

Festivalism
Managing and Organizing after Capitalism

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PART I. WHAT IS SPECTACLE ORGANIZATION THEORY?

Chapter 5: Spectacle View Four
Political Economy Spectacle

Spectacle political economies are about exploitative ways of accumulation. Here we will look at primitive accumulation through the use of military force and political expansion; at agrarian capitalism and industrial capitalism accumulation by converting everyone to wage earners. Festivalism is life capitalism; it is after the dead capitalism of accumulation to some other humans or another species expense. We explore the festivalism political economy to create a post-capitalism and post-Marxism world that is ecologically sustainable, democratic, and life enhancing. To do so we explore three types of political economy in their relation to spectacle: Adam Smith, Karl Marx, and cyber-liberalism. Each is a non-festival manifestation of exploitative capitalism.

Adam Smith provides a clue as to how to transform spectacle into festival. He wrote about spectators to the spectacle that could look upon the moral sentiments of their own agency. He proposed a distinction between “partial spectator” who sees with self-seeking interest and the “impartial spectator” who is able look upon their behavior with moral sentiments. Smith’s approach had its flaws. It would limit representation to land-owning gentry (elites) who would control as “impartial spectators” the greedy and monopolistic interests of “partial” manufacturers and merchants and provide living wages to workers. Smith redefined wealth as the living standard of the laboring, landless and vote-less peasant in each nation. Karl Marx proposed to contain the spectacle of wealth-maximizing production and conspicuous consumption. He favored workers’ democratic control of economic firms and political systems. He objected to elite-capitalism in which the wealth-accumulators (landowners, manufacturer-owners or merchant-owners) controlled the producers (workers) and the state. The current contender is free market liberalism. In the cyberspace, free-market, liberalism, political economy is seen as a naturally evolving and self-organizing

system of efficient wealth accumulation. But, this is the accumulation by spectacle. Festivalism is what our relations with humans, animals and other species could become.

Table One: Part 4 Political Economy Spectacle Worldview

<p>4. Political Economy Spectacle Worldview Smith saw production and consumption as a natural economy of self-interest. Smith and Marx view political economy as survival of the richest and the exploitation of small producers. Marx more than Smith (and Braverman, Debord, Habermas, Horkheimer, Ordono, and Marcuse) saw the rapacious side of political economy including child labor, long hours of work, craft-deskilling and mind-numbing consumption habits. Marx, like Smith argues this happens because the state is controlled by wealth-maximizers. In contemporary critical theory studies (Alvesson, Willmott, Mills, Simmons and Collins) an alternative more democratic political economy controlled by producers (workers producing goods and services) is emancipated from elite wealth-maximizers. With Best and Kellner's work combining critical and postmodern aspects of Debord's work on spectacle (also Knabb) there is an attempt to look at spectacles of consumption in popular culture and the critical assessment of the camouflaged (liberal) production economy that sustained consumptive spectacle. Best reviews intersection of Marx, Habermas, and Foucault in a critical political economy analysis. McChesney, Wood & Foster (1998) address postmodern aspects of capitalism as a political economy in media communications and cyberspace.</p>	<ul style="list-style-type: none"> ✓ Smith (1776) An Inquiry into the Nature and Causes of the Wealth of Nations; The Moral Sentiments ✓ Darwin (1859) On the Origin of Species: By Means of Natural Selection or The Preservation of Favored Races in the struggle for Life ✓ Marx (1867) Das Kapital: A Critique of Political Economy ✓ Debord (1967) Society of the Spectacle ✓ Marcuse (1969) One-Dimensional Man: Studies in the Ideology of Advanced Industrial Society ✓ Braverman (1974) Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century ✓ Held (1980) Introduction to Critical Theory: Horkheimer to Habermas ✓ Knabb (1981) Situationist International Anthology ✓ Rieff (1993) Los Angeles: Capital of the Third World ✓ Mills and Simmons (1995) Reading Organization Theory: A Critical Approach ✓ Alvesson and Willmott (1996) Making Sense of Management: A Critical Introduction ✓ Best (1996) The Politics of Historical Vision ✓ Collins (1998) Organizational Change: Sociological Perspectives ✓ McChesney, Wood & Foster (1998) Capitalism and the Information Age: The Political Economy of the Global Communication Revolution ✓ Wood (1995) Democracy Against Capitalism ✓ McNally (1998) Political Economy and the Rise of Capitalism ✓ Shapiro & Varian (1999) Information Rules
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Introduction to Political Economy *Festivalism* is about life and relationships; *spectacle* is about accumulating end products. *Festival* is what our relationships with animals and with humans, and with the flowers, can be about - a celebration of living. *Spectacle* is about human doing rather than human being. Life capitalism or *festivalism* would put people relations ahead of object relations

and life ahead of the slash, burn, pillage, and genocide of earlier forms of capital appropriation. Life capitalism is the opposite of Marx's vampire capitalism that grows rich by sucking the last drop of blood out of labor. Yet, unlike Marxism, festivalism does not achieve its political economy by violent revolution. As we read in the last chapter on Ahimsa, life capitalism can not install life appreciation through violent means. Life capitalism is achieved by accumulating festivals of non-violent production and consumption. Festivalism will have arrived when living exchanges happen in ways where everyone wins. Life capitalism is a reversal of a millenium of primitive accumulation, a century of agrarian capitalism, and four centuries of industrial capitalism. It has been a long history of genocide, colonialism, imperialism, and performativity to enhance the life of the rich at the expense of everyone else. Festivalism is based in Ahimsa, a respect for all life. As one of my students put it:

Sounds like utopia and wonderful but is human nature really capable of such a thing? ... My experiences tell me that the more powerful (in terms of capitalism also) will always hold the power and if someone starts to share it too much then balance will be restored. I'd like to believe that emancipation could happen without the iron cage getting tighter."

I think about this issue quite often. There is a Pollyanna or rosy image created of the ecology and humanity in spectacle that covers up the power and exploitation, not to mention the violence to humans, animals, and ecology. It makes it appear that festival is unnecessary and that festival is itself Pollyanna. I would like to position Festivalism as an alternative to the polemics of Marxism and Capitalism. Festivalism seeks to find a space for appreciation of life. If we start living a life of nonviolence and celebrate what is beautiful, we can attain festivalism. Marxism and Capitalism condemn everything to a spectacle of violent production and consumption, a futile struggle of one political economy out to do in the other. If there is to be post-Marxism and post-Capitalism, it will depend upon finding an inner peace that sees an opportunity to be festive.

Political economy is the rules of national and global market that legitimate and constrain the relationship between the state (democratic, representative

democratic, or monarch), producers (workers making goods and services) and wealth-accumulators (owners and managers extracting surplus value from actual producers). To change capitalism means to change the world order of international multinational and transnational practices. The critical issue for political economy study is whether self-organizing market forces provide a mechanism to insure (a) efficient allocation of resources, (b) moral behavior of firms, (c) social externalities and costs are redressed, (d) long term ecological externalities contain short-term profit maximization. An externality shows up as short-term profit, such as from stock values rising after layoff, or cutting all the lumber in an old growth forest, but become long-term detriments to humans and or ecology. Someone has to pay for externalities to keep social or ecological systems from devolving into degradation. The efficiencies, moral, social, and long-term externalities were areas that Adam Smith, Karl Marx, and our current virtual capitalists addressed under the heading of political economy.

