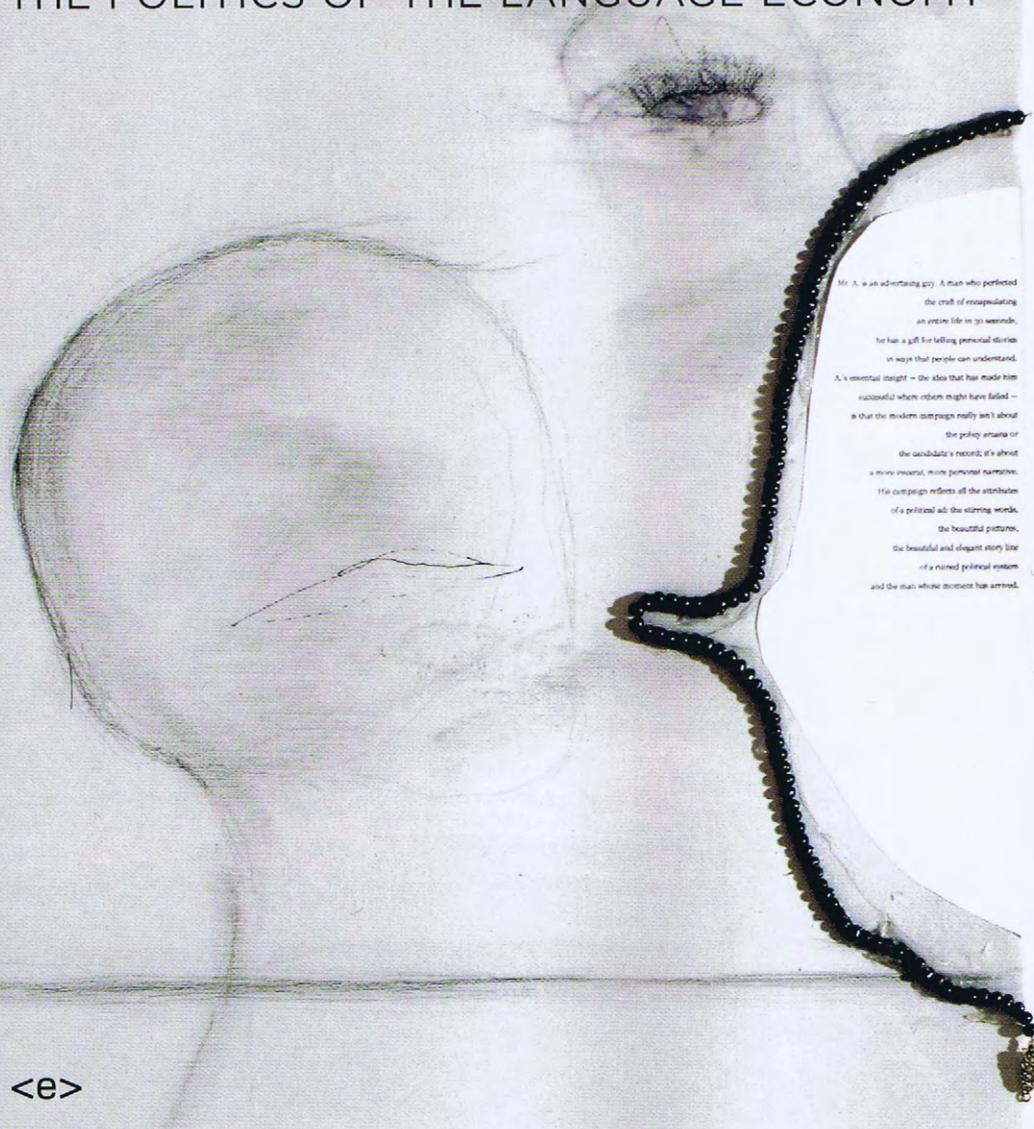


Christian Marazzi

CAPITAL AND AFFECTS

THE POLITICS OF THE LANGUAGE ECONOMY



Mr. A. is an advertising guy. A man who perfected
the craft of encapsulating
an entire life in 30 seconds.
He has a gift for telling personal stories
in ways that people can understand.
A's essential insight — the idea that has made him
successful where others might have failed —
is that the modern campaign really isn't about
the policy agenda or
the candidate's record; it's about
a more visceral, more personal narrative.
His campaign reflects all the attributes
of a political ad: the stirring words,
the beautiful pictures,
the beautiful and elegant story line
of a ruined political system
and the man whose moment has arrived.

Starting from Work

1. Lean Production

The current economic recession¹ occurred during an ongoing transformative crisis in the modes of social production, consumption and communication. This makes an analysis of the “epochal shift” characteristic of our time even more difficult. When we hear that the economic engine is finally recovering after two or three years of crisis because we are finally seeing a rise in employment figures, we have to be very careful. It is easy to say that new jobs are being created or that the construction business is picking up and exports and consumption are rising, but assessing the irreversible changes in the *nature* of work and of social rights that happened before, during and after the recession is quite another matter.

A recession is a phase of what we call an *economic cycle*, an oscillatory (or palindromic) movement that perpetuates itself by swinging between two insurmountable limits. “By a cyclical movement we mean that as the system progresses in, e.g, the upward direction, the forces propelling it upwards at first gather force and have a cumulative effect on one another but gradually lose their strength until at a certain point they tend to be replaced by forces operating in the opposite direction.” This is how John Maynard

Keynes defined the rationality of the economic cycle, and he added, “We mean also that there is some recognizable degree of regularity in the time-sequence and duration of the upward and downward movements.”²

During the 1980s and the beginning of the 1990s we have observed a modification when measuring the periodicity and the duration of the economic cycle. While during the post-war era the average duration of the cycle was five years, after the international recession of 1980–1981 ten years passed before the explosion of the following recession. Not only has the distance between the two recessions become longer (from five to ten years), but the duration of the recession itself seems definitely longer than the preceding ones. After three years of recession and several signs of recovery notwithstanding, there is still much confusion among economists with regard to the end of the recession. People talk of a “timid,” “anemic” recovery, and the monetary authorities forecast high and unpredictable inflation rates, at least in the short term. Even the new jobs don’t make up for the ones lost during the recession, and for the most part they are not of very high quality.

These changes in the economic cycle, in its duration and—as we will see later—in the different factors determining the interaction between occupation, income, inflation and interest rates, are the symptoms of a much deeper *crisis-transformation* in our societies. In other words, the economic cycle has changed because the advanced economies are traversed by restructuring forces that are working beyond the cycle’s rationality. If we want to understand the dynamics and the form of the new economic cycle and in order to anticipate its moves, we need to start from an analysis of these underlying changes.

We know that the unprecedented layoffs of these last few years, which introduced the phenomenon of mass unemployment even in

a country like Switzerland,³ were aimed at the reduction of labor costs in both the public and the private sectors. Such costs were considered excessive in an increasingly global economic context, which is constantly subject to the pressures of international competition. This is what has been called *lean production*. We know that, in order to reduce the weight of social benefits held responsible for high labor costs, many companies chose to shed entire segments of production by *outsourcing* them. With this term we indicate the recourse to contractors, consultants and former employees, in order to increase the productivity and efficacy of larger firms. This implies a radical restructuring of the firm's organization. This also means that big corporations, government agencies, large hospitals and universities will no longer be the sole employers of large numbers of people. This is why, while the large firms are laying off people, the small and medium companies working for them are in fact the only forces able to create employment, although this is often precarious in nature. More generally, the large employers will increasingly tie occupation to results, while the rest of the work will be contracted to other companies.⁴

This is lean production, then, and the outsourcing of social costs through the hiring of subcontractors. To take just an example, we could think about the recourse to private cleaning companies in hospitals or in public offices, but things go deeper than that. Big companies are reorganizing themselves with new technologies, in order to respond to shifts in demand and to the changing taste and desires of the client-consumers in a very short time. We are talking of "just-in-time" production, which organizes labor in the most flexible way possible, thus avoiding the accumulation of stock (that is, unsold merchandise that is destined to depreciate itself). This is clearly the most visible aspect that differentiates

the emerging mode of production from the preceding one, the era following the First World War which has been called “Fordist.” This name, of course, is derived from the American industrialist Henry Ford, who at the beginning of the 20th Century first introduced the assembly line in his automobile factories. While during Fordism the times and modes of production were rigidly planned, in the post-Fordist era planning is much harder, since one has to rely much more on the opportunities offered by the market. These opportunities have to be seized upon immediately because in periods of strong competition and markets’ oversaturation even the smallest change in demand can make or break a company’s balance sheets.

The passage from Fordism to post-Fordism, from planned production to a production increasingly driven by the market’s every whim, has to be analyzed with great attention. This is where the most important changes actually reside.

