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## Austerity in America

Stephen R. Gray Jibb  
*The University of Western Ontario*

Supervisor

Dr. Daniel Vaillancourt  
*The University of Western Ontario*

Graduate Program in Theory and Criticism

A thesis submitted in partial fulfillment of the requirements for the degree in Doctor of Philosophy

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**AUSTERITY IN AMERICA:  
BELTS OF US CAPITALISM**

(Spine title: Austerity in America)

(Thesis format: Monograph)

by

Stephen R. Gray Jibb

Graduate Program

in

Centre for the Study of Theory and Criticism

A thesis submitted in partial fulfillment of the  
Requirements for the degree of Doctor of Philosophy

The School of Graduate and Postdoctoral Studies  
The University of Western Ontario  
London, Ontario, Canada

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## **CERTIFICATE OF EXAMINATION**

Supervisor

---

Dr Daniel Vaillancourt

Examiners

---

Dr Veronica Schild

Supervisory Committee

---

Dr Tom Carmichael

---

Dr David MacGregor

---

Dr Hans Skott-Myhre

This thesis by

Stephen Richard Gray Jibb

entitled:

Austerity in America: Belts of US Capitalism

is accepted in partial fulfillment of the  
requirements for the degree of  
Doctor of Philosophy

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Date

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Chair of the Thesis Examination Board

## **ABSTRACT AND KEYWORDS**

The main focus of *Austerity in America* concerns how the country's geographical belts contribute to the culture of austerity in US capitalism in the time since Reaganism. In this dissertation I examine the Rust belt, the Bible belt, the Sun belt and the Marijuana belt as stages in the development of America's culture of austerity. Since the early 1980s, America's culture of austerity has protected the wealthy elite from the working classes, who have been punished by the offshoring of US manufacturing jobs in post-Fordist corporate restructuring. The overall goal of this research is to address how the culture of austerity, the demand that Americans do more for less, protects the concentration of wealth in US capitalism from the popular demand for better paying jobs and social security. The global hegemony of US corporations produces economic opulence for the top one percent and economic deprivation for the masses, who enjoy little to no social security. The solid economic security of industrial jobs and company pensions for the working classes has been melted into thin air by capitalist exchange. In the culture of austerity, the political regime of tax cuts for the wealthy ensures an austere diet of low wages, no company pensions and pathetic social security for the working masses, who work longer and longer hours for less and less. US capitalism produces unparalleled economic wealth, yet Americans have little to no economic security.

**Keywords:** austerity; culture of austerity; America; capitalism; Fordism; Post-Fordism; Wal-Mart; Ronald Reagan; marijuana; drug war; trade unions; labor movement; Walter Reuther; *Prisoners of the American Dream*; Rust belt; Bible belt; Sun belt; Marijuana belt; Asiatic; working class; US politics; New Right; neoconservatism; neoliberalism;

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*America—American Despot—Asceticism—“Asian” Values—Asiatic—Austerity—  
Bud Inc—Cannabis Union—Captain of Industry—Chimerica—China—Conservative  
Right—“End of History”—Fordism—Frugality—Oriental Despot—  
Post-Fordism—Spendthrift—Thrift—Utopia for a Drug-Free America—  
Waltonism—War on Drugs*

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## Introduction: Austerity in America

“It is difficult to get a man to understand something when his salary depends on his not understanding it.”

“The American people will take socialism, but they won’t take the label.”

—Upton Sinclair

In what professor of social work David Stoesz calls “bootstrap capitalism,” the general form of the belt, of which there are three kinds, is an important accessory to what cultural critic Ellen Willis has identified as America’s “culture of austerity.” First of all, the leather belt is a tool of corporeal discipline, a weapon of corporal punishment, as in Foucault’s *Discipline and Punish*, when he writes of the public torture of “flogging” (33). The flogging of mutinous sailors in the navy or insubordinate slaves by leather whips of masters in the US Antebellum South is a tool of the history of bodily discipline. The belt in a moment’s notice can perform the function of the whip: to inflict painful corporal punishment. Marx in *Capital* writes about the factory owner’s penalty book as a development in the history of the physical instrument of control: “the overseer’s book of penalties replaces the slave-driver’s lash” (550). Likewise, Humphrey McQueen in *The Essence of Capitalism* writes: “In 1888, a union representative denounced the stopwatch as ‘equivalent to a whip’ since it ‘fractured Time to suit the boss’s agenda’” (239). Hence in capitalism corporal discipline becomes abstract, though the consequences are still physical with real symptoms (exhaustion, malnutrition, poor attachment). Just as the speed of the assembly line

physically disciplines workers' bodies, lost wages have a real effect as well. A worker deprived of the money-sign registers physically on the bodies of his children, who have poorer nutrition as a result. A second form of the belt as a sign of austerity is the political expression of "belt-tightening." Where a loosened belt signifies the loss of personal control, a tightened belt is a symbol of discipline, as when a clothing belt can be tightened an additional notch to fit the trim waistline of a lean body. People living below the rich are told to tighten their belts to make their relative poverty disappear. Of course, a lean diet devoid of fat leads to delusional thinking. In political discourse, the metaphor of belt-tightening communicates the rhetoric of fiscal restraint in government spending. American writer Upton Sinclair referred to the "lash of want" as disciplining the worker to survive.<sup>1</sup> A third kind of belt are the belts that are geographical zones, as with the Rust Belt, which signify stages in the development of America's culture austerity. In this dissertation the culture of austerity is examined in terms of America's geographical belts. The Rustbelt, the Bible Belt, the Sun belt and the Marijuana Belt are four geographical zones in the United States that have made significant contributions to the tightening of the American dream.

The culture of austerity is examined in chapter one. US capitalism produces unparalleled economic wealth, yet Americans have little economic security. Tin the fall of 2011, the Wall Street Occupation Movement in New York City spread West into urban cities across the country. Earlier in Wisconsin, the Republican governor Scott Walker and the Republican majority used the economic crisis as a pretext to out legislate the state's public sector unions. However, the month long Wisconsin protests in the winter of 2011 suggest that the people's social democracy grows in the home

state of Joseph McCarthy, the US senator who led the public communist show trials of 1950s America. The global hegemony of US corporations produce economic opulence for the top one percent and economic deprivation for the masses, who enjoy little to no social security. The solid economic security of industrial jobs and company pensions for the working classes has been melted into thin air by capitalist exchange. In the culture of austerity, the political regime of tax cuts for the wealthy ensures an austere diet of low wages, no company pensions and pathetic social security for the working masses, who work longer and longer hours for less and less.<sup>2</sup> On this matter, Mickey Huff writes, “The cry for austerity from ostentatious leaders rings hollow across the land as US leaders spend billions (and now trillions) on the wars for empire. But at home, it’s all ‘tightening of the belts,’ belts that are slowly becoming tourniquets for democracy” (16). The call to starve the people’s government of essential public services and social security aids the feeding of the state as an instrument of class war wielded by the rich.

Chapter two explores the concept of America in terms of what the Harvard historian Lizabeth Cohen calls the world’s “Consumers’ Republic.”<sup>3</sup> The roots of the modern United States can be found with a small nation of thrifty Protestant Puritans, who laid the country’s foundation in the cardinal virtues of financial discipline and moral restraint. America is now generally regarded as a land of consumption for all, where even the poor enjoy the same products of the country’s economic royalty. French theorist Jean Baudrillard argues that America is the world’s only “realized utopia,” the land where history has already happened. This chapter develops the

concept of America as the realized neoliberal utopia to examine the excess of America's consumer republic in terms of the culture of austerity.

In chapter three the rusting out of the US Manufacturing belt is discussed as an important contribution to America's culture of austerity. Concentrated in the northern Great Lakes region, America's manufacturing belt since the 1970s has hollowed out to become America's Rust belt. The country's industrial base was sacrificed by the America's wealthy elite in their effort to advance the neoliberal utopia of the global economy. The visible decline of the Rust belt serves as a reminder to American workers of the cost of demanding industrial democracy. The erosion of Detroit from what UAW President Walter Reuther called the "arsenal of democracy" attests to the deindustrialization of America's manufacturing base. The centre of American Fordism has disappeared, as finance capital relocated jobs in response to the achievements of industrial democracy in US industry. In this chapter the rusting out of America's manufacturing belt is discussed in relation to America's culture of austerity.

Chapter four addresses America's Bible Belt as the cradle of America's culture of austerity. It examines the mythology of Sam Walton and the Walmart business corporation to consider how the roll back on the price of labor is integral to the culture of austerity. While making billions of profits selling excess goods and services to the American public, Sam Walton propagated the culture of austerity internally to prevent his workers from forming a trade union consciousness. The values of the Bible Belt inform Walmart's corporate philosophy, which has come to shape the US post-industrial service sector economy. Walton's Protestant thriftiness spawned a

corporation that since his death has grown to become the global leader in propagating the culture of austerity.

The Reagan Revolution and the New Right is discussed as the Sun belt's contribution to the culture of austerity in chapter five. Our interest lies with the role of Ronald Reagan in propagating America's culture of austerity during the Decade of Greed. Reagan led the Republican Party to restore the image of American power. Reagan gutted labor legislation. His appointees to the National Labor Relations Board (NLRB) signalled to the corporate sector that the agenda of class warfare was back on. The country's economic royalists realized stock market gains until the 1987 Wall Street Crash. In the Decade of Greed America's economic royalty has accumulated wealth, while the majority of Americans have not. Meanwhile, the economic decline since the 1970s the working class has been on retreat in the manufacturing sector. Industries relocated to the "Sun belt", a term coined in 1969, attracted to a business friendly belt. The business corporation eluded class confrontation with organized labor by relocating to the Southwest, attracted to investment incentives and eager to break the welfare constraints of the Fordist model found in often industry wide master collective agreements. The crisis of declining profits drove the corporation to dismantle the core fundamentals of collective bargaining. By the 1990s trade union membership was regarded as a privilege, an expensive luxury enjoyed only by the country's labor aristocracy, that America's culture of austerity could no longer afford. The conservative right's new emergence from southern California appealed to the values of civic republicanism, where the wealthy own parallel private services (private schools, gated communities, private security, superior healthcare) and refuse to pay

taxes for decaying public services, as with California's anti-tax revolt in 1978 that defunded the public school system. The tradition of the culture of austerity renews the Protestant spirit of US capitalism. Reagan slashed the fat of the welfare state, showcased the pork barreling, in the name of the Republican revolution against big government. This revolution in government expanded the conditions of economic austerity. Where the economic royalists advanced the model of lean production, the American working class lost the fat of union wages and benefits. Reagan's election signaled the lean times ahead, where the culture of austerity supplemented the loss of manufacturing might.

Chapter six explores the greening of the Rustbelt and its transformation into what writer Eric Schlosser calls the "Marijuana belt." Since the industrial restructuring of the post-Fordist era, the rusting out of the Manufacturing belt, the green shoots of the cannabis counterculture and the US War on Drugs there are examined as yet another belt in America's culture of austerity. Finally, this dissertation provides a glossary of terms that was developed to provide the reader with a collection of terms in the critical study of US capitalism.

The research method for this dissertation is critical theory, namely Hegelian-Marxist historical materialism, which issues from the theoretical principle that the truth appears in its opposite form. In *The Phenomenology of Spirit* G.W.F. Hegel writes of the unity of opposites. In the famous section of this text, "Lordship and Bondage," Hegel writes about the master's independence is a false idea, because his autonomy is actually realized via his servant's labor:

In this recognition the unessential consciousness is for the lord the object, which constitutes the *truth* of his certainty of himself. But it is clear that this object does not correspond to its Notion, but rather that the object in which the lord has achieved his lordship has in reality turned out to be something quite different from an independent consciousness. What now really confronts him is not an independent consciousness, but a dependent one. He is, therefore, not certain of *being-for-self* as the truth of himself. On the contrary, his truth is in reality the unessential consciousness and its unessential action. (116-7)

Likewise, Marx and Engels' in their unpublished manuscript the *German Ideology* write that the image in a camera obscura appears upside down and is in need of a dialectical correction: "In all ideology men and their circumstances appear upside-down as in a *camera obscura*, this phenomenon arises just as much from their historical life-process as the inversion of objects on the retina does from their physical life-process" (47). The appearance of truth is thereby inverted and must be corrected by what Guy Debord calls the method of *détournement*. In terms of the culture of austerity, the wealthy act as if their taxes support us, when, in fact, the opposite is the truth: the wealthy parasitically live off the wealth produced by the collective workers' labor. The wealthy's taxes prevent the popular demand for the redistribution of wealth from growing. Although the wealthy have a parallel private system, this idea of the wealthy existing independently of the working class is false and must be corrected and turned right side up: the wealthy are nothing without us. In capitalism the false idea that capitalists earned (and deserve) what they own is the opposite of the true idea that the capitalists appropriate their private wealth from the labor of the working class.

The theoretical framework of this dissertation is Marxist because rather than discerning what Marx actually said, this dissertation identifies the concentration of wealth and private property as what Marx and Engels in *The Communist Manifesto* repeatedly call a “fetter” to the world’s moral progress (85). While the distribution of wealth in capitalism is logical and rational according to capitalist ideology, this belief and faith in the free-market is by no means the final word in the development of the planet. In the Marxist critique of political economy, the concentration of wealth in private property means that the state is an instrument of repression in class war. The US capitalist class has historically exerted a disproportionate degree of influence over the political offices of the state. Where Marx and Engels write in *the Communist Manifesto* that the “executive of the modern State is but a committee for managing the common affairs of the whole bourgeoisie”, this idea is not an empty slogan (82). Harold R. Kerbo in *Social Stratification and Inequality* proves that the upper-classes exert undue influence on the political system to defend their unjust enrichment. Although business owners do not exert direct political control in all cases over government, their interests are always well served by their politicians, who deregulate business and change the existing tax code to reflect their corporate interests.

In the grand scheme of world history, capitalism has not existed for very long, and for the time that it has, at the most four hundred years or so, it has been violently unstable and prone to the crisis of accumulation, especially in the short time since industrialization commenced in the late Eighteenth century. A time will come when history can no longer develop without ending the tyranny of private property; the concentration of wealth with a tiny elite minority will no longer be tolerated, and it

will be legislated out of existence by democracy. The appropriators will be appropriated by a people's revolution. Capitalism is not the last mode of production in world history; it is not the be all and end all of human development; the wealthy will not forever be allowed to hoard the wealth of the multitude. As in Voltaire's *Candide*, this world is not the best of all possible worlds.<sup>4</sup> Hence, there is a certain pleasure in knowing that capitalism, too, shall pass from this earth into the dustbin of history, when the people legislate a mode of exchange that does not allow capitalists to hoard wealth. Eventually, the world's population will no longer tolerate what Marx calls "accumulation for the sake of accumulation" of the capitalist class, and the world's people will do away with a life determined by the whims of traders, whose only mission is to make a tiny elite even richer still. The inevitability of capitalists working for worker owned firms on a contract by contract basis, rather than against us, means that true justice is postponed to the future, but while the idea that capitalism is not the be all and end all of world history. It is important to note that the people's consent to capitalism is thoroughly bound up with the scraps of socialism they have won. In the vein of critical theorist Jean Baudrillard in *The Illusion of the End* that state communism has died because capitalism realized its goals (51-2).<sup>5</sup> From their ashes a more just post-capitalist future will arise; a higher form of socialism realized from the absence of capitalist exploitation once the capitalist class has been expropriated from history by the global masses.

In the United States, the globe's beacon of freedom, the ideal of liberty is compromised by the communist paranoia. Friedrich Nietzsche writes in *Beyond Good and Evil*: "He who fights monsters should see to it that he himself does not become a

monster. And when you gaze long into an abyss, the abyss gazes also into you.”<sup>6</sup> The anti-socialist fury of America’s conservative right is the country’s monster-becoming. The Republican conservatives who fan the fear of communist paranoia channel the spirit of the Soviet communists they fear, because they encourage a war on poor Americans in order to enrich the wealthy. This dissertation concerns the compromise of the American dream by the wealthy elite, who make money off the poor. Government policy empowers the wealthy elite to feast by stealing the only scraps the poor have. In the United States, the existence of the wealthy elite rips apart the American ideal of liberty and equality for all. While the US government openly touts its freedom, the wealthy wage class war on Americans and the poor, with socialism for the rich and capitalism for the poor. Hence, in the Cold War United States, the communist paranoia compromised the ideal of American liberty. The excessive nature of the conservative backlash meant that US freedom was sacrificed to the fear of becoming socialist. In so doing, the conservative right in the United channeled the spirit of state authority against the ideal of US liberty, as conservatives use the state to attack the poor. Out of a fear of the communist other, the conservative right also steered the country back down the road to becoming socialist, because the legitimacy of US capitalism can only be secured by appealing to the masses’ state spirit of socialist solidarity.

Austerity in America can be located at the margins of the economic core. In America it is ridiculous that in the wealthiest land in history there is “poverty in plenty” and a massive underclass engineered by the wealthy and the corporate sector, by companies such as Walmart. Tens of millions of Americans have little while a few

thousand American families live like economic royalty. The conservative right likes to declare that America is a classless society, but the concentration of wealth proves that this false idea masks the concentration of wealth and power with a tiny minority. While neoconservatives publicly try to convince everyone that US capitalism is the best of all possible worlds, that wealth must concentrate to such a degree for the poor to have the scraps that trickle down, but America can do better. The potential of the future is not limited to today's bare minimum. America's optimism, that it is always possible to do better, will one day be applied to the property relation, and world's beacon on the hill will actually realize the promise of its ideal liberty and a social solidarity of which patriots can truly brag about.

## Chapter One: Belts of Austerity in America

We cannot escape our destiny, nor should we try to do so. The leadership of the free world was thrust upon us two centuries ago in that little hall of Philadelphia.

In the days following World War II, when the economic strength and power of America was all that stood between the world and the return to the dark ages, Pope Pius XII said, “The American people have a great genius for splendid and unselfish actions. Into the hands of America God has placed the destinies of an afflicted mankind.”

We are indeed, and we are today, the last best hope of man on earth.

—Ronald Reagan, “We Will Be A City Upon A Hill.”<sup>7</sup>

“If America is “coming back” as President Reagan reassured us in the wake of the economic malaise of the early 1980s, it may be coming back in a harsh and alien form.”

—Barbara Ehrenreich, “Is the Middle Class Doomed?”