Defeated and battle-scarred managers retreat to management seminars and universities for tools that may give them a better chance in the next encounter. Often, they are mystified by what went wrong (Bolman & Deal, 1984: 2)

In spectacle political economy there is a class struggle arising out of production and wealth accumulation relations in agrarian, industrial, and now cyber forms of capitalism. "Throughout most of history, the central issues in class struggle have been surplus extraction and appropriation, not production" (Wood, 1995: 44). There are producers whose labor gets appropriated, appropriators who own private property (stores, land, factories) and a states appropriating system with juridical, military, and political powers. In this chapter I will take a "Situationist" view of capitalism. I see capitalism as historically situated, not as the result of technological, historical, market or evolutionary determinism. This allows us to see the potential for festivalism.

The spectacle global political economy has been achieved by the annihilation of self-earned and self-organized production of humans being. It is now an expropriation of slaves, serfs, and wage earners. The free economy of

independent producers cultivating the soil, fashioning their own houses, furniture, and tools is transformed by violence into situations of dependency and inequity. According to Karl Marx, in the non-free economy, the peasantry becomes dispossessed of land, tool making, and other forms of self-sufficiency to become serfs, slaves, and finally wage-labor. We begin with primitive accumulation, followed by agrarian and industrial capitalism, and the current spectacle of cyber-liberal capitalism. It is necessary to understand how these political economies are managed and organized, if we are to seek festive alternatives.

Table Two: Three Situations of Capitalism

<p>Primitive Accumulation (Before 1790-present day)</p> <p>This is a struggle between peasants, slaves, crown, and clergy. There are absolutist economies in which monarchs centrally control trade; slaves were an accessory to land appropriated by military invasion. Lords and monarchs taxed Land owning peasants. Guilds form to set apprenticeship systems, but are corrupted over a period of six centuries. There are democratic forms in Rome and in Athens. There are empires in Asia, and tribal governing structures with trade relations in the Americas. Many indigenous societies engage in extensive trade and practice sustainability.</p>
<p>Agrarian Capitalism (1790-present day)</p> <p>This is a struggle between peasants, slaves, the state (monarchs) and landowners. The peasants and slaves lost the struggle as lords seeking huge estates colonized the family farm economy. Land is appropriated from peasants to maximize capital accumulation of feudal lords and avoid monarch influence. Feudal appropriation occurs through elite-larger-landowner-controlled state juridical, military and political power institutions exacting rents and taxes from peasants with small farms or tenant-farmers. In England, peasant producers were expropriated from their land ownership (and leases) to create a subordinate landless class of wage-farmers. The colonial empire of many nation-states operated slave-mines and plantations while dispossessing the indigenous of their lands. The theory of progress is that land-owning gentry can control the rapacious appetites of the emerging industrial capitalists (owners of factories and stores).</p>
<p>Industrial Capitalism (1850-present day)</p> <p>This is a struggle between the wage class, industry owners, agrarian-owners, and the state (dominated by wealth interests). Owners maximize the utilitarian extraction of surplus value to accumulate capital. Merchant and factory-owners absolute property rights are enforced by the state. The wage class forfeits all surplus value rights as price of employment. Over time living wages, 40-hour weeks, child-labor restrictions, and quality work life gains were achieved by trade union struggles. Producers (workers) were massed together in factories and stores, which vary in form from Taylorist scientific management to workers' council forms of control. In both forms, a bureaucratic organization with division of labor and vertical hierarchy has the task of extracting and appropriating surplus value from producers and surrendering it to owners. This occurs by substituting cheaper forms of labor for skilled labor, direct supervision, division of labor, and automation. Industrial capitalism includes a theory of progress through technology and teleology of natural laws of historical evolution and historical-determinism.</p>
<p>Cyber Capitalism (1980-present day)</p> <p>This is a struggle between virtual monopolies, temporary and contract producers, and Third World peasants. Cyber producers (workers) expropriated from full-time employment to be contract subjects of market forces. Some workers sell their contracts over the Internet to virtual firms, others are peasant wage-earners working for contract firms. Virtual firms have a core of full time employees with benefits, temporary employees without benefits, and contract peasants working in Asian, African, Central, and South American poverty wage situations. Consumers buy at cyber malls. Activists on the web struggle against profit-maximizing firms that degrade the ecology, operate sweatshops, and pay non-living wages. The theory advocates liberal "free market" systems "free" of state interference and "free" of democratic control. There is teleology of natural laws of history, technology, and evolution determinism. This is a struggle between elite and mass control of the political economy. The ground for the struggle is popular culture, with concentrated monopolies of media control and groups resisting spectacle (e.g. Affluenza, Simplicity, and Ahimsa movements).</p>
<p>Festivalism (2010 and beyond)</p> <p>If capitalism is historically situated, then other political economies are possible. I propose a non-violent form of political economy in which firms and political institutions are democratically managed in ecologically sustainable, non-violent, and socially responsible ways. The path to festivalism must be constructed through non-violent means or it will become just another form of spectacle, or spectacle masquerading as festival.</p>

Primitive Accumulation The primitive accumulation political economy is how global conglomerates acquire resources from developing nations and from uncolonized spaces and extract value surplus from producers. In early colonial, Northern U.S., Marx comments that less than a tenth of the population became hired labor; 90 % lived in independence, but independence purchased in the violent genocide of the native population. The Spanish who settled Haiti, Cuba, Mexico and the rest of the Americas also relied upon violence: the enslavement of native populations, the depopulation of lands or their native producers, and then the shipment of African slaves to the Americas to form plantations. “We have seen that the expropriation of the mass of the people from the soil forms the basis of the capitalist mode of production” (C1: 768). Free Americans cultivated their own soil, fashioned their own homes and tools, and took care of themselves in self-sustaining entrepreneurial industry. A primitive accumulation political economy annihilates independent forms of production in order to accumulate and amass capital into a few hands. This is why in every continent there is an ongoing struggle between the festive and the spectacle political economy, between work that it is independent and work that is enslaving.

In the primitive accumulation of capital, nation states use the force of military arms to enforce colonialism, which is the removal of independent means of living and producing from the hands of the natives. The free laboring poor become slaves to the colonies or are exterminated in order to obtain their land. The violence, cruelty, and genocide of native expropriation continue to this very day.

Marx (C1: 751) says “with the globe for a theater” a colonial system of military invasion and state taxation for protection: “force is the midwife of every old society pregnant with a new one.” It was says Marx (C1: 752, citing Stamford, late Lieutenant Governor of Java), a global theater of “treachery, bribery, massacre, and meanness” resulting in “devastation and depopulation” and “Sweet commerce!” For example, the English East India Company colonized the Hindus and then “manufactured a famine by buying up all the rice and refusing to sell it again, except at fabulous prices” (C1: 753). Marx reports

that in 1866, more than a million Hindus died of hunger in just one province. In plantation colonies in the West Indies, Americas, Africa, and India primitive accumulation meant the genocide of the indigenous. In 1703, the Puritans of New England, for example, set a price of 40 pounds “on every Indian scalp and every captured red-skin: in 1720 the premium of 100 (pounds) on every scalp; in 1744 Massachusetts-Bay had proclaimed a certain tribe as rebels, the following prices: for a male scalp of 12 years and upwards 100 (pounds), for a male prisoner 105 (pounds), for women and children prisoners 50 (pounds), for scalps of women and children 50 (pounds) (C1: 753).

In looking at life before capitalism, there was a struggle between many factions in European culture (peasants, slaves, crown, and clergy). Before capitalism could emerge, there had to be a concept of “private property” and a state system of power to enforce its ownership rights. In state monarchies, such as in France and Italy, the state retained ownership of property, awarding it to various lords, who in turn leased it to peasants. Serfs worked the land in exchange for the military and famine protections of landlords. Annual surpluses from harvests were transferred to lords as “tributes” and as taxes to the monarch.

