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Capitalism

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While the capitalist system is generally celebrated by mainstream economists, American studies and cultural studies scholars and students will search in vain through their writings for actual discussions of the term "capitalism." Instead, neoclassical and Keynesian economists refer to the "market economy" (in which individuals and private firms make decisions in decentralized markets) or just "the economy" (defined by scarce means and unlimited desires, the correct balancing of which is said to characterize all societies; Bhagwati 2003; Wolff and Resnick 2012; Krugman and Wells 2017; Mankiw 2017).

In contrast, discussions of the term "capitalism" have long occupied a central position in the vocabulary of Marxian economic theory. References to capitalism in American studies and cultural studies draw, implicitly or explicitly, on the Marxian critique of political economy: a critique of capitalism as an economic and social system and a critique of mainstream economic theory. Karl Marx and latter-day Marxists criticize capitalism because it is based on exploitation, in the sense that capitalists appropriate and decide how to distribute the surplus labor performed by the direct producers, and because it periodically enters into crisis, imposing tremendous economic and social costs on the majority of people. They also criticize the work of mainstream economists for celebrating the existence of capitalism and for treating capitalist institutions and behaviors as corresponding to human nature (Mandel 1976; Resnick and Wolff 1987; Harvey 1989).

Much of this scholarship draws on Marx and Friedrich Engels's critique of political economy in the *Manifesto of the Communist Party* (1848) and the three volumes of *Capital* (1867, 1884, 1894). In the *Manifesto*, Marx and Engels compare capitalism to other forms of economic and social organization such as feudalism and slavery. What they have in common is that all are based on class exploitation, defined as one group (feudal lords, slave owners, and capitalists) appropriating the surplus labor of another (serfs, slaves, and wage laborers). At the same time, capitalism exhibits a distinct dynamic. For the first time in history, it "established the world market," making it possible for the capitalist class to "nestle everywhere, settle everywhere, establish connexions everywhere" and giving "a cosmopolitan character to production and consumption in every country" (Marx and Engels [1848] 1976, 486, 487). It leads to radical and continuous changes throughout the economy and society, since, as Marx and Engels famously put it, "all that is solid melts into air" (487).

If the goal of the *Manifesto* was to challenge the prevailing belief that capitalism had eliminated classes and class struggles, the point of *Capital* was to criticize mainstream economic theory and analyze the specific conditions and consequences of the class dimensions of a society in which the capitalist mode of production prevails. Capitalism presumes that the products of labor have become commodities in the sense that the goods and services that human beings produce have both a use value (they satisfy some social need) and an exchange value (they can be exchanged for other commodities or money). The existence of commodity exchange, in turn, presupposes a culture congruent with the "fetishism of commodities": a culture whereby individuals come to believe and act such that they have the freedom to buy and sell commodities, that the commodities they exchange are equal in value, that the commodity owners meet one another as equals in the marketplace, that individuals have well-defined property rights in the commodities they sell and purchase, and that they are able to calculate the ability of external objects to satisfy their needs and desires. The existence of commodity exchange is not based on the essential and universal human rationality assumed within mainstream economics from Adam Smith to the present. Nor can the cultures and identities of commodity-exchanging individuals be derived solely from economic activities and institutions. Rather, commodity exchange both presumes and constitutes particular subjectivities—forms of rationality and calculation—on the part of economic agents (Amariglio and Callari 1993).

In both the *Manifesto* and *Capital*, capitalism refers to a system in which capitalists are able to produce commodities that will, at least in principle, yield them a profit. The source of the profit is the value created by the laborers who have been forced (historically, through a process Marx referred to as "primitive accumulation" and, socially, through capitalist institutions and cultures [(1867) 1976, 1:871–940]) to exercise the specifically capitalist "freedom" to sell their ability to labor as a commodity. Under the assumption that all commodities (including labor power) are exchanged at their values, a surplus value arises based on the ability of capitalists to appropriate the surplus labor performed by the wage laborers and to realize that extra labor by selling the commodities that are produced. Struggles consequently arise over the "rate of exploitation" (the ratio of surplus value to the value of labor power) and over the subsequent distributions of surplus value (to corporate managers, state officials, banks, and other capitalists, who receive portions of the surplus). The keyword "capitalism" thus designates not just an economic structure but also the conflicts, contradictions, and subjectivities inherent in that structure. Both the initial emergence and the subsequent reproduction of capitalism, if and when they occur, often lead to social dislocations and acute crises; they are also conditioned by the most varied cultures and social identities.

