Vocabularies of the economy

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At an art exhibition last summer I engaged in a very interesting conversation with one of the young people employed by the gallery. As she turned to walk off I saw she had on the back of her t-shirt 'Customer Liaison'. I felt flat. Our whole conversation seemed somehow reduced, my experience of it belittled into one of commercial transaction; my relation to the gallery and to this engaging person had become one of market exchange. The very language positioned us, the gallery, and our relationship, in a very particular way.

We know about this practice, and its potential effects, in many arenas. On trains and buses, and sometimes in hospitals and universities too, we have become customers, not passengers, readers, patients or students. In all these cases a specific activity and relationship is erased by a general relationship of buying and selling that is given precedence over it.

The language we use has effects in moulding identities and characterising social relationships. It is crucial to the formation of the ideological scaffolding of the hegemonic common sense. Discourse matters. Moreover it changes, and it can – through political work – be changed. We have been *enjoined* to become consumers rather than workers, customers where once we were passengers. (And indeed the process is never complete. The young person in the gallery had no choice but to wear this t-shirt, but our conversation was nonetheless authentic and engaged, even to the extent of overflowing our assigned roles – maybe even resisting them.) The point is that attempts to mould our identities through language and naming take political work, and may be contested. In the 1950s the adjective 'public' (worker, sector, sphere) designated something to be respected and relied upon. It had, if only vaguely, something to do with our collectivity. It took a labour of persistent denigration of 'the public' to turn things around. And that labour has been crucial to the ability to pursue the economic strategies we are currently enduring. 'Equality' too was once a term to be used with unquestioned positivity; under New Labour the very word became unsayable. And so on.

The vocabulary we use, to talk about the economy in particular, has been crucial to the establishment of neoliberal hegemony.

There is a whole world view – and economic theory – behind that meeting in the gallery. It is one in which the majority of us are primarily consumers, whose prime duty (and source of power and pleasure) is to make choices.

The so-called truth underpinning this change of descriptions – which has been brought about in everyday life through managerial instruction and the thoroughgoing renaming of institutional practices in their allowed forms of writing, address and speech – is that, in the end, individual interests are the only reality that matters; that those interests are purely monetary; and that so-called values are only a means of pursuing selfish ends by other means. And behind this in turn, the theoretical justification of this now nearly-dominant system is the idea of a world of independent agents whose choices, made for their own advantage, paradoxically benefit all. Moreover, for this to 'work' no individual agent can have sufficient power to determine what happens to the whole.

That the world is not like that is evident. There are monopolies and vastly differential powers. There is far more to life than individual self interest. Markets in practice need vast apparatuses of regulation, propping-up and policing – a 'bureaucracy' indeed. Moreover, this privileging of self interest, market relations and choice in each sphere of economic and social life leads inexorably to increased inequality. And this now glaring inequality (globally as well as intranationally) is protected from political contest by another shift in our vocabulary. Every liberal democratic society needs to negotiate some kind of articulation between the liberal tradition and the democratic tradition. In our present society that articulation is quite specific: 'liberty' has come to be defined simply as self interest and freedom from restraint by the state, and that reduced form of liberty has become so much the dominant term that the resultant inequalities have eviscerated democracy, and the vocabulary of equality has been obscured from view. Much has been written elsewhere about all these things.

Our argument here is that this vocabulary of customer, consumer, choice, markets and self interest moulds both our conception of ourselves and our understanding of and relationship to the world. These 'descriptions' of roles, exchanges and relationships in terms of a presumption that individual choice and self interest does and should prevail are in fact not simply descriptions but a powerful means by which new subjectivities are constructed and enforced. Gramsci's understanding of the significance of 'common sense', Althusser's theory of ideological state apparatuses and the 'interpellation' of subjects, and Foucault's descriptions of discourses as aspects of 'governmentality' are theoretical resources through which these phenomena can be recognised and understood.