Teleology Each political economy has its own cosmology to legitimate (before) and rationalize (after) its violent forms of accumulation. Teleology is a theory of history says it was all just meant to be. An example of teleology pointed out by Marx is “The British Parliament proclaimed blood-hounds and scalping as ‘means that God and Nature had given into its hand’” (C1: 753). The point is that the political and military apparatus of the state are combined with the interests of commerce in order to depopulate, enslave, and to appropriate land for primitive capital accumulation.

Mills and Simmons (1994: 111) are Canadian authors seeking to rewrite the management and organizational theory text by teaching students new ways of reading the popular books. They help students to identify ideology. Ideology “is how a class, gender or ethnic group legitimates its dominant position & resists other ways of making sense of the world.” A managerialist ideology contains beliefs, theories, and myths about freedom and sustainability that legitimate the

capital interests of one sector of the world over the survival needs of the rest. As Hatch (1997: 343), another author teaching students to read the old texts differently, puts it “false consciousness occurs when one group within a social structure, such as workers, participates in their own exploitation by recognizing the legitimacy of their oppressors’ right to dominate them.”

With a new way of reading, students can question claims in best selling texts. For example, Dick Daft’s (1998) text is replete with second wave ideology (Daft, 1998: 82):

- Today’s environment pays no respect to national borders
- Organizations must learn new rules to cope with the ... Nikes ... and takeover plans that are traveling around the plant
- Or course, there is a positive side, too; ... when they withstand tough foreign competition ...the whole world is their marketplace.

The Maori and Nahuati indigenous existential cosmology of a living earth, where place matters, borders and treaties are respected, and the old ethics of sustainability are still practices resists the second wave of colonization.

The ideology of empire privileges mechanistic over organic thinking and living. Textbooks argue that managers read their environment and act with rational dispatch, and that the most rational way to proceed is to invoke, wherever possible, a mechanistic structure and to view the manager as a value-neutral response mechanism to environmental contingency.¹ According to Carolyn Merchant (1980), a mechanistic language of terms and imagery has brought on the death of nature. The death of nature began with the dismissal of animism, spiritualism, and organic images of self, society, and nature. Mechanistic ideology infected the mind of the conquering elite to legitimate the pillage of nature and native culture. Forbes and Jeremier (1998) argue in the journal Organization and Environment that an ecocentric worldview of an organic ideology can dismantle mechanistic ideology. According to Merchant (1980) the mechanistic language took on more stereotypically female qualities, such not only legitimated the pillage of nature, but the burning of witches in the 16th and 17th century. Women were powerful figures in peasant communal life. Eighty

percent of the 100,000 people prosecuted for witchcraft were women. Females of entire rural villages were executed during this craze. The witch inquisition with its mechanical torture devices was a diabolic symbol of the patriarchal subordination of both women and nature.

There are two forms of capitalism, agrarian and industrial that now compete with primitive forms of accumulation. As we shall see, each has its own teleology.

Agrarian Capitalism Marx asks the important question: “Whence came the capitalist originally?” (C1: 742). *Contrary to popular opinion, capitalism began in agriculture, in rural communities, and did not originate in factories in the city.* For centuries in Europe there had been serfs, land-lease proprietors (some with leases for 99 years), and small and free proprietors. In the 15th century, some of the lease and free farmers in England begin to employ wage-laborers. In the late 15th and early 16th century, feudal lords appropriated common lands. The 16th century was a rise in prices of wool, corn, and meat while prices of precious metal fell. This made free and lease farmers grow rich while the cost of wages and rents to landlords fell (C1: 743). In the 1790s, the English monarchs granted feudal lords more autonomy to extract surplus value from peasant farms. Land was expropriated and peasants (tenant and owner alike) were expelled. There was a revolution sponsored by the State in which feudal lords consolidated small farms into huge ones and employed wage earners.

In spite of the smaller number of its cultivators, the soil brought forth as much or more produce, after as before, because the revolution in the conditions of landed property was accompanied by improved methods of culture, greater co-operation, concentration of the means of product, etc, and because not only were the agricultural wage-laborers put on the strain more intensely, but the field of production on which they worked for themselves, became more and more contracted. With the setting free of a part of the agricultural population, therefore, their former means of nourishment were also set free. They were now transformed into material elements of variable capital (C1: 745).

Marx (C1: 581) says wealth is accumulated “by converting the working-class into a class dependent on wages.” The state in cooperation with feudal landowners

therefore used politics and juridical changes in land boundaries to strip peasants of their land ownership and leases. Lords could consolidate larger tracks of land and make the peasants dependent on wages to feed their families.

The beginning of capitalism was to give peasants no option than to become wage earners in concentrated production, where innovations are used to extract more production per laborer instead of to make life easier. This allowed the lords to maximize their surplus value extraction beyond what was possible in charging rents to peasant farm families. Surplus value (see below), is the value over and above the wages that are paid that capitalist use to pay for materials, overhead, and use any excess to accumulate more capital. Peasants and their families became wage earners as agrarian capitalism took shape, but could no longer support themselves or their families through independent means. They could also no longer accumulate capital directly from the land they once farmed or trade their excess production freely.

Marx points out that in feudal society, agrarian capitalism in rural areas was prevented by constitutional law and industrial capitalism by guild organization and laws as late as 1794 forbidding merchants from going into manufacturing (C1: 751). These laws had to change before a situation of agrarian capitalism was possible. Guild masters did transform themselves into small capitalists (C1: 750).

In addition, agrarian capitalism grew out of the conditions of primitive accumulation.

The discovery of gold and silver in America, the extirpation, enslavement and entombment in minds of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of black-skins, signaled the rosy dawn of the era of capitalist production (C1: 751).

Marx refers to the above as “primitive accumulation” (e.g. Spain, Portugal, Holland, France, and England) in contrast to the agrarian capitalism that is a political economy of wage earners and farm-property-owning capitalists in just England.

For agrarian capitalist political economy to succeed all free and independent entrepreneurship had to be prohibited in favor of wage earning in larger farm tracts and plantations. In agrarian capitalism, natives and settlers become wage-laborers to a land-owning capitalist who in conjunction with the State used law and military to consolidate and appropriate small farms into huge ones. To make agrarian capitalism work, it evicts any part of the population engaged in independent family farming. This process continues to this day in many countries around the globe, and flourishes even in countries that still have primitive accumulation political economies. The difference between a free-working slave and a peasant farming for poverty wages is nominal.

The move from primitive accumulation and the use of unpaid (slave) labor is succeeded by wage labor. The net result is that fewer wage-laborers are needed, in combination with mechanization, to gain more yields for the capitalist. It is by moving from free to wage-labor, consolidating small holdings into huge ones, and mechanization, that the agrarian capitalism is able to maximize surplus value. Marx contended that the wealth of a nation was in balance with the misery of its laborers (C1: 646). It is the task of management and organization theory and the Business College to convince the workers, managers, consumers, and investors that Marx got it wrong.

It is this global theater of agrarian capitalism against a backdrop of primitive accumulation that Adam Smith (1776) wrote about in the *Wealth of Nations*. Capitalism and the General Welfare Adam Smith, among others, contended that interests of self-centered interests of merchants and manufacturers ran counter to the general welfare of society. David McNally (1988) wrote a well-researched and documented book on Adam Smith where he traces the influences and results of Adam Smith's thinking and writing in the rise of capitalism. You can also log onto the Internet and read two of Smith's books for yourself (*The Wealth of Nations*, 1776 and *The Moral Sentiments*, 17??). In the *Wealth of Nations*, Smith tries to understand the transition from agricultural to industrial capitalism. He is part of the Scottish Enlightenment project that argued that no sector of society should be allowed to accumulate monopolistic power.

