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Rapid response on 'The current financial crisis'

Title

Gramsci and the crisis of neoliberal *transformismo*

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Biographical note

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Abstract

In this paper I return to Gramsci in an effort to situate the current financial crisis within his conception of *transformismo*. Neoliberalism became a project of repositioning compulsory class interests in social space. Outside of elite groups neoliberalism did not become routinised as a compelling hegemonic force for cognitive conservatism as *ideologikritiks* claim. What became more fully routinised was a structuring war of position in social space through the monotonous compulsion for credit-worthy individuals to market, sell, purchase and perform for money-wages. New techniques of the self were perfected in the marketised war of positioning to service the increasingly financialisation of everyday life that came to characterise neoliberalism. Social positionings dependent on financialisation are now subject to a 'crisis of authority'.

Keywords

Gramsci; neoliberalism; financialisation; *transformismo*; war of positioning; crisis.

Gramsci and the crisis of neoliberal *transformismo*

‘The crisis consists precisely in the fact that the old is dying and the new cannot be born; into the interregnum a great variety of morbid symptoms appear’. (Gramsci, 1971: 276).

Introduction

For some the ‘credit crunch’ and deepening recession spells the death knell of neoliberalism as a definite set of ideological assumptions for organising social life. Martin Jacques (2009: 13), for instance, argues that neoliberalism represented a ‘decisive shift in the centre of gravity of power in society: from the state to the market, from society to the individual, from relatively egalitarian values to the embrace of inequality’. Neoliberalism has now ‘imploded’, dislodged not by an alternative ideology but by the blind force of ‘events’. Alongside sociology luminaries like Stuart Hall, Jacques pioneered the analysis of Thatcherism in the 1980s as a hegemonic force essential for the consumer-led modernisation of Ukania and the forced realignment of an ‘obsolete’ labour movement (Hall and Jacques, 1983, 1989). This argument was developed most insistently in *Marxism Today*, the now defunct magazine of the now defunct Communist Party of Great Britain, which Jacques edited from 1977 to 1991. Returning to his Gramscian cradle, Jacques (2009: 13) claims that as neoliberalism became hegemonic as an ideology over the past three decades it ‘acquired such dominance at all levels of society, from the person in the street to the man at No 10 – to the point where it has acquired the force of common sense’.

Underpinning Jacques’ vision of neoliberalism’s totalising hegemony is an assumption about the cognitive inertia of social agents, what he calls ‘the mind’s natural conservatism’. In this approach, ideologies that have sunk to the level of routines, habits and reflexes are not easily relinquished, even if distinct ideological alternatives can be counter-posed. In the current crisis, Jacques

laments the fact that no coherent intellectual alternative has appeared in Britain, certainly not from within the ranks of New Labour that so firmly nailed its fate to neoliberal apologetics. Without a hint of irony, Jacques (2009: 13) lambasts the intellectual dearth at the heart of the New Labour fixation with neoliberalism that he personally did so much to stimulate: 'New Labour itself came largely from Thatcherism, and the critique of Old Labour and understanding of Thatcherism from my old magazine, *Marxism Today*'.

Ideologikritiks like Jacques explain the current crisis as a question primarily of ideological agility and cognitive inertia. They reproduce the 'scholastic fallacy' that privileges the enunciated tenets of political ideology over the phenomenal structuring of the social world. As Bourdieu was fond of putting it, paraphrasing Marx, this conflates 'things of logic' with the 'logic of things'. It collapses formal theories about society into a metaphysics of practice. Much of the sub-Gramscian approach to hegemony pictures the social world as being formed by a clash of distinct political ideologies, one of which becomes dominant and eventually makes its way through all levels of social life to ensconce itself deep into the heart and soul of individual subjects.

While neoliberalism certainly marked a general shift in the structuring effects of capital accumulation on everyday life, as I will argue below, this was not quite the same thing as ideological hegemony. My claim is that that neoliberalism did not become what Gramsci (1971: 421ff) called a great 'national-popular collective will' since its reasons bypassed society in general. It did not emerge as a *deus ex machina* to function as a totalising hegemon permeating the interstices of social life. To understand the present relationship between crisis and ideology Gramsci's historical sociology continues to provide a useful if sketchy framework. This enables us to retrace the history of neoliberalism as an ideological movement from above, or what Gramsci called a '*transformismo*'. Second, it throws light on the 'purification' of capital as a social relation of compulsion through the financialisation of everyday life.