In the study of the most distinctive traits of what we call “lean production,” or “just-in-time,” with respect to the Fordist mode of production, the most useful is certainly the one that sees in *communication processes* the crux of today’s social and political transformations. We can say that lean production has brought communication, or the flow of information, directly into the production processes. In this new mode of production, communication and production overlap, while in the Fordist mode of production they were juxtaposed.

There is no mystery in communication’s new role: when confronted with an oversaturated market, due to a limited buying power on the part of consumers and therefore of the market’s ability to absorb excess production, the mode of production had to adjust and restructure itself in order to increase productivity

without creating excess inventory. Productivity gains no longer happen within “economies of scale,” which, in Fordism, were created by increasing the quantity of produced goods (thereby reducing their unit price), but they are tied to the production of small quantities of many different products, reducing to zero defective output and immediately responding to the market’s oscillations.

The factory has necessarily become “minimalist,” in the sense that everything that exceeds the market’s demand has to be eliminated. People have also talked about “zero-stock” strategies, because as soon as one sees an increase in unsold merchandise there is a prompt intervention to eliminate the causes of overproduction, whether it means getting rid of workers or of machinery. What is important is the elimination of all redundancy with respect to the demand, the cutting out of all the “grease” accumulated during the working process.

One understands, then, how communication—and its productive organization as information flow—has become as important as electricity once was in the age of mechanical production. In fact, communication is the grease that insures the smooth running of the entire production process, from the sale and distribution to the production stage. Communication, in fact, allows us to realize *the reversal* of the relation between production and consumption,⁵ offer and demand, and that forces a structuring of the productive process in the most flexible way possible, breaking all the rigidities constituted by the employees’ working habits.

From a distribution point of view, with its strategic function in regulating the productive process, the introduction of optical scanners at supermarket checkouts, which read the information contained in the barcodes of all kinds of products, represents one example of the reversal between offer and demand, production and

consumption. Optical scanners are formidable information collectors with respect to all the data relative to retail sales, in regard to quantity, periods (and even hours) of bigger consumption, or a product's "direct profitability" in terms of floor space, packaging, color, etc. In the same manner, the opportunity to pay with credit cards has made of the sale and distribution stage the place for collecting all sorts of useful data regarding the consumer, which allows the personalization (or "singularization") of the mass consumption of goods and services.⁶

When applied to the sphere of distribution, information technology has granted more power to the large distribution outlets with respect to the producers of goods, precisely because of their strategic position in the collection of information vital to the control not only of the promotion of a certain product, but also of its "life cycle." Retail outlets, having acquired the control of the data flows derived from their customers, are now in the position to determine the times and the quantities of merchandise produced. In the new, post-Fordist system, *effective* sales directly "command" orders and, therefore, production.

From the point of view of production, the most spectacular changes in work organization with respect to the Fordist era are also a function of communication processes.⁷ An almost emblematic expression of this new orientation is the *Kan-Ban*, which consists in placing on shipping cards a kind of tag that serve both as order requests and delivery notifications. The *Kan-Ban* is a mechanism that coordinates different working positions thanks to an information flow that moves horizontally in a back-and-forward motion, without any need for central planning.

In Fordism, daily, monthly or annual planning was determined in offices that were kept separate from direct operations, and the

workflow proceeded from the first stage of production to the last. In the new system, planning is in fact determined by the last stage, that is, by the observation of the market's response, and the entire workflow is organized starting from the information concerning the quantity of goods that need to be produced.

Communication and production overlap, and in fact they are now one and the same. In Fordism communication excluded production and the assembly line was silent, mechanically executing the directions established by the white collar managers. Now, however, in post-Fordism, we have a “speaking,” “communicating” production process, and the technologies used in this system can be considered true “linguistic machines,” whose main focus is to facilitate and accelerate the circulation of data.

In Fordism, communication in the space of production was considered a destabilizing disruption that could in fact stop production. Either you worked silently or, if you needed to communicate, you had to stop the production process. In the post-Fordist system, instead, the inclusion of communication has a directly productive value.⁸

The working process can't but be deeply conditioned by the entry into production of communication processes. It has to become as flexible as possible, its structure has to be lithe and, most of all, its work force needs to be multivalent, able to move from one task to the next, from one machine to the next without hesitations. The space of production has to insure a maximum of visibility—we need to work in a “shop window”—in order to avoid all objective or subjective interruption in the production flow and to capture all circulating information at the right moment.

Once again, the qualitative difference with respect to the Fordist way of working is worth noting. While in Fordism, according

to Taylor's injunction, there was the need for a specialized work force, parceled to the point of repeating the same movement all day long, in post-Fordism the "ideal" work force has a high degree of adaptability, in response to changes in rhythm and function. This has to be a multi-operational work force, able to "read" the information flows and *to work while communicating*. Post-Fordist work implies a re-association of formerly clearly distinct functions, a "reconfiguration" of a whole series of executive roles in the person of one individual worker. The Americans call this process *reeingeneering*.⁹

However, one should not spend too much time describing the specificities of post-Fordist organizational models. In fact, there are several of them, and at least up to now none of them has been universally adopted.¹⁰ What is crucial is the understanding that at the basis of the radical transformation in the post-Fordist mode of production there is the merging of production and communication, of "instrumental" and "communicative" actions—if we want to use expressions coming from the realm of philosophy. Communication's entry into a "talking" production, which uses linguistic machines whose importance resides much more in their data-collection abilities (software) than in their physical configuration (hardware) or their value as fixed capital, is the historic consequence of the crisis in the classic relationship between the spheres of production and distribution.

Once the market is oversaturated, either because the classic goods that made the history of Fordism—such as cars or house appliances—are by now "mature" products whose quantitative distribution is reaching its limit, or because the purchasing power of the consumer population is stagnant or even diminishing, the production process needs to be revolutionized. From now on, it will no longer be possible to produce large quantities of highly

standardized goods, nor to accumulate inventories thinking that they will eventually sell at some future, non entirely predictable moment (what during Fordism was called “just-in-case” production). It won’t be possible to produce according to “economies of scale.” Instead, we will need to produce limited amounts of differentiated goods, which will vary according to the changing “taste” of consumers that we will need to know as well as possible in order to better reach them, while at the same time trying to find the best ways to realize gains in productivity.

2. Japanese Origins

Post-Fordist production and distribution models were born in Japan in the 1950s in the Toyota factories (hence the term *Toyotism*, often used to characterize lean production). This can be explained by the socioeconomic specificities of Japan during that period, among which we need to mention at least two. The first characteristic was a limited market that made it impossible to simply adopt the already proven American techniques for mass production, which presupposed a mass consumption or, at least, a foreseeable expansion.¹¹ The gradual introduction of toyotism from Japan to the Western economies in fact follows the production and consumption crisis that started with the 1974–1975 recession (the oil crisis that marked the beginning of the first austerity policies) and continued with the adoption of the neoliberal policies of the 1980s.

The second reason for the Japanese birth of post-Fordism is also, although only in part, related to the specific characteristics of the Japanese economy. The origins of the working revolution in Toyota’s factories can be found in a financial crisis (1949), a major strike (1950)

and the Korean War (1950–1953). The financial crisis suffered by Toyota in 1949 was the consequence of the austerity policies adopted by the Japanese government in 1948, which caused a decline in demand and thence a sale crisis for Toyota products. Toyota's financial crisis, in turn, will force it to resort to a bank consortium that will impose on the company a drastic reduction in work force and the planning of production in direct relation with actual sales.

The 1950 strike, like the ones that followed in 1952 and 1953, will be the last attempt at resistance on the part of a working class organized in professional trade unions. The losses suffered in those years sanctioned the shift from professional trade unions to unions internal to the firm. This shift, that marked the irreversible crisis of professional trade unions, also sanctioned the destruction of a working class which, up to that moment, was organized in larger trade unions in order to counter industrial "rationalization" and wage reductions. The destruction of this working class was necessary to the introduction of the new production methods introduced by Mr. Ohno, who in fact was the Japanese incarnation of Taylor, the original theoretician of lean production. With this aim in mind, what needed to be created was a working class strongly implied in the entrepreneurial spirit, faithful to the firm's objectives, capable of adapting to its imperatives and ready to identify with its destiny. This was particularly true during the Korean War, when Toyota found itself in the paradoxical situation of having to respond to a surge in demand on the part of the United States without being able to implement new hires.

It is not difficult to see in these historical circumstances the reasons that explain the spread of Toyotism in the West during the following decades. During the 1980s, neoliberal policies in fact reduced the market's ability to absorb production, due to the fall in

real wages and the compression of the State's social expenditures. Culturally, though, the Fordist model in the West was already in crisis, following the international cycle of struggles that had started in 1968: central to these struggles was the critique of the exploitation of mass workers, accompanied by the demand for an education that would provide an alternative to a life sentence to be served on the factory floors.