He was especially concerned that merchants and manufacturers were not as public-spirited as the landowning class.¹ Smith's political economy philosophy was designed to bridge commerce and moral virtue through political. Wealth, argued Smith, has two effects: first, the desire for wealth motivates national wealth, "increases national wealth and provides employment and income for the poor."² Second, to effect efficient economic exchange specific norms must be observed. The utilitarian norms, however, have consequences. First, utilitarian exchanges are not done to benefit the public interest. Second, the system of utilitarian norms can result in bureaucratic behavior. The system is "an end in itself, rather than... a means to the happiness of its citizens."³ Smith argues in favor of jurisprudence, a science of governing commerce in both national and international law. It was to also restrict any arbitrary power of the land-owning gentry or the nobility. Smith did favor the landowners over the merchants and manufacturers.

The proprietor of land is necessarily a citizen of the particular country in which his estate lies. The proprietor of stock is properly a citizen of the world, and is not necessarily attached to any particular country (WN, 2: 848).

Smith argued for the primacy of agrarian capitalism over industrial capitalism. McNally (1988: 265) concludes that "Smith's critique of industrial capitalism was by its nature partial and seriously compromised from the start." On the one hand, Smith did favor the necessity of utilitarian social relations (division of labor in raise productivity) of capitalism. On the other hand, he did not look at the impact of a large class of wage laborers "bereft of land," while critiquing "intellectual fragmentation, physical stultification, and corruption" of utilitarian capitalism. Smith's ideas raise several important issues:

1. His division of labor and survival of the fittest focus in recent translations of Smith as the father of Capitalism completely ignores his attempts to develop a

¹ McNally p. xv.

² McNally p. 192.

³ McNally p. 193

theory of moral sentiments that would keep societies from turning to degradation.

2. Smith has several passages where he misses the point of his own approach. That is, he looks at Asians, American, and African natives as total savages, who are ruled by their beast, totally racist construction. He buys into the stories of his theme as legitimating tortures while a (Western) spectator remains "impartial" and even disinterested in the spectacle of torturing a native over a slow flame. What is ironic is that his calls for developing the internal stance of the "impartial spectator" misses his own partiality in surveying his/her own conduct.
3. What is apparent, however, is his complete distrust of monopoly capitalists to develop an internal gaze of impartial spectator on their own agency. He is constantly critiquing their ability to just ignore poverty, to engage in selfish behaviors. For this reason he wants an "ideal spectator" to develop principles of viewing the agent. And, he calls for a "real spectator" (by which he means conversations with other people who have distance from an event/exchange/conflict (similar to our stakeholder theory in management). See Chapter 3 of Part III.
4. He imputes to nature, an invisible hand, that is making things sort out. This is an indifferent spectator. In short, he seems to see nature as the most reasoned of spectators, seeks intervention of a real spectator into the affairs of the wealthy, defines wealth as paying a living wage, etc.

Banana Capitalism Del Monte, Dole, and Chiquita are multinational corporations that operate on the border of primitive accumulation and agrarian plantation capitalism.⁴ Corporate Watch (March, 1999) issued a summary of their actions in the political economy. The Del Monte multinational threatened to move its Guatemala plantations to Indonesia if workers refused to renounce their acquired labor rights. In February 1999 Chiquita threatened to move out of Honduras if the banana workers' union did not sign workers to a new collective agreement with fewer guarantees. In Guatemala, 465 trade unionists were fired and there are reports of armed attacks against trade union members and sympathizers. In March 1999, the Guatemalan police arrested two banana union organizers for labor organizing at Dole.

⁴ Source International Confederation of Free Trade Unions (ICFTU), in report of Corporate Watch, March 11, 1999.

In Costa Rica, Hurricane Mitch provided a migration of people from Nicaragua and Honduras. The banana multinationals offered them below poverty wage jobs. This allowed trade unions to be destroyed and replaced by employer unions signing up the new immigrant workforce. The Guatemalan Parliament is supporting the initiative of the multinationals.

In Panama, police raided a Chiquita plantation after workers complaint to the Labor Ministry that the dismissals of 28 workers had been unfair and that a case of a worker's death has not been investigated. In the police raid, workers without identity papers were taken away and beaten.

In all these instances the government champions the economic interests of the politically connected multinational, agrarian capitalists. Challenges to multinational exploitation of labor and the environment in Central America meet with strong resistance. It is no accident that in the 1999 genocide investigation by the United Nations, that the U.S. has trained Guatemalan-military genocide squads in technologies of torture and murder of the native populations since the Kennedy administration of the 1960s.

There is a tie-in here to spectacle theory. Smith in his book on moral sentiments argued that to exercise self-control over utilitarian interests, a person has to be able to act as a spectator to their own behaviors. In their mind they have both a "partial" and "impartial" spectator. In addition, Smith argued to get a better sense of impartial-ness, each person needed to converse with "real" spectators. These are people we all have in our lives who tell us we are about to over or under react. They convince us that there are social consequences to our actions. The story of Adam Smith is much like the story of Christopher Columbus. Fictional accounts have replaced the original telling and historical context of their stories. And now, the fictional accounts have gained such popularity that they are treated as authentic, while original readings are treated as deviations or unreal.

The fictional account of Adam Smith is that he was the father of capitalism, preached division of labor, and the survival of the fittest. There are many misreadings of Smith. In a subsequent chapter we will look at how several of Darwin's theories are based in Adam Smith's work, and then re-inscribed into

organization theory. Hammer and Champy's (1993) reengineering theories begin with an assault on Adam Smith as the father of division of labor and industrial capitalism that they see spreads bureaucracy which reengineering can unravel. Theirs is perhaps the most blatant misreading of Adam Smith that has been perpetrated. Adam Smith wrote of the love of humanity and detested the love of systems. Again, the popular fiction out competes the original writing and spreads unchecked throughout most management and organization theory textbooks. There is a difference between Christopher Columbus and Adam Smith. Columbus looked at short-term economic gains, while Smith looked at the long-term health of nations. Both used spectacle but in different ways. We say that Columbus used spectacle to manipulate natives into disclosing their gold and to persuade the Monarch to finance successive expeditions.

Adam Smith had his own approach to spectacle. Smith argued that there are two types of spectators to the system. First the "impartial spectator" who use rationality to objectively distance their own selfish interest (partiality) and gain some impartial perspective on the good of humanity. Says Smith, "We endeavour to examine our own conduct as we imagine any other fair and impartial spectator would examine it" (III: 1). These spectators and participants in capitalism exchange goods and services with self-organized efficiency but do not always see or think of the social and moral fabric. They make a transcendent leap to observe as if they were a disinterested "average" spectator observing their own transactions, but do not always succeed. If unchecked, it leads to a degradation of the poor and the laborers through selfish acts of exploitation.

A second stance is required. The "ideal spectator" judges the higher moral plane and social virtues of capitalism. Without the "ideal spectator" the actions of the "ideal spectator" set up an efficient system, but one that does significant harm to society and nature. "It is the tendency of people to identify more with wealth than with virtue which poses the greatest moral threat to society."⁵ One of the books Smith wrote before the 1776 *Wealth of Nations* was *The Theory of Moral*

⁵ McNally, David (1988) *Political Economy and the Rise of Capitalism: A Reinterpretation*. Berkeley, CA: University of California Press. P. 184.

Sentiments, first published in 1759. Smith lived in Scotland and was one of the authors of Scottish Enlightenment, channeling economic individualism into the greater public interest. In this way he sought to improve the Scottish political economy. *The Wealth of Nations*' book is therefore immersed in a discourse of his philosophy of moral sentiments.⁶ In Scottish Enlightenment, effective communication of sentiments, thoughts, and experiences was thought to insure the social harmony of the whole of society. Without moral sentiments Smith argued a civil society would be impossible. The disinterested spectator has no interest or sympathy with fellow beings.