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

The movement of capital that accompanied the expansion of markets and the search for cheaper raw materials transformed regions outside the industrialized Northeast, including the relocation of textile mills to the South, the creation of steel foundries and automobile factories in the Midwest, the development of the oil industry in the Southwest, and the flourishing of capitalist agriculture and the movie industry on the West Coast. Capital was also exported to other countries to take advantage of lower wage levels and other cost advantages, thereby introducing economic and social dislocations similar to those that had occurred inside the United States. In both cases, governments, business groups, and social movements (such as trade unions, civil rights organizations, and political parties) struggled over the economic and social conditions and consequences of the new industrial capitalist investments—the boom-and-bust cycles of domestic economic growth, large-scale movements of populations, the formation of new social identities, and imperial interventions. The uneven development of capitalism at home and abroad has left its mark on the culture of the United States (Kaplan and Pease 1993; Jacobson 2000).

In the first decades of the twenty-first century, as during the Great Depression of the 1930s and many other times throughout US history, capitalism entered into an economic and cultural crisis. The conditions leading up to the most recent crisis have put new issues on the agenda of American studies and cultural studies—the exponential growth of inequality (Collins, di Leonardo, and Williams 2008), the role of economists in creating the crisis (Grossberg 2010b), the increasing importance of the financial sector (R. Martin 2010), the continued racialization of the housing market through subprime lending practices (Lipsitz 2011), and the heightened role of communication technologies and culture in processes of capital accumulation (Fuchs et al. 2010). The severity of the crisis and the subsequent one-sided recovery have cast doubt on the legitimacy of neoliberalism (Duggan 2003) and of capitalism itself (J. Clarke 2010), leading to a new interest in Marxian theory (Harvey 2017; Davis 2018; Peck 2017), utopia (Reece 2016; Jennings 2016), and socialism (Gallup 2016), especially on the part of young people.

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

The second challenge is to avoid treating capitalism as a purely economic system, separate from culture. The influence of capitalism on the culture industry, including the rise of a capitalist film industry and the export of US culture (Miller et al. 2001; Wayne 2003), has been widely studied and debated. What is less clear is that the capitalist economy is saturated by cultural meanings and identities. From this perspective, each moment of capitalism, from the existence of commodity exchange to the export of capital, is simultaneously economic and cultural. The point is not to substitute cultural studies for political economy but to recognize and analyze, concretely and historically, the cultural conditions of capitalism as well as the capitalist conditions of culture. Money, commodities, labor power, surplus value, profits: all these economic forms require the performance of historically and socially constructed meanings and identities. It is also important to understand the role of economic thought in influencing the development of US capitalism and US culture generally. These topics remain open, though a fruitful place to begin is by understanding the role that "languages of class" play in creating new class identities (Gibson-Graham, Resnick, and Wolff 2001), the complex interplay of capitalist and noncapitalist economic imaginaries (Watkins 1998), and the need to rethink the economy and economic knowledge (Grossberg 2010a).

The third potential stumbling block is the treatment of capitalism as an all-encompassing, unitary system that has colonized every social arena and region of the globe. While capitalism certainly represents a powerful project for making and remaking the world, deploying the concept of capitalism (or, for that matter, markets) as a complete mapping of the economic and social landscape has the effect of obscuring noncapitalist forms of economic organization and cultural sense making, now as in the past. "Capitalocentrism" (akin to the role played by "phallocentrism" and "logocentrism" with respect to gender and language, respectively) hides from view the historical roots of capitalism in other economic systems, especially racialization practices (Robinson 1984; Johnson and Kelley 2017) and slavery (Baptist 2014; Beckert 2014; Grandin 2014; Rosenthal 2018; Wilder 2013). It also obscures the diverse ways in which people in the United States and elsewhere participate in individual and collective noncapitalist economies—including barter, communal production, gift giving, and solidarity—that today fall outside the practices and presumed logic of capitalism (Gibson-Graham 1996; Ruccio and Gibson-Graham 2001; Roelvink, St. Martin, and Gibson-Graham 2015). In this view, US culture has long been and remains today heterogeneous and contradictory with respect to different class structures and cultures. It contains elements that foster and reproduce capitalism and, at the same time, its noncapitalist others.

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