During the social, economic and political crisis of the 1970s, the production and organization models of Fordism start to wane, but no less important is the crisis of the social and cultural models on which they rested. The parceling of production in micro-firms, the concept of "technological frugality" espoused by the burgeoning ecologist movement (the "small is beautiful" philosophy typical of the 1970s), the organization of a more intellectual kind of work, the "refusal" of salaried work as form of life, will all progressively contribute to the construction of a new paradigm of production and development.

3. Innovation and Political Forms

The passage from Fordism to post-Fordism brings new life to the research about how to periodize the diffusion of industrial techniques, technologies and organizational models, which have always been the object of historical inquiry. Certainly, it confirms the thesis according to which technical innovation and invention cannot explain, in and by themselves, truly epochal socioeconomic transformations. No technical consideration could explain why what was applied in Japan during the 1950s had to wait almost thirty years to find its way West.

In this respect, there exist many historical precedents.¹² The classic example is the mechanical harvester: its invention goes back to 1780, but its usage was generalized only eighty years later, during the American Civil War, because of the sudden lack of agricultural workers. The traumatic change in living conditions and social relations caused by the war was essential to the beginning of an agricultural innovation process which, in only three decades, radically revolutionized the oldest among all socialized productive activities. The harvest, with its employment of a large work force, had been not only a necessary activity in an economy mostly based on the production of subsistence goods, but also part of a traditional way of life, of a system of social relations and power distribution which could not be changed without causing social unbalances and political instability.

In other words, we need an external shock, such as a war or a social crisis, in order to create the conditions for applying systems of production and consumption that could not be applied during “normal” times, when social and political compromises can easily be reached. There is no doubt that the 1970s, with their social instability, the crisis in the North/South relations (prices of raw materials), and the waning of Fordist work ethics, did create the conditions for the generalization of a productive and organizational model born not only in a different country, but in a single company. On the other hand, Fordism was also born in Ford’s factories, and only later was adopted by all Western economies, and even then not without difficulty and with many changes with respect to the original model. Through the lens of historical analysis, the passage from the single innovative company to the economic system, the institutional passage from micro to macro can at times appear paradoxical. Thus, from the point of view of

salaried relations, while toyotism was originally close to the paternalism ideated by Ford in order to manage his company at the beginning of the century, American Fordism will actually evolve *in opposition* to Ford's ideas.¹³ The gradual emergence of the collective wage conventions typical of Fordism will be the result of negotiations *between State, trade unions and private employers*, and not at all of the wage paternalism preached by Ford for the single company: *nemo propheta in patria*.

The transition between Fordism and post-Fordism also sheds light on another, not negligible, political and institutional phenomenon. The new technological and organizational "leaps" are not primarily technical in nature, but rather they are the function of vast, "preprogrammed" investments in scientific research. This is accomplished to the transformation of scientific institute, research centers and educational institutions. The issue of the political control exerted on the innovation processes that destroy social circles, routines and preexisting power relations is at the very core of these phenomena. The genius of the innovative entrepreneur, of a leader such as Toyota or Ford that was theorized by the Austrian economist Joseph Schumpeter, is not enough to start a process of generalized social transformation. The single entrepreneur cannot see the political problems derived from the new relation realized in the entrepreneurial act through the convergence of science, research and the sociopolitical regulation of society.¹⁴ The figure of the entrepreneur cannot operate the synthesis between innovative research and the management of imbalances, between the disharmonies inherent to the diffusion of new organizational and productive techniques and the rest of society.

In the passage to post-Fordism, the issue of the relation between entrepreneurship and politics, between the subject of

innovation and the political subject, appears in completely new terms. In Fordism, the *separation* between entrepreneurial innovation and the political management of its consequences was founded on the fact that the decisional centers of the two systems were *qualitatively different*. On one side there was the economic-productive sphere with its innovations and reorganizations, and on the other there was the politico-administrative sphere, whose main task was to manage, mediate and regulate the consequences of restructuring processes. There was *one subject* who decided on innovation, and *another* who had to understand its consequences; one instance was in charge of sustaining the innovation process, and the other one had to respond to its consequences on social composition and on the general economical equilibrium; there was *one language* for the innovative entrepreneur, and *another language* for economic administration and for the state's politico-bureaucratic governance.

With the entry into communication of the productive sphere, the separation between entrepreneurship and politics is somehow disrupted. This is at the origins of today's main problem, which is far from being solved: *what is the politico-institutional form typical of the post-Fordist regime?* This is an open, extremely complex question deriving directly from the transformations in the mode of production.

4. Linguistic Machines

When we say that in post-Fordism communication participates in production, that it is an immediately productive factor, we are in fact calling into question *language itself*, which is at the basis of human communication. The coincidence of the communicative

and of the productive act in the new paradigm opens a vast array of problems tied to the analysis of language, which is as fascinating as it is complex. The limits of this study do not allow for an exhaustive discussion of the questions posed by communication's entry into production. We can only point to some connections and correlations between the "communicative mode of production" and its possible political consequences.

First of all, let us define the problem. With regard to the Fordist era, we spoke of the separation between the economic world of entrepreneurship and the political system, between institutions and administration, entrepreneurs and politicians, innovation and application. This separation was always pragmatic, and it helped to better define the subject's operational competences, in order then to rank him either among "those who are in business," or "those who are into politics."

Between these two spheres there has always been a relation of reciprocal functionality: the instrumental action of the entrepreneur cannot do without the initiatives of the politician. Even within a single firm, the actions performed by the worker on the production line depend on the corporate planning of the white-collar managers, and vice versa. Since the very beginning of industrial production, the workers have always been asked to give their technical suggestions in order to improve the production process, which led to modifications either in the machinery or in the organization of labor routines. However, the essential point is that the suggestions had to be put in a separate box located on the production floor, as one might do for secret or at least private information exchanged between the single worker and management.

This functional separation, which is historical in nature and changes in time, is at the very origin of the transformations in

governance, just because we are dealing with different logics and languages. This is why André Gorz, at the beginning of his study on the metamorphoses of labor, quotes Max Weber's description of the transition between the preindustrial and the industrial mode of production.¹⁵

Before industrial capitalism, the sphere of production was mostly connected to the sphere of the family and of independent artisanal labor. This determined the times and modes of production. Even the industrialists, when they used home-based laborers, left them a large margin of autonomy with respect to how to organize themselves in their intra-familial relationships in order to complete production. The entrepreneur only appeared at the end of the process.

This form of capitalist organization, rooted in tradition, had its own indisputable rationality. The way of life, the profit margins, the quantity of labor produced, the way to manage the enterprise and the relations between entrepreneur and worker was traditional in nature. These relations dominated the way of conducting business and was subjected to the "spirit" and the ethics of that kind of preindustrial entrepreneur.

Weber explained how, when the entrepreneur decides to increase his business beyond traditional levels, he needs to radically transform the form of his productive organization, instituting the *close factory* and hiring the workers who formerly worked for him in their own homes according to a completely different logic. This is how waged labor was born, and with it a new rationality, the economic rationality in its strictest sense. Weber goes to the point of affirming that capitalist rationality is born from an "irrational element," because from now on the "economic man" chooses to exist as a function of his work, of his enterprise, *and not the contrary*.

Anyway, this will impose itself as the *sole* rationality of capital, while Weber, in his reconstruction of the transition between the preindustrial and the industrial epoch, had actually noticed the existence of a *plurality* of rationalities. That only one rationality may exist, ultimately hinges on how economic rationality governs society, on how it imposes itself over all other *possible* rationalities and forms of life; it hinges on the political form that best organizes itself in order to functionally represent this rationality.

The interaction between industrial labor and the political form that is the foundation of industrial capitalism is examined in detail by Hegel at the beginning of the nineteenth Century.¹⁶ Hegel establishes a logical sequence between Work and Government: first we find work, instrumental action, which is founded on the instrumental relation between the individual and the object that he needs. The world of work is an heterogeneous assembly of people devoted to work, each engaged in his or her own struggle with nature aimed at the satisfaction of his or her individual needs. In this world, where an infinity of human beings “act with a goal” according to the logic of the division and specialization of labor, all activities are silent. Acting with a goal means having an instrument that functions mechanically in order to reach a preestablished result. Communication is in fact a monologue: it goes only in one direction, from the project (or goal) to the final result, the product. Between the project and its realization you have the moment of execution, which is mechanic and silent and where “the end justifies the means.”