The new dominant ideology is inculcated through social practices, as well as through prevailing names and descriptions. The mandatory exercise of 'free choice' – of a GP, of a hospital to which to be referred, of schools for one's children, of a form of treatment – is, whatever its particular value, also a lesson in social identity, affirming on each occasion that one is above all a consumer, functioning in a market.

By such means we are enrolled, such self-identification being just as strong as our material entanglement in debt, pensions, mortgages and the like. It is an internalisation of 'the system' that can potentially corrode our ability to imagine that things could be otherwise.

This question of identity and identification, moreover, goes beyond our individual subjectivities. *Everything* begins to be imagined in this way. The very towns and cities we live in are branded in order to contend against each other, including internationally, in a world in which the only relationships are ones of competition.

So, the vocabularies which have reclassified roles, identities and relationships – of people, places and institutions – and the practices which enact them embody and enforce the ideology of neoliberalism, and thus a new capitalist hegemony. Another set of vocabularies provides the terms through which the system describes itself and its functions. These frame the categories – for example of production, consumption, land, labour, capital, wealth – through which the 'economy' (as a supposedly distinct and autonomous sphere of life) is understood. These definitions constitute another element of 'common sense' – about the way the economic world 'naturally' is and must remain.

The names of the system

What are the key terms in this system of definitions, and how do they work? Here it is useful to think about bundles of ideas.

There is, for instance, a bundle around *wealth, output, growth* and *work*. The economic system is assumed to be about what we call wealth-creation, and the achievement of 'growth'. Growth is measured by the increase in 'gross national product', which is an aggregated sum of everything produced in the economy, whether made within the private or public sectors. It is usually cited as a percentage rate of change, often on an annual basis. The dominant conception is that it is the well-being of individuals and society alike (in so far as these are clearly distinguished as values or entities) that is denoted by these terms. Apart from the ongoing debate about anomalies in how these things are measured, there has also been, thanks to the achievements of social democracy, some recognition that increases in aggregate wealth are by themselves an insufficient measure of well-being, given that the fruits of growth are not distributed equally. But social democrats have traditionally confined their ambitions to altering the balance of distributions – between what is called the private and the public, the market and the state systems – while not seriously questioning the dominant architecture of the system.

We argue that this dominant architecture now needs to be called in question. The whole vocabulary we use to talk about the economy, while presented as a description of the natural and the eternal, is in fact a political construction that needs contesting.

Let us focus for a moment on the example of *growth,* currently deemed to be the entire aim of our economy. To produce growth and then (maybe) to redistribute some of it has been a goal shared by neoliberalism and social democracy. But this approach must now be questioned. Why?

In the first place, there is what might be seen as a technical problem – at least for the social democratic argument that growth allows mitigation of inequality through redistribution. In the case of the British economy and probably more widely, there is in the immediate future likely to be insufficient growth to enable the degree of redistribution desired by a progressive agenda (or at least not without major political confrontation). A return to the redistributive model of social democracy of decades past is therefore impossible. This model, in its crudest formulation, entailed providing the conditions for the market sector to produce growth and to accept that this would result in inequality (though it should also be noted that different models of growth produce different degrees of inequality – the model we have in the UK at the moment being acutely inegalitarian). The role of the state was then, through taxation, the provision of public services and so on, to redistribute some portion of this growth in order to help repair the inequality resulting from its production.

This is anyway a bizarre arrangement. It institutes a curious sequentialism – first produce a problem, then try to solve it. (Why produce the problem – inequality – in the first place?) This does nothing to question the inequality-producing mechanisms of market-exchange (though of course some restraints have been introduced). Indeed, this arrangement has meant that the main lines of struggle are focused on distributional issues, rather than the nature of the system. Moreover, the very success of even this restricted distributional struggle was one of the reasons for the breakdown of the arrangement. As we pointed out in our framing statement for the Kilburn Manifesto, the gains made by labour under social democracy proved intolerable to capital and a backlash was launched. Even mere redistribution could only be allowed to go so far. And one crucial element in that neoliberal backlash was the dislodging of the common sense which underpinned these aspects of the social democratic approach – in particular the commitment to (a measure of) equality and the important role of the state and public intervention – and indeed the very notion of the public – in achieving this. Changing our economic language was crucial in shifting our world-view.

