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DEMOCRATIC LEFT

thinkpieces



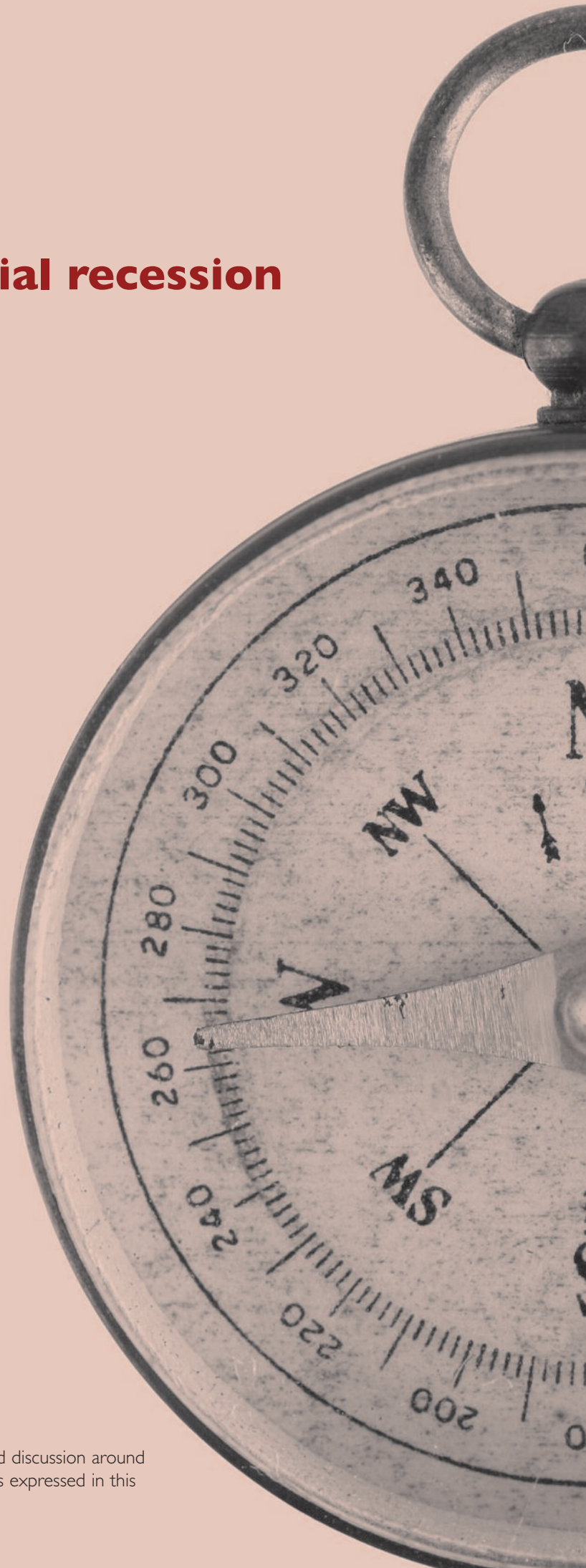
Capitalism and social recession

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One of the central arguments of Compass is that Britain is in a social recession.¹ A growing consensus has developed that at the centre of the social recession are children and youth.² One of the first signs that something was going wrong in the lives of young people was the Nuffield Foundation 2004 study, 'Time Trends in Adolescent Mental Health'.³ It looked at three generations of fifteen year olds and identified a sharp decline in their mental health. What the study could not explain was the cause of this trend. It did note however that rising levels of adolescent mental illness coincided with improvements in economic conditions.

Children and adolescents are an acutely sensitive measure of the well being of a society. As they grow, they internalise the relationships of their families, and more widely the relationships of gender, class and race. These relationships come to form the innermost being of their individual personality. Problems we associate with individuals - stress, depression, bullying, violence - are problems that originate in families and wider social networks. The psychologist Abraham Maslow defines four needs in life: a feeling of safety; a feeling of belonging; a feeling that we are worth being loved; and the experience of esteem and respect.⁴ The lives of children demonstrate that individual well-being is not an inborn condition. It is the result of our personal and family relationships and of our position in society. We are fundamentally oriented toward and dependent upon other people throughout our lives.

To understand why we have a social recession we need to look at the way economic growth affects individual well-being.