This is why Hegel places communication outside of all directly productive processes, and therefore establishes a *logical* difference between instrumental and communicative actions. Communication, the “dialogic thread” that runs among consciousnesses

forming the basis of a people's "spirit," the collective reflection of subjects engaged in different activities, defines the system, the shell within which a society constructs its social, juridical and institutional relations. In turn, the social and political system, built on the basis of the communicative interaction among individual economic subjects, acts on them *retroactively*, *re-placing* them—so to speak—in the system. Just as work produced its own society, institutions and governments "by means of communication," so do the latter re-produce the economic subjects in establishing rules, laws, norms, prohibitions and redistributive mechanisms.

Since post-Fordism no longer separates production from communication, but makes of their coincidence the very lever of economic development, the first thing to do is to define the kind of communication, or rather of language, that we are describing. This is the kind of language *that produces organization* within the work sphere, inside the firm. In order to better tie production to the oscillations of the market, the working process is structured in order to maximize the fluidity of the circulation of information and respond in real time to the market's demands. Information, therefore, will use a lithe, agile language whose function is aimed at a precise goal. This will be a *logico-formal* language allowing to start essential working routines at the moment of the transmission of information.

This kind of language needs to be as formal as possible, it has to be composed by symbols, signs and abstract codes, an absolutely necessary condition if it has to elicit an immediate interpretation by all those who work in the same company without the least hesitation. The abstraction and artificiality of this language make for a work force that is continually moving (and rotating from task to task, which is necessary in an extremely precarious job market)

to be able to understand it and use it in order to respond to the “orders” communicated by the data.

Beyond being formal (abstract, artificial, completely symbolic), this language also needs to be *logical*, because it is thanks to its rules and grammar that one can use it within the firm (or, in the system of “networked production,” in several firms), that is, within a “social community” where one’s actions cannot interfere with the others’, but on the contrary need to support and enhance them.

Formal-logical language was at the basis of the “linguistic machine” theorized in 1936 by the English mathematician Alan Turing, which is at the origin of today’s information technologies.¹⁷ This was a “linguistic” machine for which the most important element is the organization of a grammar whose symbols move on a magnetic “assembly line,” moving back and forth between one position and another.

The linguistic organization of the production process doesn’t characterize only the “Turing machine” and information technologies. The same management models are inspired by the principles expressed by Alan Turing: their goal is to organize the firm as a “data bank” able to self-determine its actions by virtue of a smooth, fluid, “interfaced” linguistic communication process.¹⁸

5. Language as Political Technology

Now we can understand why it is fundamental to analyze the political theories that consider language and communication as means to improve and intensify democracy’s potential. We are thinking about Jürgen Habermas’ theory of “communicative acting,”¹⁹ whose greatest merit consists in locating the great political questions of democracy and freedom on the plane of language.

For Habermas, “communicative action,” the recourse to linguistic-discursive mediation, is what allows us to justify and legitimize the governance of society by referring to collective interests and needs, also called *general interest*. Thanks to language, according to the theory of “discursive democracy,” we can go beyond the pure given, the simple norm, the merely technical-instrumental element.

Linguistic mediation determines the possibility of a cooperative and consensual search for truth. The language we use contains, according to Habermas, a “substantial rationality” *common* to all human beings, which can emerge through communication in order to improve and organize society.

This substantial rationality is similar to the productive activity of individuals in Hegel: it would precede the communicative act itself, belonging to everyone’s “lived world” and—like for Hegel’s work products—it would migrate from the private to the social sphere thanks to linguistic communication. Each private “lived world” is socialized by language, communication, dialogue among individuals. This is how, thanks to linguistic communication, different individuals organize the social, political and institutional system without which only the “war of all against all” would exist.

The limits of this work make it impossible to consider all the critical arguments that have been made of this vision in the last twenty years, which many considered excessively formal or naïvely enlightened. However, in the context of our analysis of the political problems raised by the post-Fordist regime, we still need to address some of the questions implicit in Habermas’ approach, albeit without necessarily solving them.

Habermas’ use of communication theory comes from a remarkable intuition at the time when his research started to work

on his project, but it is theoretically insufficient to understanding the origin of our own time. In a 1983 interview, Habermas says that his “linguistic turn” dated to the early 1970s, that is, to the so-called “years of lead,” the rise of neoconservative ideology and the ecology movements. In order to avoid falling into post- or anti-modernism, becoming “either hardened conservatives or young and wild conservatives,” Habermas engaged in the search for a solution. The theory of “communicative action” looked like an excellent “expedient” to remain in modernity without renouncing modernity’s mission.

Habermas’ theory finds its strength in its pragmatism, which defines linguistic communication as what it is in a given sociopolitical community. Umberto Eco came to the same conclusion in his introduction to *The Limits of Interpretation*, where he explains his attempt at “pacifying” struggles in the linguistic field as follows:

But I keep thinking that, within the boundaries of a given language, there is a literal meaning of lexical items and that it is the one to be listed first by dictionaries as well as the one that Everyman would first define when requested to say what a given word means. I thus assume that Everyman would say that a fig is a kind of fruit. No reader-oriented theory can avoid such a constraint. Any act of freedom on the part of the reader can come *after*, not *before*, the acceptance of that constraint.²⁰

Also, for Habermas, the language commonly used in democratic societies is *the* language that best allows for communication between different subjects-citizens. The values of liberal societies are shared values, whose interpretation doesn’t necessarily refer to objective significations (final truths), but at least *to intersubjective*

ones. What really counts is that we use socially shared notions, words and signs, and that the words that we use to communicate be chosen because of the fact that the community recognizes them as true. The pragmatism of Habermas' theory resides in his notion of "socially shared" meanings: politicians from all sides can communicate among themselves, provided that they stick with the "etymological" meaning of their words, the one consolidated with the tradition of liberal democracy. Only later, after a political agreement has been reached, can we look at the different ways of interpreting the words that have allowed the elaboration of laws, and the limits of this freedom will be inscribed in the grammatical rules that will constitute the framework of the "democratic conflict."

In the light of what is happening in the 1990s, the insufficiency of Habermas' theory can hardly be denied. It is a structural insufficiency, located in the *juxtaposition* between the "lived" and the "institutional" world.²¹ By themselves, language availability and use don't guarantee the complete expression of one's lived world through language's own filters.²² If, in fact, language is not something innate like, say, hearing, but a *convention*, an arbitrary and artificial human creation transmitted from one generation to the next, what the newborn inherits is a means of communication which does not belong to him naturally, but is externally imposed.²³

Language learning in childhood implies an original violence, because it forces us to remain silent on lived experiences for which words do not exist and on the other hand to talk about contents that don't correspond to any experience and to formulate intentions that don't belong to us. If on the one hand language allows man to "enter into History," on the other hand it remains a "filter" that cannot let through the lived world of each human being. As

the poet said, “words are sealed prisons for the divine breath, for Truth.” Language is by definition a disciplinary structure; it imposes limits and prohibitions to the “lived world.” Umberto Galimberti said the following, “Language does not reproduce truth, but rather distorts it, although truth cannot announce itself by any other means than language distortions.”²⁴

On this issue—the role of language as instrument of socialization—Habermas’ approach is lacking because it leads to a voluntarism that can easily turn into political naïveté. It is a mistake to construct a theory (which is by definition a universal notion) of communicative action based on the presupposition that the discursive-communicative dimension of the relations between subjects is an objective fact because “socially shared,” a reality independent from any critical reflection. This is a presupposition that can have some validity within a circumscribed and internally homogeneous community, like, for instance, the one formed by scholars working in the same field, or by a political class that has developed a conventional communication code. Habermas’ theory, when it claims to have a general value, is only a *robinsonade* transposed on the linguistic plane. And in fact, Robinson speaks English to Friday, without ever wondering whether the servant spoke another language before meeting his master.²⁵

The theory of discursive democracy does in fact raise the question of the rules necessary for governing a democracy, but without solving within language the conflicts that language itself determines. A critique of communicative action doesn’t mean to step outside the world of politics “depriving ourselves of speech.” It simply means—but this “simply” is crucial—to assert that within linguistic mediation the existence of each subject is always conflicted: *it is this conflict that constantly modifies any linguistic*

presupposition. According to Habermas, those who criticize the communicative dimension of political action are either “vain exhibitionists” or incurable skeptics: this is due to the fact that his analysis stops at the door of productive action, thereby denying itself the possibility to understand political-institutional changes and the transformation of the conditions determined by the new modes of production.

The merit of Habermas’ theory of productive action resides in its limits, which we would not have been able to identify if we hadn’t been forced to react to his political proposal that embraces liberal democracy and the laws of the market after the fall of the Socialist states. And in fact, these are the limits which constitute the narrow path of today’s excursions in the world of politics.

6. The Short Circuit

The disruptive entry of language in the sphere of production represents a leap in our way of thinking about science, technology and productive work. There have been many studies on the increasing importance of technology and on the mechanization of the world, or on the fact that in a market economy the only conceivable rationality is the economic one, according to which only *instrumental action* really exists.