When President Ronald Reagan said the United States is indeed the “last best hope of man on earth”, did he say this because it was a country in which the richest one percent would take four-fifths of the increase in wealth in the time since his presidency?<sup>8</sup> Was this development what Reagan had in mind when he praised America? Where the richest one percent hoard twenty four percent of the national

income and the second percent take the next twenty four? Where the CEOs of US corporations now make five hundred and thirty one times as much as the average American worker in their firm, when the ratio was forty to one before Reagan? In the land of justice for all, forged in an egalitarian spirit, the wealthy corporate elite raid the cupboard of the republic in the age of US imperial capitalism, much like Roman emperors looted the temples. Where the wealthy feast, the middle class live in perpetual fear of joblessness, and the working poor starve in the shadows of the economic margins, living off the fructose of the country's Corn belt. In the land of equality for all, US capitalism produces an almost feudal disparity between the rich and poor. While America's economic elite live like royalty, the rest are told to live by the culture of austerity, a code of renunciation. In America, the culture of austerity is the intellectual bulwark protecting the wealthy corporate elite from the toiling masses.

### *Cut the Fat*

In the United States, the dominant rhetoric in political discourse is that of cuts. The objective in cutting personal and corporate income taxes and the welfare state's social services is to trim the fat of government. In conservative political ideology, fat is viewed as excess, for it were as if the state itself was nothing more than the grizzle of a steak that Americans are disavowed from consuming.<sup>9</sup> In this manner, fat is a code word for the core services of government (healthcare, education, social security) that the conservative right would like to make disappear. Like in a fad diet, there is a rush to cut fat, the building blocks in growing the human brain. What is more, there is no cautious restraint in conservative rhetoric about cutting the size of government, just

the radical gesture of deep cuts regardless of the consequences. Even in an economic recession, when growth is weak, the foes of government demand cuts. While the conservative right demands that the size of government should only shrink, the truth is that government grows along with the US economy.

The gutting of America's social welfare programs since the election of US President Ronald Reagan has left American workers protected by the bare minimum of labor law and with little to no job security. After cutting the government fat to the bone, the US social welfare state is much too thin, from what the philosopher John Ralston Saul calls the “binges of program cutting,” and what the French call *dégraissage* (122). A strict regime of tax-cuts has starved the public body and left the carcass of the social welfare state of the New Deal era. On the post-Fordist diet, the conditions of economic depression persist for millions of unemployed, underemployed and underpaid working Americans. Americans have been disappearing into the economic margins, since the country adopted Federal Reserve Chairman Paul Volcker’s radical neoliberal diet of high interest rates to starve the manufacturing sector of the high-wage union jobs, jobs that made the wealthy elite crazy with envy, given they seek to hoard all of the wealth for themselves, a large piece of what David Harvey calls the “economic pie” (15).

We are told, often by Republican politicians, that anytime is a good time for cutting the size of government. There are primarily two ways to achieve this. The first is to cut taxes; the second is to cut government spending on social welfare programs. The US federal government is accused of pork-barrel politics. The relentlessness of the conservative right to cut the fat of government has trimmed the

programs of the welfare state to the bone. But this success is not enough: conservatives want cuts to the bone marrow of the bare bones skeleton of social security. Despite the Republicans' rhetoric, the conservative right has presided over the expansion of the same big government that it purports to stand against. According to Republicans, tax should only ever be cut; there is never a good reason for a tax increase. Moreover, Republicans reject in principle covering funding gaps with tax increases. Only deep spending cuts to the fat of social security is an acceptable remedy for a budget deficit. Often described as "draconian", Republican cuts are driven by the ideology of the neoliberal utopia. In this utopia, business must be freed from state regulation, litigation, taxes, and other such barriers to profitability.<sup>10</sup> The goal of shrinking the size of government requires a radical diet, on which the public body will be starved. In an act of social solidarity, it is not the people who have much who will lose weight, however, but the sick, poor, children, elderly and unemployed—already on strict diets of government benefits—who will be expected to starve more even still. Americans love celebrating their patriotism and love of country, but when it comes to helping our fellow citizens, the Republican party sacrifices the people who have little to feed the people who have the most. In the twisted image of the Republican world view, government programs cost too much, even more than private sector equivalents, even though profit is an additional cost. Once the private sector demands of lower wages and a high profit margin are taken into consideration, it is difficult to accept the Republican rhetoric that the private sector is automatically better than government for resolving collective problems caused by the self-interest logic of the free-market.

The gradual expansion of the average American's waistline in the time since Reagan's cuts leads the conservative right to take the drastic measure of starving the public welfare state to save the social body for Wall Street financial speculation. Where America is imagined as the world's realized utopia, a land of liberty and equality for all, US capitalism actively seeks to dismantle the social welfare state designed to protect the American public from the ill effects of the market economy. Since Fordist regulation forced the counter-revolution, in response to the crisis of accumulation, the US corporate sector rescinded the promises of the Fordist model won by a slice of American workers. The crisis of global overproduction and declining profits has led the US corporate sector to protect its wealth by expanding the post-Fordist model of lean production. In the 1980s, the Decade of Greed, finance capital grew to appropriate a greater share of economic wealth as a strategy for US capitalist hegemony.<sup>11</sup> Corporations realize profits not by investing in long-term production, such as manufacturing, but in short-term high-risk high-value currency speculation. Investing capital in the labor of employees offers a poor return for finance capital when compared to the "hot money" that can be realized by stock market investment vehicles.<sup>12</sup> Corporations are lean machines and human labor is a bloating liability to be avoided at all costs. Instead of realizing surplus value by paying a fair wage for actual fat burning sweatshop labor, the corporation reaps most of its profits from stock market speculation. The resulting capital gains are mostly appropriated by the corporation to secure its own growth, leaving only marginal value returned to investors in the form of stock dividends. As banks mostly own stock in other banks, these profits are designated by the corporation to secure its future growth by building

capital liquidity. During the Great Recession US corporations hoarded some two trillion dollars, by not hiring new workers, nor returning dividends to shareholders.

In the culture of austerity, Americans are bombarded with media messages to consume, but are also reprimanded by the conservative right for not being responsible by practicing financial restraint. However, the ranting of the conservative right overlooks the fact that in the post-Fordist age, household debt compensates for a flat wage, which, when adjusted for inflation, has grown a meager one percent since 1980. Where in 1970, when one third of households were two income, now the two income household has become the norm, with two thirds of households now dual income. Obama appointee to the Consumer Protection Agency Elizabeth Warren and her daughter Amelia Warren Tyagi in *The Two-Income Trap* argue that the two-income household can purchase less today than the one-income household did in 1970. Despite this new found wealth in dual employment, the household saving's rate remains negligible; even with two incomes, the majority of US households still cannot accumulate substantial savings necessary for financial freedom. Yet in the image of the world's only realized utopia, Americans consume and relax. Beneath this image, however, Americans work longer and longer hours, and have little to show for it, leaving one to ask: what is the point of all this work if not leisure and a comfortable retirement? In US culture, what Max Weber calls the Protestant work ethic explains that the individuals who work the longest and hardest and who accumulate the most wealth are morally superior human beings. In a country that values liberty, the obsession to accumulate wealth wins out as the only model for living. How can a nation that loves freedom so much settle for so little?

The Republican Texas senator Phil Gramm once famously remarked in 1981 that America was “the only nation in the world where all our poor people are fat.” “Long acknowledged as one of the most mean-spirited men ever to reach Congress,” according to *Nation* political journalist Alexander Cockburn, Gramm, the professor of neoliberal economics and guardian of the Reagan Revolution, upheld the country’s obesity epidemic as a sign of the country’s excess wealth. America’s obesity epidemic provided Gramm the rationale for making spending cuts to Food Stamps. The Supplemental Nutrition Assistance Program is a federal government initiative to supplement low-income men, women, children and elderly with state vouchers that can be reimbursed at retailers for food. Over forty million Americans depend on food stamps to meet the bare minimum of nutritional basics. Former Republican House Speaker and 2012 Republican presidential nominee candidate Newt Gingrich argues that the American people must choose between the Republican party of job creation and the Democrats, “the party of food stamps.”<sup>13</sup> Fox News conservative commentator Glenn Beck said he would rather “let fat people die” than tolerate the interference of government healthcare into the free-market. Perhaps it should come as no surprise that in a country where the day of its founding is celebrated with eating contests, obesity is primarily mistaken as a sign of wealth, rather than a symptom of lack.<sup>14</sup> The abundance of corn syrup and refined carbohydrates in the American diet compensates for the lack of real organic farm food.<sup>15</sup> In *The Fattening of America*, Eric A. Finkelstein and Laurie Zuckerman argue that America is the “land of feast” (2). They argue that US capitalism actually depends on the growth of American waistlines. However, in an age of slim paycheques, American workers get fat. Cheap industrial

food quells the hunger of the working poor and unemployed from assuming an appetite for revolt for the ideal of prosperity that is denied to them in reality; hence, poor Americans deprived of the economic means to purchase real food can do their part to stimulate US capitalist growth by consuming an array of surplus value found in food products, such as fertilizers and pesticides, growth hormones, artificial dyes, sodium, preservatives, artificial sweeteners derived from corn syrup, and highly-processed vegetable oils. The sheer excess of cheap and convenient food in America's consumer society fills in the lack of raw farm food. Eating contests to see who can consume the most hot dogs or pies on the 4<sup>th</sup> of July in the shortest amount of time suggest that cheap food in America is the source of national identity and wealth, but only in a time when the rural way of life of the family farm, the country's Jeffersonian ideal, is rapidly disappearing from view.

Americans pay a price for their materialism by enduring what sociologist James W. Rinehart calls the “tyranny of work.” Americans only have material comforts by sacrificing their individual liberty and free-time in a utilitarian calculation. There are only so many hours in a day and most of them are spent working, getting ready to work or resting from going to work. We are free individuals, we are told, but must work in chains, so that a tiny minority can enjoy looking at larger numbers on a balance ledger. In the world’s wealthiest country, Americans are ranked by social status and work long hours with little time for cooking, exercise, meditation, leisure and relaxation. Senator Gramm’s declaration identifies the paradox at the heart of America, what Harvard historian Lizabeth Cohen calls the “Consumer Republic.” The excess of America’s low-cost consumer goods

actually signifies the country's culture of austerity in its opposite form. A life of material goods in America's consumer republic is at the price of the gradual disappearance of the middle class living wage, job security, pensions and social security for American workers. The fear of loss over these real social democratic achievements reinforces the corporate mandate of concentrating power and wealth with a tiny elite minority. The US corporate sector appropriates wealth and dismantles the postwar gains made by American workers. In order to feed the corporation's greed, it is necessary to starve America.

Gramm's remark about growing American waistlines echoes an earlier observation made by American humourist Will Rogers, who once said during the Great Depression that America would "be the first nation in the world to go to the poor house in an automobile." Rogers' wisdom points to the role of seated movement in expanding the US economy by growing the American waistline, as the fast-food industry in post-war would rise to feed mobile Americans.<sup>16</sup> Rogers' point addressed the future role of the Fordist model of production in the coming postwar years, when unprecedented economic wealth was realized by the American automobile industry in US capitalism's golden age. The USA, the "home of Fordism" according to Philip Cooke, realized unheard of economic gains in the postwar era primarily because of favourable historical conditions (80). The destruction of Germany, Japan, Italy, France and England during World War II meant that the historical conditions positioned the United States to become the workshop of the world. However, as these competing capitalist models rebuilt their industrial bases, US Fordism went into crisis by the mid 1960s. By the 1970s US capitalism was in an economic crisis of accumulation, during

what historian Robert Brenner calls the “long downturn” (243). Historian Bethany Moreton in *To Serve God and Wal-Mart* outlines the terms of US economic descent:

In 1971, America saw its first year of a trade deficit in the Twentieth century, and inflation edged out the war in Vietnam as citizens’ number-one concern. They were right to be worried: the increase in imports signaled the end of America’s long postwar economic dominance, built on the destruction of the European and Japanese industrial capacity in World War II. Beginning in 1973, real wages in the United States reversed their long upward trend and actually began decreasing for the first time in more than a generation. Median family incomes stagnated even as more women added wage-earning work to their unpaid domestic labor. Corporate profitability dropped from a mid-1960s high of almost 10 percent to under 6 percent after 1975. The recession of 1974-75 finally registered the impact of the new international division of labor on America’s high-wage, high-consumption accord. The party was over. (183)

In response to this capitalist crisis of accumulation, the US corporate sector fought for the renewal of economic neoliberalism in the United States.

The 1980 election victory of Ronald Reagan provided the occasion for the US corporate sector to restore its class power by implementing an austere neoliberal economic agenda of tax cuts, spending cuts, business deregulation and privatization. However, David Harvey in *A Brief History of Neoliberalism* argues that the periodic renewal in the ideology of free-trade must be understood in terms of the class restoration of power or the neoliberal utopia:

We can, therefore, interpret neoliberalization either as a *utopian* project to realize a theoretical design or the reorganization of international capitalism or as a *political* project to re-establish the conditions of capital accumulation and to restore the power of economic elites. (19)

It would not be misguided to equate “*utopian*” with ideology, as the “theoretical design” of neoliberalism relies on the belief that the free-market should rule regardless of the consequences for everyone else. The class renewal of the neoliberal project since the 1970s represents the attempt of the wealthy elite to recapture what was lost to Fordist America.<sup>17</sup> Naomi Klein in *The Shock Doctrine* argues the neoliberalism is a utopian project whereby the state as an instrument of coercion is used to refashion global society into a free-market paradise (9-10). Whether understood in terms of the restoration or the expansion of class power, neoliberalism provides the doctrine of free-market ideology.

The objective of liberating the market from the constraints of the modern social welfare state was paramount to realizing the neoliberal utopia in America. Reagan’s firing of striking PATCO air traffic controllers was described by one journalist as a “signal” of class warfare by the US president to the corporate sector:

[A]n unambiguous signal that employers need feel little or no obligation to their workers, and employers got that message loud and clear—illegally firing workers who sought to unionize, replacing permanent employees who could collect benefits with temps who could not, shipping factories and jobs abroad.<sup>18</sup>

The “signal” of renewing class warfare on organized labor notified the corporate sector that the commitment of full-employment was over. On this watershed event David Harvey writes:

Reagan faced down PATCO, the air traffic controllers’ union, in a lengthy and bitter strike in 1981. This signalled an all-out assault on the powers of organized labor at the very moment when the Volcker-inspired recession was generating high levels of unemployment (10 per cent or more). (25)

Under the Reaganomics of Reaganism, US corporations renewed class warfare in response to a crisis of accumulation in order to preserve their power and neofeudal privileges to wage war on the American people. Rather than adjust to a lower rate of profitability, the US corporate sector appropriates an increasing portion of labor’s share of the common wealth. The corporate sector renewed a struggle of non-recognition with organized labor by breaking unions, tearing up collective agreements and relocating industry abroad. For the past three decades US capitalism has implemented what the “disappeared” Argentine writer Rudolfo Walsh calls the “planned misery” of the neoliberal model in the United States for the poor and abroad in the global margins as a strategy for combatting inflation (Klein 149). The IMF’s shock therapy, a non-flexible regime of “swift privatization and large cutbacks” according to Naomi Klein in *The Shock Doctrine*, generates austere conditions for many working poor and unemployed Americans (298). Instead of the industrial democracy and social security of the Fordist living wage, many Americans reap plenty of economic hardship and uncertainty in post-Fordist capitalism.

The post-Fordist production model is praised for its “flexibility” but since the time of its implementation America has become fraught with an obesity epidemic. Despite the regime of Post-Fordist flexibility, in the speeding-up of modern living Americans are gaining mass. This recent historical development of Americans loosening their belts a few notches to accommodate growing waistlines is held up by conservative Republicans such as senator Gramm as proof that a culture of excess spoils working poor Americans and robs the rich elite of even greater wealth. However, while the country’s wealth is stored in body fat, America’s obesity is a product of the country’s industrial food system, designed to manufacture cheap fast food, most of which is derived from refined white flour and artificial sweeteners, hardly the nectar of the gods.<sup>19</sup> The combination of convenience nutrition and seated movement in front of screens suggests that Americans have too much food to eat and too much time to waste.

### *Culture of Austerity*

Beneath the image of America, a leisure society of endless consumption, is what American cultural critic Ellen Willis calls the “culture of austerity (257).”<sup>20</sup> America’s culture of austerity instills the fear of poverty in American workers. Tens of millions of Americans in a giant underclass live the conditions of economic depression everyday. The culture of austerity tempers the desire of Americans for a better, more democratic society, with the demand that Americans must do more with less. The United States is the world’s wealthiest nation and yet has the greatest inequality of the world’s industrialized nations. Hence the culture of austerity reinforces the

concentration of wealth and power, by propagating the values of individual merit and responsibility found in America's bootstrap capitalism. The culture of austerity protects the wealthy elite against the laboring masses and their inherent thirst for greater democracy and consumption. In a country enjoying unprecedented wealth, tens of millions of Americans have little; American workers are overworked, underpaid and have little to no job security. For the unfortunate Americans who become unemployed or are unable to work due to disability, there is no social safety net to stop a long fall down the social order.

According to Willis, the culture of austerity of the conservative right is not only economic but moral as well:

For the cultural right, austerity was not just an economic but a moral imperative; not mere recognition of what was presented as ineluctable necessity but a new weapon against the ‘self-indulgence’ and ‘hedonism’ that had flowered as masses of Americans enjoyed a secure and prosperous existence. For the economic elite, whose objective was convincing the middle class that the money simply wasn’t there, whether for high wages or for social benefits, this brand of moralism served a practical function: in diverting people’s attention from the corporate agenda to their own alleged lack of social discipline and unrealistic expectations, it discouraged rebellion in favor of guilty, resigned acquiescence.

(259)

The culture of austerity, according to Willis, is a diversion for the corporate agenda, by reproducing the belief in “resigned acquiescence.” Willis argues that even the basic provisions of social democracy appear out of reach in the culture of austerity:

As public services and amenities were increasingly deemed an unconscionable extravagance, the very idea of a public life whose rules and values rightly differed from those of the private market came into disrepute. As personal morality was conflated with productivity and adherence to the work ethic, business was held to be the model of how all organizations, regardless of their purpose, ought to operate: tightly controlled from the top, obsessed with the bottom line, and ‘efficient,’ i.e. uninhibited by sentimentality about the welfare of their workers or the surrounding community. (260-1)

To public services and amenities we can include the trade union, an excess the US working class can no longer afford in the age of the global economy. According to the culture of austerity, high manufacturing wages, union democracy and social security have spoiled Americans, who have become soft and undeserving, indulging in socialism, tolerating homosexuality and promoting drug use.