The fact that the neoliberal successor to this social democratic model has now run into its own crises provides an opportunity for a new imagining. As already said, rates of growth are likely to be insufficient to reinstate the previous arrangements. Moreover the whole ideological and political – and discursive – climate has changed so much that a return to the previous model would be difficult to pull off. It would in fact be no greater a task to argue for a new model altogether – one in which the workings of the economy did not in the first place produce a level of inequality that demanded subsequent correction.[1] Certainly it would involve a more thoroughgoing, and popular, critique of market forces as producers of inequality. It would also mean arguing again for the vocabulary, and politics, of equality. Some new vocabulary is indeed already emerging – though not the most easy on the ear or on popular imaginings – 'predistribution'. The word may be awkward, but if it is pointing to the need to design a system of production which, in its own very workings, is not productive of intolerable levels of inequality, then it is on the right track.

A second reason why our current notion of wealth, and our commitment to its growth, must be questioned – certainly in the global North – is to do with our relation to the planet. The environmental damage – in particular but not only through climate change – brought about by the pursuit of growth threatens to cause a catastrophe of which we are already witnessing intimations. This is a global issue in which relatively rich, though unequal, societies such as the United Kingdom have international responsibilities. The UK on occasions prides itself on its relative greenness. But to the extent that there has been any improvement it has resulted from the closure of coal mines (not pursued for environmental reasons!) and – even more – from the outsourcing of our manufacturing. If, as we argued in our framing statement, one stimulus to globalisation was capital's desire to escape the demands of 'First World' labour, then one of its results has been a shift in the geography of the production of pollution to the global South. China, among others, now produces goods that would once have been made in the UK, and which we still need (or anyway want). But the dominant voices criticise China for its pollution; and official statistics do not even count the energy used and the environmental damage done, by the transport across the world to our shores of everything from machinery to pet food to Christmas decorations. Meanwhile there exists an export trade in the toxic wastes that we do produce to countries so impoverished they are prepared to deal with it for us.

Of course much of the change in the global South derives from the increasing industrialisation and wealth of a few of its constituent countries. Yet it is argued that in no foreseeable technology could the planet cope with everyone living at the standards now common in the global North. Who then must change?

Moreover, environmental destruction and the catastrophes consequent upon climate change will not fall evenly across the world. Probably such ills will fall most quickly, and most heavily, on more impoverished places, which in any case have fewer resources with which to offset such damage. The prospect is a nightmare of potential famines, forced migrations, social disorganisation and wars.

Finally, there is perhaps an even deeper question. We now know that increased wealth, when it is measured in the standard monetary terms of today, has few actual consequences for people's feelings of well-being, once there is a sufficiency to meet basic needs. In pursuing 'growth' in these terms, as a means to realise people's life-goals and desires, economies pursue a chimera since, while growth may occur, all the evidence is that our levels of satisfaction with our lives remain obstinately static. Indeed, insofar as the dominant model of growth leads to increased inequalities, as it does, we now know also that it is a prime generator of ill health, crime, and social suffering, compared with what might be the case in a more equal and fair society. There is increasing unease with a concept of wealth, and of gross national product, measured only in monetary terms. It was widely questioned in particular at that moment of the implosion into financial crisis, when all the talk was of disaster brought about by competitive greed. Even David Cameron mused that there was more to life than GDP. That moment has been lost, but deeper dissatisfactions surely rumble on. And they cannot be addressed by adding something warm and cuddly on to the GDP; the problem is structural. Can we redefine wealth to include riches that go beyond the individual and the monetary? Might we not ask the question, in the end, 'What is an economy *for*?' What do we want it to provide?

We could take this line of questioning, and its provocation to re-imagining, in many directions – and we hope that readers will participate in doing so.