The "impartial spectator," argued Smith is able to share sentiments and opinions to enact a moral harmony. Smith, who says McNally (1988: 181) is believed to be the father of self-interest, free market economics, is actually someone who consistently critiques the "selfishness school." Like Gandhi and the Ahimsa movement, Smith seeks to subordinate selfish passions to the sympathy of moral sentiments. Says Smith:

How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it.⁷

The purpose of the Scottish Enlightenment movement was to define the principles that would make capitalism less a spectacle of selfishness. The problem with the division of labor, is although it promoted efficiency in markets and production it did not allow people to put themselves into the shoes of another (sympathize). "The imaginary operation in which one individual attempts to assume the position of another can never give a spectator the total experience of an actor."⁸ How can spectators gain sympathy with actors, when they do not experience the role themselves? An "impartial spectator" attempts to get some impartial and rational distance from what they observe in order to transcend their own selfish interests. Smith puts it this way"

⁶ Ibid. p. 178.

⁷ Smith, *The Moral Sentiments*, p. 531.

⁸ McNally, p. 182.

If he would act so as that the impartial spectator may enter into the principles of his conduct, which is what of all things he has the greatest desire to do, he must upon this, as upon all other occasions, humble the arrogance of his self-love, and bring it down to something which other men can go along with.⁹

The theory of the imagined impartial spectator is like our current theories of stakeholders (those with a stake in our decisions) and agency (agents managing as impartial spectators). The Enlightenment assumes that a general and universal moral code of societal harmony exists in “common sense” ways that stakeholders can imagine a transcendent moral sentiment. Nation states in the throes of media-dominated public opinion, as we saw previously, are not able to imagine themselves as “impartial spectators.” Their common sense has been compromised.

Societies without common sense moral sentiments to control the spectacle of production and consumption (or even genocide, in the Imperialism chapter) require “ideal spectators.” The UN for example is supposed to be an “ideal spectator” and able to make judgements on a higher moral plane than self-interested nation-states. The relationship of Smith’s theory to the Situationist’s theory of spectacle is obvious. Smith is concerned that public opinion can be subverted and Situationists are concerned that in contemporary society it is corporate dominated media that subverts Smith’s “impartial spectator.” The impartial spectator acts according to a “common sense” that has turned exploitative. The ideal spectator is able to transcend the common sense production and consumption of spectacle and sabotaged public opinion. The ideal spectator is able to reject the opinions and sentiments of the impartial spectator who is no longer impartial. For Smith and capitalism, this meant that people who could only see “gold” were no longer impartial and capable of self-organizing for moral action. They would exploit the poor as if it was “common sense.”

The Story of the Invisible Hand Let us say said Smith, that a person works his or her entire life to accumulate wealth so that he can enjoy the good life of

⁹ Smith, the Moral Sentiments. P. 162

beauty and elegance. She or he enters the spectacle system of production and consumption to pursue the (American) dream. In the pursuit of wealth, the body wastes overtime with “toil and diseases” and in old age infirmities overwhelm the pleasures sought. McNally (1988: 184) contended that, for Smith, the individual over time confounded the beauty and order of the wealth-accumulation-system with the satisfaction of their desires for happiness. Here we have another example of how a contemporary storytelling confuses the original with fictional copies, and copies of copies. Invisible Hand, now means, that markets free of interference perform efficiently and raise everyone’s wealth. But, Smith had a more spectacle interpretation. That is, that in spectacle, the individual is deceived into believing that wealth brings about happiness, and that in pursuit of this believe, he or she is motivated to be entrepreneurial.

It is well hat nature imposes upon us in this manner. It is this deception which arouses and keeps in continual motion the industry of mankind. It is this which first prompted them to cultivate the ground, to build houses, to found cities and commonwealths, and to invent and improve all the sciences and arts, which ennoble and embellish human life.¹⁰

The consequence of this spectacle deception would be, according to Smith, the distribution of excess production among the poor workers. The wealthy are “lead by an invisible hand to make nearly the same distribution of the necessaries of life which would have been made had the earth been divided into equal portions among all its inhabitants; thus, without intending it, without knowing it, advance the interest of the society.”¹¹ Smith, while critiquing the “natural selfishness and rapacity” of the wealthy thought they could learn self-control and moral sentiments.

Distributive and Communicative Justice Smith’s theory of “impartial spectator” is based on two approaches to justice, distributive and communicative.

In another sense we are said not to do justice to our neighbour unless we conceive for him all that love, respect, and esteem, which his character, his situation, and his connexion with ourselves,

¹⁰ Smith, Ibid, p. 304.

¹¹ P. 304

render suitable and proper for us to feel, and unless we act accordingly. It is in this sense that we are said to do injustice to a man of merit who is connected with us, though we abstain from hurting him in every respect, if we do not exert ourselves to serve him and to place him in that situation in which the impartial spectator would be pleased to see him. The first sense of the word coincides with what Aristotle and the Schoolmen call commutative justice, and with what Grotius calls the *justitia expletrix*, which consists in abstaining from what is another's, and in doing voluntarily whatever we can with propriety be forced to do. The second sense of the word coincides with what some have called distributive justice,^(2*) and with the *justitia attributrix* of Grotius, which consists in proper beneficence, in the becoming use of what is our own, and in the applying it to those purposes either of charity or generosity, to which it is most suitable, in our situation, that it should be applied.¹²

In a society torn apart by “factions” or “turbulence” Smith argued that the “spirit of the system is apt to mix itself with that public spirit which is founded upon the love of humanity, upon a real fellow-feeling with the inconveniences and distresses to which some of our fellow-citizens may be exposed” (Part VI, Chapter 2). In his theory of governance and leadership, the leader needs to take the stance of an “ideal spectator,” so as not to be swayed too far by any one faction or turbulence. Otherwise, the leader and the followers, get carried away in spectacle (what he calls “spirit of the system”) and turn fanatical. The spectacle (to use my word) inflames the system with the madness of fanaticism. In such a state, the leader of such a spectacle will lay out a transformative vision, a plan of reorganization, promising to achieve many desires, including the alleviation of the turbulence among the factions. Says Smith, “They often propose, upon this account, to new-model the constitution, and to alter, in some of its most essential parts, that system of government under which the subjects of a great empire have enjoyed, perhaps, peace, security, and even glory, during the course of several centuries together.” The leader and followers can get “intoxicated with the imaginary beauty of this ideal system [spectacle], of which they have no experience, but which has been represented to them in all the most dazzling

¹² Smith *The Theory of Moral Sentiments*, web edition, Part VII

colors in which the eloquence of their leaders could paint it.” In a statement that could as easily have been written by Guy Debord, Smith argues: “Those leaders themselves, though they originally may have meant nothing but their own aggrandisement, become many of them in time the dupes of their own sophistry, and are as eager for this great reformation as the weakest and foolishness of their followers.” They get swept up in the spectacle, and though disbelieving the delusion, set out to enact it in order not to disappoint followers. This serves to nullify their stance as “impartial spectator” (VI: 2).

Finally, Smith connects his theory of leaders and followers of spectacle to violence. Smith cautions that the “ideal sentiment” leader is not swept away with attempts to mollify factions or become overcome by prejudices. “Though he should consider some of them as in some measure abusive, he will content himself with moderating, what he often cannot annihilate without great violence.” It is here where a leader of “impartial sentiments” caught up in a spectacle system “and is often so enamoured with the supposed beauty of his own ideal plan of government, that he cannot suffer the smallest deviation from any part of it.. He seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon a chess-board.” (VI: 2).