Instrumental action is not founded on shared values, but on *calculations*, whose elements boil down to measuring the adequacy of the means to an end. These are *rational* calculations, derived from a kind of rationality that excludes value judgments by relegating them to a separate sphere, the sphere of communication, of “parlementarity,” of linguistic mediation. As McIntyre said:

“Reason is calculating. It can establish factual truths and mathematical relations, but nothing more. In the field of practice, it can only talk about means. When it comes to ends, reason has to keep silent.”²⁶

Now that communication has entered into production, the dichotomy between the instrumental and the communicative sphere has been upended. Post-Fordist work is highly communicative and needs a high degree of “linguistic” abilities in order to be productive. This kind of work presupposes the capacity to understand *all kinds* of symbolic action (not only in the field of information technology, but also at the purely sensorial-intuitive level). This means that it is in the production process itself that now resides the ability to generalize, to go beyond the data and instrumental-mechanical action allowed by language.

It becomes clearer, now, why the entry into production of communication causes a crisis in the political forms inherited from Fordism—or at least complicates them. The overlap between instrumental and communicative action and the coincidence of production and communication complicate the institutional passage between individual and collective interests. Representative mediations, such as the party-system, the trade unions, or other groups based on corporatism, class, ethnic and social identification becomes, *ab origine*, increasingly hard. Everyone tends to represent solely him or herself; all that is needed to protect one’s own interests is the understanding of the communicative techniques within the working-productive process (*Berlusconi docet*). The entrepreneur, as such, becomes a politician, a subject of governance, leaping over the chasm between economic and political spheres typical of representative democracies. His paradoxical “trustworthiness” and “prestige” derive from being the subject of instrumental and

communicative acting *at the same time*. He can lie (in particular when an entire political class is being legally prosecuted) because—in truly Hobbesian fashion—lies are part of the linguistic-communicative arsenal utilized to produce goods and services, especially when these goods are by definition “representational goods,” world *images*.²⁷

The crisis in social cohesion and the proliferation of political self-representational forms (which, paradoxically, only reveal the qualitative deficit in political representation) derive from the “linguistic turn” that contaminated the sphere of production after having revolutionized the cultural and esthetic realm, the scientific universe and finally, “with Habermas,” the political sphere. The currently indispensable function of linguistic mediation in every productive operation determines the absolute need for a political solution and for some form of governing economic activity, but the political solutions that have been proposed seem destined to evanescence. In fact, their short life is probably due to the fact of being *circumscribed* to instrumental action within a single entrepreneurial sector or economic interest.

The difficulty in finding, in the post-Fordist era, a plane of supra-individual mediation for consolidating lasting compromises and agreements comes directly from the short circuit between instrumental and communicative action. In instrumental action, the relation between ends and means is mechanic: once an objective has been determined, and a good needs to be produced in order to maximize one’s own profits, the execution of this project is univocal and unilateral. The decision is rational for what concerns the calculation of pros and cons, and even if the calculation is limited, it is still a calculation. All the rest, all other actions, all other behaviors, are not part of the decision but simply irrational reflexes.

Communicative action, on the contrary, is all but straightforward, it does not simply go to the end to the means. Nature, as Einstein noted, is not the univocal text theorized by the scientists belonging to the Newtonian tradition, who thought that the observation of Nature and the deduction of its internal laws was sufficient to find the scientific legality of the physical world. The experience of theoretical inquiry has actually shown that Nature is, rather, an *equivocal* text that can be read according to *alternative modalities*. If on the one hand the internal and external universe does not speak and on the other hand it is us, with our dictionaries, who make it speak, this means that we build multiple visions of the same universe, or even a plurality of worlds theoretically corresponding to the plural subjects who invent them.²⁸

The instrumental use of communication creates a friction between instrumental and communicative action, between linear and multidirectional methods, between the One and the multiple. Once the productive objective has been decided, the means and the ends to reach it can be modified along the way, so that at the end of the productive process the result might be quite different from what had been originally planned. This is the root of the difficulty inherent to the construction of a lasting form of government that would allow the determination of rules and norms (no matter how fictitious) for a consensual management of the multiplicity of interests existing in society.

From the certitudes of the former era, we are now in a time of questioning, a state of perpetual interrogation. We keep asking ourselves why the answers to the problems facing us today are not only multiple (which potentially constitutes a formidable enrichment for our lives) but also less and less shared socially and reciprocally convertible. At the peak of the “communication society,” we are paradoxically witnessing a *crisis of communication* itself.

The passage from security to precariousness, from planning to fortuities, is therefore inherent to a structural crisis that will last for a very long time. The post-Fordist restructuring has been forced to internalize communication. The danger consists in not being able to see the origin of the crisis experienced by the representative democracies inherited from the Fordist era. The danger also consists in not wanting to redefine our political categories on this basis, refusing to traverse the crisis innovating our analytical instruments, our ways of thinking and the organizational forms of representative democracy that we have inhabited all our lives.

The poet, who literally is a “maker,” someone who works with words, had understood it a long time ago. Commenting on Hölderlin, whose poetry is “a destiny for us,” Heidegger wrote that “language, the field of ‘the most innocent of all occupations,’ is also ‘the most dangerous’ of goods... the danger of all dangers because it first creates the possibility of danger.”²⁹

7. Servility

One of the “solutions” proposed to the issues raised by the post-Fordist transformation and that, at least for the time being, seems to transform politics by destroying its most basic principles, is to be found in the increasing “servility” of productive labor.

In the new way of working, a high rate of devotion to the company’s objective is necessary: those who have the privilege of working in a long-term position have to demonstrate a total availability to the “mood shifts” within the company and to the oscillations in production caused by the variations in demand. This is the explanation for the increase in overtime, often unpaid, which

would seem paradoxical when on the outside a full 10 percent of the population is statistically unemployed. This, however, also explains why we are moving from a regime where in the job market the social rights of the workers were almost universally acknowledged (in the form, for instance, of collective bargaining) and were protected by solid and lasting juridical norms, to a regime where workers rights are rapidly disappearing under the pressure of economical needs and contingencies. When the marketing of goods is in charge and imposes quantity and quality in real time (just-in-time), work becomes increasingly constrictive: we need to show ourselves capable of devotion and obedience, under penalty of losing our job. When production can no longer be planned since the market is no longer able to expand infinitely, as happened in Fordism, due to the compression of purchasing power; when, in other words, contingency reigns, the unforeseeable becomes the rule and everything rests on immediate adaptability. The spaces for juridical protections and universal rights, independent from specific juridical persons, close up.

The normative regulation of the job market—which was also a characteristic of Fordism, where even the representatives of conflicting and antagonistic interests were called to cooperate in order to produce norms able to resolve productive problems—is now being replaced by a sort of “*industrial feudality*.” While the plant, the hospital, the office are becoming the place of fidelity, the job market becomes the place of instability, fragmentation and separation in terms of class, sex and race. The job market is now the place of the absence of universal rights. This real transformation of the mode of production finds in its origins the current model of “totalitarian democracy,” which is the *democracy without rights* that is staring at us from a totally plausible future. This is democracy

without rights because the relation in real time with people's tastes—people who are no longer referred to as “citizens” and thereby as juridical subjects, but as “consumers,” “customers” and thereby as subjects of consumption—overcomes any juridical mediation, any appeal to lasting and verifiable norms.³⁰

This scenario is dramatically verified in the normative differences between the American, the European and the Japanese job markets. The most recent comparative studies show how in the United States the absence of regulation in working relations and the lack of an efficient system of representation and consultation of salaried workers—in other words the absolute flexibility that characterizes the working universe in the United States—is the cause for the creation of a quantity of jobs that is still unattainable in Europe, because of the social protections inherited from the Fordist era. In the United States we therefore have a higher rate of employment but also, at the same time, a higher poverty rate than in Europe and Japan, where social protection seems to insure less poverty but at the price of very high unemployment.³¹

It is certain that in the United States, the flexibility inherent to an unregulated job market is the cause of the qualitative deterioration of the work force and of its low degree of social participation. These are the consequences of the pauperization of large sectors of the active population. Therefore, while it is true what the “Clintonian” economists Robert Reich and Paul Romer say, that in the long run excessive inequality causes negative externalities, like low educational levels and demotivation, which are ultimately harmful to economic growth, it is also true that the example of European-style social protections are no longer a realistic model for an improvement of the American work force. And in fact, it is Europe that is adopting the American “model.” Most of all, comparative

studies show that a politic aimed at enhancing productivity, job creation and income distribution no longer has any model from which to draw inspiration. The answer to the need of creating jobs and reducing income disparities will be (if indeed it *will* be at all) the result of a move on the part of Europe and Japan in the direction of the current American system (with more flexibility and less social protections and the negative externalities that accompany them), and a move toward a more European direction on the part of the Americans, at least for certain sectors of social protections (health care, more active social policies). Anyhow, the general trend is still one of deregulation and suppression of previously conquered social rights. If Americans are indeed drawing inspiration from the European social state, certainly they are doing it to reap its advantages, in particular the ones deriving from public education and professional training. But these advantages will materialize if, *and only if*, the European countries will not get stuck with the problems of the American system. History, and not only comparative economics, teaches us this lesson. The international monetary system, currently regulated by American policies, will surely be more than happy to supervise this unequal exchange between occupational models currently lacking in both efficiency and efficacy.