Gramsci and neoliberal *transformismo*

While neoliberalism has been imposed worldwide by global agencies of social compulsion such as the World Bank, IMF, and WTO, in the UK it possessed original, organic national qualities. Unfortunately, there has been little engagement with the concept of neoliberalism by institutional sociology in Britain. For instance, a content search of articles in the discipline's leading journal *Sociology* between January 1989 and May 2009 reveals that the concept 'neoliberalism' was used in a mere 14 articles out of a total of 2565 pieces. This contrasts with sociology in France, for instance, where neoliberalism became the object of a public sociology represented above all by the efforts of Pierre Bourdieu to connect with the social movements contesting neoliberal priorities in order to defend society from corrosion by market fundamentalism. For a decade and more Bourdieu (2008) assailed neoliberalism as an 'infernal logical machine' unleashed by a 'new planetary vulgate' committed to imposing on society universal, which is to say an arbitrary belief in 'deregulation', 'flexibility', 'employability', 'shareholder value' and so on.

The conceptual lacuna of neoliberalism in UK sociology requires more reflection than I can attempt here. Perhaps the beginnings of an explanation lie in the changing nature of neoliberalism in the UK. Jamie Peck and Adam Tickell (2007) delineate the chronology of neoliberalism into a first phase of 'roll-back neoliberalism' followed by a second phase of 'roll-out neoliberalism'. 'Roll-back neoliberalism', popularised as Thatcherism or Reaganism after its leading protagonists in the 1980s, refers to the first wave of destructive and deregulatory attacks on the state and the liberalisation of 'free' markets as the solution to crisis conditions. 'Roll-out neoliberalism' of the 1990s and 2000s is viewed as the consolidation of the changed conditions for capital accumulation through the pragmatic invention of new, often indirect regulatory rewards and punishments, encapsulated in the UK by New Labour ideas about the Third Way (Giddens, 1998). This double movement of anti-state deregulation and pro-market re-regulation is not especially unique to neoliberalism but repeats a signature theme of capitalism from its earliest days (Polanyi, 1944; Drahokoupil, 2004). As society becomes embedded in the market, rather than the market being embedded within society, social movements – from Chartism to environmentalism - emerge to protect society from the market's destructively

atomising logic descending on the 'fictitious commodities' of land, labour and money.

This double movement of neoliberalism recalls the process characterised by Gramsci (1971: 58) as '*transformismo*'. This refers to a broad convergence in the programmes of elite cadres of political parties historically divided into Left and Right. *Transformismo* is one of the forms that a 'passive revolution' can take. Gramsci identifies a two stage process of *transformismo* in the 'passive revolution' of the Italian *Risorgimento*. First, 'molecular' *transformismo* occurs where formally radical individual politicians are incorporated into a merely dominating conservative political class and, second, an 'organic' *transformismo* arises where entire layers of formerly radical political elites are absorbed *en bloc* by a hegemonic ruling political formation. This remains a 'passive revolution' since it does not engage wider groups, principally subaltern social classes, in the national population. It is a process confined mainly to the ideological reconfiguration of elite groups. All that is left for political elites to struggle over are the petty issues of personalities and cliques rather than fundamental ideological cleavages. As such, a passive revolution is largely indifferent to winning popular consent or approval. Instead it attempts to reduce subaltern groups to a 'passive citizenry', inert objects to be manipulated from above. Hence large swathes of the population neither absorb the dominating ideology of the day into their routine dispositions nor identify strongly with the ideological leadership of the political class.

Such a convergence of political elites and popular disenchantment with the political class can be clearly charted in Britain. At the level of political elites, first, a layer of right-wing labourist politicians broke from the Labour Party, some to form the Social Democratic Party, in an effort to enter the emerging neoliberal coalition. Later, an increasingly successful ideology of 'new realism' was propounded by Labour leaders from Neil Kinnock to Tony Blair. In the sub-Gramscian discourse of the time ideological 'realignment' became necessary among elites to form a new political bloc that endorsed the fundamental tenets of market neoliberalism and, in the process, marginalised their own 'obsolete' left-wing opponents. The ultimate *coup de grâce* for many rightwards moving

labourist politicians was the collapse of the Stalinist regimes in 1989. New Labour therefore represented the political embodiment of *transformismo* under conditions of neoliberal convergence. Where fundamentalist market ideology is shared across the political spectrum the only remaining marks of distinction are the competing celebrity brands of the petty personalities jostling for position.