Despite the association of austerity with economic depression, it was during the 1980s, according to Willis, Reagan’s “Decade of Greed,” when America’s culture of austerity “became solidly entrenched” (260). This was the era not only of the skyrocketing inequality between rich and poor, but also a contentious decade in America’s “cultural wars.” The neoliberal agenda of tax and spending cuts, privatization and deregulation was implemented by Reagan during the Decade of Greed. Reagan’s tax cuts meant that the benefits of economic growth would trickle down the socio-economic order after feeding the rich. In this age of economic optimism, the “greed is good” proclamation made by Gordon Gekko in Oliver Stone’s 1987 *Wall Street* attests to the *zeitgeist* of the times. The cocaine use by Wall Street

investment banker Patrick Bateman and his friends in the 2000 film *American Psycho* exemplifies the relationship of Wall Street's drug money laundering banks to finance capital's speeding up of life in the post-Fordist economy. In the Decade of Greed, the power of media and finance speculation reproduce the ideology for realizing the neoliberal utopia of smaller government and freer-enterprise. Naomi Klein writes: "Chicago School believers tend to portray the mid-Eighties onward as a smooth and triumphant victory march for their ideology" (191). The power of US finance capitalism was renewed by Ronald Reagan in his first year in office, when his administration significantly cut the personal income tax rate, which is credited with starting the subsequent three decades of US capitalist growth. During thirty years of the post-Fordism, the US financial sector doubled its share of surplus value of the real economy. However, this strategy of growing US capitalism by looting the republic could only defer an inevitable economic decline. Despite Reagan's radical intervention, the 1980s and 1990s saw harsh economic recessions at least once a decade (1981-1982, 1990-1991), along with a stock market crash in 1987. Economic growth developed by way of a speculative bubble, a result of the wealthy elite investing excess funds into the dismantling of the social welfare state and the US manufacturing sector. In the new economy, the internet boom provided an investment vehicle to harness the finance capital set forth by Reaganomics. However, by the 2000s, the bursting of the dot.com bubble in 2000, resulting in an economic recession in 2001, and later the Subprime mortgage crisis in 2008, curtailed two decades of financial sector growth. Banks took people's houses without even producing the appropriate paperwork to prove they owned them. The mania of US finance

capitalism since the 1980s has fed the rich and imposed the conditions of economic depression for the global poor living in America's margins. In the Decade of Greed, the trickling down of economic wealth accelerated the country's obesity epidemic. The slimming effect of cocaine is countered by the sugar rush of the Dollar Store diet—the caloric high and the caffeine crash.

In America's culture of austerity, the people must forego what Willis calls the “unconscionable extravagance[s]” of public services, such as social security, trade unions and industrial democracy (260-1). These benefits made possible by the manufacturing sector are denied to Americans who believe that their country is the freest country in the world. In what the American sociologist Robert Merton called “pathological materialism,” Americans “become estranged from a society that promises them in principle what they are deprived of in reality.”<sup>21</sup> We are told that America's economic decline is a result of the average individual American's greed, but America's culture of austerity is a consequence of the excess of greed that drives the country's wealthy elite and sacrifices the needs of everyone else. The culture of austerity reproduces the belief that Americans must lower their sense of entitlement to survive in the New World Order. If only Americans were to save more money, then the crises of US capitalism (trade deficits, unemployment, low growth) could be resolved by lowering the standard of living. In this scenario of the conservative right, Americans would voluntarily elect to scale back the social welfare state, the protection of last resort against the self-interest logic of the free-market, and scale back the size of government, in order to rescue US empire from the economic decline. In the US, the Republican conservative right propagates the belief that personal suffering that is

caused by government cutbacks is good for the character development of low income men, women and children who rely on food stamps for survival. The unemployed are regarded as responsible for their own misfortune, even though at a structural level there are not enough jobs, to say nothing of the hurdles one faces in retraining for a job in a different field. This austere spirit of the culture of austerity views most of life's necessities as luxuries and renounces them in favour of going without.

The culture of austerity invokes the image of market scarcity in an economic depression as the ideal condition for tempering the American people's desire for socialism. People without private wealth want the protection of government security from the free-market, and they do not believe that the wealthy should hoard private wealth for themselves. For in the United States the conditions of economic depression persist for a growing underclass of Americans on the wrong side of the post-Fordist regime. According to the Nobel prize winning economist Paul Krugman, an economic depression is a rare event in the history of capitalism: "recessions are common; depressions are rare" (Third Depression). The most renown economic depression is the Great Depression of 1929-31, and the 1930s as a result was a time of "severe" mass unemployment, homelessness, hunger and suffering, as documented by the photographs of Dorothea Lange. In this crisis, the economy was left to contract, in the belief that the economy would become sound once it found its bottom. According to the conservative right, global capitalism requires a massive contraction in order to regain the economic fundamentals. In 1939 the American people did not want to wage a war in Europe that could not be paid with balanced budgets. In this period of economic depression, FDR and the New Deal offered a measure of relief, to millions

of unemployed Americans and their families, though this measure was undone too quickly in 1937 and the economy returned into a recession. Ultimately, the suffering of mass unemployment was only relieved by the war economy of WWII. However, the Great Depression is also fondly remembered by conservatives as a time when the masses knew the discipline of thrift. Conservatives invoke the pride of economic depression to support their belief that other people suffering alone is a necessary medicine for sound economic fundamentals. According to Linda McQuaig in *The Cult of Impotence*, the Great Depression was exacerbated by the high-interest rates of the drive to realize the neoliberal utopia:

But, trapped in the logic of classical laissez-faire economics, those who ran the Federal Reserve concluded that it was better to leave the Depression to work itself out. The strong and the good would survive. As the economy collapsed all around them, the governors of the Fed had maintained high interest rates, convinced that the brutal medicine they were administering would serve the country well in the end. The only answer was austerity, learning to do with less. As senior Fed official George W. Norris put it, “We believe that the correction must come about through reduced production, reduced inventories, the gradual reduction of consumer credit, the liquidation of security loans and the accumulation of savings through the exercise of thrift.” The answer, then, was to shrink the economy, to starve the public body back to health. (196)

According to McQuaig, austerity means “learning to do with less.” The value of austerity is that it helps to “starve the public body back to health.” Austerity is the

ideal of the conservative right that provides the way for America to return to its golden age.

Willis argues that even in economic good times conservatives and the corporate sector seek to expand America's culture of austerity. There is no bad time for the corporate elite to further concentrate wealth and power. It was during economic good times of the 1990s when popular writer Michael Moore observed in his *New York Times* best-seller *Downsize This!* that US corporations receive hundreds of millions in corporate welfare while posting record profits (53-61). For example, professor Paul Buchheit writes: "Fortune magazine reported that the 500 largest US companies cut a record 821 000 jobs in 2009 while their collective profits increased threefold to a record \$391 billion."<sup>22</sup> In *The Income Gap* Buchheit writes that:

the income gap is growing faster in the United States than in any other developed nation. Between 1990 and 2000 in the US worker pay and inflation remained approximately equal, while corporate profits rose 93% and CEO pay rose 571%. Meanwhile, the portion of federal revenue derived from corporate income tax has decreased from 33% in the 1950s to 11.9% in 2005, reaching a low of 7.4% in 2003.

Corporate America appropriates the wealth of production, leaving little for American workers.

The 1980s is called the "Decade of Greed" because it was during this time that the US financial sector bloomed under the neoliberal freeing of market forces from the constraints of the government regulation of the social welfare state. It was during the 1980s when US finance capital appropriated a greater share of the nation's economic

wealth by starving the country's industrial base. When Reagan the political actor assumed the presidency, the economist Milton Friedman's free-market doctrine provided the ideology for implementing the neoliberal economic reforms of tax-cuts, program spending cuts, privatization, and business deregulation.<sup>23</sup> The neoconservative cultural wars (anti-abortion, heavy metal music lyrics, school prayer, anti-gay marriage) provided the political screen to quietly advance the neoliberal economic agenda. In response to a crisis of the Fordist regime of regulation, that is, stagflation, a combination of high unemployment and inflation, under the guidance of Paul Volcker, chairman of the Federal Reserve Bank, the Reagan administration pursued a "tight" monetary policy of the high US dollar:

In October 1979 Paul Volcker, chairman of the US Federal Reserve Bank under President Carter, engineered a draconian shift in US monetary policy. The long-standing commitment in the US liberal democratic state to the principles of the New Deal, which meant broadly Keynesian fiscal and monetary policies with full employment as the key objective, was abandoned in favour of a policy designed to quell inflation no matter what the consequences might be for employment. The real rate of interest, which had often been negative during the double-digit inflationary surge of the 1970s was rendered positive by fiat of the Federal Reserve. The nominal rate of interest was raised overnight and, after a few ups and downs, by July 1981 stood close to 20 per cent. Thus began "a long deep recession that would empty factories and break unions in the US and drive debtor countries to the brink of insolvency, beginning the long era of structural adjustment [Henwood 208]". This, Volcker argued, was the only way out of the

grumbling crisis of stagflation that had characterized the US and much of the global economy throughout the 1970s. (Harvey 23)

While the objective of full employment benefits the working population, inflation, the erosion of monetary value, effects primarily those who possess the majority of commercial paper wealth.

The contraction of the money supply artificially inflated the value of the dollar, and foreign investment was attracted to the speculative profits of Wall Street's complex financial investment instruments, such as with the Subprime mortgage crisis in the late 2000s. As a result of the high-dollar policy, US industry relocated abroad to exploit low cost labor power in response to the crisis of accumulation, as a high dollar meant that US industrial exports were expensive relative to foreign imports. The profit realized by low-wage exports from the global South returned to the United States as demand for the high yield investment scheme of the post-Fordist sweat-wage. In the post-Fordist economy, US households supplement the lower wages of the service industry with record levels of consumer debt. The fruits of the economic boom in US post-Fordist capitalism have been appropriated by the speculative powers of the US financial sector. The nation's monetary strategy of high interest rates sacrificed the country's industrial base on the altar of free trade, as the financial sector grew to assume a larger portion of the real economy, doubling from ten to twenty percent. The accumulation of wealth by the financial sector has ultimately starved the manufacturing sector of investment money, as Wall Street firms made profit on dismantling and relocating industrial production abroad. Since the 1980s the powers of financial and media speculation have gradually dissolved the base of US industrial

production, in the spirit of US empire, where the wealthy elite amass fortunes and US workers lose jobs and fall through a weak social security net.

The culture of austerity is reproduced by the economic conditions of global capitalism, in order to impose social control on the working poor and the vulnerable middle class. The term “fiscal austerity” of neoliberal structural adjustment policies imposed by the IMF and the World Bank refers to the harsh conditions of financial restructuring that are demanded in exchange for loans for debt relief. Economist Robert Pollin in *Contours of Descent: US Economic Fractures and the Landscape of Global Austerity* explains the role of fiscal austerity in the neoliberal world order:

Throughout the less-developed world, the policies of the International Monetary Fund have acted as a crucial locus of neoliberalism, since it is the vehicle through which the US government’s commitment to these policies is transmitted globally. The bitter irony here is that the mission intended for the IMF when it was first created was the opposite of what it has now become. It was during the Latin American debt crisis of the 1980s that the IMF’s transformation became complete: to use the government’s economic policy tools to deliberately impose austerity conditions—otherwise known as an economic depression—on less-developed countries as a “solution” to their economic problems, rather than use government policy to *prevent* depressions. In its initial incarnation, the IMF saw depressions as the sickness to be prevented. It now sees depressions as the medicine to cure other illnesses, like balance of payments difficulties, fiscal deficits and inflation. These problems evidently take higher priority under

contemporary neoliberal practice than preventing depressions and mass unemployment. (175)

Since the shift to a post-Fordist mode of regulation, economic depression has become the ideal of the free-market, if it means more profits and a greater concentration of wealth; an economic depression is not a problem to be avoided but a solution for compelling governments of the world's poor marginalized countries to adopt the neoliberal restructuring adjustment policies of global free-trade. A crisis of payments is exploited to ram through unpopular political reforms. A country's social security net is cannibalized by capitalist investment to feed the country's wealthy elite. In a time of crisis, as Naomi Klein observes in *The Shock Doctrine*, the IMF exploits a country's need for temporary debt relief to compel their governments to adopt neoliberal economic measure of privatization and public spending cuts as a condition of aid, essentially loans to refinance debt relief (195).<sup>24</sup>

In the neoliberal utopia, human suffering resulting from material scarcity caused by the concentration of wealth in the financial sector is regarded as essentially good for people's moral character development. The economic deprivation of the global masses remakes the world as it *should be* in the neoliberal utopia because the whole point of the free-market is to concentrate wealth with a tiny minority, as the working classes cannot be trusted with saving their wealth; hence, the progressive concentration of wealth since the 1970s reflects how the world should unfold according to the law of a self-regulating free-market in neoclassical economics. The idea of fiscal austerity explains the fact that lack and scarcity is an artificial construct of capitalist markets, especially in the developing world and in the economic periphery

in the US core. US economic hegemony has advanced the neoliberal mission of realizing a free-market utopia on earth, which essentially means that the wealth produced by the working class is hoarded by the tiny capitalist elite, which is reinvested in accumulation for accumulation's sake. The wealthy elite own mansions, mansion cottages much larger than most people's houses, yachts, and expensive cars, while the majority works too much and the underclass starves.

In the culture of austerity, economic depression has become the ideal of the free-market, not just abroad, but at home for millions of poor Americans who live under the austerity conditions of lean production and just barely survive. Pollin's point is that during the 1980s when the International Monetary Fund, the global monetary institution based in Washington, responsible for alleviating poverty, started imposing economic depression upon the poor countries of the global South as a way to expand the neoliberal utopia. Economic depression was thereby intensified by IMF policies and not relieved by them. In *The Shock Doctrine* Naomi Klein describes the dynamic of the Latin American debt crisis in terms of debt and high interest rates:

There was no shortage of such opportunities in the Eighties. In fact, much of the developing world, but particularly Latin America, was at that very moment spiralling into hyperinflation. The crisis was the result of two main factors, both with roots in Washington financial institutions. The first was their insistence on passing on illegitimate debts accumulated under dictatorships to new democracies. The second was the Friedman-inspired decision at the U.S. Federal Reserve to allow interest rates to soar, which massively increased the size of those debts overnight. (186)

Volcker's strategy of high interest rates created not only unemployment for millions of Americans who could hardly afford joblessness, but it also accelerated the hyperinflation plaguing much of Latin America. In the 1980s in Latin American countries such as Bolivia, high-interest rates spiralled a debt crisis out of control, effectively weakening the country, not strengthening it.<sup>25</sup> The hypocrisy was that the newly formed Latin American democracies were compelled by the IMF to pay the debts of their military dictatorships—that were backed and supported by the CIA and the US government—acquired by purchasing US military hardware, for public wealth that was stolen by US backed dictators and their cronies and sent to offshore accounts, for the police state terror taught by the US military, attests to the role of US economic restructuring in locating opportunities for US corporations abroad to exploit.

In US imperial capitalism, with the onset of a market recession, the wealthy elite, who the philosopher Richard Rorty calls America's "economic royalists," crash the market system, out of fear of wealth destruction, to then capitalize on the deflated prices found in a crisis of accumulation.<sup>26</sup> In economic good times, the culture of austerity works to prevent the middle and working classes from demanding more of the economic pie. In an economic downturn, the culture of austerity displaces blame for an economic recession from the Wall Street banks that cause it onto the suffering individuals of the middle class, the working poor and the dispossessed. In the Great Recession, for example, conservatives argue that only greedy individual homeowners were responsible for the mortgage crisis—not the Wall Street banks. Yet it was an ensemble of connections in US capitalism that was responsible for the housing crisis:

the financial wizards who engineered the programs; the pushy salespersons who harassed people into renegotiating their loans after telling them their home equity meant they were rich; the Wall Street banks who made billions in profits after buying subprime mortgage companies; all the players in the industry were actually the real victims of the millions of individuals who had their houses repossessed.

Since the post-Fordist culture of austerity took hold, the austerity conditions of economic depression have been waiting in the shadows to discipline the workforce for the excess of America's middle class. As stated above, during the 1990s corporations posted record profits and simultaneously laid off hundreds of thousands of US workers. All the wealth realized by the US economy in the 1990s went to the top. Recently appointed by President Obama as the head of the Consumer Financial Protection Bureau, Elizabeth Warren and the authors of the *The Fragile Middle Class: Americans in Debt* allude to the culture of austerity "lurking" behind the image of middle-class America:

For other Americans, however, the 1990s were economically frustrating and confusing. The median real income recovered to its 1989 level only in 1996. For many families, income rose during the decade only because two or more earners went to work. The popular press focused on these dual-earning families who managed thirty-minute suppers, juggled chores with aplomb, and sought quality time with their children. Less often noticed was that all of this work was barely keeping the family financially afloat. In fact, some of these miracle families only *appear* to be afloat. Lurking behind the suburban house, explicit in the divorce settlement, and implicit in the pediatrician's office, is burgeoning

consumer debt. The middle-class way of life can be maintained for quite a while with smoke and mirrors—and many credit cards. (Sullivan, Warren and Westbrook, 1-2)

The tradeoff to America's consumer lifestyle is the gradual erosion of America's health, family, leisure, industrial democracy and "thin" social security weak from spending cuts made to the bone of government programs (Sullivan, Warren and Westbrook, 3). In this time, according to journalist Gary Rivlin, the payday loan industry owes its "fat profits" to "thin wallets" (*Meet*). Author of *Broke, USA*, Rivlin states that since 1993, the payday loan industry has grown into a forty billion dollar a year market, from profits realized on small short term loans made at an annual rate of five to six hundred per cent (*Meet*). Loans are repaid from the next paycheque, which can easily mean a poor individual sinks deeper into debt by constantly borrowing small sums of money to tide over the gaps of the low post-Fordist wage. A cash strapped individual pays twenty dollars interest on a hundred dollar week long loan. In areas without banks, individuals pay eight to nine hundred dollars a year to cash their paycheques with the cheque cashing industry. Given that major banks have invested heavily in the cheque cashing industry, the banks are reaping huge profits from families living below the official poverty line, the people who can least afford to pay such a premium for cashing their pay and paying their bills. The US consumer society of cheap stuff and fast food means that even the majority of middle-class Americans are disciplined by a culture of austerity involving longer work hours, less leisure time, slim healthcare, little to no job security, little private property, no union representation and bare bones social security. The principle of liberty for all is denied

by the reality of capitalist exploitation for many Americans in economic good times and unemployment in economic bad times.

