



New spirit of critique?

Jo Grady

review of

du Gay, P. and G. Morgan (2013) *New spirits of capitalism? Crises, justifications, and dynamics*. Oxford: Oxford University Press. (PB, pp. 360, ISBN 978019 95953 4)

du Gay and Morgan's edited collection, comprising of thirteen chapters, focuses on the seminal and similarly titled *The new spirit of capitalism* (TSC), co-authored by Boltanski and Chiapello, originally published in France in 1999, and later translated into English in 2005. Boltanski and Chiapello argued that from the mid-1970s onwards, capitalism began to reorganize and abandoned hierarchical Fordist structures that epitomised earlier periods of production, in favour of network-based forms of organizing within the workplace. Their book, therefore, primarily examined the way capitalism re-ordered itself in the workplace in the neoliberal era. Boltanski and Chiapello's argument maintains that disenchantment with old style bureaucracies, and their perceived lack of freedom, led to calls for greater workplace responsibility, autonomy, and freedom. They argue that an unintentional consequence of this, however, was to reinforce and extend legitimacy to neoliberal reorganization projects. Thus, traditional leftist critiques of capitalism and alienation paradoxically provided a reorganization of work that would ironically best serve the interests of capital. This can be seen in the transformation of working practices over the last 30-40 years for many people, as old industries – and the Fordist working arrangements that typified them – have been removed.

The strength of TSC was not only its ability to examine these changes within the workplace, but to also explore the consequences of these changes for those wishing to critique work. However, in doing so it tended to ignore the role of institutional level change, and thus how the phenomenon that they discussed relates to a broader reconfiguration of the capitalism system. In short, Boltanski and Chiapello failed to adequately discuss the processes that helped create the changes they analyse; namely the processes of financialization. For me this was a key problem with the initial text. Indeed, what we have seen in the neoliberal era is a reconfiguration of the economic base, changes in economic development, and the movement towards increasingly international capitalism. Thus, we have also seen a corresponding increase in the importance of finance and finance capitalism, particularly in certain areas of the West, and this has in turn produced a state apparatus and society that is increasingly accommodating to the needs of finance and embodying its priorities. Most noticeably this can be seen in an increase in the adoption and dissemination of attitudes and practices originating in finance; widely known as 'financialization'. Understanding this gives Boltanski and Chiapello's work greater depth, and transforms its contribution; particularly in a world still quivering from the impact of the 2007/2008 financial crisis.

Indeed, once we recognise the importance of this broader reconfiguration we can also recognise that changes at workplace and organizational level reflect this, as financial elites free themselves of the burdensome economic ties of Fordism; this is particularly visible in the downward trend in the value of average wages, access to social security, closure or downsizing of occupational pension schemes, the rise in atypical, precarious and zero hour work arrangements/contracts, and deregulation of labour markets and associated worker protections. Thus, despite the fact that Boltanski and Chiapello made a sound contribution with TSC, it has become clear since its publication how important it is to connect the two areas of study, because otherwise we are analysing a set of practices without understanding why financialization occurred in the first place; which seems like focussing on a wagging tail, rather than the dog and its role in generating it. In searching for the roots of financialization we see no better example than the growth of the London finance market since the 1970s. The London market was able to grow exponentially during the time period under investigation, from an approximate US\$ 46 billion value in the late 1970s, to US\$ 500 billion by 1980, and to a staggering UD\$ 2.7 trillion near the end of the next decade (Shaxson, 2011: 92), and as a result has become fundamentally important to the UK economy. Similar levels of market growth have also been witnessed across the globe, and the role of finance capital has become increasingly dominant. But during this same period of profit accumulation we have seen the value of real wages decline. Understanding the neoliberal reconfiguration of capitalism, and

the role of finance capital in this reconfiguration, is therefore crucially important for anybody who also wants to understand changes in the economy and the workplace. Such a view allows for both macro and micro analysis, as obviously any change in the configuration of the economy also leads to change in organizational life, and peoples lived experience of this workplace change.

