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CAPITALISM

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While the capitalist system is generally celebrated by mainstream economists, students and scholars of American culture will search in vain through their writings for actual discussions of the term capitalism. Instead, neoclassical and Keynesian economists take as their object a system that is variously referred to as the “market economy” (in which individuals and private firms make decisions about consumption and production in decentralized markets), a “mixed economy” (in which marketplace activities are mixed with government “commands”), or just “the economy” (defined by scarce means and unlimited desires, the correct balancing of which is said to characterize all societies) (Samuelson 2004, Bhagwati 2003, Krugman and Wells 2004, Stiglitz and Walsh 2002).

In contrast, the term capitalism has long occupied a central position in the vocabulary of Marxian economic theory. What this means is that references to capitalism in American and Cultural Studies draw, implicitly or explicitly, on a two-fold critique of political economy: on one hand, a critique of capitalism as an economic and social system; on the other hand, a critique of mainstream economic theory. Karl Marx and latter-day Marxists criticize capitalism because it is based on exploitation, in the sense that capitalists appropriate and decide how to distribute the surplus labor performed by wage-laborers. They also criticize the work of mainstream economists for celebrating the existence of capitalism and treating capitalist institutions and behaviors as corresponding to human nature (Mandel 1976, Harvey 1989, Resnick and Wolff 1987)

Much of this scholarship draws on Marx and Frederick Engels's critique of political economy in the *Manifesto of the Communist Party* (1848) and the three volumes of *Capital* (1867, 1884, 1894). In the *Manifesto*, Marx and Engels portrayed capitalism as similar to, and at the same time as different from, other forms of economic and social organization, such as feudalism and slavery. What feudalism, slavery, and capitalism have in common is that all are based on class exploitation, defined as one group (feudal lords, slaveowners, and capitalists) appropriating the surplus labor of another (serfs, slaves, and wage-laborers). In this sense, capitalism “has but established new classes, new conditions of oppression, new forms of struggle in place of the old ones” (Marx and Engels, 1848, 485). At the same time, capitalism exhibits a different dynamic: for the first time in history, it “established the world market,” making it possible for the capitalist class to “nestle

everywhere, settle everywhere, establish connexions everywhere” and giving “a cosmopolitan character to production and consumption in every country” (ibid., 486, 487). It leads to radical and continuous changes throughout the economy and society: “All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned. (ibid., 487). And it is based on the development of a class of wage-laborers which, through various and changing forms of economic and political organization, is seen as capable of ending class antagonisms and creating a new form of association, “in which the free development of each is the condition for the free development of all” (ibid., 506).

If the goal of the *Manifesto* was to challenge the prevailing culture according to which capitalism had eliminated classes and class struggles, the point of *Capital* was to analyze the specific conditions and consequences of the class dimensions of a society in which “the capitalist mode of production prevails” (Marx 1867, 125). Thus, Marx argues that capitalism presumes that the products of labor have become commodities, which means that the goods and services human beings produce have both a use-value (they satisfy some social need) and an exchange-value (they can be exchanged for other commodities or money). The existence of commodity exchange, in turn, presumes the “fetishism of commodities.” For commodity exchange to exist, there must be a culture whereby individuals come to believe and act such that they have the freedom to buy and sell commodities; that the commodities they exchange are equal in value and that the commodity owners meet one another as equals in the marketplace; that individuals have well-defined property rights in the commodities they sell and purchase; and that they are able to calculate the ability of external objects to satisfy their needs and desires. The existence of commodity exchange is thus not based on some essential and universal human rationality (as is presumed within mainstream economics, from Adam Smith to the present). Nor can the consciousness and culture of commodity-exchanging individuals be derived solely from economic activities and institutions. Rather, commodity exchange both presumes and, in part, constitutes particular forms of individual economic rationality that are historically and socially produced (Amariglio and Callari 1993).

Specifically capitalist commodity exchange presumes not only that the products of labor have become commodities but also that “labor power”—the ability to expend manual and mental energy in the production of goods and services—has itself become a commodity, that is, that a market in labor power has come into existence whereby human beings are able to sell their ability to work in a market. Historically, the process whereby the conditions are created for labor power to become a commodity—the creation of a group of human beings who are forced to have the freedom to sell their ability to work, the accumulation of wealth sufficient to purchase the laborers’ labor power, and so on—is referred to as the “primary accumulation of capital” (ibid., 871-940).

Capitalism thus refers to a system in which capitalists are able to produce commodities that will, at least in principle, yield them a profit. The source of the profit is the value created by the laborers who have been forced (through a process Marx referred to as “primitive accumulation” [1867, 871-940]) to exercise the specifically capitalist “freedom” to sell their labor as a commodity in an unequal economic system. Capitalists profit within this system by extracting value above and beyond the cost of labor power. Under the assumption that all commodities (including labor power) are exchanged at their values, a surplus-value arises based on the ability of capitalists to appropriate the surplus labor performed by the wage-laborers who, during the course of production, create commodities which, in turn, can be sold in markets. In turn, struggles arise over the “rate of exploitation” (the ratio of surplus labor to necessary labor) and over the subsequent distributions of surplus-value (to managers, state officials, and other capitalists, who receive portions of the surplus and reproduce the conditions of existence of capitalism). The culture of societies in which capitalism exists is stamped by the effects of such class struggles. Thus, the keyword “capitalism” designates not just an economic structure, but also the conflicts and contradictions inherent in that structure. Both the initial emergence and continued reproduction of capitalism, when they occur, can and often do lead to tremendous social dislocations and acute crises; they are also “overdetermined” by the most varied cultures and social identities.