Capitalism and the economy

There is no single kind of economic growth, rather there are different periods in history characterised by particular kinds of economic production. Each historical period generates its own distinctive kind of growth which transforms the social and economic organisation of production. This in turn destroys old ways of social life and gives rise to new ones. The economic historian Carlota Perez argues that successive technological revolutions have created distinct stages of capitalism.⁵ She describes these stages as, the Age of Steam and Railways, the Age of Steel, the Age of Electricity and Heavy Engineering, the Age of Oil, the Automobile and Mass Production, and the Age of Information and Telecommunications. There are problems with this kind of 'long wave' theory of economics, but it does offer a useful historical perspective. These stages are surges of economic development that progressively extend capitalism into people's lives and help it to expand across the planet. 'Each technological

revolution brings with it, not only a full revamping of the productive structure but eventually also a transformation of the institutions of governance, of society and even of ideologies and culture, so deep that one can speak about the successive and different modes of growth in the history of capitalism' (p25).

In the last three decades Britain has been experiencing a change from the 'age of mass production' to a new 'age of information'. Old ways of life disappear, or coexist with the new. This transition happens not only in institutions and in the structure of the economy and organisation of work, but in culture, in how time itself is experienced, and how people understand their sense of identity and innermost feelings.

A capitalism of culture and intimacy

Economic growth in the last few decades has been in new forms of production and consumption that have been reshaping society. The financial industries have been a dominant force and their business model has become the paradigm of the capitalist revival. Companies must constantly 're-engineer' themselves - creating new products and markets, restructuring their organisations and re-branding. The purpose of this constant change is to signal their economic dynamism to the financial markets, so that the price of their shares will increase in value. The demand for constant change creates organisations in a state of permanent insecurity.

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. These are turned into products using creative, emotional and intellectual labour. This is a new kind of knowledge and culture driven capitalism, very different to the traditional manufacturing industries that once dominated wealth creation. Companies are using patenting and intellectual property laws to create new kinds of property and property relations. Just as early industrial capitalism enclosed the commons of land and labour and turned them into commodities, so knowledge and cultural capitalism is enclosing the cultural and intellectual commons (both real and the virtual online version), and the commons of biological life.

This knowledge and cultural capitalism is extending commodification into the personal and emotional life of individuals. Its production processes do not end with output, but have a new kind of relationship with consumerism in order to use individuals and their relationships in the co-inventing of cultural meanings and new ideas. Economic resources are no longer just machinery and what is dug out of the ground but the thinking, imagination and feelings of individuals. In the new industries the work-life balance disappears as work and life are integrated and start to become one and the same thing.

In the past the productive force of industry was physical labour; capitalists had little interest in the minds of the workers so long as they were compliant. The Italian social theorist, Paulo Virno



argues that the productive force of the new capitalism is 'the life of the mind'.⁶ He means by this not just our capacity to think, but also our imagination and our ability to think forward in time, the way we communicate, not just with words but in unconscious ways through thought association and through our bodies. Capitalism in the rich world is interested in developing a close and intimate relationship with individuals in order to gain access to this human labour potential.

Education plays a central role in producing the new forms of production. In industrial capitalism the industries of production produced the heavy machinery for the factories. Today that role passes to schools, colleges and universities. In recent years they have been subjected to continuous reform in an attempt to gear them to the labour market and economy. They have become similar to markets in their organisation. Targets are used as incentives instead of price and competition. Performance pay stands in for the incentive of profit. The old values of trust and professionalism which governed the running of services are replaced by 'accountability' to the market based criteria of efficiency, 'value for money' and productivity.

The function of education in the new capitalism is to develop the productive potential of the 'life of the mind'. It also advances the restructuring of class around the new kinds of production. 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 selfreliance and an entrepreneurial form of life. In the past, the old culture of capitalism disciplined workers to comply with the physical labour and tedium of factory production. It had no interest in their hopes and desires. The new culture of capitalism is about producing the individual, capturing the desire for self-fulfillment and turning it into economic potential.

Class

Central to the ideology of the new capitalism is the idea that a class-based society is giving way to a more individualistic, meritocratic culture. While there is more individualism its development in society is uneven. Class remains central to the capitalist order. We live in a time not of capitalism without class, but of capitalism destroying and recreating class and class cultures around the new organisations of production and around the productive force of the 'life of the mind'. From being a society of producers, we have become a society of consumers.