'*Work*' is another area within this cluster of ideas around wealth-creation and growth that is in need of new words and new imaginations. There are many aspects to this. For instance, and most obviously, there is the question of what counts as work. Where only transactions for money are recognised as belonging to 'the economy', the vast amount of unpaid labour – as conducted for instance in families and local areas – goes uncounted. This is a major gender issue too. Childcare provided in exchange for a wage counts towards the national income, while childcare provided by parents or neighbours or grandparents does not. In its Industrial Strategy of the 1980s the Greater London Council found that a substantial proportion of the labour performed in the capital was unpaid – and this was labour that was necessary for the social reproduction of the city. This is a question of recognition, of the way we think of the economy as a part of society, and of valuing what it takes for a society to be reproduced.

Moreover, beyond even this, we would like to question that familiar instrumental categorisation of the economy as a space in which people reluctantly undertake unwelcome and unpleasing ‘work’, in return for material rewards which they can then consume. Indeed, this view of ‘work’, to be traded off against ‘leisure’, is required by the neoclassical economic theory that currently holds sway (as though paid work and leisure is all of our days, so that the other – unpaid – things that we have, and want, to do in life thus once again disappear from view). But it is a view that misunderstands where pleasure and fulfilment in human lives are in reality found. Work is usually, and certainly should be, not a liability and a sacrifice, but a central source of meaning and fulfilment in human lives. This is widely recognised in the anguish felt when work is absent, for example when, as in many countries today, up to half the population of young people can find no employment. And it is seen in the higher rates of sickness and mortality which are associated statistically with retirement from work. This is in part because it is through work that people develop and express their capabilities as human beings. And also because work is a principal way in which people maintain connections with their worlds, both in immediate ways (through relations with co-workers or those for whose well-being work is done) and in more abstract but nevertheless meaningful terms, such as in making a contribution to the good of others, which then gives moral sense to the benefits which are obtained in return. Work, as earlier generations of socialists once understood, has – or could have – moral and creative (or aesthetic) values at its core. It is misunderstood by the dominant discourse, in which it is assigned merely self-regarding and possessive purposes. A rethinking of this could lead us to address more creatively both the social relations of work and the division of labour (a better sharing of the tedious work, and of the skills) within society.

A second bundle of terms that deserves further attention is that clustered around *investment, expenditure* and *speculation*. It should be noted immediately, for this is crucial to what follows, that these terms carry with them implicit moral connotations. Investment implies an action, even a sacrifice, undertaken for a better future, while speculation (here in the financial rather than intellectual sense) immediately arouses a sense of mistrust. And while investment evokes a future positive outcome, expenditure seems merely an outgoing, a cost, a burden.

Investment and *expenditure* are distinguished from each other according to a strict economic rationale, a distinction required by the way in which the national accounts are set up. But this distinction is cross-cut in popular parlance and ordinary political debate by another understanding. Together they produce rich soil for the construction of political attitudes. Thus, in the national accounts, investment is money laid out for physical things such as buildings and infrastructure, while expenditure is money used to pay – for instance – for the wages of people operating the services for which the investment provides the physical possibility. So building a new school is investment, paying the teachers, the administrators and the dinner ladies is expenditure. (Pause for a moment, and ponder the gender implications of this distinction.)

This distinction, moreover, is often cross-cut with another – that between public and private. On this understanding, money advanced by a private firm to further its profit-making intentions is seen as a worthwhile investment, while money advanced by the state, whether for infrastructure or for employment in schools or the health service, is seen as only increasing the deficit, because it is paid for out of taxation.

The political effect of the combining of these definitions is devastating. Thus, for instance, while building new houses or railways through taxation may be seen as investment by the first distinction, paying for doctors, social-service workers, teachers, nurses, street-cleaners, dinner ladies – when this is done by the public purse – is seen on both definitions as merely a cost. Paying for them through taxation, therefore, emphatically carries the connotation of being simply a burden. But if we return to that question 'what is an economy *for*?', and if we answer that it has something to do with the reproduction of a society, then this vocabulary is misleading (to say the least). Education is equally then an investment, generating the capacities on which a society depends. Likewise, the provision of health and social services more generally is one of the most valuable and essential forms of production and investment there can be.