Thus, given what I have outlined above, it is welcomed that in *The new spirits of capitalism?*, du Gay and Morgan choose as their focus, ‘the contemporary crisis of financialized capitalism’ (v), and consider the contribution that NSC can offer in terms of speaking to, and elucidating the aforementioned crisis. The self-proclaimed contribution of du Gay and Morgan’s volume, therefore, is to take the new/current financial crisis of capitalism as its focal point and assess the continued relevance of Boltanski and Chiapello with reference to these events. It must be acknowledged, that the collection does a very good job in achieving this stated aim, but it falls short of achieving what I call for above.

The collection starts with what I consider one of the highlights of the book, the editors’ introductory chapter (ch1), and then has twelve following chapters that are organised into two sections. Section one, entitled ‘New spirits of capitalism: Developments and critique’ essentially attempts to put NSC into a broader conceptual context, and contains some critique of NSC. This section is varied in scope and features contributions from Boltanski (ch2), Chiapello (ch3), du Gay (ch4), Willmott (ch5), Parker (ch6) and Thrift (ch7). Section two then seeks to apply this varied theoretical discussion to a variety of empirical scenarios, and is helpfully entitled, ‘Applications: The changing nature of capitalism, work and organizations in the public and private sector’. Contributions in section two originate from Huault and Rainelli-Weiss (ch8), Hull Kristensen (ch 9), Ötsch et al. (ch10), Serrano-Velarde (ch11), a further appearance from du Gay (ch 12), and finally, Ekman (ch13). With the exception of Willmott, Parker, du Gay (ch4) and Ekman’s chapters most contributors do not seek to openly critique NSC, but tend to critically explore its continued relevance, or lack thereof.

The book makes an important contribution to the field of organizational studies, and arguably offers a more accessible route into considerations about NSC than any other text, with the added benefit of framing those debates around empirical examples, but also important contemporary events. It also provides us with valuable insights into the state of contemporary capitalism in the current period with a specific focus on management studies. However, I wonder if there is a missed opportunity here by using NSC as a framework, which the edited volume itself seems to collectively admit has theoretical problems and limitations. Indeed, theoretical limitations of NSC identified by Parker, Willmott and du Gay in section one of the book, are then empirically confirmed (to varying degrees) by

chapters in section two. It is unclear, then, given that *The new spirits of capitalism?* acknowledges that the approach offered by NSC does not seem to be appropriate as it is unable to encompass modern forms of capitalism (ch 10 and 13 in particular stress this) why seek to use it as a framework at all? There is also a delicious paradox, which I cannot resist pointing out, that in *The new spirits of capitalism?* we have an edited collection where concurrently there is a contribution from Kathia Serrano-Velarde which focuses on the impact of financialization of higher education (and the associated obsession with ranking and reification), alongside a chapter authored by Nigel Thrift, Vice-Chancellor of the University of Warwick. For those not familiar with the UK university context, it is widely known in the UK that academics at Warwick Business School have come under increasing pressure to produce research in journals ranked highly by the ABS (Association of Business Schools) list, and thus find themselves under an extreme process of reification. As Vice-Chancellor of Warwick, one must assume (professionally speaking at least) that Nigel Thrift is comfortable with the practice being critiqued by Serrano-Velarde. Odder still, is that alongside all of this is a chapter authored by Martin Parker, who informed readers will be aware has published recently on *University, ltd* (2014), which is an open critique of Warwick style business school models. Indeed, it is quite breath-taking how all of these chapters sit alongside each other so unproblematically.

Beyond this quirk, the contribution of the book, particularly as set out in its own terms of reference, is undoubtedly solid and strong. It is shame, however, that given such an illustrious group of contributors, the book misses the opportunity to say more about the nature of financialization, and the way in which this change within the economy has impacted on society, through the reconfiguration of the role of the state and economy. As identified by du Gay and Morgan in their opening chapter, neoliberalism has been defined in various ways, but we can often see 'family resemblances' in the way in which neoliberalism is enacted in different nation states. The work of Plant is helpful in bridging this theoretical and empirical gap as he stresses the importance of the role of the state in his definition of neoliberalism; he views it as a political, legal, and economic doctrine, and in his analysis he focuses particularly on the role of the state, its nature and its powers, because it is the state that gives neoliberalism its coherence and cogency (Plant, 2012). Plant reminds us that contrary to often repeated Hayekian myths, free-markets are not particularly helpful to neoliberalism. This is because whilst free-markets theoretically allow for vast wealth accumulation, they are also inherently risky. However, protected markets are not much use to neoliberals either. Thus neoliberalism is better understood as an ideology that actually calls for, not the liberating of markets as is often suggested, but the diffusion of market relations into all aspects of the economy

and social life, and thus the reshaping of institutions on the model of the market, including the workplace and our lived working experiences.