Neoliberalism: from a war of movement to a war of positioning

In Gramsci's analysis of Italian history, molecular *transformismo* corresponds to a 'war of manoeuvre or movement' while organic *transformismo* is related to a 'war of position'. Such military metaphors were adopted by Gramsci (1971: 108-110, 229-235, 238-239, *passim*) to explain the shifting bases of hegemonic struggles.¹ A war of movement occurs where a rapid direct assault destroys enemy forces. A war of position emerges as a longer-term strategy, as when a colonial army occupies on a more permanent basis the conquered territory after dispersing vanquished military enemies. A war of position will tend to characterise societies that develop complex intermediate institutions of civil society. Individual nations must be reconnoitred in terms of their own terrain and fortresses to assess the precise relationship between state and civil society. Gramsci (1971: 238) describes western civil societies in terms of trench warfare characteristic of the war of position; where civil society is weak, as in Russia in 1917, a war of movement is favoured.

In actual socio-political struggles this neat demarcation is more messy and confused than the metaphor suggests. Nevertheless, a war of movement roughly corresponds with the phase of 'roll-back neoliberalism' and a war of position with the 'roll-out' stage. First, the machinery of state and mass communications was mobilised as a 'catharsis machine' to break-up and demoralise the enemy, specifically organised labour and public services, through the shock tactics of dramatic one-off set-piece struggles to assert one's domination of the field. In the 1980s the war of manoeuvre included the use of the state apparatus to break the counter-force of organised labour, culminating in the Miners Strike, but also to privatise public utilities, sell council housing,

deregulate financial institutions, through to the introduction of the Poll Tax. While this unfolded pragmatically enough on a tactical assessment of contending forces and while ideological appeals were made for a 'popular capitalism', the main drift of Conservative government from the second term to the Poll Tax debacle (1983-1990) was for neoliberal policies to dominate the political field through rapid, determined manoeuvres directed from the centre. Such movement was less concerned with popular hegemony than with subjugating opponents to accept neoliberal realities. Although neoliberalism looked unassailable to *ideologikritiks* it was pervaded by a continual 'crisis of authority' as political elites, especially social democratic elites, disentangled themselves from their traditional ideologies in the course of *transformismo* (Gramsci, 1971: 211).

Following the mass resistance to the Poll Tax a shift to a war of position becomes evident. Working on the intermediate institutions of civil society to supplement coercive state authority, a sustained attempt was made to consolidate, deepen and entrench market fetishism as an abstract form of social compulsion (Mészáros, 1995). While this had hegemonic aspects these remained mainly confined to political elites and the higher strata of the new middle class. Shareholder fundamentalism and managerialism conspired to demand that organisational and personal change become a way of life through the 'spontaneous' regulation of the self as a flexible, adaptable and available neoliberal subject. Entrenched by the war of position or, in more Bourdieusian terms, a 'war of positioning', employee performance was managed through remote controls including information technologies, numerical targets, internal competition, bonus culture and stringent accounting measurements.

Financialisation as a war of positioning

In the marketplace, financialisation functioned as compulsory force in the neoliberal war of repositioning. Financialisation as a style of life was rooted in the value structure of elite professions, strikingly different from the ascetic morality of the traditional petty bourgeoisie or the post-war corporate

reorganisation of the propertied classes. Manager-entrepreneurs were rewarded not only with substantial salaries but also, increasingly, financialised incentives like financial performance-related pay and stock options. But financialisation refers to a much wider process: the deepening financialisation of everyday life. Goods and services essential to a culturally tolerable style of life are made available less on the basis of an immediate cash transaction or public transfer than in the form of personal creditworthiness to purchase essential and desired goods. Record levels of personal indebtedness were enforced through mortgages, personal loans, credit cards, mail-order catalogue accounts, and so on. This is fool's gold, a hallucinatory mirage of affluence and desire, temporarily compensating for the degraded value of money-wages.