And crucial to maintaining these things within the public sector (thus taking on the second distinction, between public and private) is challenging the persistent characterisation of taxation as a negative thing. 'Everyone hates paying taxes don't they?' But people lay out money in the market sector seemingly without a second thought, including for things they could perfectly well get through the state, and it seems not to incur such opprobrium. Private transactions – OK; taxation for social investment and services – almost universally resented. What is in contention here is social solidarity; the knee-jerk language reflects – and reinforces – the prioritisation of individual choice over collectivity, over the very notion of (the construction of) a society. Words and oft-repeated phrases carry, and reinforce, understandings that go well beyond them.

These questionings of our vocabularies are perhaps obvious. But we need to *argue* them. The existing vocabulary is one of the roots of the elite's ability to maintain the horrible straitjacket we are in.

Moreover, there is one distinction we should be making a lot more strongly: that between *investment* and *speculation*. Or, perhaps more properly put, between value creation and value extraction. The term 'investment' is widely used in the media for both activities. So when businesses put money into plant and machinery, or research or staff development, it is called investment. And when finance is put into buying something that already exists (an asset) – commodity futures, fine wines, already-existing property … – that is also called, conventionally, investment. But in the first type of case the money goes into a process of value creation; in the second there is no such process – the 'investor' just holds the asset in the hope that the price will rise, and then will sell it at a profit. This is, on other occasions, called speculation. It is not the creation of value but the extraction of value from the pool that already exists. Its effect, therefore, is not the expansion of the pool but its redistribution, towards (if prices rise) those who purchase the assets.

The above is a very rough and ready distinction, and the difference is anyway not absolute, but the broad contrast is important for us to address at this moment because much of what lies behind the recent decades of neoliberalism, in addition to the predation of the public sector by the private, is this buying and selling of already-existing assets, and indeed the creation of new ones in which to speculate – derivatives and various forms of the commodification of risk, carbon futures.

Again we can take this further. For the obfuscation of the difference between value creation and value extraction helps obscure another one: that between *earned* and *unearned income*. As Andrew Sayer wryly observes, 'Interestingly, [this is a distinction that] has fallen out of use just when unearned income has expanded'.[2] Unearned income derives, not from participation in the production of goods and services (value creation) but from controlling an already-existing asset. And it is the latter that has formed the economic basis of the rise, under neoliberalism, of the super-rich. It has not been as a result of participation in production that they have gained their wealth. (The idea that the City is a centre of wealth-creation is thus bizarre – it is more a centre of a system of wealth-extraction that spans the world.) In this sense much of the new economic elite is parasitic, extracting value from the rest of society. They are 'rentiers' – here too we need to reclaim and revitalise our vocabulary. And many in the upper-middle strata of rich societies have been drawn into this as well – through house-price rises (unearned, and in the UK greatly exacerbating not only general inequality but also the North-South divide), and through pensions (invested in secondary share-markets). And so material interest melds with misleading economic vocabulary to further the transformation of common sense, to fortify a financialised ideology, and to pacify many into at least acquiescence if not enthusiasm.

The results of all of this have included a massive redistribution from poor to rich, a significant contribution to a rise in food prices and malnutrition around the world, property booms, the underpinning of a new financial imperialism and, of course, instability and crash, with their repercussions around the world, as the speculative bubbles burst. Moreover this extraction of value has reduced the ability of the rest of the economy to pursue value creation. And we should note that the City of London, seen as the centrepiece of the UK economy, was a prime mover in all of this.