The wealthy use the culture of austerity to protect their unjust concentration of wealth realized by the corporate financial elite from the democratic demand for socialism.<sup>27</sup> In addition to enjoying the spoils of capitalist class warfare, the wealthy blame the poor and marginalized for their own misfortune, citing poor unfortunate individuals as lacking the right moral character, as if luck and circumstances had nothing to do with life. For example, during the current downturn, Republicans in the US Congress actively opposed extending unemployment benefits, by arguing that unemployment benefits encourage recipients to not take jobs. Individuals are therefore alone to blame for their private misfortune. For conservative Republicans, there is no structural unemployment, even though there are not enough jobs in a automated economy. The Republicans actually succeeded in stopping the extension of unemployment benefits to the ninety-niners, unemployed Americans who had exhausted all ninety-nine weeks of their benefits and remained jobless. On imposing austerity conditions during an economic downturn, the economist Paul Krugman writes:

Penny-pinching at a time like this isn't just cruel; it endangers the nation's future. And it doesn't even do much to reduce our future debt burden, because stinting on spending now threatens the economic recovery, and with it the hope for rising revenues. So now is not the time for fiscal austerity. (*Spend*)

The conservative Republican rhetoric is cruel and designed to protect the wealthy elite from the mass demand for socialism. Obsessed with tax-cuts and eliminating budget

deficits—two mutually opposed goals—Republicans advance the culture of austerity even in times when budget cuts prolong the economic suffering of unfortunate Americans. According to the neoliberal culture of austerity, economic deprivation of the masses reflects how the world should be according to the laws of a pure free-market devoid of the distortion of political interference; the concentration of wealth and power with the capitalist class requires expanding, not reducing, the conditions of material lack and market scarcity to the masses. Author Linda McQuaig in *The Cult of Impotence* recounts the fantasy of restoring the gold standard in British capitalism, despite the misery it would entail for the masses, attests to the desire of finance capitalists to protect their paper assets from wealth erosion of inflation. The gold standard prevented the government from heeding the electorate's demands for government social spending and low interest rates (189). Hence the economic sense of fiscal austerity for the masses explains the permanent depression of the developing world, but it also speaks to the harshness of the US conservative right's war against government spending. The rhetoric of the Republican party never deviates from the demand for tax cuts and spending cuts.

### *Bootstrap Capitalism*

In the conservative rhetoric of what the professor of social work David Stoesz calls “bootstrap capitalism,” Americans are expected to lift themselves up by their own bootstraps instead of looking to the government for a helping hand up. A favourite trope of Republican rhetoric, US General Colin L. Powell in *My American Journey* writes:

Never in two years I worked with Ronald Reagan and George Bush did I detect the slightest trace of racial prejudice in their behavior. They led a party, however, whose principal message to black Americans seemed to be: lift yourself up by your bootstraps. All did not have bootstraps; some did not have boots. I wish that Reagan and Bush had shown more sensitivity on this point.

(400)

The culture of austerity discourages the poor from seeking out state assistance. Since the 1970s, US capitalism has tightened the belt of austerity on the American corpus, but it is a tightening for tightening's sakes, with the less well off enduring most of it to preserve the gains of the wealthy. The point of bootstrap capitalism is to guide everyone but the wealthy by what conservative thinker George Gilder called the "spur of their poverty" (118); while Gilder refers to welfare recipients, his accoutrement of bootstrap capitalism can be generally assigned to the regalia of America's middle and working classes, all of whom are subject to the precariousness of the post-Fordist economy. People always fearing for their jobs means the capitalist class benefits from docile workers who defer asking for pay raises for fear of being let go into what Marx called the reserve army of unemployed labor.

A crucial accessory to bootstrap capitalism is the belt of austerity, because it provides the critical form to discipline American liberty. The metaphor of belt tightening is a popular expression in political discourse signifying the need for fiscal restraint. The action of tightening a belt around the waist provides an image-thought for regaining the discipline of form. In an economic downturn, politicians tell the public that people need to tighten their belts and make do with less. Tightening the belt

of fiscal restraint is believed by the conservative right to represent the action for making the social welfare state whither away. The conservative thinker Grover Norquist famously argued that government must be put on a diet, until it is small enough to drown in a bathtub.<sup>28</sup> Norquist's remark is an example of the conservative strategy of starving the beast, government, by underfunding programs to the point that they fail and are replaced by private sector remedies.<sup>29</sup> <sup>30</sup> One of the effects of starving the beast, however, is the "shrinking" of the middle class (Kerbo 223-29). In the United States, the strict regime of tax cuts and spending cutbacks, over thirty years, designed to make big government disappear, has only produced a massive police-military state and public indebtedness, leaving government of all levels starved for revenue. With little government fat left to trim, the core entitlements of social security are now all that is left to feed the regime of tax cuts. While wealthy Americans feast, the majority are told by politicians they will have to tighten the belt of austerity and do more with less.

## Chapter Two: America's Consumer Republic: Neoliberal or Socialist

### Utopia Realized?

"When Europeans used to visit America before the Second War they would say, 'But you have communism here!' What they meant was that we not only *had* standardized goods, but *everybody* had them. Our millionaires not only ate cornflakes and hot dogs, but really thought of themselves as middle-class people."

—Marshall McLuhan, *Understanding Media*

"One can even say that, from a certain point of view, the United States has already attained the final stage of Marxist "communism," seeing that, practically, all the members of a "classless society" can from now on appropriate for themselves everything that seems good to them, without thereby working any more than their heart dictates."

—Alexandre Kojève, *Introduction to the Reading of Hegel*

"The faster the world growth of capitalism, the sooner will socialism triumph in America and Britain."

—Vladimir Ilyich Lenin, *In America*

In the United States, the overflow of low cost consumer products signifies to the world's masses that Americans are God's chosen people; the abundance of bagel dogs, blue freezies and sprayable cheese are the gifts of US capitalism to American

consumers. The scarcity and rationing of the Great Depression and WWII gave way to the abundance of consumer goods in America, the land of God's chosen people. McLuhan's observation about the plenty of America's consumer society identifies the communist ethos of a land where low cost products are available to everyone who can make their way to a local dollar store. What follows explores the idea of the United States as a communist utopia fits with America's culture of austerity.

### *Bourgeois America*

Marx identifies the United States with "the most modern form of existence of bourgeois society" (*Grundrisse* 104). The history of US capitalism is more bourgeois an economic model than European capitalism, because, as Mike Davis argues, the nation's bourgeois revolution did not rely on the proletariat, to the degree it did in France:

In the United States, by contrast, the commanding heights of the bourgeois-democratic 'revolution' were dominated, without significant challenge, by the political representatives of the American bourgeoisie. Thus, in a certain ironic sense, the American bourgeoisie (in a definition encompassing historically specific configurations of large merchants, bankers, big capitalist landowners or planters, and, later, industrialists) was the only 'classical' revolutionary-democratic bourgeoisie in world history: all other bourgeois-democratic revolutions have depended, to one degree or another, upon plebian wings or 'surrogates' to defeat aristocratic reaction and demolish the structure of ancien regimes. (*Prisoners* 11-2)

In the United States, the bourgeois revolution did not rely on other subordinate classes, what Davis calls the “plebian wings” or the proletariat to implement the class agenda favourable to establishing the market conditions for capitalist exchange. By contrast, according to Davis, in French and German capitalism the plebian strata played an important role in the people’s democratic revolution:

To the extent that the bourgeois revolution actually became a ‘democratic’ revolution, it was because elements of the plebian strata (urban artisans, petty bourgeoisie, declassed intellectuals, supported by the multitudes of journeymen, laborers, and sections of the peasantry) violently assumed leadership, usually in the context of a life-or-death threat to the survival of the revolution or temporizing betrayal by the haute bourgeoisie (France in 1791 or Germany in 1849). (11)

The renewal of the American bourgeoisie in comparison to the European bourgeoisie meant that the negotiation of US capitalist hegemony relied less on class integration. The myths of individual self-sufficiency, private property, and entrepreneurialism appealed to America’s class of free capitalist farmers, who reinforced the liberal ideology of possessive individualism. Also, unlike England and Europe, American workers enjoyed voting rights prior to the US Civil War, which made the difference in class composition between the New and Old World appear greater than it actually was. Furthermore, if people are the most free in US capitalism, then Americans are experiencing greater economic uncertainty, even as the wealthy grow richer by the day (Kerbo 216).

Historically the relative marginality of socialism in America and the predominance of trade union consciousness in the US labor movement speaks to the difference in class composition from Europe.<sup>31</sup> The watershed of American socialism was realized when Eugene V. Debbs, presidential candidate for the Social Democratic Party of the United States, won almost six per cent of the popular vote in 1912 (Davis 5).<sup>32</sup> When compared to the ideological trajectory of Marxist-Leninist-Maoism of the global East, the achievements of Western Marxism in America have remained largely academic. Especially since World War Two, the US labor movement (despite some particularly combative strikes) has rarely developed beyond the narrow confines of business unionism, what Lenin in his most influential *What Is To Be Done?* calls “trade-union consciousness” (80). In the United States, the working poor and unemployed easily identify with the values of tradition and country propagated by the conservative right that are found in the populist sentiments of the Republican Party.

Davis continues to argue that the “bourgeois-democratic revolution in America was not an uprising against a moribund feudalism, but rather a unique process of capitalist national liberation” (12). In his famous text *Democracy in America*, Alexis de Tocqueville praised the United States for their love of religion and equality of status. The absence of feudal relations had benefitted the development of US capitalism, because the primitive accumulation of capitalism there did not require the task of dismantling the fetters of feudal rule. What this myth of a classless America covers up, according to Harold Kerbo in *Social Stratification and Inequality*, is that by the end of the Eighteenth century “a national upper class emerged in this country that in many ways resembled the European upper class based in aristocratic traditions”

(216). In America, the gradual process of capitalist development grew free from the restraints and confines of class struggle oriented at traditional obstacles to the ideological reproduction of capitalist values. Marx in his preface to *Capital* writes: “Just as in the Eighteenth century the American War of Independence sounded the tocsin for the European middle class, so in the Nineteenth century the American Civil War did the same for the European working class” (91). In this selection Marx is alluding to how the English working class faced the task of waging a struggle for political rights of equal recognition with the combined forces of the bourgeoisie-aristocracy as a condition for winning economic reform of British capitalism. By the end of the Nineteenth century US capitalism was growing to challenge the dominance of British imperial capitalism. US capitalism was leaping beyond the backwardness of a nascent class struggle between the forces of capital and labor on the European continent. What Davis calls the “absence of residual precapitalist class structures and social institutions” in US capitalism thereby facilitated the growth of America’s capitalist accumulation (Davis 11). Class struggle in America had lagged behind the development of trade union consciousness in Europe, and hence US capitalist hegemony benefitted from this break with history, by advancing the agenda of capital’s primitive accumulation without significant reliance upon a class alliance with industrial workers, the petty bourgeoisie or the peasantry. The most significant exception to the class composition of the social formation of US capitalism was the inclusion of the pre-feudal mode of production. The chattel slavery of the Antebellum South in agricultural crops such as cotton and tobacco was integral to British

imperialism, as this advantage of unpaid labor freed up resources for the expansion of America's capitalist accumulation.

The absence of feudalism in the United States is thought to explain the idea that America is the world's only classless society. For example, in a court of law, there are no formal privileges and rights enjoyed by a nobility, but it is difficult to accept the idea that there is no upper class in the United States. All are equal before the law, but, to paraphrase what George W. Bush once said, in America there are the "haves" and the "have-mores." The wealthy can afford better lawyers and money managers; they have an exclusive private school system, where children of the elite interact in relative seclusion from the working masses; a higher income ensures better health care; designer fashion, such as Louis Vuitton, ensures the wealthy elite have their own clothing line and that they do not have to even wear the same clothes as the rest of us. Sociologist David MacGregor in *The Communist Ideal in Hegel and Marx* identifies the nature of the community of the wealthy elite, in a manner echoing Marx and Engels' claim in *The Communist Manifesto* that "the executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie" (82). MacGregor writes: "In modern capitalism a tiny, interlocking group of corporate bosses leads a few dozen enormous firms which dominate the economy; this corporate élite exerts its considerable economic leverage and upper-class influence" (198). The value placed on private property, entrepreneurialism, and individual responsibility overwhelmingly favour the ruling class, who by possessing the largest share of the economic wealth are in a position to stand on their own. Bourgeois ideology

reproduces the material conditions favourable for reproducing what Marx called “accumulation for the sake of accumulation”:

Accumulate, accumulate! That is Moses and the prophets! “Industry furnishes the material which saving accumulates.” Therefore save, save, i.e. reconvert the greatest possible portion of surplus-value or surplus product into capital!

Accumulation for the sake of accumulation, production for the sake of production: this was the formula in which classical economics expressed the historical mission of the bourgeoisie in the period of its domination. Not for one instant did it deceive itself over the nature of wealth’s birth-pangs. (*Capital* 742)

The madness over capitalist accumulation trumps all other social interests. The money supply grows to accommodate the concentration of wealth with the tiny one per cent of the upper class. Sociologist Jean Anyon in 1980 writes about the concentration of wealth early in the post-Fordist era:

The ownership relation that is definitive for social class is one’s relation to physical capital. The first such relationship is that of the capitalist. To be a member of the capitalist class in the present-day United States, one must participate in the ownership of the apparatus of production in society. The number of such persons is relatively small: while one person in ten owns some stock, for example, a mere 1.6 percent of the population owns 82.2 percent of *all stock*, and the wealthiest one-fifth owns almost all the rest. (299)

The economic gains of the last thirty years are realized mostly by this small elite, and the gains of the middle class are largely consumed by inflation.

The dominant notion of equality of opportunity in America justifies the unequal distribution of wealth in US capitalism. While the belief in equality, namely that all US citizens are equal before the law, should guarantee that everyone is protected against the wealthy, the truth that the wealthy are more equal than everyone else does not contradict this belief in formal legal equality. This belief in equality is perverted by the idea that the taxation of private wealth is a form of discrimination against the rich. Consider a controversial trial in the early Nineties: O. J. Simpson's ability to pay expensive defense lawyers allowed a prominent wealthy African-American in the United States to elude the California justice system. The racism of the Los Angeles Police Department saved a rich man from serving time for a crime for which many people believed he was guilty. In another example from California, Paris Hilton, the heiress to the Hilton Hotel fortune, defends her wealth by arguing that she is a self-made business woman. In an age when celebrities are treated by the mass media as royal nobility, Hilton maintains that her hard work explains her success. It were as if her fortunate birth circumstances, family wealth, business connections and Beverly Hills address have had little or nothing to do with her California-based retail empire. Republican political discourse deflects this conceptual gap in America's notion of equality by contrasting the capitalist concept of equality of opportunity with the socialist concept of equality of outcome. How can a measure of equality of opportunity ever compensate for Paris Hilton's fortune in the birth lottery? Especially when Californian Republicans, such as Darrell Issa, the richest member of Congress with a two hundred and fifty one million dollar fortune, signed a Taxpayer Protection Pledge that opposes all tax increases.

*America, the Socialist Utopia*

In *A Grammar of the Multitude* the Italian Marxist Paolo Virno writes of Post-Fordism as the “communism of capital” (111). Just as America jumped the stage of feudalism, could the absence of socialism in the United States be followed by communism? Virno argues that the United States in the 1930s endured a “socialism of capital” (111). The building of the modern welfare state, in the New Deal era of Franklin Delano Roosevelt, demonstrated the bureaucratic power of centralized planning in the world’s leading capitalist economy. The federal government implemented a “gigantic socialization” of US capitalism by way of public works in the pursuit of full employment. Virno maintains that the key feature of Post-Fordism is unemployment. In the lean production model, employees are a liability to the business corporation. In the Great Recession, for example, US corporations hoarded an estimated two trillion dollars in cash reserves to weather the recent downturn in the global economy. The hiring of staff and capital investment were deferred, as the uncertainty in the global economy prevented companies from investing in the forces and means of production. Some eight million Americans lost their jobs following the subprime mortgage crisis. By the Summer of 2010, the Republicans had blocked—by one vote—the extension of unemployment benefits, which represented a quarter of a per cent of the federal deficit, in order to capture the protest vote of the Tea-Party populist right against big government.<sup>33</sup>

In Post-Fordism, the profit motive of US corporation in the free market explains the general phenomenon of unemployment. Corporate flexibility acquires a

measure of protection from the whims of the capitalist business cycle by laying off employees in an economic downturn. The corporation becomes reluctant to hire or invest in equipment until the recovery is underway. Instead, the business corporation hoards cash, and the economic recovery is deferred. John Maynard Keynes called this the paradox of thrift and deemed it a self-fulfilling strategy. Keynes argued that what is good for a private company is bad for national economic recovery, which is the unintended paradox of thrift. In economic good times, corporations run lean operations, with just in time inventory and stressed labor power. Liquid capital and minimal labor costs ensure the corporation satisfies the profit demands of finance capital. The marginal efficiency of lean production fattens the profit margins on annual corporate reports to the shareholders.

In a capitalist economy unemployment is a curse. The modern welfare state provides a measure of social support when one becomes unemployed. The crisis of unemployment is a result of capitalist hegemony, where the policy of full-employment comes into conflict with the interests of capitalist accumulation. Not only does unemployment mean idle time wasted and boredom for most Americans, but it commits one to homelessness and a life of economic uncertainty and poor health. Temporary joblessness leads to long term unemployment; early retirement compromises post-work dreams; the loss of healthcare and the expenses of private insurance can lead to homelessness and premature death.

The dominant structural effect of late capitalism is what David Noble calls “technological unemployment.” Capital investment in automated production is the corporate strategy in the class struggle for addressing the traditional resistance of the

working class to the demands of capitalist production. The deskilling of labor and the elimination of redundant production perpetuates a crisis of unemployment. What Marx calls a reserve army of unemployed labor refers to the material conditions that enact a downward pressure on wages. Technological unemployment is a necessary byproduct of corporate profitability. In the history of capitalism, the capitalist has wrestled control over the act of production from human labor. In *Capital* Marx describes the worker becoming “a living appendage of the machine” (614). Historically, the mechanization of production reduces the need for manual labor. Marx argues that capital investment in the means of production is made in the course of the struggle to wrestle control over the production process away from the worker’s discretion in the labor process, as “man is a very imperfect instrument for producing uniform and continuous motion” (497). Henry Ford’s assembly line and Frederick Winslow Taylor’s scientific management, so named Taylorism, represent major advances, plateaus, in forcing the collective worker to cede control over production to the capitalist. Computerization represents another such wave in the real subsumption of living labor power to the capitalist’s control over the means of production. Capitalism makes work more and more redundant, even though the imperative to work remains.<sup>34</sup> Investment in the means of production is a permanent revolution in advancing the cause of maximizing profits. The elimination of wage labor results from technological developments in the means of production. The efficiency of capitalist management, namely automated technology, however, reproduces a crisis of over-production, because the supply of goods exceeds the demand. Wages are insufficient to purchase the existing supply of goods.