The trend towards neo-servile work relations is implicit in the new post-Fordist mode of production, and finds its origin in *the wage form* that accompanies this transformation. On the one hand, salaries are increasingly seen as an adjustable variable dependent on economic policies, in the sense that the absorption of macro-economic shocks and market oscillations is left to the salaried employees and to them alone. On the other hand, consistent with this political choice and different from the Fordist era, the new wage rules are determined precisely in order to manage instabilities.

This is why the amount of salaried income is not specified in advance, and everything is conditional, provisional up to the very end of the company's accounting processes. To reach this goal, salaries are strongly individualized: the worker's qualifications (age, competency and initial training) determine only a part of the salary, while an increasingly important part is determined in the workplace on the basis of the worker's level of implication, of his or her "zeal" and interest as demonstrated *during* the working process and therefore *after* the negotiation phase. This is how the salary is disconnected from the position, loses its specialized connotations and gradually becomes an individual compensation.

The same position, then, can see a vast array of merit-based remunerations, since the company does not feel the obligation to apply a conventional salary grid that would be decided on a collective contractual agreement. The company, on the contrary, can elaborate another sort of salary grid, creating different levels for the same position.

We have in fact a double movement in salary dynamics: the annual salary increase (base salary) and the increase based on merit on the basis of the degree of individual or "team" implication and effort. The first increase rewards the acquired competency of the worker (the qualities that he or she possesses independently from actual performance and that are calculated contractually) and as such they are *irreversible*; the second increase rewards individual performance (or sometimes "team" performance), and as such is a *reversible* element in wage remuneration.

The servile connotation of post-Fordist work is perfectly coherent with this kind of wage relation, and specifically for that reversible and variable part of the salary that depends from the personal implication and interest in the company's fortunes on the

part of the individual worker. Being variable and reversible, this remuneration based on the implication and participation of the work force is, in fact, a sort of “dividend,” that is a portion of the profits realized by the company and it is tied to the final outcomes of the enterprise itself. This is why, instead of talking about salary (which is “money as capital,” like they used to say in classical economic theory), one should talk about *income* (which is “money as money”). This is, in other words, a compensation for *services* rendered. It is precisely the co-presence, within the post-Fordist societies, of salary and income in the productive process that make it impossible to distinguish between industrial and service employment. To be more precise, industry has become closer to the service sector while the service sector has become industrialized because of its adoption of industrial productive techniques.

It is interesting to remark that the trend towards a servile way of regulating wage relations is in full contradiction with the official (neoclassical) theories of the job market, according to which the work force has a price (salary) determined by offer and demand, and therefore directly on the market itself, before the actual work has even started, like for any other kind of traded merchandise. Economists like George Akerlof³²—on the wave of the research about the organizational formulas tying the workers to their company that had been initiated in 1946 by Ruth Benedict in her book about Japan³³—have underscored how the exchange between capital and labor is an extra-mercantile one, where the dimension of “reciprocal gift” prevails, a gift of implication, interest, participation and devotion that, according to this approach, would reveal the need for belonging inherent to the individual’s operation in a working group or a company. This belonging would insure that the workers receive, thanks to their enthusiasm and

participation, a higher compensation than the salary determined by competition mechanisms (*ex ante*) in the job market. As Akerlof said in an interview, “In my ‘gift exchange’ model, unemployment develops because workers care about their coworkers. This limits the firm’s ability to impose efficient contracts which would be market-clearing (with market-clearing contracts there is no unemployment).”³⁴

These interpretive models of the exchange between capital and labor signal the return of the social in the explanation of economic phenomena, in particular concerning the importance of social ties for the good functioning of a company’s organization. It is from this point of view that wage rules, as a confirmation of Durkheim’s theories, have a social origin, because they are the expression of a “sedimentation of collective values” destined to last until it will be modified by a new contestation cycle.³⁵

Unfortunately, as it was indicated by Jacques Godbout in his study on “the spirit of the gift,”³⁶ the introduction of the gift within the exchange between capital and labor in the explanation of the new rules from wage determination suffers from a fundamental contradiction. If it is true, as Rockefeller used to say, that “[t]he ability to deal with people is as purchasable a commodity as sugar or coffee. And I will pay more for that ability than for any other under the sun,”³⁷ it is also true that this “good,” this “good” made of good will, loyalty, team spirit, cannot be considered a merchandise, because if not we would have started producing it a long time ago! The instrumental use of social relations is not easy to theorize, one always ends up considering human relations as a mean, as a merchandise, thereby contradicting any initial good intention (especially when the workers, after having “given themselves” to the company, receive a pink slip at the next economic crisis).

The servile dimension that imbues the post-Fordist mode of production cannot be reduced to the monetary exchange between capital and labor, nor does it derive from the “dual” society described by André Gorz, Peter Glotz, Guy Aznar and others during the 1980s. Theories of “dual society” see a decreasing number of “guaranteed” productive workers surrounded by an increasing number of “non-guaranteed” temporary workers. These theories of a two-speed society had the merit of underscoring the trend toward the increase in servile work behind phenomena of pauperization, unemployment and temporary employment. They are wrong, however, in distinguishing between a core of wealth-producing workers and another constituted of consumers, on the basis of a “servant-master” relationship. They don’t understand that this distinction traverses the entirety of the working world: there is the same servility in the relation between the housekeeper and the people who pay her just as in the one between the producer of industrial goods and his or her employer.³⁸

The “two societies” are in fact indistinguishable from the point of view of wealth production, even if the economic mechanism (the parceling and differentiating of the work force according to income levels), does create a hierarchy of workers. But both in the first and the second society we find the same human essence, whether one produces or not, whether one works in a factory or at home, in a hospital or a bank. We cannot get rid of the highest level of industrialism with a more just distribution of his organizational forms, lulled by the belief that this would allow us to reconstitute an autonomous domestic (private) sphere free from the relations based on command and discipline characteristic of the wage-based labor (public) sphere.

We will soon come back to this issue. For now, we can just remember that the distinction between “productive” and

“unproductive” work found in classical economics from Adam Smith to Karl Marx always had a political—even more than economical—value. For the classics it was crucial to establish the centrality of the Industrial Worker at a time when reactionary forces wanted to stop development, and to stop the transformation of the economy from the agricultural to the industrial stage. From a theoretical point of view, it is very clear that there is an uncertainty in the classics’ treatment of the so-called “unproductive workers,” although it is often masked by dismissive judgments about the reactionary function of the mass of agricultural serfs. Marx himself, who had put all his bets on the industrial workers, will end up affirming, in his comment on Mandeville’s *Fable of the Bees*, that thieves, rogues and striking workers are also productive, since thieves, for instance, inspired the invention of locks, jurisprudence, manuals and academic tenure, while striking workers forced capital to invest in new machineries aimed at eliminating conflicts (“machines go where workers strike”: Marx said long before Galbraith did).³⁹

Paradoxically, those who persist in distinguishing between productive workers and serfs on the basis of doubtful economic theories (to the point that Schumpeter considered the controversy about this issue a complete waste of time), while they have the noble intention of redistributing work equally between the employed and the unemployed, they end up proposing *conservative* models for political action. In fact, in the last two decades, it is precisely within the reproductive world—the universe of women—that *new political subjectivities, rationalities and forms of struggle* have been born. There is a desire to shrink the service sector in parallel with the decline of “productive” industrial labor, in order to allow everybody to work while simultaneously reconstructing

the private sphere and the tasks currently performed by “neo-servile” workers. But in so doing, we run the risk of forgetting the only political subjectivities that have emerged during these years marked by economic transformation and the extension/generalization of industrial relations to the social sphere. Today, our most pressing problem is not a more equitable distribution of labor, but of *income*: it is on this basis that we can define the *meaning* that we want to attribute to different *activities*. Only later will we justify their retribution, independently from their productive or reproductive nature.

The real problem is the elaboration of political practices able to overturn the latent servility to be found across all working activities through instances of social recomposition and *political community*. Even if today segmentation and discrimination prevail within the universe of work and reproduction (even between the salaried woman and her housekeeper), this does not mean that we need to back and impose a distribution of labor without taking into consideration the different subjectivities unwittingly produced by the “industrialization” of society.