They entertain no doubt of the immense superiority of their own judgment. When such imperial and royal reformers, therefore, condescend to contemplate the constitution of the country which is committed to their government, they seldom see any thing so wrong in it as the obstructions which it may sometimes oppose to the execution of their own will.

Those who own and work the land have a different social ethic than those whose wealth is mobile (not tied to land or even nation). Smith assumed that merchants and manufacturers with their mobile capital would act out of self-

<http://socserv2.socsci.mcmaster.ca/~econ/ugcm/3ll3/smith/moral.7>

interest and subvert the market system. First, there would be monopolistic actions that would restrict wages and inflate prices. Second, the social division of labor would give merchants and manufacturers a myopic view. Third, monopolistic interests would subvert attempts by the state to monitor and enforce non-monopolistic practices.

Smith had several solutions to these problems. First, use the power of the state to discourage monopoly formation. Smith's view was that the market led to efficient transaction only when the size of producers and sellers was relatively small. Second, Smith believed that the land-owning gentry should be given more control than the merchants and manufacturers. He reasoned that the gentry had a stake in their own community. He further reasoned in his book on moral sentiments that the gentry would be a more "impartial spectator" to market transactions. Part of his definition of "wealth" included a living wage for workers to be able to consume the goods produced in the society, thus making the society wealthy. Smith was quite critical of the wealth-self-interests of manufacturers and merchants, who might lower wages to increase their own profits, thereby degrading the social interests. He did not believe merchants and manufacturers would be able to control their selfish passions. He reasoned that besides the gentry, the state itself would need to take a role to insure that self-interest did not eclipse social interests in living wages and competitively fair pricing. Third, Smith believed that business and state careers needed to be kept strictly separate.

Karl Marx took the political economy analysis a different direction. Marx observed that there was a capitalist transition in agriculture as well as industry. In agriculture, farm holdings were being consolidated and wage-laborers were taking the place of the traditional long-term land lease arrangements (some as long as 99 years). Marx reasoned that there was a growing separation or "alienation" between ownership of land or tools and the people who did the work. Like Smith, Marx was not in favor of economic liberalism. But Marx, in his writing did not favor State intervention or the formation of a class of land owning gentry to watch over market transactions. Marx favored a revolution in which workers

would obtain democratic control over their own work, and even return to a situation of worker ownership over production. Marx was not in favor of centralized state planning of the economy (or “state socialism”). In his later writings, Marx realized that the worker revolution was not going to transform industrial capitalism.

Teleology and Capitalism Determinist theories read history through a retrospective lens of capitalist concepts. This is done in order to make that case that markets, technology, and even history evolves and unfolds the teleology of the capitalist project. History is seen as unfolding in stages, as various civilizations get more advanced and progressive in their application of markets, technology, and the natural evolution of the survival of the rich over the poor. The critical position is that there is no teleology, a political economy can evolve or it can devolve depending upon the situation. There are actions and circumstances that make it possible to change a political economy, but who is to say whether it is progressive or regressive to ecology and human health. The spectacle is constructed to convince us that the poor did it to themselves, God meant them to be poor, they overpopulate, progress is happening all around us, and they are just inferior species.

Industrial Capitalism In industrial capitalism, “that small and nimble fingers of little children” and young ladies are in constant demand to facilitate global capitalism (C1: 758). There was much more flogging, beating, sexual cruelty than there is today between the masters and their child and young female laborers. In the current global economy, the work of the business school disciplines, one and all, is to develop technologies to extract maximum productivity from the nimble fingers of Chinese, Indonesian, Vietnamese, Mexican, Indian, and African children and young ladies. Information technology makes it possible to track all the efficiencies, accounting makes it possible to track the costs, operations management organizes with the engineering discipline to production process, strategy figures out where the cheapest combination of machines and nimble fingers is to be found, human resources keeps the worker motivated, and management tells stories about progress,

evolution, and learning organizations. While the business school organizes the technology of capital extraction from producers (workers), it must also convince us in spectacle that “the old horrors of the early days of English factories are [NOT] in full swing” (C1: 561). We must be persuaded that the world would starve if not for cheap pools of wage-labor.

Division of labor is a very important concept with two manifestations. First, by combining many trades under one roof, the single capitalist attains many economies of scale. Second, the work can be re-distributed such that a single person does not make a product from start to finish. “Instead of each man being allowed to perform all the various operations in succession, these operations are changed into disconnected, isolated, ones, carried on side by side; each is assigned to a different artificer, and the whole of them together are performed simultaneously by the co-operating workmen” (C1: 337). The next step is to put many works at stations doing the same task operations, passing their work from one isolated phase of production to the next, in a detailed division and multiplication of their labor. With wage-earning combined with division of labor, management and the business disciplines (accounting, operations management, HR, finance) focus on the most efficient extraction of wealth from this divided labor.

Labor Process Theory The labor process of an independent and free producer living in self-sufficiency is converted in capitalism into a labor process that is outside the direct control of labor. Karl Marx’s history of the labor process, points out that skilled industrial workers once attended lectures on trigonometry, engineering, and physics to learn more knowledge about their craft. Were they not the ideal knowledge workers? The entire Business College accumulates the knowledge of independent labor process so that it can be appropriated as corporate-controlled and administered labor process. There are a number of important concepts that make up labor process theory.

1. Surplus Value “The reader will bear in mind that the production of surplus-value, or the extraction of surplus-labor, is the specific end and aim, the sum and substance, of capitalist production... the subordination of labor to capital” (C1: 298). The portion of the working day over and above the cost of labor. Any

- lengthening of the working day by removing breaks for bathroom or meals, or extending the number of hours in a workday adds surplus value.
2. Performativity Work them till they drop and work them again until they die of exhaustion. As Marx puts it “the vampire will not lose its hold on him ‘so long as there is a muscle, a nerve, a drop of blood to be exploited” (C1: 302). The motivation is to maximize the level of exertion that is put forth in production and service, to deny it any sun light or leisure to exhaust labor to death. “It usurps the time for growth, development, and healthy maintenance of the body. It steals the time required for the consumption of fresh air and sunlight. It higgles over a meal-time, incorporating it where possible with the process of production itself, so that food is given to the laborer as to a mere means of production, as coal is supplied to the boiler, grease and oil to the machinery. It reduces the sound sleep needed for the restoration, reparation, refreshment of the bodily powers to just so many hours of torpor as the revival of an organism, absolutely exhausted, renders essential” (C1: 265). “Mary Anne Walkley had dies from long hours of work in an over-crowded workroom, and a too small and badly-ventilated bedroom” (C1: 255). Workers in over-crowded dorms of factories in China and Vietnam work and slowly die in similar toxic conditions. “The decimation of the children of the working class” is a part of performativity (C1: 251). Says one mother “I have often knelt down to feed him as he stood by the machine, for he could not leave it or stop” (C1: 247).
 3. Labor Power The working day is the amount of time needed for capital to consume labor-power. Capital says Marx “cares nothing for the length of life of labor-power” (C1: 265). Once a peasant is removed from land tenure or entrepreneurial ventures (e.g. cottage industry, small shop ownership, the labor power must be sold. “It quenches only in a slight degree the vampire thirst for the living blood of labor. To appropriate labor during all the 24 hours of the day is, therefore, the inherent tendency of capitalist production” (C1: 256-7).
 4. Deskilling As there is a transfer of knowledge of craft from skilled producer to systems of administration, management can use division of labor, partial automation, and the employment of lesser skilled persons to perform various tasks previously performed by skilled labor. This is a process that happens in factory, service, accounting, clerical, and even within the sacred sphere of managerial work. The history of each occupation be it printing, medicine, or industrial management is one of a progressive conquest of knowledge to deskill. The trick is to restrict wherever possible to a few the numbers of skilled persons in an organization. And, to find cheaper sources of skill, in women, other races and other nations. The current trend is to store skilled knowledge in cyber libraries for instant replay along the production process. Touch an icon and play its contents.
 5. Management in order to lower the cost of wages, to ensure performativity, and to deskill, management serves the interests of capital. Sub-inspectors, spped boss, rate checkers, quality controllers, planners, and all many of supervisor is organized by management to extract surplus value.