The traditional working class in the UK, formed out of previous stages of industrial capitalism, has lost its economic function as the manufacturer 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 poor and low-wage economies where primitive forms of profit making are creating a global proletariat in conditions of violence and exploitation. In the new capitalism class is transcending the boundaries of the nation.

In Britain, one in six leaves school unable to read, write or add up properly. One in four 16-17 year olds are not in education, employment or training. There is less social mobility. Health inequalities are entrenched. Success in education, and life chances in general, remain dependent on family background.⁷ The fastest growing occupations are not in creative and knowledge work, but in low paid jobs such as data input, admin, face-to-face services in health, education and care.⁸ We have become a society of a small number of winners and many losers. Half the population share just 6 per cent of UK wealth, earning the median annual income of around £18876 or less.⁹ In contrast the top 1 per cent of individuals - 470,000 people - 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 £780,000.¹⁰

The destruction of traditional industries has left large sections of the population unemployable or living and working as if they are a reserve army of labour. Millions are economically inactive, or working in casualised and temporary jobs, or threatened with the loss of their job. Migrant labour is used by unscrupulous employers to push down wages and working conditions. Work, once a source of collective cultural identity, has become fragmented, making forms of class solidarity difficult to organise. Class consciousness gives way to the fear of redundancy, not simply the loss of employment but the loss of a purpose in life.

In the society of consumers, class develops a new culture of domination. Individual statusseeking consumption recreates the old class conflicts. Consumerism is about pleasure and the pursuit of desire, but it is also a struggle for individual recognition - the need to be acknowledged by others and included in society. What we buy and own gives us status and respect. At the same time it distributes humiliation to those lower down the hierarchy who can't afford the same kinds of goods, education and experiences. The shame of failing in education, of being a loser in the race to success, of being invisible to those above, cuts a deep psychological wound. Research by Richard Wilkinson has shown how this kind of constant humiliation creates chronic anxiety which dramatically increases the risk of disease and premature death: 'its health effects are in many respects analogous to more rapid ageing'.¹¹ Inequality not only damages the life chances of people living in poverty, it adversely effects the quality of life of everyone.

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. Total UK personal debt stands at £1.4 trillion. £223bn is unsecured debt.¹² These levels of debt mean that the financial markets that buy and sell debt lay claim to great tranches of individuals future earnings. We might imagine ourselves to be free, but large sections of the population are in bondage to a future of repayments on interest. These payments have fuelled the highly profitable market in debt securities that have been generating the City bonuses of the super-rich (and in their subprime version threaten the destruction of the financial system

itself). In 2007, despite the increasing likelihood of market failures, these bonuses totaled £14bn.

Social recession

The new capitalism has created material affluence for a majority, but there is growing evidence that it has also created a social recession. The Labour government's market based reforms of public services have also contributed to the problem. Reforms of schooling have promoted a competitive individualism in an education system profoundly divided by class inequality. An instrumental culture of central control, testing and goal-focused learning has failed to improve education and instead imposed an emotionally and intellectually impoverished culture on teachers and children alike.¹³

In the world of work, government policy in the public sector has had a similar detrimental impact. Opinion research by the qualifications authority City and Guilds reported that only 17 per cent of health professionals, 8 per cent of teachers and 2 per cent of social workers said they were happy with their jobs.¹⁴ A 2005 report by Mind describes stress in the workplace at almost 'epidemic proportions'.¹⁵ As trade union militancy has declined, work-related ill-health has increased, particularly in the public sector. The national director for health and work estimates its cost to the economy at £100bn.¹⁶ Stress, anxiety and depression account for a third of all working days lost.

The 2000 Survey of Psychiatric Morbidity identified one in six adults suffering from anxiety or a depressive condition. Of these, only 24 per cent were receiving treatment and as few as 9 per cent had access to psychological therapies, considered to be the most effective and durable form of help.¹⁷ The numbers are broadly similar to the previous 1993 survey, except there has been a marked increase in sleep problems: up from 21 per cent to 24 per cent for men, and up from 28 per cent to 34 per cent for women. The gender difference lies in the strains placed on women as they cope with paid work, housework and childcare.