In the case of the United States, the last two centuries might well be referred to as the era of the widening and deepening of capitalism, both domestically and internationally. Initially a market for foreign (especially British) capitalist commodities, the original thirteen colonies oversaw the establishment and growth of domestic capitalist enterprises, which sought both raw materials and markets for final goods within expanding geographical boundaries and across a heterogeneous class landscape. One result was that noncapitalist—communal, independent, slave, and feudal—producers located outside the urban centers of the northeast were eventually undermined or displaced, thereby causing waves of rural peoples—men, women, and children, of diverse racial and ethnic origins—migrating to existing and newly established cities and selling their labor power to industrial capitalists. The opening up of new domestic markets (e.g., through the determined efforts of retail merchants and advertisers), capitalist competition (which drove down the unit costs of production), and government programs (e.g., to establish a national currency and regulate trusts and working conditions) spurred further capitalist growth within the United States. The continued development of capitalist manufacturing attracted vast international migrations of laborers: initially, from Western Europe; later and continuing to this day, from Latin America, Asia, and Africa. (Amott and Matthaei 1996, Dowd 1977, Duboff 1989)

The movement of capital, which accompanied the expansion of markets and the search for cheaper raw materials, transformed previously noncapitalist regions

outside the northeast—leading, for example, to the relocation of textile mills to the South, the creation of foundries and automobile factories in the Midwest, the development of the oil industry in the Southwest, and the flourishing of capitalist agriculture and the movie industry on the West Coast. Capital was also exported to other countries, to take advantage of lower wage levels and other cost advantages, introducing economic and social dislocations similar to those that had occurred inside the United States. In both cases, governments, business groups, and new social movements (such as trade unions, civil rights organizations, and political parties) struggled over the economic and social conditions and consequences of the new industrial capitalist investments—from the boom and bust cycles of domestic economic growth through large-scale movements of populations and the formation of new social identities to military adventures and imperial interventions. The uneven development of capitalism has left its mark on the culture of the United States, now as in the past (Jacobson 2000, Kaplan and Pease 1993).

In the analysis of this nexus of capitalism and U.S. culture, we face three major perils and challenges. These, in turn, open up new paths of investigation for American Studies. The first concerns globalization. It is often assumed that the internationalization of the U.S. economy and society is a radically new phenomenon, something that burst on the scene in the 1980s. However, when measured in terms of movements of people (migration), goods and services (imports and exports), and money (capital in-flows and out-flows), the globalization of capitalism with respect to the United States achieved, beginning in the 1980s, levels that are quite similar to those experienced almost a century earlier (Ruccio 2003). Because of these similarities and others (particularly the rise in the rate of exploitation and, with it, the increasingly unequal distribution of income and wealth, it is a mistake to describe contemporary developments as unprecedented (Phillips 2002). This is not to say that the forms of capitalist development during the two periods are the same. One of the challenges for students of American culture is to register these differences—such as the outsourcing of jobs, the growth of Wal-Mart, the spread of financial markets, the conduct of wars to protect petroleum supplies, the emergence of new media and communication technologies—without losing sight of the past.

The second risk is to treat capitalism as a purely economic system, separate from culture. The influence of capitalism on the culture industry—including the rise of a capitalist film industry and the export of U.S. culture (Miller et al. 2001; Wayne 2003)—has been widely studied and debated. What is less clear is how capitalism itself is overdetermined by culture, how the capitalist economy is “saturated” by and cannot exist apart from cultural meanings and identities. From this perspective, each moment of capitalism, from the existence of commodity exchange to the export of capital, is also a cultural moment. The point is not to substitute political economy for cultural studies, much less to replace cultural openness with an economic closure (Grossberg 1998), but to recognize—and subject to concrete, historical analysis—the cultural conditions of capitalism. A

good example is commodity fetishism, which designates the subjectivity necessary for the exchange of commodities to take place. Similarly, other moments—including money, labor, labor power, necessary and surplus labor, profits, capital, capitalists, and enterprises—require specific, historically and socially constructed, meanings and identities to be performed and enacted. It is also important to understand the role of economic thought (mainstream, Marxian, and many others) in influencing the development of U.S. capitalism and U.S. culture generally. These topics remain open, although a fruitful place to begin is by understanding the commodity phase in the social life of things (Appadurai 1986), the role that “languages of class” play in creating new class identities (Gibson-Graham et al. 2000), and the complex interplay of a capitalist common sense and noncapitalist economic imaginaries (Watkins 1998).

The third potential stumbling block is the treatment of capitalism as an all-encompassing, unitary system that has colonized all social arenas and regions of the globe. While capitalism certainly represents a powerful project for making and remaking the world, deploying the concept of capitalism as a complete mapping of the economic and social landscape has the effect of obscuring noncapitalist forms of economic organization and cultural sense-making. “Capitalocentrism” (akin to the role played by phallocentrism and logocentrism with respect to gender and language) hides from view the diverse ways in which people in the United States and elsewhere engage with individual and collective noncapitalist economies—including barter, communal production, gift-making, and solidarity—that fall outside the practices and presumed logic of capitalism (Gibson-Graham 1996; Ruccio and Gibson-Graham 2001). On this view, American culture includes the conditions of existence of capitalism and, at the same time, of its noncapitalist other.

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