The global factory is designed to replace living labor with automated technology, what Marx in *Capital* calls “dead labor” (548). While the corporate demand for labor declines, many Americans involuntarily gain the “freedom” of unemployment. Some workers take jobs at lower pay rates and many middle age workers are forced into early retirement. The loss of the social safety net, including the employer’s health care premiums, is a shocking experience for the newly unemployed. The upside of unemployment in capitalism is that the escalation of this crisis could radicalize American workers to claw back the gains realized by the wealthy elite in the Post-Fordist era. The capitalist economy produces unemployment as a product of maximizing profit margins. Virno writes:

If we can say that Fordism incorporated, and rewrote in its own ways, some aspects of the socialist experience, then post-Fordism has fundamentally dismissed both Keynesianism *and* socialism. Post-Fordism, hinging as it does upon the *general intellect* and the multitude, puts forth, *in its own way*, typical demands of communism (abolition of work, dissolution of the State, etc.). Post-Fordism is the communism of capital. (111)

Virno identifies two central demands of communism: the abolition of work and the dissolution of the state. According to Virno’s definition, the demands of the neoconservative-Tea Party alliance, end government, can be examined as an essentially communist demand. The capitalist tendency is to resolve an economic crisis by laying off otherwise productive workers: “This [the communism of capitalism] means that the capitalistic initiative orchestrates for its own benefit precisely those material and cultural conditions which would guarantee a calm version

of realism for the potential communist” (110). The structural unemployment that is a regular feature of US capitalism can thereby be viewed as a response to the communist demand for the end of work, but also as a cause for the population to challenge capitalist hegemony. The application of automated technology means that the global economy produces more goods while hiring fewer workers. Unemployed labor power can thereby be redistributed to perform other important duties. A bourgeois household with one high income earner frees up the other parent’s labor for children care and volunteer activities in the community.

In liberal civil society, individuals freed from what Marx calls “socially necessary labor time” can contribute labor power by volunteering or performing lower income work that is socially valuable. In this respect, the crisis of unemployment can have a silver lining, provided that a household can earn enough income and the positive experiences of rewarding low-paid or volunteer labor, such as child care, is viewed as a form of accumulating wealth. In cases where the sole income earner becomes unemployed, joblessness can quickly lead to homelessness, hunger and despair. Unemployment benefits (even for those who qualify) are temporary and provide much less than a living wage, leaving the unemployed with the choice of paying rent or eating food. Temporary unemployment leaves a person with ample “free-time” but without the sufficient means to consume. Involuntary unemployment in a capitalist economy, while providing an avenue to temporarily escape alienated labor, is a curse because it can so quickly lead to poverty. In the current recovery from the Great Recession of 2008 unemployed workers in the United States read the job ads to learn that employers do not want to hire unemployed workers. A bout of

unemployment can quickly turn into a life at the margins, where the basic necessities of life are difficult to obtain. In capitalism long periods of unemployment for most workers means significantly reduced income (unemployment benefits offer little purchasing power), lower wages upon returning to work, and a penniless retirement, it can also mean that labor power is devoted to otherwise marginalized causes, as volunteer work (i.e. environmental activism) and lower paid positions in social welfare benefit our liberal civil society.

Alexandre Kojève, the French bureaucrat and renown lecturer of Hegel's *Phenomenology of Spirit*, also identifies the United States with the communist utopia:

Now, several voyages of comparison made (between 1948 and 1958) to the United States and the U.S.S.R. gave me the impression that if the Americans give the appearance of rich Sino-Soviets, it is because the Russians and the Chinese are only Americans who are still poor but are rapidly proceeding to get richer. I was led to conclude from this that the "American way of life" was the type of life specific to the post-historical period, the actual presence of the United States in the World prefiguring the "eternal present" future of all humanity. Thus, Man's return to animality appeared no longer as a possibility that was yet to come, but as a certainty that was already present. (161)

According to Kojève, the United States merely provided the world with the model of development for the entire world. Kojève's point about America's communist utopia is that an individual can appropriate as much or as little from the general flows of capitalist wealth according to one's subjective needs. In the age of mastery in the United States, however, the US capitalist appropriates millions of dollars in the

corporate sector, while many Americans slave away at jobs for a declining wage. Americans are believed to be free to work as much or as little as they see fit: from each according to his abilities, to each according to her needs.

While Kojèvre identified the common character between the capitalist and socialist economic systems, thirty years of Chinese capitalism and twenty years of capitalism in Eastern Europe further attest to Kojèvre's claim on modernization at the global level. Zizek's further point is that the integration of Russia and China, by the Communist Party no less, in an ironic twist, have prepared the way for global capitalism to take root there (*China*). Kojèvre identifies the synthesis of the market wage-relation with government programs associated with state socialism (redistribution of wealth, social security, state education and healthcare), of which Fordist welfare capitalism in the United States and the state capitalism or market socialism in the Soviet Union are mixtures. The title of another of Kojèvre's articles *Capitalism and Socialism: Marx is God; Ford is His Prophet* attests to his position on the mixture of these two ideologically opposed political-economic systems. Furthermore, Baudrillard argues that the fall of the Berlin Wall meant the removal of the physical barrier signifying their separation, what Hegel calls their unity in difference.

According to Shadia Drury, Kojèvre would break with his position on the United States reproducing the communist ethos after visiting Japan. The post-historical society where masters still survived, Kojèvre regarded Japan's samurai warriors practicing the art of the tea ceremony as proof of a post-historical world where the master reigned, albeit in the pursuit of unemployed negativity. In the United

States, the wealthy minority, the top one per cent, collect houses, cars, antiques, art, and interior design with the same zeal as the Japanese samurai has for the excess and wastefulness in properly pouring a cup of tea. Japan's post-historical society was created after the US dropped atomic bombs on Hiroshima and Nagasaki. The US occupation dismantled the feudal precapitalist fetters on the Japanese economy. Where seven dynastic families controlled the majority of the country's private wealth, the constitution crafted during the US occupation reinstated the rule of free enterprise. The rise of Japan's automobile industry and Japanese electronics (stereos, computers, robots, video games) internationally attests to its role as the world's leading post-historical societies. Perhaps what makes Japan the world's most developed post-historical society is its debt to income ratio. The 1990s, a lost decade, saw the collapse of Japan's housing industry. In the time since Japan has become the world's most indebted industrially developed nation. As a post-historical nation, the United States is far less indebted than Japan, but if the US economy keeps growing, then the country's debt will keep growing. In a post-historical society, the final day of reckoning can be indefinitely postponed.

The aesthetic of US consumer society dissolved the Soviet Union. In the capitalist spectacle, the image of Soviet stores was not a flattering one: rows of empty shelves, long lines, and even customers fighting for scarce products. The image of barren store shelves in the communist utopia communicated the belief that the Soviet Union could not produce the goods. The nuclear arms race and the space race had exhausted the Soviet economy of its consumer excess. US television programming made fun of the Soviet's lack of a consumer society.<sup>35</sup> The austerity of Soviet living

(communal apartments, product scarcity, no bourgeois private space or public criticism) was a trade-off to building the Soviet military state, most notably a nuclear arms arsenal still small when compared to the United States' program. Where the United States could afford the nuclear arms race and simultaneously bulk up its consumer society, the Soviet Union struggled to keep up with the appearances of the Joneses. The Republican party credits US President Ronald Reagan with single-handedly dismantling the Soviet Union by crashing the price of oil on the international market. However, the Soviet Union sounded its death knell much earlier when Vice-President Richard Nixon and Nikita Khrushchev met in an unplanned kitchen debate at the American pavilion at the National Exhibition, held in Moscow, July 1959. In a model kitchen of the American home, filled with time saving gadgets and modern conveniences, such as refrigerators, Nixon promoted the moral superiority of the American way of life. The model of consumer democracy, represented by the ideal modern American kitchen, was on display in the heart of the communist world order (Buck-Morss 202-4).

These signs of the US consumer society communicated the moral superiority of America's historical progress. Critical theorist Susan Buck-Morss in her text *Dreamworld and Catastrophe* argues that the Soviet Union sought to overcome the lag in development between it and the United States. Stalin saw time as the obstacle to Soviet modernization. The USSR produced a vast military empire, but the citizens of its repressed liberal civil society desired the excess of America's consumer republic. While the Soviet Union's market socialism, developed in line with the Fordist model, produced an array of consumer goods, there was no product selection like in the

United States, where consumers exercised discretion between the competing brands of ketchup.<sup>36</sup> Mutually assured destruction was realized not by nuclear war, but by the Soviets sacrificing the production of consumer goods to building the military industrial complex. With overfunding the military apparatus in the Cold War, little was left to bribe the Soviet public with consumer goods once resources were devoted to building fleets of submarines, tanks and missiles that went unused in warfare. This austerity of the Soviet security strategy meant that the Communist Party could not deliver the excess of consumer goods. Ultimately, the US enterprise Wal-Mart represents the missing piece of the Soviet's Cold War strategy. One store filled to the rafters with low price household goods—consumer democracy. In the US, the land of free-enterprise, one store dominates the retail industry because millions of American families believe that one store can have everything at the lowest price. Wal-Mart is the imaginary solution that the Soviet Union needed to win the people's consent. One store with everything a citizen could possibly want.

### *The Neoliberal Utopia*

The neoliberal utopia is a land free of state interference in the capitalist economy. While such a place by definition cannot exist in this world, this inconvenient truth does not stop its supporters from reasoning that it could or should. In this imagined place, the free-market would be entirely unrestricted by government regulation. If the neoliberal wish becomes a realized utopia, the social welfare state of the New Deal Era would be totally dismantled after being declared illegal by a Republican majority willing to do the right action, without the fear of being punished

in the next election. In this pure capitalist place that does not exist, the state is purely a coercive instrument of the free market. Every conceivable social good—police, healthcare, education, social security—would become a commodity and subject to market forces unaltered by state intervention; trade unions would disappear overnight, as workers would be liberated from their chains of safe work and employment security; government agencies such as the department of labor and the department of the environment would be defunded immediately. Naomi Klein argues that the US officials authored Iraq's constitution to exclude state ownership of the means of production (391-409). Once Iraqis realized what was going on, the US neoliberal utopia was squashed. In this paradise of the free-market, the absence of government, especially the public welfare state, realizes the absolute end of all human history. Neoliberals want to make the state wither away, after the capitalist has smashed the public welfare state, and liberated the stock market from the fetters of “big government.” In *A Short History of Neoliberalism*, David Harvey argues that the doctrine of free-trade guides the faithful in their drive to implement the historical conditions favourable to realizing the neo-liberal’s free-market utopia. Globalization apologists such as Thomas Friedman praise the global economy and reproduce the faith in the free-market ideology of neoliberalism. The negative underside of the sweat shop economy in Asian capitalism is regarded as historically necessary for the birth of China’s liberal civil society.

*Obama the Socialist*

The conservative right believes the United States is a country controlled by socialists, what Glenn Beck calls the “socialist utopia” (91). In 2008, in the early days of the Great Recession, the election of President Barack H. Obama was proof to the conservative right that a socialist takeover was already at work. The bailouts of the commercial banks, such as Goldman Sachs, and then General Motors and Chrysler was tantamount to Washington nationalizing what Lenin called the commanding heights of the national economy. According to the conservative right, the American public is controlled not by the capitalist economy of multinational corporations but by the socialism of big government. Obama’s election victory only confirmed in many people’s minds that the American way of life was under threat. According to Robert Parry: “Though many on the American Left denounce Obama as a weak-kneed centrist too eager to compromise, he is portrayed to the rest of America as a radical socialist, sometimes even likened to Hitler and Stalin.”<sup>37</sup> At town hall meetings for the health care debate, conservative right patriots concerned about the spectre of socialized medicine made appearances bearing arms to defend the republic.<sup>38</sup> Sarah Palin warned the public of government “death panels” that would murder your loved ones under Obama’s socialist healthcare plan. In this time, the Tea Party held public rallies to organize the conservative right to fight big government. Despite the end of the Cold War, the free enterprise of the United States is under threat by the takeover of socialist government. In this respect, the belief that the US is fast becoming a socialist utopia makes the point in its opposite form.

According to the rhetoric of the Republican conservative right, the United States, the centre of global capitalism, is actually the centre of international socialism. According to some on the conservative right, such as Glenn Beck, even the Republican Richard Nixon was a “liberal” (*Broke*). It was Ronald Reagan, the liberal “mugged” by reality, who voted for F.D.R. four times, was the leader of a (counter) revolution against big government.<sup>39</sup> US capitalism depends on corporate welfare, as the bailout of the Wall Street banks suggests, which means that in America there is socialism for the rich and capitalism for everyone else.<sup>40</sup> The Republican Party, including representatives from Texas, opposed Obama’s spending stimulus on the populist grounds that government spending is tantamount to socialism—and the bailout was still passed a second time once it was defeated. The most recent economic crisis, the Great Recession, therefore provided the opportunity for a socialist takeover. In 2009, the Republican National Committee introduced a resolution that the Democratic Party should be renamed the Democratic Socialist Party.<sup>41</sup> This symbolic gesture was meant to draw attention to the tax and spend policies of the Democratic Party. In 2009 Republican Senator Jim DeMint from South Carolina, arguably the Senate’s most conservative member and ally of the Tea Party movement, published his book *Saving Freedom: We Can Stop America’s Slide into Socialism*. The historical fact that the US government owns little of the instruments of production does not preclude Republicans from playing the socialist card in populist politics. In Republican rhetoric, according to Thomas Frank, socialist is an epithet for “liberal,” for deficit funding and for social security (*Fairy Tales*).<sup>42</sup>

### *America, Realized Utopia for God's Chosen People*

The French writer Jean Baudrillard in his 1980s travelogue on the United States argues that America is a concept of a land where the end of history has already happened. In 1834 the French aristocrat Alexis de Tocqueville published his work *Democracy in America* after visiting the eastern United States for a nine-month journey in 1831. Tocqueville praised America for its religion and individual liberty. Baudrillard's work figures into this literary tradition of French writers visiting the United States to witness the freedom enjoyed by God's chosen people.<sup>43</sup> Baudrillard argues that America's individual liberty enjoyed by the average civilian forms the globe's imaginary core: "The Americans are not wrong in their idyllic conviction that they are at the centre of the world, the supreme power, the absolute model for everyone[...]built on the idea that it is the realization of everything the others have dreamt of" (*America*, 77). The rest of the world strives to imitate the model of America's middle class consumption, the most successful form of social control to date.

America, according to Baudrillard, is the world's only "utopia achieved" (*America*, 77). This is a "paradoxical idea" because utopia means no place, so a utopia cannot technically be realized in this world. Baudrillard's point, however, is that the "defacto freedom" that is believed to exist in the United States means that America is the closest place there is to a society on earth where history is over. A utopian space is a "moral sphere." America's genesis owes to a "moral revolution," an idea Baudrillard develops from Tocqueville, who marvelled at the role of religion, mores and morality in America (88). In this sense, America is founded on a "Puritan model"

because the European pioneers were motivated to “create an ideal world from nothing.” Where Europeans idealize reality, Americans make concepts become reality. Even materialism in Europe, Baudrillard notes, is an idea compared to the real materialism of the US consumer society. Perhaps the idea most central to the US utopia is that America’s “original situation” creates a liberty that is a “concrete reality,” rather than an idea, because it is “flexible,” “spatial” and “mobile.” America’s “break with history” and tradition makes its brand of modernity “original” “eccentric” and “radical.” This condition leads Baudrillard to infer that America’s culture is actually uncultured, because there is no regard for history or tradition; US culture is a simulation of culture, a “perpetual present of signs” (76). The signs of affluence simulate the material progress of US capitalism. In the place of the greater democracy Americans have the signs of affluence. While Baudrillard and others celebrate the flexibility of American liberty, beneath this simulation of progress by consumption the culture of austerity can be found.

Consisting of individuals and households, of Wall Street and Main Street, America is best understood, according to Baudrillard, as a realized concept. As the economic model of free-enterprise, the neoliberal utopia, America is where taxation is regarded as a limit on liberty and charity is regarded as a public virtue. A naïve belief, the optimism of positive thinking, found in America is itself taken as proof that this is the land of world history's end. Yet what remains after Walmart consumption? What the Democrat Obama called the audacity of hope, his campaign slogan “Yes we can!”, is proof that in America a pragmatic attitude wins over the negativity of critical dissent. Celebrated by its patriots as a land unrivalled in the global imagination,

America attests to a place where the commitment to individual self-sufficiency is unparalleled, which includes letting people disappear from the middle class when the economy sheds eight million jobs as it did in the Great Recession. Unlike social democratic Europe, such as France, America is the land where the liberty of the individual is privileged over the responsibility to the national collective.

In US political rhetoric, or ideology, the ideal of “rugged individualism” is contrasted with the threat of “big” government. In the Republican party, right-wing conservatives are among the loudest voices stressing the importance of self-sufficiency, and often in the name of individual liberty. The conservative right, therefore, promotes a classical liberal ideal, what the political economist C.B. Macpherson called “possessive individualism.”<sup>44</sup> In the event of involuntary unemployment, a rugged individual moves in with in-laws, rather than collect an unemployment cheque. In America it is entirely possible for a rugged individual to simultaneously denounce the idea of a central government and yet revere the military state, for many Americans remain anti-statist while intensely patriotic in their love of country.<sup>45</sup> The rugged individual endorses the free-market over the government hand-out. Poor Americans are often vocal opponents of big government and state intervention into the economy. The pride of self-sufficiency even precludes some poor Americans from seeking out government assistance in times of need. Americans believe that their national freedom is the global exception, with their formal individual liberty far exceeding that of other countries. Even America’s poverty can be taken as proof that the nation’s model of liberty offers the final say on the best of all possible worlds.<sup>46</sup> In America liberty is conceived of in moral rather than political terms, which

means that the great silent majority President Nixon identified represents the end of all human liberty. Social equality is a political phenomenon not measured by life's results, as with the distribution of wealth, but by the beginning circumstances. Any individual can pull oneself up by the bootstraps instead of relying on government. By this right it is impossible to imagine human freedom beyond what America has accomplished, where even the poor can desire to live in a country where the core ideological maxim that the wealthy must get wealthier. Many Americans believe they can respect their nation's unique liberty by holding the same conservative values that protect the system of economic exploitation.

In America the right to individual liberty is interpreted to mean that the purpose or end of all market activity is self-interest. Free enterprise, the belief in the unlimited right to accumulate private property, is thought to be the core belief securing American liberty. The classical liberal right to private property is upheld as natural, self-evident and absolute, what is called general exchange. Capitalist growth requires credit liquidity, the expansion of the money supply, which explains the bourgeois subject's dominant economic interest in business, moneymaking and wealth accumulation. Business is the religion of America. Hence liberty in America is informed by the interest of the business subject, for the individual's unlimited right to private property is believed to drive the progress of the globe's "promise" land, what Ronald Reagan called the city on the hill. Whereas the household's conservative tendency to save money requires self-discipline, the American model encourages consumption that is believed to undermine the moral authority of accumulating wealth that is earned by not spending it, a much more difficult task. Downward pressure on

wages ensures that a segment of households remain dependent on consumer credit just for economic survival.