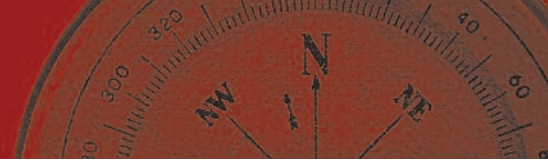
Poverty and poor diet contribute to long term chronic health problems. There is a serious increase in obesity amongst children. The 2004 National Health Survey found that amongst 11-15 year olds, 26.7 per cent of girls and 24.2 per cent of boys qualified as obese.¹⁸ The targeting of children by advertising is a significant cause of the increase in their eating junk food.¹⁹ Similarly the aggressive marketing and price cutting of alcohol has seen major increases in alcohol consumption over the last two decades. The Mental Health Foundation estimate that over 1.1 million people in Britain are dependent upon alcohol.²⁰ Alcohol related illness and death continue to rise. It is a trend that is a part of an alcohol culture of broken relationships, domestic violence against women and street brawling. As Wilkinson et al point out, the scale of stress and anxiety which arises from people's constant daily insecurities and experience of social position, 'leads to increased reliance on the use of tobacco, alcohol and drugs which provide at least temporary escape from stress.'²¹

The freedom of choice many enjoy can veer toward a tyranny of objectless desire. This is a psychological state of general wanting which can never be fully satisfied and which can lead to all kinds of compulsive and addictive behaviours. Personal boundaries are more easily pierced by nameless fears. Young women suffer low levels of self-esteem, and are incited by advertising into anxious body-management.²² The collapse of traditional communities, and the acceleration of individualism, erodes the old ways in which adolescents grew into adulthood. The traditional rites of passage into adulthood - leaving home, entering employment, establishing a family, and taking on legal obligations and rights - have either disappeared or become extended in ways that create an ambiguous relationship to adulthood for young people.²³ It has become much harder for many young people to create an independent life of their own.

This loss of traditional social structure extends into all aspects of our lives. It has a positive side to it: attitudes toward sexuality are more liberal; the relationships between men and women are becoming more democratic; fathers, albeit slowly, are becoming more involved in childcare and housework. Women seek and demand equality with men and greater personal freedom. These changes represent the continued decline of a patriarchal society and are a long term good. But in the short term, the erosion of traditional forms of (male) adult authority and young people's rites of passage adds to a loss of social, and also psychological, order. Families are changing too as divorce rates continue to increase and the numbers of marriages decline.²⁴ The new capitalism has accelerated this cultural revolution, but it also impedes the development of alternative, more egalitarian and democratic forms of authority.

As a society we are no longer clear about what defines adulthood. This ambivalence about our social roles is characteristic of all stages of life, from our emotional expectations toward children, to how society values older people. Even the experience of death and dying lacks any social meaning. Despite the great majority wanting to die at home, statistically speaking, we are likely to succumb to a chronic illness and end our life in a hospital, in an impersonal, possibly painful, techno-medical death. This loss of meaning creates its own insecurity. In many people's minds, public spaces have become potentially dangerous places. Many areas are avoided or only passed through in the insularity of our cars. Parents restrict their children's mobility because of justified anxieties about traffic. But there also exists a fear of abduction, molestation and arbitrary acts of violence. As a consequence, children have become isolated from their neighbourhoods. The playground two streets away is now a hostile and forbidding place.

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 are viewed as competition for housing and under-resourced public services. They become the omens of social disaster and the further loss of people's ways of life. Political conflict around race and religion attempt



to construct boundaries of identity which will define a sense of who belongs and who is entitled to what resources. At stake is the struggle for recognition. People recognising one another as valid members of a society is essential for creating a shared sense of belonging. Class inequality damages this process of recognition, and cultural difference becomes a focus for people's fear and hatred. As a result individuals feel even more insecure and come to see society as divided and fragmented.

The uncertainty, the constant change and the decline in a sense of belonging herald the cultural destruction of the traditional working class. Life continues but the cultural symbols and institutions that once gave it meaning are disappearing. Those who flourished in the old class culture find themselves ill equipped to deal with the new uncertainties. 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.

We are living in what Abraham Maslow calls a low synergy society, in which, 'the advantage of one individual becomes a victory over another.'²⁵ Wealth attracts wealth. The majority who are not victorious must cope as best they can. In Britain, the political response to the crisis of industrial capitalism, and the radical restructuring of the economy caused by the rise of the new capitalism, has led to the widespread deprivation of Maslow's individual needs of safety, belonging, love and respect. This deprivation is the cause to the social recession.

What next?