The servile dimension of post-Fordist work originates precisely from the linguistic-communicative mediation innervating the *entire* economic process. On the one hand we appeal to what is common to all human beings, that is, the ability of communicating, while on the other hand this shared universal (public) ability leads to increasingly personalized, privatized and therefore servile hierarchies in the working environment. On the one hand we want to *co-operate*, and communicative work allows us to do that, but on the other we also want to *re-divide*, create hierarchies, segment and privatize the public—because common to all—resource of communicative action.

Today's working assignments increasingly take place in the field of "relations" between people. Professionalism is less defined in "industrial" terms, and more as "services to the individual." This last aspect is ever more essential to the functioning of the economic process.

The importance of relational work is proven, among other things, by the crisis that the notion of "total quality," typical of post-Fordist Toyotism, is already traversing, notwithstanding all the efforts made to perfect it during the last decade with the help of more sophisticated organizational techniques.

We now understand that the *total quality management*,⁴⁰ with its organizational techniques, its models of flexible handling of the work force, its quality circles and so on, is *no longer sufficient*. The crisis resides in the excessive insistence on product quality standards, without giving enough consideration to *the aims* of production which, in a market economy, is only related to *the sale* of goods and services. There is one example, recently used to reflect on the crisis of the "lean production" models, which deserves to be cited.⁴¹

In the 1980s, the United Parcel Service (UPS), an American company that specializes in express mail and package delivery, had concentrated all its energy on providing an extremely fast service to its customers. "To better serve the client," UPS had reduced the time given to its drivers to a minimum, squeezing them to the last second and increasing their hourly productivity. As a consequence, the number of workers devoted to the distribution of parcels had decreased.

But to its great surprise, UPS discovered that its clients cared about the timely delivery of their orders only up to a certain point, while they were much more interested in having a longer "interaction" with the drivers—who were their only *face-to-face* point of contact with UPS. If the drivers had been less efficient and had more

time to chat with the customers, the latter would have been able to acquire more knowledge about the different services offered by UPS.

This is when the “service to the person,” the direct relation with the client, clearly recognized as essential to the expansion of the company’s business, led UPS to increase the time devoted to the communication between drivers and customers, thereby creating the real conditions for the hiring of new workers and to increase their salaries in the form of bonuses.

Post-Fordist “total quality” does not stop the production of goods and services, but includes the sphere of distribution, sales consumption, and reproduction. This is why communicative-relational work, which normally is defined as activities of care or of general services to the person, acquires a universal value. In post-Fordism, work has taken on a servile connotation *because* communicative-relational action, although increasingly relevant in economic terms, is not correctly recognized. Thus, work becomes an opportunity to impose personal hierarchies where one worker has authority over the other, and becomes the terrain where attitudes, feelings and dispositions such as cynicism, fear or denunciation can grow and fester. But the servile connotation of work is not founded on the distinction between productive and nonproductive work, but on the absence of economic compensation for communicative-relational activities.

8. The New Economic Cycle

The “measure,” or rather, the indicator of the structural changes that we have described, is given by the dynamics peculiar to the new economic cycle of the early 1990s. Undoubtedly, the most surprising characteristic of the new post-Fordist cycle is the slow and

noninflationary nature of its expansive phases. A slow growth with modest inflationary rates contradicts the traditional dynamics of the economic cycle, where inflation should follow the attaining of a “natural rate” of unemployment and the full utilization of productive capacities. In classical dynamics of the economic cycle, when unemployment goes below a certain level, businesses agree to increase their wages in order to recruit employees and transfer the cost on prices. At the same time, they also increase prices as a response to a demand surpassing the current offer (which indicates the maximum use of productive capacity).⁴²

However, the post-Fordist economic cycle contradicts this theory, preventing the economic indicators from performing their function and thereby displacing the monetary authorities who, on the basis of these same indicators, decide to prevent inflation intervening on monetary instruments.⁴³ There are several reasons for this phenomenon.

First of all, the very nature of the post-Fordist regime of growth implies a push towards a maximum of market expansion (which implies increased deregulation, and the suppression of all protectionist norms aimed at defending local markets). This brings to the globalization of corporate functioning, in the pursuit not only of lower labor costs, but also of strategic positions on foreign markets in order to fully exploit any sale potential. Globalization is a consequence of the reversal in the relation between production and market which led to the post-Fordist restructuring of production processes. Market saturation can't but create the conditions for a ferocious competition between same-sector companies on the same markets. Rather than increase prices, even when demand is growing, producers prefer to realize their profits saving on labor costs.

Corporate globalization allows responding to the variations in demand internal to each country with a *global offer*. If plant capacity is maxed out in the United States, Mexican, Chinese or European factories—which often are still American-owned—can provide the offer instead and thereby satisfy the demand in the United States. In other words, in a global economy the notion of “national productive capacity” no longer has any operational meaning.

Secondly, the risk of a cost-based inflation caused by salary increases as a consequence of the decrease in unemployment numbers is significantly lowered in the post-Fordist expansion cycle. In recessionary phases, on the contrary, the net loss of jobs, the increase in temporary work and the fear of unemployment (a fear that increases as the guarantees provided by the Social State and union representation progressively fade away) create a population with “lower expectations,” according to the economist Paul Krugman, currently teaching at MIT.⁴⁴

The social conflicts in the post-Fordist cycle also reveal very important changes in the tactics of the parties involved: on the one hand, trade unions are often forced to accept salary or benefit reductions in order to insure that their members’ jobs won’t be eliminated; on the other hand, when resistance to management pressure is stronger, the employers resort to outsourcing to companies who pay less, and employees are not unionized and are hired *just-in-time*.

The example of the three-week strike by the 75,000 unionized America teamsters in April 1994 is often cited precisely in order to illustrate the change in power relations that has occurred in the post-Fordist economic cycle. The same strike lasted only ten days in 1989 and had paralyzed the American economy, whereas five years later that same economy continued its uninterrupted expansion.

The transportation sector, given its strategic role in a *just-in-time* economy based on the spatial circulation of raw materials, parts and completed products, is the one that best exemplifies the logic of deregulation policies: networked corporations; systematic recourse to subcontracting to reduce costs and increase productivity; de-professionalization of direct labor, especially in maintenance positions, often with disastrous consequences for the environment and the safety of passengers whose safety is subordinated to the one of merchandise; maximum plant exploitation in order to accelerate the amortization of fixed capital expenditures; and increased reliance on temporary workers. In the recessive phase of the cycle we observe an acceleration of restructuring processes in the sense of deregulation, which effectively deprives the work force of a classical instrument of resistance against salary compression and professional devaluation such as the strike.⁴⁵

Therefore, it is not on the salary front that inflation can take on again. The weakening of the workers' contractual power and the spatial re-articulation of production act in such a way that salaries always increase less than productivity, which causes the unitary decrease of labor costs. The real decrease in salary income also causes (and this is new) consumer pressure toward an increased quality of services and a slowing down in prices, as is happening today in the American health sector. Resistance on the consumer services front exists as a reaction to the weakening in power relations on the income creation and distribution front, and brings about restructuring and rationalization processes in the service sector as well, on the wave of the post-Fordist techniques already used in the industrial sector. In the service sector, then, traditionally a source of inflation because of its scarce productivity, we cannot expect a push toward an inflationist increase in prices.

Post-Fordist technologies, because of their informational-communicative nature, bring about decisive effects on all sectors of production, accelerating the increase in productivity of the entire economic system. Classic indicators can't measure the productivity increases induced, for instance, by the use of optical scanners in supermarket cash registers (reduction in the rotation times of consumer goods), or by the power increase of computers and video-communicative technologies. These indicators were determined in a material economy, and can't deliver statistical data on the *information flows* that are the basis of today's immaterial economy.⁴⁶

A definition of productivity in terms of output per hour worked does not, apparently, allow us to expect spectacular increases in productivity in the next few years. However, such a definition does not take into account the productive potential inherent to information technologies and the new corporate models of organization. Productive potential, in fact, is no longer measurable purely on the basis of the relation between investment expenses and prices: we know very well that corporations are massively investing in high-technology goods whose prices are always decreasing. This, however, does not mean that we can underestimate the increase in investments, thinking that if the prices decrease, the volume of investments does not seem that impressive in "real" terms. In fact, the new technologies are much more than "better typewriters"! The benefits of this new wave of investments will not materialize immediately, since the restructuring of working practices and of professional training will take some time, but it is on *this* terrain that the stakes of the innovations in production are played out, and not at all on the quantitative relation between invested capitals and sale prices.