The mythology of rugged individualism entails the belief that the point of America's free-enterprise, as the world's neoliberal utopia, is to free wealthy Americans from their obligations to state and labor. The political economist Karl Polanyi argues that historically people seek the social protections of government from the violent instability of free-market exchange, what he calls the social disembedding of the international market economy (74). The idealization of liberty in American mythology means that even poor Americans believe in the right of the wealthy to freedom from the restraints of the liberal democratic welfare state. Two of the central tenets of conservative American's concept of liberty are patriotic love of country and independence from government assistance. An American should strive for total self-reliance, even though capitalist markets make self-sufficient individuals wholly dependent on others on the general exchange goods and employment. The absolute nature of the neoliberal's disdain for state intervention into the market economy implies that government regulation of capitalist markets is only hypothetical, not a concrete reality, what Marx called an instrument of coercion of class struggle.

The American people's appetite for individual liberty is believed to drive the growth of US free enterprise, but the right to private property means that the commodity exchange of US capitalism generates the historical conditions for rapid social progress as well. Marx and Engels saw this contradiction of the capitalist market economy as the motor of class struggle, the dialectical progress of modern history. In late capitalism, the market activity of general exchange is believed to have

rendered history obsolete, as with Henry Ford's famous remark that "history is bunk." Capitalist exchange produces constant flows of social change. However, many Americans desire to see America remain the same as its past. This nostalgia for conserving America's yesterday can be found in largely rural Middle America, where Main Street USA is perceived to be rapidly disappearing in small towns. Conservative rhetoric acknowledges the desire to protect rural culture and to preserve tradition from the progress of historical change. The Republican Party is the two-headed coalition representing the competing interests of business and of cultural conservation. Republican conservatives serve as the political leaders of the counter-revolution. Journalist Thomas Frank argues that "the leaders of the backlash may talk Christ, but they walk corporate" (6).<sup>47</sup> The same party advancing legislation favourable to the corporate sector reproduces the code of the conservative backlash against the emergent liberal forms generated by market activity. As the world's realized utopia, US capitalism opens the bottle of individual liberty while the social conservative seeks to put the cork back in.

### *America, End of World History?*

"America," Hegel remarks in his lectures of world history, "is therefore the land of the future, where, in the ages that lie before us, the burden of World's History shall reveal itself—perhaps in a contest between North and South America" (86). Probably Hegel did not have the communist scare in Nicaragua or the US War on Drugs in Columbia in mind when he spoke of America's future contest with the South. Late in Hegel's time, but early in the Nineteenth century, US foreign policy developed

under President Monroe's doctrine of ending the growth of European colonies in the Americas. In Hegel's schema of world history, the phenomenon of equality is a product of the archaic state found at history's beginning. The phenomenon of individual liberty found in the bourgeois legal-political of the modern state was bound up in the revolutionary wars in the United States and France. According to Hegel it is subjective liberty and not equality per se that explains the moral authority of the West, which he designates with the modern development of Western Europe. It is the individual liberty of modern European liberal democracy that attests to world spirit's development via the state, from the ancient East to the modern West. The autonomy of the individual develops primarily by way of the subject's moral education, most notably the family, and moral persuasion comes to replace the reliance on external force. Hegel argues that subjective liberty, not objective equality, is unique to history's end. Where at history's beginning everyone is equally poor and the sovereign alone is rich, everyone is formally free before the law in the modern West.

Late capitalist hegemony marks the end of history in America because the model of US capitalism is believed to be the freest of free enterprise by the world's freest people. Especially when compared with European social democracy, a fetter on free-market, the model of US capitalism presents the future road for less-developed capitalist nations to follow.<sup>48</sup> While Hegel identifies European civil society with the end of history, Fukuyama argues that bourgeois capitalism represents the final mode of world historical development. While Marx prophesized that capitalism would be outmoded by socialism, Fukuyama famously proclaimed that the collapse of the Soviet Union meant that Marx was wrong and that liberal democratic capitalism would be the

final model of world history. Representing the future of liberty and believed to be the home to the world's only classless society, where no one single individual is above the rule of law, America signifies the absolute end and whole purpose of world history. There is nothing left to be said after the victory of US capitalism, except to send Walmarts around the globe, exporting the model across the world. In America, the discourse of the individual's right to shop in America supplants the European collective right to social security, and therefore the belief in the freest enterprise curtailing the European belief in state entitlements at the end of history.

Fukuyama argues the West's model of liberal democracy can be explained by the citizen's rational desire for equality with fellow citizens over the individual's irrational desire for personal status (*End*, xx-xxii). He maintains that liberal democracy can be gradually refined, but it cannot be surpassed and thereby constitutes history's final political form as the culmination of world historical development: "While some present-day countries might fail to achieve stable liberal democracy, and others might lapse back into other, more primitive forms of rule like theocracy or military dictatorship, the *ideal* of liberal democracy could not be improved on" (xi). In keeping with this grand end narrative, the fall of the Soviet Union is an event believed by conservatives to signify not only the end of world historical development, but also the victory of liberal democracy and free markets against the related social democratic mutations of European socialism, Marxism, and trade unionism: the socialist utopia. The democratic character of American mass consumption is contrasted with the evil of big government.

Accompanying the idea that late capitalism is the end of world history is the concept that the progress and achievements of the modern liberal democratic state are reversible. Baudrillard in *Illusion of the End* argues that the prospect of reversibility accompanies the idea of history having an end:

At some point in the 1980s, history took a turn in the opposite direction. Once the apogee of time, the summit of the curve of evolution, the solstice of history had been passed, the downward slope of events began and things began to run in reverse. It seems that, like cosmic space, historical space-time is also curved. By the same chaotic effect in time as in space, things go quicker and quicker as they approach their term, just as water mysteriously accelerates as it approaches a waterfall. (10)

The idea of reversibility concerns of the future of the neoliberal utopia involves the undoing of the past achievements of the socialist utopia: "We are faced with a paradoxical process of reversal, a reverse effect of modernity which, having reached its speculative limit and extrapolated all its virtual developments, is disintegrating into its simple elements in a catastrophic process of recurrence and turbulence" (11). He continues by stating the terms of reversibility: "This is the problem: is the course of modernity reversible, and is that reversal itself irreversible?" (13). Certainly the decline of the American trade unions attests to the reversal of the country's liberal democratic tendency, as does the dismantling of the liberal democratic welfare state. Where America represents the land of freedom for all, the post-Fordist reversal of

Fordist gains is a troubling development, where industrial democracy in the workplace is wholly replaced by consumer choice at the shopping mall.

### *America's Consumer Democracy*

In the postwar era America's consumerism was the envy of modern world. Where in France and England consumption had been the exclusive right of the upper class, in America this was no longer the case, where millionaires ate "cornflakes and hot dogs" (McLuhan 198). Where in Europe culture had strictly demarcated class lines, in America everyone dines out for a hamburger meal. In the United States the people enjoy discount consumer luxuries and believe that they are among the global elite who enjoy the same excesses of the French nobility. US free enterprise is devoted to liberating consumption from the taxes of the social state, with the corporation's commitment to freeing America from government. In this sense, America is the future of the post-historical world. However, the global circulation of the American model of consumer democracy Eastward means the Americans no longer retain their exclusive right to the Wal-Mart culture. The consumer society absorbs the marginal savings earned by the disposition to conserve. "Our society", writes Baudrillard, "thinks of itself and speaks itself as a consumer society. As much as it consumes anything, it consumes itself as consumer society, as idea" (*Consumer*, 193). In his earlier study of consumption, Baudrillard identifies how the sheer abundance of consumer flows in the supercentre reinforces the belief in the democratic end of Walmart's hegemony:

For even if abundance is becoming a banal, daily fact, it continues to be experienced as a daily miracle, in so far as it does not appear to be something produced and extracted, something won after a historical and social effort, but something dispensed by a beneficent mythological agency to which we are the legitimate heirs. Technology, Progress, Growth, etc. This does not mean that our society is not firstly, objectively and decisively a society of production, an order of production, and therefore the site of an economic and political strategy.

But it means that there is entangled with that order is an order of consumption. (*Consumer*, 32)

On Main Street USA the "blessings of consumption" "are experienced as a "miracle" (31). They are not regarded by the middle masses as "something won after a historical and social effort" as with trade unions and the labor movement. The market processes of work and production cannot alone sufficiently explain the bounty of America's consumerism to the satisfaction of the individual and from the perspective of personal liberty. America's consumption is explained by a belief in the patriarchal gesture of captains of industry.

The mystery and enchantment of commodity exchange elicits an irrational love for objects, what Marx calls commodity fetishism. The allure of consumption overwhelms the strategy of conserving and building savings. The desire to consume deterritorializes the conservative plea to save. While Baudrillard in the above excerpt concedes that society remains an "order of production" this is a position that he would soon depart from in his subsequent study critiquing the model of Marxist political

economy (Ritzer 3). Baudrillard's theoretical combat with Marx and Marxism, particularly Althusser, in *The Mirror of Production* attests to how capital eliminates labor from the model of production. The rise of media speculation in financial markets signifies how profitability has become detached from the real economy of wages and benefits. The cycling out of labor in capitalist exchange by capital is expressed by the code of political economy. Value can only be recorded in this code that is praised as the model for all social systems by the conservative right. Marx argued that capitalist exchange operates via its own reality principle, the profit motive, in accordance with its own immanent laws of exchange value. Baudrillard develops the idea of capitalist hegemony into the reign of the code, which, he argues, grows to exceed the strict limits of the capitalist's control. Even the idea of democratic control appears outdated. In late capitalism, the consent of the masses to capitalist hegemony is manufactured through self-referential circuits of legitimization of the mass media. According to Baudrillard, the endless polling and voting performs "*le travail du négatif*" of the subject on our behalf and instantaneously no less (*Illusion*).

### *The End of US Production*

In America capitalist accumulation constitutes the final stage of world history's economic development. The business-subject's desire is the 'end' of market activity, and yet even in the world's wealthiest country the vast majority of people must work to survive. Capital seeks its liberation from moral obligations to the public welfare of the social democratic state. Corporate social responsibility, corporate charity and trust funds run in perpetuity are upheld as proof of government's waning

role in twenty-first century America. The logic of production in US capitalism, the appropriation of surplus value from labor power, has given way to the exchange of money with money on Wall Street, what is called financial speculation. Baudrillard argues that finance speculation has come to occupy the central activity of profit making in capitalist markets, to the degree that value realized by the exploitation of labor value can no longer explain the entirety of the global market's growth. The uncertainty of the markets over the future of high rate short-term investments has displaced the certainty of long term investment in industrial production. Although just over two-thirds of the economy is a result of consumer spending, the growth of the financial sector since the 1980s means that volatile stock market activity sends shock waves into the real economy. As with the Great Recession of 2008, the deflation of the subprime mortgage housing speculative bubble was an economic catastrophe for millions of Americans who lost their houses. The cooling of the hot money in finance speculation saw over eight million Americans lose their jobs.

The mutation of bourgeois capitalism into monopoly capitalism has historically required heavy state intervention into the free-market to balance the hyper-efficiency of capitalist markets in rewarding the winners and punishing the losers. The breakup of J. B. Morgan's Standard Oil by an act of Congress early in the Twentieth century is an accomplishment that seems almost unthinkable early in the twenty-first century.<sup>49</sup> In fact, it was the Democratic President Bill Clinton who presided over the dismantling of the Depression era banking legislation that prevented commercial banks from engaging in the speculative activity of stock market investment firms. The Gramm-Leach-Biley Act was introduced by Senator Phil Gramm, the same

Republican from Texas who earlier had denounced fat people for their poverty. The repeal of the Glass-Steagall Act, however, would later figure prominently in exacerbating the housing bubble bust and the sub prime mortgage crisis of the Great Recession. Unleashing the banks from boring Depression era legislation reinforced the role of speculation at the core of the US economy.

The use of automated production and offshoring of industry to end US production does not, however, mean the end of work. Even while jobs are eliminated by the technological development of automated production, the need for employment only appears to increase. The end of production means that people struggle over fewer jobs, work longer hours, and in many cases stopping only to eat and sleep. Late capitalism grows by general exchange. Speculation in investment directs capital away from creating jobs for working people in economic production. The real time circulation of information provides the simultaneous basis for market speculation, channeling hot money after the short-term high-return profits, which ultimately is destabilizing for the everyday working person trying to plan for long-term goals, such as education and retirement. The achievements of the global assembly line in the automobile industry, truly impressive as they are, now appear meager in comparison to the trading value in corporate mergers and acquisitions. For example, the global corporate bond market is fourteen times the size of Wall Street. The sales of products and services, the so called real economy, are encompassed by the corporate activity of buying and selling companies and speculating on the value of future business opportunities. Private corporations seek to diversify their risk as a measure against unforeseen economic downturns by investing their stock market value into ownership

in other corporations and into business ventures. Hence, in late capitalism the scale of speculative wealth, so called paper wealth because it exists in estimates in value on corporate ledgers, far exceeds the circulation of real tangible currency, let alone the stores of precious metal such as gold believed to be an objective measure of value. According to the stock market's mode of evaluation, capital generates wealth not by mixing with labor power, but by exchanging with itself for a possible future opportunity to mix with labor, without any reference to the role of labor power in producing value, almost as if work has no place in the image of capital.

### *Real Crisis, Virtual Crisis*

Baudrillard introduces a conceptual distinction between a real economic crisis and the virtual catastrophe of the mass media. For Marx and Lenin the crisis of overproduction of the commodity constitutes a limit on capitalist growth. The efficiency of automated technology reduces the demand for labor. Technological unemployment ensures that the demand for consumer goods falls short of the supply of buyers. To account for this condition, the English economist J.A. Hobson identified the crisis of overproduction as a problem of underconsumption. When we think about a real economic crisis, the image of an economic depression comes to mind. Baudrillard argues that in the media code of crisis the virtual catastrophe reigns.

The ontological difference between the real and the virtual economic crisis is illustrated by his comparison of the 1929 and 1987 stock market crashes. The 1929 market crash protracted into the Great Depression, perhaps the most severe economic crisis in recent memory. The classical liberal approach prevailed during the Great

Depression when regulators left the money supply of the free-market to violently contract inward, regardless of the suffering. The belief was that if the money supply was allowed to contract back to a ground zero, then all the subsequent economic growth would be devoid of bad investment plaguing capitalism. The downward spiral resulted in a severe credit crunch, which saw business investment trickle to a near standstill and millions of workers join the unemployment assistance lines. The goal was to find the true bottom of the economic cycle, in the belief that wealth destruction would cleanse the economic system of its inefficiencies. Tight monetary policy ruled the day, and the violent contraction of the money supply restricted access to credit. The Federal Reserve's monetary policy contracted the money supply by a third before the pain of economic austerity resulted in a popular backlash. The conservative's utopian fantasy of creating a New Jerusalem by contracting the money supply to bring an end to America's reliance on foreign owned debt had serious social consequences. The resulting deflation meant as prices fell the unemployment rate rose steadily from 1929 to 1933 from three to twenty-five percent. The suffering of the capitalist crash was seen with mass unemployment and business failures: bankers jumped out of high-rise office buildings; the jobless rode trains across the country; bread lines emerged en masse; families scrimped and saved to make ends meet; unemployed workers formed demonstrations and parades; workers stood on sidewalks holding signs "will work for food." These images capture the suffering of a generation and form the imaginary core of the catastrophe brought on by the conservative demand to not spend money to ensure other people's minimal social security. While the US capitalist economy spiralled into oblivion, the search for the ground restored confidence in the

conservative belief that any future economic growth would be deserved. This event would impart the lesson of underconsumption to capitalists who pulled down the economic system along with their descent from the upper class.<sup>50</sup> In the aftermath of the economic destruction, the mood of the masses was not positive enough to grow the economy, and the gilded twenties gave way to the tight thirties, with only the Second World War drawing the global capitalist economy from its glut. Had the conservative fantasy of contracting the money supply been allowed to continue, economic recovery would have exacted even greater suffering from ordinary Americans before a war economy came to relieve the destitution of economic depression. In the United States, where the modesty of President Roosevelt's New Deal would fail to raise the national recovery, the world war would rescue US capitalism from its long doldrums. F.D.R.'s short-lived New Deal rescued the free-market from collapsing under the laissez-faire ethos of leaving it alone; only socialized production and centralized planning in America saved US capitalism from the bleak austerity of capitalist markets.

In Baudrillard's theoretical analysis, recent market crashes when compared to the Great Depression appear more virtual than real. When compared to the standard of an economic depression, the economic recession is propagated by the mass media in terms tantamount to a depression. While the effects of an economic recession are real for the jobless, the mass media's exploitation of an economic recession to sell newspapers and television commercials makes it a virtual or fake crisis when compared to the 1929 stock-market crash. Baudrillard's example in *The Illusion of the End* is the 1987 Wall Street "crash." After the 1984 bailout of the Continental Illinois National Bank and Trust, the US federal state had bailed out the Savings and Loan

Industry in 1987 at the cost of \$123.8 billion in public funds (Harvey, *Short* 133).

However, while the Eighties and Nineties were beset by a series of related economic crises, they were integral to capitalism's subsequent growth, for the 1987 crisis was soon followed by a relatively quick rebound and recovery in the stock market rally. The fact that it took years for employment levels to resume their former levels means little or nothing to the capitalist class. Baudrillard argues this typical crisis to capitalist growth was easily overcome and illustrates that late capitalist crises are more virtual crises than real near systematic collapses. Since the fall of 2008, the current economic recession was named the Great Recession and was described as the worst economic crisis since the Great Depression. However, the stock market recovery could not create anywhere near the employment required to absorb the eight million Americans who became unemployed during the downturn. The jobless recovery, therefore, attests to Baudrillard's theoretical point that labor power is increasingly insignificant to late capitalism. How can the economy be out of recession if millions are still unemployed? Both the Great Depression and the Great Recession as events in their time were discussed as crises of confidence in the capitalist market's perpetual growth. However, when the Great Recession is compared to the stock images of the Great Depression (bread lines, mass unemployment, train hobos, unemployment parades and demonstrations), the impacts of the Great Recession (foreclosed homes, lines for jobs) rendered the crisis to appear more virtual, a mass media construction, than a real collapse of the capitalist economy. In this sense Baudrillard's use of simulation suggests the economic recession is a social form of deception, because capitalism beset by perpetual crisis does not end in a big meltdown.