Britain faces acute problems in recovering a more equal, sustainable and fairer society. Large areas of the country have lost their economic base. Employment in these areas is sustained by high levels of public spending and is vulnerable to a change of government or an economic downturn. The political elite and ruling class, heavily influenced by economic liberalism, drove the process of restructuring the economy and society further and deeper than other European countries. Institutions in education, health and welfare, required for social recovery have been depleted by marketisation. Many are emotionally impoverished organisations whose staff are demoralised and whose cultures are risk averse. Public service values such as the common good, care, trust, communication and human relationships have been made subordinate to market defined, measurable outcomes. This low synergy between individuals and public institutions is reproduced in the political sphere with the popular disaffection from the formal institutions and political parties of representative democracy. Economic reliance on the City and its financial industries makes it much more difficult to neutralise their political influence and damaging social consequences. As a predominantly service economy we cannot shift our priorities back to production capital in order to create stable and more equitable forms of economic development.

Carlota Perez argues that the transition period as mass production gives way to the leading edge of the new capitalism

requires two or three turbulent decades. After this time the contradictions in the system cause a recession or depression. This marks a turning point, followed by a period in which the new capitalist system is consolidated. She characterises this turning point as a time of social reform and rethinking. The bursting of the dot com bubble in 2000 seemed to mark the beginning of a turning point in what had become a casino economy. It was, however, stemmed by the US Federal Reserve Bank which created a second bubble in the housing market. The sub-prime mortgage crisis has now burst this bubble. What will come next? There are a number of possible outcomes. First, a serious recession could strengthen the political forces of the right. Second and dependent upon there being only an economic downturn, the current Labour government could maintain itself in power. Third, economic recession could force a more interventionist approach to the economy. It is this third outcome that holds the best prospect for ending the social recession.

Amongst the middle classes who have gained the most from the last few decades, the benefits of economic growth are now offset by anxieties over debt, the growing pressures and costs of education, the prospect of falling house prices, and the threat of economic recession. 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. The culture of capitalism is a culture of insecurity.

Policy Strategies

What kind of policy strategies might bring the social recession to an end? Rather than trying to micro-manage people's behaviour, or focus on specific problems, a beginning has to be made by embracing the whole of society. It should focus on four issues: the economy, social justice, democracy and ecology. Greater state intervention, regulation of finance and redistribution of income and wealth must establish a new kind of relationship between social justice and security whose principle goal is ending poverty and reducing inequality. Electoral reform, enlarging individual freedom, promoting trade unionism and devolving power back to local government would re-energise individual and collective political agency. Climate change is the major challenge of the era. Tackling climate change and the end of oil will require a New Green Deal that will need new hypothecated green taxes and major investment to create a green economy in transport, consumerism and new industries in recycling, insulation and renewable technologies. Mutuals and pension funds offer alternative sources of funding. The paradox of climate change is that the size of its threat is the size of the political opportunity to create a collective sense of purpose. It is this larger social movement toward a common good that will push forward political change and end the social recession.