Not only does this increase the financialization of everyday life, and create markets where none previously existed, but it allows for the state to underwrite important markets (deemed 'too big to fail'). It also ties people into the market, and thus makes them dependent on its success, but also vulnerable to its volatilities. Market relations, therefore, are diffused into people's lives, and risk is transferred to them. We see this in the financial products people are required to purchase as the state retrenches (whilst extending the market); these products include, critical injury insurance, health insurance, personal pension provision, education 'investment'/loans, you can even buy 'livelihood insurance' which protects individuals against long-term risks to their salaries. These new financial products represent new forms of commodification as market boundaries are redefined.

In addition, the financial crisis has led to a sudden and negative transformation in people's circumstances, leading to an increase in insecurity amongst the working populations. This is sustained because financial elites, who draw their power from wealth and from the elite networks, are pushing financialization from a united and ideological class position. They are able to manipulate markets, and reconfigure government policy, either through cooperation or coercion in order to create further financing, and therefore profit making situations.

This not only creates extra revenue for them, but has the added benefit of cutting costs. This transferral of risk, from state to citizens (Hacker, 2006; Martin, 2002), and from employer to employee (Bryan, Rafferty and MacWilliam, 2010), is a naturalised facet of financialized capitalism, and has been referred to as the 'financialization of daily life' (Martin, 2002). Accounting for how citizens have become the new 'shock absorbers' for capitalism is key in any analysis of the changing experiences of working and living in contemporary capitalism.

Much like the supposed transition to Post-Fordism and to the network society (which never occurred) was destined to deliver workers from bureaucratic slavery, the transfer of financial risk to individuals is often packaged up by advocates of such policies as 'democratizing finance' (Shiller, 2003: 1, 26). Along with Fordist bureaucracies we saw extensive welfare state workplace pension arrangements that allowed most workers to remain economically active (normally until pension age) until they could retire on full pensions. As we already know, this is no longer the case. As both state and employer withdraw from these concessions, individuals are left with private insurance 'solutions'.

This is a development that is all too often overlooked by scholars in business schools. It is fair to say discussion of these issues would probably be considered beyond the scope of *The new spirits of capitalism?*, particularly given the brief set by the editors, but if as a community of scholars working in business and management schools we want to engage with these issues we need to examine these things collectively.

references

- Boltanski, L. and E. Chiapello (2005) *The new spirit of capitalism*. London: Verso.
- Bryan, D., R. Martin and M. Rafferty (2010) 'The global financial crisis: Foreclosing or leveraging labor's future', in M. Konings and J. Sommers (Eds.) *The great credit crash*. London: Verso.
- du Gay, P. and G. Morgan (2013) *New spirits of capitalism? Crises, justifications, and dynamics*. Oxford: Oxford University Press.
- Hacker, J. (2006) *The great risk shift: The assault on American jobs, families, health care, and retirement – and how you can fight back*. Oxford: Oxford University Press.
- Martin, R. (2002) *The financialization of daily life*. Philadelphia: Temple University Press.
- Parker, M. (2014) 'University, ltd: Changing a business school', *Organization*, 21(2): 281-292.
- Plant, R. (2012) *The neo-liberal state*. Oxford: Oxford University Press.
- Shaxson, N. (2011) *Treasure islands: Tax havens and the men who stole the world*. London: Random House.
- Shiller, R. (2003) *The new financial order*. Princeton. Princeton University Press.

the author

Jo's principal research interests are in the development of contemporary (neoliberal) capitalism and the impact this has had on pensions (and welfare structures associated with Keynesianism more generally), political economy, traditional trade unionism, and working class action.

Email: j.grady@le.ac.uk