A televisual rather than a historical event, the market crises of post-Fordism, in Baudrillard's terminology, are distinctly non-events without a conclusion. The capitalist economy should meltdown but it emerges stronger and more convincing than ever. With Baudrillard's line of analysis in mind, one could assess the current Great Recession along similar lines. The desubstantialization of reality by media images of crisis means that the images of the Great Depression convey the lack not conveyed by the images of empty houses in the Great Recession. When the quantity of the sub prime mortgage crisis was still unknown, in January 2009 US President George W. Bush, in an act of bipartisanship between the Republicans and Democrats, committed another \$150 billion in a fiscal stimulus package. After a period of volatile market activity, banks were estimated by then to have written off \$130 billion in losses. By the last forty days of his second term, Bush, at the advice of Secretary of Treasury Henry M. Paulson Jr. and Head of the Federal Reserve Ben Bernanke, called on Congress to quickly pass the \$700 billion bailout. The one trillion dollars in sub prime mortgages required the US state socialize most of the bad debt to lessen the effects of financial contagion. After causing the crisis, the banks themselves became the obstacle to recovery, refuting the need for any substantial banking reform. The austerity of the bank's hoarding of money, not lending and restricting lending conditions, in a bid to recover the losses of bad debt, would ultimately defer the economic recovery. The tightening up on the circulation of credit by banks following a period of monetary liquidity when banks lent money on a "don't ask, don't tell" premise attests to a problem of too much anality too late.

While the abstract losses to the US economy in the subprime housing crisis appear staggering, with nearly one trillion in housing equity lost, the dimensions of the global market are expected to easily absorb these losses in time, even if a full recovery is an estimated decade away.<sup>51</sup> In the midst of the mass media coverage on the non-event of the Great Recession, the economic system appears to be breaking down, but this panic does not culminate into an event like the Great Depression or a worldwide socialist revolution. In an ironic twist of world history, the capitalist economic crisis is more a parody of a depression, as per Baudrillard's theory, because the first measure of economic recovery was how quickly could Obama get Wall Street's investment bankers their large bonuses. It were as if the whole point of rescuing the economic system was to reline the pockets of the financial elite as soon as possible. While the banking sector, the most central institution of the capitalist system, was willing to socialize the risk of investing, when the collapse of the banking industry's subprime mortgage scam triggered the Great Recession because of the banks, no corporate heads would roll down from scaffolds on Wall Street. The people would get angry over the bailouts but there was no serious movement to make the financial elite pay; it is only money after all. President George W. Bush approved a billion dollar bailout but did not yield in his free-market conviction. Baudrillard's point is that according to Marx global markets should meltdown in the course of these crises, but they do not. It appears as if the mass media reports of economic catastrophe were just an effect of exaggerated speech. Stock market losses are described in hyperbolic terms as economic meltdowns and catastrophes of financial contagion, but then the mass media

suddenly drops the narrative (like it dropped the Iraq War) and moves on to the next disaster.

The Great Recession saw the devaluation of commercial speculative value, i.e. paper wealth. The future expectation of poor economic growth means it is difficult to restore market confidence under these circumstances until the recession fades from the mass media long enough for people to forget what happened. In a market panic when investors seek real currency for their devalued shares, the uneasy feeling of loss can later deter investment as investors first wait for the signs of economic recovery to appear. The fear of economic contagion from financial bouts of capital destruction can deter economic recovery. Just exactly when a market recovery commences can only be officially determined after the market has already rebounded. Baudrillard concludes that the wealth of the stock market must be kept in a liquid state of permanent circulation. The virtual wealth of financial assets is so unstable, due to the violent fluctuations of the business cycle that it must be detached from the real economy to protect capitalist exchange.

### *Deterring the Inevitable*

Baudrillard proposes the strategy of deterrence to explain how global capitalism eludes an economic collapse. As we saw with the Great Recession, an economic crisis is not wholly resolved by government reform and the consequences of the failure to take action are displaced into the future. Baudrillard discusses deterrence as the following:

Deterrence is a very peculiar form of action: it is *what causes something not to take place*. It dominates the whole of our contemporary period, which tends not so much to produce events as to cause something not to occur, while looking as though it is a historical event. Or else events do take place in the stead of some other event which did not. War, history, reality and passion—deterrence plays its part in all of these. It causes strange events to take place (!), events which do not in any way advance history, but rather run it backwards, back along the opposite slope, unintelligible to our historical sense (only things which move in the direction of history [*le sens de l'histoire*] have historical meaning [*sens historique*]), events which no longer have a negative [progressive, critical or revolutionary] potency since *their only negativity is in the fact of their not taking place*. Disturbing. (*Illusion 17*)

The Great Recession presented an economic crisis requiring government intervention to deter the worst financial crash in decades. The former Goldman Sacks banker Hank Paulson acting as Secretary of Finance brokered a deal with President Obama for the US federal government to essentially lend money to Wall Street banks to save them from bankruptcy. Marx in *Capital* argues that the state is a coercive instrument of class rule. In the Great Recession the Wall Street Banks used the state to spot them cash in a credit crunch, a temporary shortage of the money supply. According to the ideology of the free-market, these banks should have been dismantled for parts like some many other failing businesses. Interestingly enough in America it was the conservative right at the vanguard of the popular movement against the bank bailouts. While government action in the ideology of the free-market is believed to only

worsen matters, the state serves as an instrument of class rule. Conservatives argue that only by confronting the great reckoning can a national economy acquire greater stability. Rescuing banks and savings corporations only rewards poor management, likewise with governments using public monies for job creation or topping up failing private pension funds. The fantasy of directly confronting the economic crisis without government support forecloses reality. If government did not seek to deter the worst effects of the business downturn, then the historical conditions for ideological contest with capitalism would return.

After the government finished lending money to banks, the financial sector resisted the implementation of legislation designed to curtail the dangers of speculation. Global capitalism generates crises to overcome and to emerge stronger, not weaker. With every market crisis fewer people believe there is an alternative to capitalist exploitation. The unresolved problem of capitalist market excess, a constant disequilibrium in the distribution of wealth, is perpetually displaced into the future. Old problems rooted in the struggle between capital and labor are not wholly resolved, but disappear, are deferred and overtaken by the newer pressing social problem of freeing the rich from taxes and labor regulation. Once a financial crisis bottoms out, corporate leaders combat the implementation of state regulation designed to stabilize markets from the demands of unfettered growth. In fact the US Congress passes legislation written by private industry, as with, for example, the pharmaceutical industry. Past resolutions to stabilize capitalism's tendency to crisis are committed to history's ideological dustbin, including Keynesianism and socialism, Fordism, balanced budgets and fiscal responsibility, and the monetary gold standard (Virno

111). Capitalism survives the populist demand for middle class prosperity by socializing the risk of financial speculation. Wall Street's excess risk is backed by the state's public debt. In the US, the head of the Federal Reserve is appointed, not elected. Hence monetary policy is steered by the needs of private enterprise. Manipulating the liquidity of a national currency against other global currencies by lowering interest rates paid for state bonds has facilitated deterring the reconciliation with the debt economy.

The neoliberal state's principal monetary strategy for deferring the crisis of a credit crunch is John Maynard Keynes' solution of using public funds to print money to pay for policy. Expanding the credit supply when in an economic downturn is made on the expectation that government action in the free-market can shorten a negative duration and lessen its impact. By devaluing the US dollar, the US Federal Reserve manages the duration of economic contraction by inflating the volume of currency in circulation. The lending rate is lowered and the terms of loans are lowered. Investors buy government bonds, offering little interest, to save wealth from capital destruction. In turn, printing US currency fuels the expansion of consumer credit and household. Personal debt encourages worker docility.

In a manic period the business cycle is forgotten as a relic of the past. This time it will be different. In the Great Recession the US government partly owned public firms in order to rescue the free-market from its self-imposed downward spiral. Government interference in lessening the depressive affects of a downturn is blamed for not letting the free-market work to maximize efficiencies and correct the crisis of overproduction. By not allowing the market to wholly bottom out, the consequences

of socializing risk are displaced into the future. A market meltdown is thereby averted by state action. When economic recovery commences, the call to rein in government and impose greater fiscal austerity can choke the recovery. Government's monetary policy rescues capitalism from the ravages of the market crash. The conservative fantasy of letting the market bottom out cannot be realized. The inherent instability of the business cycle requires expanding and tightening the money supply. A credit crunch follows a period of manic growth based on speculative bubbles when low interest rates fund market growth. The austerity of tightening credit flows is believed to combat inflation, the erosion of wealth, but not without further concentrating wealth.

### *Subprime Housing Crisis*

Home ownership is the definitive property relation for the middle classes of the American dreamworld. The family dwelling provides the ideal environment for the subject's moral development. The neoliberal discourse of individuals relying wholly on themselves instead of government overlooks the obvious historical truth that capitalist markets have rendered most private households dependent on markets for jobs, goods and childcare. Capitalism grows via socialized production. Given that capitalist hegemony implies the consent of the governed, the general perception that the middle class is growing is favourable, if not necessary, for securing US capitalist growth. Affordable home ownership is a large part of this illusion of the growing middle classes.

The toilet-training phase figures in the bourgeois subject's tendency to spend or save money. While the affects of this private household contest are assembled to serve the end of capitalist exchange, the dominant economic tendency of capitalist exchange according to Marx is the crisis of overproduction. Commodity production means production for others. Toilet training involves an early lesson in alienation, when the infant must give up the product, which is actually a byproduct of bodily activity, much like the commodity is the byproduct of mixing capital and labor. The contest could go either way. Should the child concede easily or not to the parental authority factors into the market division between savers and spenders. The body's most visible expulsion, regarded as the most visible byproduct of our material affect, is why the bathroom is a place of disgust and cleanliness. In television commercials the toilet—located in the most private of household quarters—is the site for combating our bodily nature. Household cleaners battle the demons of nature. The toilet prompts feelings of disgust that evoke habit formation of the unconscious. While this appliance's use value is self-evident, it cues the worry and fear of contagion. The most guarded place in the family home thereby forms the relation to the outside. Given that consumer credit is the virtual canal of late capitalism, upon which finance capital grows, the natural disposition towards saving and spending divides the conservative from the liberal in the imagination. The development of marginal greater tendency to save or to spend divides the republic into two nations of savers and spenders.

Private household consumption is estimated to make up more than two-thirds of the national economy, with the family household the privileged locale for the

ideological reproduction of capitalist beliefs. In Freudian-Marxism, the oral and anal stages of the subject's psychosexual development inform the imaginary relations making up the code of political economy. In precapitalist social formations family households are socially embedded, but the capitalist model commodifies the affect relations of the household. The private household is disembedded by market relations. In times of economic crisis, private households are encouraged to maximize savings, to renew their inner Eastern ascetic spirit, to combat inflation and the desire for rising wages. Inflation reduces the value of real wealth.<sup>52</sup> The belief in renewing the lost ascetic thrift is the message of the code of political economy for those who cannot afford what they desire or expend their savings pursuing it. Again, these significant increases in the household savings ratio actually defer recovery for a national economy based on consumer spending.

Mass-faith in the expansion of the American middle-class drives the American model forward. The subprime mortgage crisis is evidence of how relaxing strict lending standards drove capitalist growth. Yet home ownership under President George W. Bush has declined to low levels. Despite the thirty odd years of the stagnant wage, the value of household real estate increased at record levels, growing two to three hundred percent in thirty years of post-Fordism. Household ownership is the sign of American consumer democracy, but the affordability of housing has less to do with wages and more with lowering the terms and conditions of mortgages. Hence the limits to affordability of US housing are transcended by inflating housing costs. Housing becomes affordable only by granting credit to subprime (less than ideal) loan applicants, on less than ideal conditions, in the belief that housing prices can only

increase. Rising prices allowed homeowners to borrow against their asset's equity. Given the real estate industry largely derives profit by transaction fees and interest, the speculative risk of buying and selling adjustable rate mortgages was countered by the incentive of profiting from transactions. The sheer mania of this event meant the problem of market affordability is resolved by extending credit to the working poor, who borrow credit against inflating housing values. Upon renewal, these loans reset at less enticing rates. The new rate replaced the low introductory rate. In a falling market, homeowners were paying more than the house's market value. Escalading interest rates ultimately dispossessed homeowners of their affordable homes. When borrowers approached their lenders to renegotiate lower rates and were denied, many were left with no choice but to stop paying. Repossessed properties were auctioned off by banks for the value of the loan, which drove down the price of real estate. When capitalist labor markets do not allow wages to rise, the formal conditions for the crisis of underconsumption and the credit crunch are prepared. The problem of the affordability of US housing is far from resolved for a significant part of the US population, especially considering the Great Recession exacted 8.4 million jobs. The fear of hard times to come softens the public into accepting the terms of bailouts that inevitably concentrate wealth with the few with foresight to exploit the crisis.

Even in an age of unprecedented wealth, the working majority must do more with less. In times of economic crisis, when market confidence declines into depression, households are encouraged to save. Given that capitalism must grow ceaselessly, the intense reproduction of the code of political economy rescues capitalist markets from symbolic collapse. The majority's natural indifference to

economic matters evokes a backlash in messages proclaiming the imminence of economic collapse. The mutation of value beyond the confines of market exchange puts capitalism's dominance at risk. The more people become indifferent to capitalist growth, the more likely they become conscious of the post-capitalist future.

The global dimension of the market crisis illustrates that growth is viral. Systematic debt liquidation and capital destruction resulting from financial contagion cannot be contained to any one sector of the economy without spreading into others. A decline in market confidence leads lenders to tighten their lending practices, forcing clients denied bank loans to resort to high interest credit cards with rates that are non-negotiable. The credit crunch inevitably punishes those who rely on credit for survival and their need is exploited by lenders of finance capital, who charge high interest rates on loans with little collateral to seize. The mania of unregulated monetary liquidity gives way to a violent contraction of the money supply. Billions of public dollars are pumped into the economy when banks stop lending.

In late capitalism, the dialectic of capital and labor breaks up into criticism without actual resistance to market rule. Denouncing power, without actually opposing it, denotes the play of power and resistance in visual politics as the logic of the virtual catastrophe of the mass media. In late modern society, the expansion of a plane of simulacrum, simulating the consensus on the need for capitalist leadership, accompanies the decline of the organs of liberal democracy (Hardt 23). Paul Virilio equates the spread of the image system to the aesthetics of disappearance, and according to Baudrillard, no place exemplifies this aesthetic quite as well as does America.<sup>53</sup>

In a liberal democracy, the state provides the security necessary for market growth. When consolidating political rule, fear and panic, in the form of an internal or external threat, is arguably the best way for the capitalist state to manufacture consensus, and hence consolidate the legitimacy of political rule in order to restore market confidence necessary for growth. Capitalist markets require conflict to grow. Consensus on market rule, free-market fundamentalism, inhibits the ideological conflict driving market competition. Hence, in late capitalist hegemony, the propagation of fear of uncertainty, perceived or real, justifies violent market downward fluctuations and the later gradual upward recoveries of the stock market, when the winners of the crisis and the extent of the gains become known. Market “crashes” serve to funnel wealth up, not down, the social order. So while actual resistance to global capitalist rule appears to be diminishing, given that countries once formerly hostile to world markets are gradually no longer so (notably Russia and China), global and national markets still require conflict to fuel their expansion. Market successes produce secure conditions for diminishing ideological resistance to capitalist rule, but the growing global consensus on the virtue and inevitability of unquestioned market rule nonetheless requires new forms of conflict to fuel market growth—hence the role of the virtual catastrophe: violent, heavily mediated stock market fluctuations, facilitating the further upward concentration of wealth and power in the financial class and the corporate sector.

Arguably the defining feature of late capitalism is the global circulation of liquid finance capital, flowing in search of secure investment opportunities promising short-term high rate returns. The international movement of capital has dramatically

refashioned the earth's surface, perpetuating the de & re territorialization of the global economy. But investment monies always exceed sound investment opportunities, and capital must take root, become fixed infrastructure somewhere, by exchanging and mixing with labor. Hence, as Harvey argues, "the tension between the fixity (and hence the stability) that state regulation imposes, and the fluid motion of capital flow, remains a crucial problem for the social and political organization of capitalism" (*Condition* 109). The logic of late capitalist exchange as the mode of soft power is extremely empowering for owners of finance capital, but is alarmingly disempowering for those indebted by the violent course of its short flow: "What workers and communities see as destruction, the capitalist sees as creation" (Moody, *Injury* 12). The progress of the general flow of investment monies has no ends other than its own constant and perpetual expansion, that is, linear growth unimpeded by recession. The circulation of capital in columns on a ledger, all so one capitalist can own slightly more than his rival, while hunger violently persists in the globe's excluded zones. The circulation of finance capital controls the real economy of labor, for, as Paul Hirst argues: "The scale of economic activity no longer corresponds to the territory of the nation-state; it is global and transnational" (107). The kind of growth promoted by global capitalist markets is historic for the way in which it concentrates power in fewer and fewer hands (Moody, *Injury* 9). What this condition of late capitalism suggests is that the system cannot wholly change, despite mutating, much beyond the limit private property. Even reform threatens capitalist hegemony; in late capitalism, markets must be left free to concentrate wealth even further as a condition for even relative modest economic and social reform. In this way, the global flows of finance capital are said to

constitute an anti-democratic mode of organization, for their path of return must increase for the global financial elite before wealth can leak into other directions, that is, down the social order. Chapter three addresses how US organized labor in the mid-twentieth century represented a real opposition to the tendency of markets to concentrate economic wealth, but by post-Fordism, the collective forces of the US labor movement appear to be spent by the ravages of decades of unimpeded industrial outsourcing and anti-labor legislation.

Baudrillard argues that the modern inclination to preserve the past—to resuscitate it after it has died—is what constitutes America's break with history. The end of history does not mean that events will stop happening; events of minor importance are reported on the scale of world-historical events, but in the absence of any commentary stating their significance. For example, the US Congress spent much more time debating the influence of steroids in professional baseball than it did interrogating the Republican \$700 billion bailout, which it rushed to pass.<sup>54</sup> The refusal to see events in historical terms is the historical innovation to end all historical innovations, prompting events, he adds, to go on strike. The logic of capital's non-event is “history has disappeared[...]but also that we still have to *fuel its end*” (Baudrillard, *Illusion* 22). The so-called end of history is a simulated event. The significance of the ‘end’ is that events work out differently than intended (an objective irony Baudrillard says), but also the promise of an end is but a ruse of the image, much worse than if it were a ruse of power.