Financialisation represented a historical shift in the circuits of credit, distribution and production. From the pawnshop, savings clubs, and the post-war HP (Higher Purchase) culture everyday life passed over to the ubiquitous financialisation culture of the past few decades (O'Connell and Reid, 2005; Taylor, 2002). More systemically, marketised bondage was enforced by this wider financialisation of society. On the one hand, credit unlocks commodities for labour as consumer; on the other, credit locks labour as producer into workplace domination. Credit advances immediate purchasing power against the future perfect, final repayment and, therefore, legal ownership of the object is deferred. But, by then the use value of the object will be spent, either through its cultural obsolescence or its physical state of disrepair.

Financialisation's lasting function is to sustain the endless circuit of production, distribution and consumption of commodities (Baudrillard, 2005). At each stage an extra sum is surrendered as interest or profit. This additional value needs to be extracted from somewhere within the circuit. Paid employment comes to be experienced as a deeply coercive logic to finance personal indebtedness. This Sisyphean circuit allows immediate possession of the commodity so that production may continue, so that wage labour continues to work, so that wages cover the next scheduled repayment. Time becomes warped in the forlorn hours spent attempting to catch up with the monetary value of the commodity, which has now escaped the present to dominate further stretches of working

time. In the process, individuals mortgage their future in a master-stroke of self-alienation: the same person as consumer is alienated from their later self as payer.

Conclusion

Neoliberalism evolved as a project for repositioning compulsory class interests in social space. But beyond elite social groups neoliberal ideology did not therefore become routinised as a compelling force for cognitive conservatism as *ideologikritiks* claim. What became more fully routinised was a war of positioning in social space through the monotonous compulsion for credit-worthy individuals to market, sell, purchase and perform for money-wages to finance personal indebtedness. New techniques of the self were perfected in the marketised war of positioning to service the increasingly financialisation of everyday life that came to characterise neoliberalism. Credit's spectral presence seemed to stave off the crisis of capital accumulation for a while. With neoliberalism's attempt to free money from earthly restrictions deregulation stimulated an opaque financial architecture of perverse incentives, re-enchanting money as a promissory note, before becoming completely unhinged by speculation that it might expand itself indefinitely.

Cultural and educational goods were mobilised to occupy strategic positionings in the social relations of compulsion. Today the crisis threatening the dissolution of neoliberalism is also a crisis of accumulation and legitimacy (Silver, 2003). This confirms Polanyi's (1944: 141) ironic thesis that while the (neoliberal) was planned, state intervention was unplanned. As the recapitalisation of the banks on 13 October 2008 shows, every effort will be made to cure structural contradictions within the limits set by credit-led financialisation entrenched by the passive revolution 'since no social formation will ever admit that it has been superseded' (Gramsci, 1971: 178). A crisis does not automatically provoke a war of movement. Previously occupied positionings are not readily abandoned, even if, like neoliberalism's deregulated financial architecture, it stands in ruins (Gramsci, 1971: 235). After all, transfers of

revenue through the financialisation and commodification of social goods has had a disciplining effect on labour, weakening its collective power as a counter-force to the compulsory structuring of social life by capital.

But any gain made in a war of position is always vulnerable to internal dissolution and counter-attack. Neoliberalism met resistance along the way, most spectacularly in the miner's strike of 1984/5 and social movements like the seismic anti-Poll Tax rebellion, but also in less dramatic tactical struggles in mundane settings like the workplace and the neighbourhood (Leitner, Peck and Sheppard, 2007; England and Ward, 2007). While a mini-wave of occupations against workplace closure and redundancies spread in spring 2009 from Waterford, Belfast, Enfield, Basildon and Dundee as an emergent form of collective resistance, vulnerability to over-exposure to the credit-nexus might generate social movements for welfare protection in a national-popular architecture of counter-hegemonic force, as Gramsci (and Polanyi) might have anticipated (Burawoy, 2003). If the ideology of neoliberalism has been much less important than the financialisation of everyday life as a dull compulsion it remains to be seen which forms of collective resistance are appropriate to the present crisis, located somewhere between the wars of movement and the wars of positioning.

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¹ For Gramsci (1971: 232) military analogies cannot be translated directly into social and political strategies: 'to fix one's mind on the military model is the mark of a fool: politics, here too, must have priority over its military aspect, and only politics creates the possibility for manoeuvre and movement'.