of these virtues in capitalism is that this makes it harder to cope with problems in the world. So, even if you don’t especially believe in virtues as a value, this deeply affects our ability to solve problems. Marx has some eloquent things to say about this concerning the way in which in capitalism if we have to choose between a more efficient economy and one that produces better citizens, the result is economic efficiency rather than better citizens.

I commented that while I broadly agreed with this claim that capitalism undercuts virtues – or at least does not actively foster them – there are some countervailing features of capitalism. One is the way capitalism actively erodes ascriptive status distinctions, reducing the extent of sexism and racism for example in markets, and this makes for more virtuous citizens. More important, perhaps, is the way capitalism itself opens up a space of a more autonomous civil society than existed in precapitalist societies or statist societies, and this arena of civil society itself can be an arena for the cultivation of the relevant virtues. Voluntary association is the core of civil society, and it is at least an indirect effect of capitalism that voluntary association has a space to grow.

A few other scattered issues raised in the discussion

- I pose 10 criticisms of capitalism. Some of these can be significantly remedied without really challenging the core of capitalism, whereas; others are deeply connected to the core of capitalism. Some relatively easy to counteract; others cannot be seriously affected without drastically modifying capitalism.
- Some of my arguments seem to be “essentialist” – positing an essence to capitalism. But aren’t some of the effects that I discuss highly context dependent? An example might be the environmental destruction of profit maximizing behavior: under a system of carbon emission trading, the same profit-maximizing behavior could generate reductions in environmental destruction. I replied that indeed in a sense I was “essentialist” in that I believed that there are certain mechanisms or processes which are inherent in capitalism. If those mechanisms are absent, then the identity of the system would be changed. This does not imply that the empirical *effects* of those processes are independent of context, for actual effects in the world are co-produced by the interactions of many mechanisms and processes. This is what we mean by “context”: the co-presence of multiple interacting mechanisms.
- On the specific example of emission trading I argued that it is a mistake to think that this is any less of a state-regulated intervention to block capitalist actions. In order to have a market in pollution rights you have to have just as much monitoring of the pollution levels of firms; you have to create a state backed market in pollution rights; and you have to establish the pollution levels that determine the relevant prices. This is not a natural market but a state-created and sustained quasi-market. What it allows is for a more flexible bargaining among corporations over how they will cover the costs of transition from a high to a low pollution regime, but they are still being coerced into making the transition by a regulatory intervention. The pollution credit trading is a clever way of improving the compliance and efficiency of the transition adjustments but it is not less regulatory.