These are important economic, and political, distinctions. The rise in the significance of the trading of assets has been central to the financialisation of national and global economies. It relates too to that erasure of activities other than those of exchange – whether that be creating goods and services, being passengers on a train, or visiting an art gallery. All that is necessary in this (their) world is to buy and to sell. The naturalisation of this, through financialisation, as the essential nature of economic activity, has thus been a crucial element in the establishing of a new common sense. Indeed, as Mariana Mazzucato has argued, 'the battle against the excesses of the financial sector will remain lost without a theory able to distinguish when profits move from being a result of value creation, to [being] … a result of value extraction'.[3]

The (supposed) naturalness of markets

Underpinning the apparent common sense of these elements of our economic vocabulary (and there are many more) is the understanding that markets are natural: that as either external to society or inherent in 'human nature', they are a pre-given force. The assumption is all around us. There is the language that is used to describe the financial markets as they roam Europe attacking country after country – an external force, a wild beast maybe, certainly not the product of particular social strata and their economic and political interests. There is the understanding of 'human nature' and of the long histories of human societies as 'naturally' – as part of their very nature – given to market trading (and that therefore markets are the best way of organising societies) – an understanding beautifully demolished by Karl Polanyi in *The Great Transformation* as long ago as 1944, but still living on as an effective underpinning of political discourse.

There is that shrug of resignation and powerlessness by ordinary folk as something happens that they do not like: 'well, it's the market I suppose, isn't it'. A 'thing' one cannot gainsay. There is the idea that we 'intervene' (social action) into the economy (equated with the market and seen as an external nature). There is, within the academy itself, the pretension on the part of neoclassical economics to be a natural, or physical, science, rather than a social science. The degree to which these ideas, this ideological scaffolding, currently infuse the hegemonic common sense is astonishing. The assumption that markets are natural is so deeply rooted in the structure of thought, certainly here in Europe, that even the fact that it is an assumption seems to have been lost to view. This is real hegemony.

And it has effects. It removes 'the economic' from the sphere of political and ideological contestation. It turns it into a matter for experts and technocrats. It removes the economy from democratic control.

This assumption of the naturalness of markets is crucial to the insistence that There Is No Alternative. It is one of the ghastly ironies of the present neoliberal age that we are told (as we saw at the outset of this argument) that much of our power and our pleasure, and our very self-identification, lies in our ability to choose (and we are indeed bombarded every day by 'choices', many of them meaningless, others we wish we didn't have to make), while at the level that really matters – what kind of society we'd like to live in, what kind of future we'd like to build – we are told, implacably, that, give or take a few minor variations, there is no alternative – no choice at all.

At the international level too the same kind of language is deployed, aiming for the same effects. Thus, that common-sense sequence of 'underdeveloped – developing – developed' places 'developing' countries behind 'developed' ones, in some kind of historical queue, rather than as co-existing in their differences. It thereby – and not coincidentally – obscures the many ways in which the 'developed' countries restrict the potential of the so-called developing (the power-relations within neoliberal globalisation for instance) and implies that there is only one possible historical path, which all must follow.

We are not arguing that there is no place for markets in a reformed economy. What we are challenging is the special status our current imaginings endow them with. We should be thinking of 'the economy' not in terms of natural force and intervention but in terms of a whole variety of social relations that need some kind of coordination. Each form of social relation has its own characteristics and implications, and thus appropriateness to different parts of the economy and society. Above all, we need to bring 'the economic' back into society and into political contention, and not just as debates about economic policy, but questioning also the very way we *think about* the economy in the first place. Without doing this we shall find ourselves always arguing on the political terrain of existing economic policy. For something new to be imagined, let alone to be born, our current economic 'common sense' needs to be challenged root and branch.

Thanks to Sue Himmelweit for talking some of these issues through with me.

Notes

1. Subsequent instalments of the Manifesto will develop thoughts about economic strategy.
2. A. Sayer, 'Facing the challenge of the return of the rich', in W. Atkinson, S. Roberts and M. Savage (eds), *Class inequality in austerity Britain*, Palgrave Macmillan 2012.
3. Mariana Mazzucato, 'From bubble to bubble', *Guardian*, 16.1.13.

Please note that this piece was due to be published in May but was delayed until after an edited extract could be published in the Guardian's Comment is free.