The globalization of the economy, the investments in restructuring, the mutation of social conflicts and the improvements in

the service sector are all part of the post-Fordist cycle which, in their interaction, prevent inflation from rising during expansion periods. On the other hand, the centrality of communicative interaction and of immaterial forms of organization within the productive processes decreases the risks of inflation deriving from possible increases in the cost of raw materials such as oil. In a post-materialist era, the most important raw materials are the knowledge, the intelligence, and the other cognitive-immaterial qualities activated during the productive process. When it comes to determining the final price of goods and services, the physical raw materials, which were fundamental during the Fordist era, are now less important than immaterial human resources.

This does not mean that the real nature of the post-Fordist economic cycle would, all by itself, lead the monetary authorities to eschew raising interest rates when prices start to increase. The opposite is actually true: monetary authorities, fearing a highly unlikely inflation, in fact risk creating it themselves, destabilizing the financial and monetary markets and creating self-fulfilling expectations.

Monetary authorities, of course, do their job, which consists in preventing inflationary spirals acting on monetary instruments. What seems almost certain by now is that their indicators are inadequate to articulate an effective response to the dynamics of the post-Fordist cycle. It is in fact on the basis of the tension between “real” and “monetary” economy that economic cycles are now synchronized. The United States, Europe and Japan—three “poles” whose economic cycles were not synchronized in the past (to the great advantage of the United States)—are now headed toward a progressive synchronization of their respective cycles.

In fact, while it is true that in the global post-Fordist economy we have a global offer of goods and services, it is true that the

demand has also become irreversibly global. The deregulation of financial markets at the beginning of the 1990s leads to the synchronization of economic cycles because, thanks to the international mobility of capitals, it accelerates post-Fordist reconstruction where it is still lagging while retarding economic expansion where the reconstruction of productive processes has already occurred. As a consequence, in the global economy the currency of the country closest to the end of the expansion phase is devalued with respect to the ones of still recovering countries.

This is what happened in 1994. Paradoxically, the rise in interest rates in the United States decided by the Federal Reserve in order to anticipate an inflationary recovery, were accompanied by a devaluation of the dollar. This contradicted all those who still thought that higher interest rates would attract European and Japanese capital and strengthen the dollar. The opposite happened: the dollar was devalued, allowing the American economy to increase its exports (and profits) in a period when the American commercial balance was deteriorating (because of the strong growth in internal demand in the recovery of 1993–1994 while foreign demand was stagnating in countries that were still restructuring themselves). The strengthening of other currencies, on the other hand, put the brakes on the rise of interest rates in still recovering countries. Thus, Europe and Japan did not need to smolder their recovery, or to reduce their imports from the United States. Without a modification of exchange rates as the result of the “strange” devaluation of the dollar, European and Japanese interest rates would have increased much more rapidly.

The United States, Europe and Japan are now synchronizing their economic cycles as follows: the American expansive phase extends itself thanks to the devaluation of the dollar, thus insuring

an increase in the global demand for goods and services, and it will stop as soon as the European and Japanese economies will be forced to decelerate their recovery as a consequence of an excessive increase in their interest rates. In 1994, the European economies were buttressed by exports to North America, Latin America and the Eastern European countries, while the internal demand for durable goods didn't give any real sign of recovery. This kept inflation low and, symmetrically, interest rates high.

We can say, then, that the crisis of economic indicators contributes to accelerating globalization, not only in the productive processes (that is, the creation of the offer), but also in the demand for goods and services. On the one hand, in a strongly liberalized international financial market we can only talk about a *global offer for money*, and on the other the noninflationary nature of post-Fordist economic recoveries moves capital according to a new and different rationality. Capital moves from one market to the next, anticipating *just-in-time* the variations in demand, *independently* from the variations in real interest rates. In fact, it could not be otherwise in an economic regime characterized by an abundance of capital availability dominated by oscillations in demand on which one needs to capitalize. If this is the case, as seems plausible given the dynamic of the economic cycles during the first half of the 1990s, the contradictory relation between interest rates and currency valuations are in fact perfectly coherent within the Fordist paradigm.

As further proof, we can look at the increasing globalization in American investments. Between 1992 and 1994, American investments abroad have vastly expanded. As the economic recovery in the rest of the world started to consolidate, capital shifted outside of the United States. The very slow increase in the prices of goods and services and the prudent policies of the central banks, aimed at

moderating the global offer of money, caused American investors to believe that the recovery in Europe, Japan and the developing countries was immune from exaggerated inflationary risks. *The global investor*, then, will not see the value of financial investments abroad decrease in the near future.⁴⁷ In fact, in real terms, Japanese and German interest rates are higher than the American ones, precisely because inflation, in these countries, was close to zero. Furthermore, the growth in internal demand within the United States has been possible, until now, thanks to a record reduction in domestic savings (3.8 percent of available income) during the year 1994, and a parallel increase in consumer credit.

This is how we can explain the apparent paradox of dollar devaluation combined with repeated increases in American interest rates: capital has gone where the investors anticipated an increase in demand (lower inflation rates and higher savings available for spending with respect to the United States). The heterodox saying according to which it is demand that drives the offer has never been more pertinent than in post-Fordism.

The fact remains that developed countries, and the United States in particular, are playing a decisive game with respect to inflation. On the one hand there are those who believe that an “inflationary spiral” is around the corner, even if at the end of 1994 there is still no sign of this happening. The inflationary hawks do all they can to force monetary authorities to increase interest rates, trying to protect the income (the rents) of Treasury bonds investors. And in fact, the only winner in this kind of policy is the highest income bracket, which detains the majority of bonds. The middle and lower income bracket, on the contrary, are the ones most in debt, and in this conjuncture they suffer from a further reduction in their available income. This situation results in a

worsening of the discrepancies in income distribution. On the other hand, noninflationary economic growth, because of its characteristics, cannot be managed by a manipulation of interest rates, and this ends up favoring those who want to regulate economic cycles with fiscal policies. *Real* interest rates, which are the result of the difference between nominal rates and the rate of inflation, are already very high, to the point that private banks are vastly expanding their credit offer, making the policies of the central banks even less effective.⁴⁸ All of this just confirms that a redefinition of statistical indicators on the basis of the post-Fordist economic transformation is extremely urgent.

In the last analysis, the synchronization of the economic cycles radically modifies the rationality of international wealth distribution. The American, European and Japanese growth engines are establishing new hierarchies among themselves and with the rest of the world. These hierarchies are not determined solely by their economic strength, but, increasingly, as a result of their respective position within the global information flow. In this respect, the fact that in the Chinese province of Huang Dong the growth rate is 15 percent while in the United States it only amounts to 2 or 3 percent is not that important.⁴⁹ What counts much more is the fact that the global system of telecommunication networks is growing to a *monthly* rate of 15 percent, because this is the rate measuring a growth in *power* and the global hierarchies that it creates from the “command” exerted on these new strategic resources. It is the command exerted on the globalization of information-communicative networks that will decide the new international division of power. Power is rapidly proceeding to the creation of hierarchies in the international access to the property of knowledge, whose costs are increasingly decisive in the determination of the relative prices of

internationally traded goods and services. From now on, patents, copyrights, trademarks and trade secrets will be the real stake of all international treaties.⁵⁰

The redefinition of the international division of political and economical command is not the fruit of chance, but instead follows the geographical lines traced by investments in the telecommunication networks. The times for profit-taking are defined by the resistance to the barriers to foreign capital penetration raised by different countries, that is, to their status with respect to deregulation. The position of each country will depend on its ability to capitalize on immaterial labor and knowledge, and on the possibility of transferring the costs of knowledge on relative prices, which are the true bearers of the “unequal exchanges” existing between the new centers and the new peripheries, between the new North and the new South.

In this kind of economic geopolitics, “Europe does not fail because it declines, but because it fails to accept this decline, because it resists it rather than insisting on it.”⁵¹ But insisting on the decline of this Europe, a “mausoleum of memories,” a place of merciless competition among member countries, violence and fratricidal struggles, means building a European union founded on the collective knowledge that the continent will be able to produce.

In the post-Fordist economy, where immaterial labor acquires a strategic value, only the European state can be extraterritorial, that is, a state that values local knowledge and does not kill it with the imposition of rules, norms and exchange rates inherited from the Fordist regime of growth and the international exchange system that characterized it. This only reproduces on the European scale the “dual society” that we have already mentioned.⁵² The free circulation of merchandise is left impotent if it does not become a

“free circulation of knowledge” and a free circulation of the social identities that it produces. In order to be “free,” local knowledge has to be recognized through an international mechanism of redistribution that would guarantee the continuity of local and regional investments in Research and Development. Without taking this step, the European Union is not “destined to decline,” but has already done so.

The analysis of the post-Fordist economic cycle, with its “strangeness” in respect to previous ones, has revealed not only the nature of this innovative and restructuring leap but also the urgent necessity to elaborate new rules in order to confront the dangers that we are currently facing.