Notes

1. Jonathan Rutherford and Hetan Shah, *The Good Society*, Compass, 2006, www.compassonline.org.uk/programme/. The phrase 'social recession' was coined by a US Professor of Psychology David Myers. He argues that America slid into a social recession in the 1960s, caused by a 'radical individualism' which had been taken to an extreme. Materialism and consumer acquisitiveness corroded culture and created a spiritual emptiness. For Myers the social recession is essentially a moral problem, and he offers no analysis of what might be causing the disintegration of social bonds and institutions. He keeps his eye fixed on the symptoms, preoccupied with the declining rates of marriage (www.davidmyers.com).
2. See for example, www.telegraph.co.uk/news/main.jhtml?xml=/news/2006/09/12/nosplit/njnk112.xml; www.unicef.org/media/files/ChildPovertyReport.pdf; *The Good Childhood Inquiry*, www.childrengood.org.uk.
3. Stephan Collishaw, Barbara Maughan, Robert Goodman, Andrew Pickles, 'Time trends in adolescent mental health', *Journal of Child Psychology and Psychiatry and Allied Disciplines*, Nov. 2004, Vol.45, no.8, pp 1350-1362. See also The Nuffield 12 Foundation, 2004 Seminars on Children and Families: Evidence and Implications, www.nuffieldfoundation.org/fileLibrary/pdf/2004_seminars_children_families_adolescents_and_wellbeing001.pdf.
4. Abraham Maslow, *The Farther Reaches of Human Nature*, Pelican 1971, p237. www.imf.org/external/pubs/ft/seminar/1999/reforms/fukuyama.htm.
5. Carlota Perez, *Technological Revolutions and Financial Capital, The Dynamics of Bubbles and Golden Ages*, Edward Elgar, 2002.
6. Paulo Virno, Trans. Sylvere Lotringer; *A Grammar of Multitude For an Analysis of Contemporary Forms of Life*, www.generation-online.org/c/fcmultitude3.htm.
7. For research on class and education see, Richard Webber, Tim Butler; *Classifying Pupils by where they live: how well does this predict variations in their GCSE results*, CASA Working Papers, www.casa.ucl.ac.uk/working_papers/paper99.pdf. On social mobility see, *Recent Changes in Intergenerational Mobility in the UK: A Summary of Findings*, The Sutton Trust, www.suttontrust.com/reports/Summary.pdf. For health inequalities see Department of Health latest update of its report, *Tackling Health Inequalities*, www.networks.nhs.uk/news.php?nid=1949. On poverty statistics see <http://www.poverty.org.uk/>
8. See for example the analysis of Adair Turner in *Just Capital: The Liberal Economy*, Macmillan, 2001.
9. Mike Brewer, Alissa Goodman, Alastair Muriel, Luke Sibieta, *Poverty and Inequality in the UK: 2007*, The Institute of Fiscal Studies, 2007, www.ifs.org.uk/publications.php?publication_id=3932.
10. Mike Brewer, Luke Sibieta, Liam Wren-Lewis, *Racing away? Income inequality and the evolution of high incomes*, The Institute of Fiscal Studies, 2008, www.ifs.org.uk/publications.php?publication_id=4108
11. Richard Wilkinson, 'Health, hierarchy and social anxiety', in N. Adler, M. Marmot, B. McEwen, J. Stewart, eds. *Annals of the New York Academy of Sciences*, 1999, available at, <http://povlibrary.worldbank.org/library/view/4541/>. See also Richard Wilkinson, 'The Impact of Inequality: empirical evidence', *Renewal*, Vol. 14, No 1, 2006.13
12. Updates of debt statistics available at www.creditaction.org.uk
13. See, for example: New Economics Foundation, *The power and potential of well-being indicators*, p5, www.neweconomics.org. See also the work of the Primary Review at Cambridge university at www.primaryreview.org.uk. See also Steve Bradley, Jim Taylor; 'Diversity, choice and the quasi-market: An empirical analysis of secondary education policy in England', 2007, www.lums.lancs.ac.uk/files/12803.pdf.
14. See City and Guilds 'Happiness Index' at www.cityandguilds.com. Press release at, www.cityandguilds.com/cps/rde/xchg/cgonline/hs.xml/17818.html.
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16. Carol Black, *Working for a healthier tomorrow*, <http://www.workingforhealth.gov.uk/Carol%2DBlacks%2DReview/>
17. <http://www.statistics.gov.uk/cci/nugget.asp?id=1333>. See also Richard Layard, *Mental Health: Britain's Biggest Social Problem?* www.strategy.gov.uk/downloads/files/mh_layard.pdf.
18. see <http://www.ic.nhs.uk/news-and-media/press-releases/april-2005--march-2006/rise-in-childhood-obesity-rates--new-statistics-from-health-survey-forengland>
19. See for example, *The Commercialisation of Childhood*, Compass publications, 2006, www.compassonline.org.uk/campaigns/campaign.asp?n=446. Also http://www.childrengood.org.uk/whats_happening/media_office/latest_news/6486_pr.html
20. Cheers?, Mental Health Foundation, 2006, <http://www.mentalhealth.org.uk/publications/?EntryId5=38566>. On alcohol related illness and deaths see the Institute of Alcohol factsheets, <http://www.ias.org.uk/resources/factsheets/factsheets.html>
21. Simon J Charlesworth, Paul Gilfillan and Richard Wilkinson, 'Living Inferiority', *British Medical Journal*, Vol.69, 2004.
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23. For the impact of these changes on young people and the criminal justice system see, *Lost in Transition A Report of the Barrow Cadbury Commission on Young Adults and the Criminal Justice System*, 2005, <http://www.bctrust.org.uk/programmes/yacjemployment.php>.
24. News release, '45% of marriages will end in divorce', 27 March 2008, National Statistics, <http://www.statistics.gov.uk/>
25. Abraham Maslow, op cit, p211.

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and develop the ideas for a more equal
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