6. The Reserve Army In order to keep wages down, it is necessary to manage the economy so that there is always a reserve army of unemployed and underemployed workers. These workers are so desperate that they will not refuse work for low pay, long hours, and tedious circumstance. Social welfare is managed to make sure that few options to cheap employment are available. In industrialized political economies, where social welfare accumulates, capital goes elsewhere to obtain its reserve army. Sites where work hours extend to 12 and 16 hours seven days a week and where violent motivations are encouraged are highly sought after.

Marx called the factory, the “House of Terror” (C1: 277). The Industrial Capitalism of the late 19th and early 20th century was much more terrorizing than it is in the worst places on earth today. The establishment of protections against physical and mental torture, including over-work, poverty wages, and sexual abuse took a century to attain in industrialized nations. Americans complained about the mind-numbing repetitive tasks they performed in the fine-grained division of labor. The industrialized nations fought for protections against child labor, endless workdays, and flogging on the job. Capital decided in the 1960s to move its plants out of the industrialized economies and into the Third World. The political economy of China is more efficient than that of Mexico. In Mexico workers work a year or two, then go back to their villages, until the money runs out. This causes constant turn over, which means constant costs of training and a slower line speed. In China, the workers are dormed, and not one will leave, since there is a long line of applicants for any vacant position. It is also more efficient because where Mexican laborers get overtime after 45 hours, no one would dare to ask for overtime in China. In China the night shift of workers, tumbles into the warm dormitory beds just vacated by the day shift workers. This is the same practice that Marx observed in his home county of Lancashire a century and a half ago. The beds he says, “never get cold” (C1: 758). Like the early colonial systems, children and young women were pressed into service by the “press-gang.” The same practice the British royal navy uses to recruit for its navy was used to find labor for its factories. Child-slavery is alive and well, and prisons and cottages are ransacked to bag as many poor children and women as the factory can absorb. “The capitalized blood of children” and women feed global

political economy to this very day (C1: 757). It took capitalism reformers over a century to move away from its dependence on the nimble fingers of child labor, but in China and in most urban communities, child stealing is on the rise again.

Industrial capitalism was made possible by agrarian capitalism practices in England. “The peasant, expropriated and cast adrift, must buy their value in the form of wages, from his new master, the industrial capitalist” (C1: 745). Their alternative was to perform cottage labor, selling craft work to the market. However, the model of land combination, provided a model for cottage-industry-combination. The first manufacturers workshops were called “réunies” which Marx (c1: 746) defines as “workshops thrown into one, as we speak of field thrown into one.” Cottage manufacturers, such as families doing flax spinning were réunies (united) under one roof, paid wages, but could no longer sell their excess production.

This landless working class creates the surplus labor value that the capitalist uses to either purchase more labor and/or machines, in order to accumulate more and more capital. “The capitalist” says Marx (C1: 582) “may even convert the additional capital into a machine that throws the producers of that capital out of work, and that replaces them by a few children.” Marx (C1: 747) points out that “formerly, the peasant family produced the means of subsistence and the raw materials, which they themselves, for the most part, consumed.” As the peasants were consolidated into agrarian and industrial capitalism, when they produced and consumed, are now purchased as commodities, articles manufactured in factories or goods grown on factory farms. This is what Marx refers to as being “separated from their means of production” in ways that destroys the rural and domestic industry in both manufacturing and agriculture. A market of huge traders and lots of dependent consumers replace the destruction of the internal market of small traders. The inventions of agricultural machines (ploughs) and spinning-loom machines accelerate the destruction of rural and domestic industries and then urban small business.

As producers (workers) are brought together under one roof, additional surplus value can be extracted and appropriated by the division of labor, direct

supervision, hierarchy, accounting, quality control, and other managerial innovations. The Scientific Management of Frederick Taylor in the early 1900s, the systems quality engineering movement after WWII culminating in quality circles and total quality management in the 1980s and the reengineering fad of the 1990s are each ways of extracting surplus value.

Cyber Liberal Capitalism In cyber capitalism a global system is organized in which capitalists buy labor power and labor sells it across national boundaries. The working class are between thrown out of permanent work, and replaced not only by machines, but by cheaper forms of temporary labor and contract peasant labor who have no benefits. In parts of China and the United State unpaid or lowly paid prison labor allows additional surplus value to be accumulated.

The “cyber” political economy of modern organization theory (OT) is “representative” and “liberal” instead of equitably democratic. Cyber political economy has two forces. On one side there is consolidation of the global media channels into a few hands that will (they say) represent the rest of us; virtual corporations are purging their ranks of full-time producers, and going mobile in search of cheap contract peasant labor in Asian, African, Central, and South American nations. On the other hand, there is a proliferation of activist web sites attempting to critique and resist elite monopolies’ profit-maximizing behavior in the global cyber political economy.

Cyber-liberals assume that when merchants and manufacturers are “free” from state intervention to fashion their own “free market” exchanges that efficient and socially responsible transactions are the natural result. The “free market” of the cyber economy is thought to be a self-organizing and self-managing system that is made inefficient by and all government (state) or producers (worker) interference. Political economy has struggled for centuries to balance the interests of wealthy land, factory, and merchant owners, those who work for wages, operate small businesses, or those who are slaves. The “representative” side of the political economy is to let the largest firms of each industry represent the smaller firms, the worker-producers, and slaves who work for medium and

large firms. The struggle between elite and mass democratic rule of the political economy continues.

It is typically assumed by the information society writers that the transition from agricultural to industrial to service and now to cyber economy is seamless and unproblematic. Many of these writers (see below) take Adam Smith to be either the father of liberal “free” market economics (first example), the author of organic evolution economics (second example), or someone who got political economy wrong (third example). As we shall see in a future chapter, they also assume that the economy is itself a species that evolves according to the laws of evolution and the survival of the fittest firms over those exhibiting unfit technologies and forms. I would like to start with three cyber-writers’ quotes about Adam Smith.

First Quote: “Luckily, as Adam Smith taught us long ago, competitive pressures between producers will often induce them to make choices that maximize the general welfare. This is as true for Smith’s butchers and bakers as for today’s programmers and chip fabricators: the ‘corporate centric’ view and the ‘policy centric’ view are often not so far apart as one might think” (Information Rules by Shapiro & Varian, 1999: 298).

When Shapiro and Varien (1999) say in the quote above that Smith saw competitive choice making as maximizing the public welfare, this is actually a reversal of Smith’s position. Smith contended that utilitarian exchange may be efficient but was not in the benevolent interest of the public’s general welfare and happiness. He therefore argued for people with benevolent moral principles to govern the market, to insure that bonds of self-interest did not subvert public welfare.

Second Quote: The argument here is that economies are biological and evolve by acts of harmony-seeking, self-organizing, creative destruction. “The image of the economy as something alive is powerful. And it is hardly New Age hokum. Adam Smith himself alluded to aliveness with his unseen ‘hand.’ Karl Marx referred to the organic nature of the economy” (New Rules for the New Economy by Kelly, 1998: 114).

Third Quote: Speaking of a prejudice of agriculture over manufacturing by the Physiocrats of France and the Agrarians of Scotland, “This is a prejudice that dates back to Adam Smith, who updated the Physiocratic

theory by arguing that both manufacturing and agriculture were productive, but it was services that were sterile. Services yielded neither tangible products [nor] reinvestable surpluses. The tyranny of the tangible over economic thought in an increasingly weightless world will prove to be as mistaken as the original Physiocrats” (The Weightless by Coyle, 1998: 64).

I contend that each quote is a misreading of Adam Smith.

There is a feeding frenzy of Hollywood entertainment, publishing, telephone, consumer electronic, satellite, and software companies to control the new cyberspace economy. I call these people and firms virtual capitalists. Bill Gates calls this “friction-free capitalism.” The authors of “Blur” call it the speed of change in the connected virtual economy. Capitalism in the cyber information age raises important political economy questions. Key in these questions is the debate between the “free market” libertarians and the Marxist and postmodern political economists.

From the political economy view, the knowledge work and knowledge manager together with the off-site subcontractors that the non part-time skilled and unskilled workers are what constituted the new political economy and segmentation of global knowledge work. The Knowledge Economy changes the labor process into a very different political economy. There is a decreased need for “large numbers of in-house, full-time workers. These workers are expensive to train and employ (they require employment and health insurance) and they can strike, call in sick or take legal action if their ‘reasonable’ demands are not met” (Brown, 1997).

An important part of labor process is to transfer knowledge from professional workers to the digitized memory of the system so that it can be controlled by management and accessed, as needed, by less skilled and less expensive workers. Known as “deskilling” there is a progressive translation of expert and craft knowledge into spectacular information which can be copied and duplicated at lower costs. Typesetting, for example was once a skilled handcraft, was automated into linotype, and eventually into the computer keystroking known

as computer typography. With that transition, lesser-paid secretaries replaced professionals who learned their craft in years of apprenticeship and journey training. Marx contended that in the political economy, not only skilled crafts, but clerical and even management ranks underwent an inevitable deskilling process, motivated by capital gains from paying lesser wages.

In the case of the knowledge work revolution, the political economists (or critical theorists) see this as another manifestation of deskilling. With knowledge that has been digitized and an extensive network of digital interface, the managers job becomes one of converting more labor knowledge into the archives and computer libraries, and performing the electronic surveillance of a distributed temporary and contract global work force. It is amazing really, how rapidly the transformation has been. Everyone now believes that they will enter a career of multiple part-time and short-term employment relations, work in virtual teams, and tele-commute. Face-to-face work situations are considered passe.

The political economy worldview is sensitive to issues of contemporary colonization. Whereas nations such as Spain, France, England, and Italy once colonized other nations, the trend now is “endo-colonization.” Endo-colonization is what business nations ran out of land to colonize. Endo-colonization commodified and manufactures everyday life including the “fleeting moments, of dreams, desires, wishes, fantasies, encounters, adventures, escapes and reversals of perspective” (Brown, 1997). This transformed political economy is one in which everyday life is the stuff of business. Everything can be “commodified, distributed, and consumed.” This is particularly the case for mass entertainment and every other aspect of popular culture in the Society of the Spectacle (Debord, 1967). “Today, the all-embracing spectacle of televised entertainment (mass culture) includes even (and ever) more exotic forms of social practices. Wars, riots, law enforcement, criminal justice, elections, political scandals, investigative journalism, expert opinion of all stripes, predictions and forecasts, and news, traffic and weather reports ... are produced, distributed and consumed as entertainment products ... ‘info-tainment’” (Brown, 1997). Commercials have become part of the spectacle-commodity world of info-

tainment and our school and university systems are becoming integrated as “edu-tainment.” The media giants are quickly colonizing education with edu-tainment, distance learning, educational software, and much hardware. There is a pedagogic transformation as face-to-face instruction is being replaced by virtual instruction with Internet classrooms, Web-syllabus, Web-testing, and digitized video replay of professor lectures. The labor process agenda of deskilling is changing the occupation of professor forever more. More and more administrators are being hired to do outcomes assessment surveillance on the new professors and their on line pedagogic results. Universities are now knowledge Cyber Universities. Libraries of books and journals are being quickly replaced by on-line CD holdings. “the key here” says Brown “is the reductive translation of knowledge and experience into spectacular information.” With the changes there will be fewer full time professors, a lot more temporary, under-employed Ph.D.s and even more graduate students doing technocratic work such as grading, monitoring chat rooms, and coordinating enrollment.

Besides, digitization and the labor process trend of deskilling, there is a second technology development that is changing the nature of the political economy. The environmental sustainability movement stimulated by eco-radical writers such as Brookchin (1990), eco-feminists such as Eckersley (1992), ethicists such as Desjardins (1993), historians such as Merchant (1980), and philosophers such as Best and Kellner (1997) and Capra (1982) is making inroads in to the U.S. Academy of Management. Leaders in the Organization and Natural Environment division such as Paul Shrivastava, Ian Mitroff, John Jeremier, Ron Purser and many others are critical of the lack of green writing in OT books.

Marx and his apprentice, Braverman (1974) have told us the story that except for Mills and Simmons (1995) and Alvesson and Willmott (1996) does not grace the pages of any management text. The manager exists to accumulate capital by controlling the labor process, grasping knowledge from the worker, and placing it in the system. If there is a knowledge organization it is already articulated in labor process theory. Degrade work, substitute globally divided

labor, and lower-paid female labor for skilled labor. This along with more technical regimentation of the system increases the accumulation of capital. But, the knowledge worker narrative does provide a good cover story.

ⁱ ENDNOTE As part of our ongoing research project, Robert Gephart, Grace Ann Rosile, and I have been comparing how business textbooks rewrite management theories, such as the mechanistic/organic model of Burns and Stalker (1961, 1966, 1991). In that research, we sampled the top selling textbooks in management, organization behavior, and organization theory to see how they were reading Burns and Stalker. We found that M/O was treated quite differently in each textbook and the authors had moved away from the original model by changing the findings, dimensions of contrast, and study's implications. In the Schermerhorn, Hunt and Osborn (1988) text after presenting mechanistic-organic as a value-neutral continuum, they proceed to point out the managerial advantages of selecting a mechanistic structure. Schermerhorn, Hunt and Osborn (1988: 350) state that their "prescriptions address the design issues considered important by managers." Their section heading is: "A Manager's View of Organizational Design." Mechanistic-organic have been appropriated as a foundation for the hegemonic, managerialist discourse. Gibson, Ivancevich, and Donnelly (1991: 509) argue that the manager in a situation influences the effectiveness of a choice between mechanistic and organic structure by reading the environment. The two most widely used OT textbooks by Daft (1996) and Robbins (1991) use M/O as the central organizing framework for writing their texts. Robbins (1991: 488), for example, defines structure as "a means to help management achieve its objectives." Organic characteristics such as decentralization and employee freedom are excellent for initiating ideas; but those same conditions often make it hard to use a change because employees are less likely to comply. Employees can ignore the innovation because of decentralization and a generally loose structure" (Daft, p. 271). Note that the preferred structure is mechanistic. The manager invokes organic to innovate, adapt or problem solves and then switches back to mechanistic to achieve control and implementation. Daft (1996) advocates for mechanistic control "the findings from research comparing administrative and technical change suggest that a mechanistic organization structure is appropriate for frequent administrative changes, including changes in goals, strategy, structure, control systems, and personnel. ... In contrast, is an organization has an organic structure, lower-level employees have more freedom and autonomy and, hence, may resist top-down initiatives" (p. 279).