The paradox of late American capitalism is that the national economy has grown eight times in size since the postwar era, but Americans work longer and longer

hours. Business is the continuation of the war-machine, of soft power, for, as Marx argues, capitalism is the struggle over the division of socially necessary labor time. In post-historical lands, such as Japan and America, the capitalist owning class and laboring classes struggle over leisure time, with not the forty, but the fifty and sixty hour workweek a bragging right. Yet in the United States millions of Americans do not share in the market's prosperity, a byproduct of the business-class accumulating commercial paper assets by moving figures in columns. Since the 1980s, millions of high-value high-wage manufacturing jobs, the best industrial jobs in America, have been relocated by the US corporate sector to Chinese export zones, which are closer to labor camps by America's democratic standard.

In a nation of rugged individuals the disappearance of the household savings rate is thought to signify the subject's loss of the discipline to save, in a nation where financial independence is the ideal. In Asia, especially China and Japan, the strong savings rate projects an image of power and discipline. Hence the future security of American libidinal canals requires that China follow its liquid course. America still represents the image for all developed nations to follow. The Asiatic tendency to save must be broken and the Chinese must be transformed into the unconditioned response to spend. Such a transformation, though rapid and violent, is not accomplished by prison labor, but by the soft glow of media images bearing the future promise of material prosperity. In late US capitalist hegemony, it is the indifference, of what Baudrillard following Nixon's pronouncement in 1968, the silent, dark majorities, which have been unleashed by capitalist markets. These same majorities will turn back on capitalist markets and commit them to history's proverbial dustbin.

### **Chapter Three: The Rust Belt of American Fordism**

“We try to pay a man what he is worth and we are not inclined to keep a man who is  
not worth more than the minimum wage”

—Henry Ford

“The Ford empire was not a metaphor but a fact, not a sneer but a sociological analysis. Henry was more than any feudal lord had been, because he had not merely the power of the purse, but those of the press and the radio; he could make himself omnipresent to his vassals, he was master not merely of their bread and butter but of their thoughts and ideals.”

—Upton Sinclair. *The Flivver King: A Story of Ford-America*

“[Ray] Kroc [of McDonalds] adapted Henry Ford’s production line to the preparation of food. The 15-cent burger was his T-model.”

—Humphrey McQueen

The Manufacturing Belt of the United States during the early Twentieth century was the largest concentration of industrial production in the world. The American automobile industry it supported is unrivalled as the largest producer of middle-class prosperity in US history. The Northern states of New York, Pennsylvania, Michigan, Ohio, Indiana, Wisconsin and Minnesota collectively made up the industrial base of the country’s manufacturing sector. While Detroit served as the center of this Factory

Belt, what the American United Autoworkers Workers' President Walter Reuther called the "arsenal of democracy" in the Second World War, the industrial center of America has been hollowed out since the 1970s.<sup>55</sup> Where the Manufacturing Belt facilitated a wider distribution of wealth in America than ever before, since the break with the Fordist model, the disparity between the wealthy and the poor and the concentration of wealth have reversed the middle-class accomplishments of America's industrial democracy.

The neoliberal ideology espoused by Milton Friedman at the University of Chicago smoothes over the dismantling of America's manufacturing sector by global capitalism. The Fordist living wage of America's industrial democracy is gradually replaced by the austerity of Friedman's neoliberal utopia, where everyone suffers the harsh brutality of market exchange and the wealthy enjoy the wealth. Friedman was the Marx of the neoliberal counter-revolution, and Reagan was the Lenin to implement the prophet's revolutionary anti-statist program in the United States.

For America's economic royalty, the cost of industrial democracy to the corporation's bottom line. The dismantling of the industrial base by the corporate sector commenced in the 1970s, with America losing between thirty-two and thirty-eight million manufacturing jobs (Troy 30). In the three decades that followed, the "fat" of America's industrial democracy feeds corporate America's insatiable need for increasing capitalist growth. The conditions of economic depression since the 1970s have transformed the country's Manufacturing Belt into a Rust Belt. The middle-class living wage secured by union contracts has gradually disappeared, as the corporate sector has declined union recognition, torn up collective agreements and relocated

industrial production to business-friendly areas in the Sun Belt and abroad to Latin America and then en masse to China. In Detroit, whole neighbourhoods have been razed to the ground in the hope that the forest will return to reclaim the depressing blight of post-industrial decline. The demise of industrial democracy in the United States and the crisis of accumulation means that the decline of US welfare capitalism has accompanied the growth of corporate profits. American workers are punished by the austerity of neoliberal industrial decline.

The ideological resistance of organized labor to unfettered capitalist rule is believed by many to be the cause responsible for the country's industrial decline. The neoliberal reasoning goes that if there were no unions and US workers earned low wages, then US corporations would not have to relocate South and abroad, a logic that surely blames the victims of corporate restructuring for demanding the realization of the American dream. The freedom and prosperity of US industrial democracy proved too significant an obstacle to corporate growth. Renounced by the business press as a relic of a passing industrial age, fit for history's dustbin, the US trade union and its waning influence in American public life is taken for proof that the twilight of the historical struggle between capital and labor has arrived. The country's industrial decline manifests in the landscape of uneven geographical development, where the visual remains of industry can be seen in decaying infrastructure, such as abandoned factories. Imagined by the neoliberal business press as a socialist fetter to the free-market, the trade union is actually an apparatus of the capitalist state and is in decline in an age when limits on free enterprise are thought to be disappearing. In neoliberal rhetoric the concentration of corporate wealth is taken as proof of government's

growing irrelevance, despite the growth of big government. According to Michael Hardt, in late US capitalism, it is not the state that is withering away, but it is the "waning" of the liberal institutions of civil society, such as the trade union, that accompanies the free-market (23). In the United States, the business corporation's new found auto-immunity to unionization, as with Walmart, signifies the decline of US liberal welfare capitalism in the post-Fordist regime of insecure work: low-wages, few benefits, little job-security and no pension. The concentration of decision-making power and wealth with the managerial class of the US corporation was symbolically contested by trade union power and the measure of industrial democracy in collective bargaining. The post-Fordist regime constitutes a break with this social contract, with the corporate sector since the Reagan administration intensified the corporate sector's class war against working people. When contrasted to the mean-spirited policies of post-Fordist culture of austerity, Fordism appears as the high-point of US liberal welfare capitalism. The Fordist commitment to worker welfare gives way to the post-Fordist era of perpetual precariousness, when even in economic 'good' times corporations downsize while posting record profits. Post-Fordist capitalism rewards the wealthy and terrorizes everyone else with the fear of economic precariousness, joblessness, insecurity, poverty and homelessness.

### *Thanks Be to Ford*

Henry Ford, perhaps America's "self-made" man, became a leading captain of the American modern auto industry. This capitalist patriarch is remembered for his generosity. Ford's gift to his workers, the five-dollar a day, made America's mass

consumption the envy of the world. During Fordism America saw high levels of economic growth and mass consumption that was made possible by the model of mass production. Fordism is thought to exemplify the principle of sharing, because the Fordist wage is a living wage that is remembered for allowing millions of Americans to enjoy the fruits made possible by the generosity of this patriarch of welfare capitalism. Ford's social invention of the livable wage made consumption for the masses possible. This great change signified an end to the material scarcity experienced by the collective worker of Nineteenth century bourgeois capitalism, when the industrial masses toiled long hours, in dangerous occupations, lived in company housing, were indebted to the company store, and did not share in any of the fruits of industry, beyond mere subsistence. Survival was granted by credit, and credit was a privilege, not a right. In this regard, the high-wage industrial jobs of Fordism signify the building the American model of consumer democracy, where consumption for ordinary workers became the norm. However, it should be said that workers often were more radical than their capitalist patriarchs, and so the model of paternal capitalism would be undone by demands for greater industrial democracy. The model of American Fordism signifies the promise of worker middle class prosperity. Named after Henry Ford, the high-wage of Fordist model of mass production was made possible by the efficiency of the assembly line. The period of classical Fordism prior to WWI was much earlier and considerably shorter, but American Fordism is associated with the postwar boom, the golden age of US capitalism running from 1945 to 1973, the end of World War Two to the West's oil shock. The term denotes the general corporate strategy of US liberal welfare capitalism, whereby the corporation,

in exchange for worker loyalty, rewarded its workers with job security. The Fordist living wage afforded automobile workers at the Big Three companies (Ford, General Motors, Chrysler) the middle class lifestyle of consumption and income security.

American Fordism attests to the symbolic power realized by a leading patriarch of US welfare capitalism. Ford's wage signifies the gift made to the American working classes and the benevolence of the American capitalist's concern for the general welfare of the workforce. In the conservative right, wealth is not earned by workers, but is given to the worker by the capitalist class, as if labor had nothing to do with its creation. However, as David Harvey argues, there was a catch to Ford's gift of the higher wage: "Ford believed that the new kind of society could be built simply through the proper application of corporate power. The purpose of the five-dollar, eight-hour day was only in part to secure worker compliance with the discipline required to work the highly productive assembly-line system" (*Condition* 126). As Harvey writes, Ford's early form of welfare capitalism, achieved by the "proper application of corporate power" secured worker "compliance" and "discipline" required to meet the physical and mental demands of the assembly-line. One could say workers suffered from "Ford-itis" in exchange for gaining a small measure of material comfort. In exchange for a living wage, Ford's workers endured the speed-up of the assembly line, governed by the arbitrary power of bosses and foremen, who could fire workers at will for little or no infractions. So while Ford is remembered as a captain of US industry, the Fordist wage pleasant vision blindly ignores the discipline, surveillance and control exerted by Ford's managers, foremen, industrial spies, bullies, goons and security guards.

Ford experimented with social reform. There were conditions a worker must meet off the job should he wish to earn the Fordist living wage. The Ford Company set up a social work department and employed social workers to visit worker's homes to inspect their living conditions, As Ford's commitment to social reform waned, the Ford Sociology Department—set up to ensure worker compliance with Ford's morality—was replaced by a system of industrial espionage. When Ford's commitment to social welfare declined, Ford workers sought to uphold the Fordist promise, by joining the UAW, the last of the Big Three autoworkers to unionize.

In America the conservative right splits the world between free-enterprise West and the communist East. Yet this absolute division was betrayed by capitalism exploiting the socialist need for modern technology. Lenin's admiration of Henry Ford should, therefore, come as no surprise. Perhaps what is more confounding to the conservative right in America is the willingness of US capitalist firms to do business with the Soviet Union then as with communist China today. For example, during the 1930s Ford's architects could not afford to forego an offer to rebuild a model of the River Rouge industrial complex in the Soviet Union.<sup>56</sup> This technology transfer to a communist state in a lower stage of socialist development is symbolic of capitalism's own repressed capacity to mutate beyond conservative ideological rhetoric. Hence one should not pay heed to communist scare in conservative rhetoric. Ford's architects were not, however, later called to testify in Congress in America's postwar communist show-trials. The reappearance of the River Rouge in the Soviet Union symbolically attests to US capitalism's willingness to do business with the world's

socialist experiment, and so one should be cautious about blindly endorsing conservative rhetoric about socialism.

*Fordist America, that Shining Beacon on the Hill*

While Ford's gift of the five dollar wage in 1913 was an important development in the image of US paternal welfare capitalism, Ford's gesture collapsed under the pressure to capitalist competition. Therefore, the spread of economic growth in American Fordism can be attributed to the American trade union's growth, given that collective bargaining provided the mechanism for compelling management to spread the wealth. Despite Ford's endeavour at social reform, it should be no surprise that the generous patriarch of US welfare capitalism would be the last head of the Big Three automakers to recognize the United Autoworkers (UAW).<sup>57</sup> He is rumored to have openly contemplated to his wife that he would rather shut down his company rather than to cede ground and recognize the UAW.

The mass unionization of the Detroit Big-Three American automobile manufacturers—General Motors, Ford and Chrysler—by the UAW remains a significant accomplishment of American organized labor and a watershed event in the history of the struggle over industrial democracy in the United States. The UAW's entrenchment in the three companies and the formation of pattern collective bargaining arguably established one of organized labor's most visible achievements of American industrial democracy in the popular imagination. The centrality of the automobile to the American way of life explains the deep symbolic resonance of the autoworker in the collective psyche. The wealth created by the American automobile industry is

unrivalled, even by the technology sector and the building of the Internet, and the sharing of the automobile's surplus value with the UAW allowed its members to join the middle class. UAW members often belong to the aristocracy of the working class, because they enjoy favourable terms of remuneration when compared to unorganized sectors. The prosperity enjoyed by the American autoworker was proof that the American dream was real and that the promise of prosperity for all was growing. The gains realized by the UAW signified the power of the labor movement to challenge the company on many traditional frontiers controlled exclusively by management. Moreover, the labor movement's achievements in industrial democracy can be regarded for the way in which they uphold America's commitment to their liberal ideal of equality of all before the law. Some believe that wealth is so sacred that it should not be shared. Although we know the real cause of market growth was trade union resistance, the imaginary cause credits the benevolence of the capitalist class, as with Ford's virtuous character explaining Fordism, while unions are blamed for destroying free-enterprise.

The traditional control of paternal welfare capitalism practiced by management would also change once Ford's governmentality was exceeded by the workers' radical demands for industrial democracy and collective bargaining. Under the leadership of Walter Reuther, the postwar material gains made by the UAW remain the most visible accomplishments following the initial struggle for union recognition. After the first phase of the revolution, organized labor consolidated its ideological gains in capitalist hegemony by adopting a position hostile to the left (Gindin 121). Reuther's practice of

social unionism was not limited to rising wages, though he and his associates failed to convince General Motors to open the books.

With the UAW's ascent, the working class acquired symbolic power to back its economic gains. After all, in American free-enterprise power is one-sided, especially for non-unionized workers who have little to no bargaining power. However, the victories of what Ford II called industrial peace would enter into crisis by the late 1950s, the same period during which Sam Walton commenced building his free enterprise. The age of Wal-Mart, the subject of chapter four, would see the reversal of the Fordist gains and the implementation of an aggressive anti-union anti-worker corporate agenda. Walmart's expansion signifies a real limit to organized labor and reveals the social costs of the trade union's symbolic collapse in the immunity system of the collective worker.

### *The Trade Union ISA*

The role of the trade union in the labor movement channels the power of the working class into an organized front. In his important and influential essay *Ideology and Ideological State Apparatus*, the structuralist Marxist Louis Althusser advances a set of notes towards an investigation of ideology as a process without a subject. In what is perhaps his most consulted work, Althusser mentions the trade union in a short list of possible Ideological State Apparatuses (ISA) (96). By not developing the trade union ISA further in any great detail, the work of developing this particular ideological apparatus was ostensibly left to the Marxists. Arguably the central point he makes is that ideology does not form in a vacuum, as with the lone individual, but in a

collective apparatus. The process of ideology involves the reification, as Georg Lukacs would say, of a social relation into an entity (83).<sup>58</sup> The term apparatus invokes the role of discipline in an institution, an organized corporate body, and governmentality. Hence the trade union is an apparatus of the collective worker in capitalist markets; it is not foreign to capitalism, for modern trade-union consciousness is in fact an invention of capitalism, especially when contrasted with state socialism. Moreover, when viewed as an apparatus of biopower, the trade union is a social construct whose power is relative to much larger organizations, such as the business corporation.

The rhetoric of the US as a republic of free enterprise stresses the rugged individual and espouses the value of economic masterlessness of the petty producer class, the petit bourgeoisie. The conservative strategy of praising the petty producer as the ideal advances the counter-revolution, which seeks to reclaim the eroding territory of the traditional centres of corporate power, by privileging the virtue and accomplishments of the small business owner over the working masses. The bargaining power of the working class, however, by gradually organizing its labor and discontent into an apparatus of power, the trade union, curtailed the dominion of paternal welfare capitalism. The labor movement remains a real historical expression in the progress of liberty, because the ordinary workingman claimed a democratic right through struggle and ideological combat and in return gained liberty from capitalist lack. The collective organization practiced by the working class exceeded the established patterns in the frontier of capitalist control, that is, the traditional loyalty to benevolent paternal capitalism that was developed by captains of American industry. The small scale of bourgeois capitalism, petty producer, invested the people's faith in

future progress of America in the ideal of the small business. In this form liberty meant freedom of the individual property owner. Privileging the small business meant captains could hide the scale of corporate industry of monopoly capitalism behind the ideal of individual liberty and the economic masterlessness it signified. While claiming to practice the ethic of the small business owner of bourgeois capitalism, captains of corporate industry developed economies of scale that would centralize industrial production and they would yield power far beyond the scale of a small business.

The mass organization by radicals and workers into labor unions formed the "organs of struggle" in the immunity system of the collective worker (Rinehart 201). These democratic organizations represent collective interests by consolidating worker's demands. The labor union codifies the rules of engagement with management and identifies legitimate from illegitimate forms of collective resistance. The trade union bargains on behalf of the membership and thereby signifies the collective worker's consent to capitalist hegemony. Simulating the consent of the working class legitimates the capitalist war machine. While US trade unions are vocal organs in the struggle for social democracy, they legitimize capitalist hegemony as much as they contest it by reproducing the code of political economy. The logic of struggle practiced by the trade union assembles an organized base to contest the logic of unfettered capitalist accumulation. The right to bargain legitimates the consent of the working strata and union activity simulates the collective worker's participation in governance. The labor movement by contesting capital's accumulation of corporate power reinforces capitalist hegemony in the last instance. This absolute opposition of

labor and capital, however, overdetermines the distinction operating between them, by overlooking the fact that labor unions are not only immanent to capitalist markets, but have been lead in a conservative-rightist direction at the expense of its more militant leftist tendency. Moreover, the opposition of corporate capital and organized labor introduces the more obvious distortion in their scale of difference. For every dollar spent by a trade union, a business corporation spends one hundred. Hence, a relationship of equivalence ignores the fundamental difference in power between them by overlooking the difference in money and human resources. For this reason, the labor strike has become an event too potent to use, for it evokes business backlash much greater in magnitude.

American labor leaders serve as the head faces of organized bodies and embody the public voice of protest in the interests of the collective worker. While union leaders are denounced in the mass media as strike-happy radicals, this obfuscates the fact that workers can be more radical in their demands than their leaders. The business sector distorts language by calling union leaders union “bosses,” even though unions are democratic organizations when compared to the business corporation. In the American business establishment, labor leaders are portrayed as public enemies, who threaten the belief in the free-enterprise system, when in fact the labor union observes the same principle of massification found with the business corporation. Apparently a corporation upholds the free-enterprise, but when the same principle is enacted by workers, unions are fetters on the free-market. The business community charges the labor movement with advancing creeping socialism, while the formation of monopoly capitalism via the business corporation provides the relations

of centralized production in the factory. The business corporation socializes production but privatizes profit, surplus value, and socializes the risks of business unto the public. The corporate strategy for discrediting organized labor narrows the trade union to its leadership. In the mass media, the business community's war on organized labor portrays labor leaders as dictators, "bosses", imposing rule upon the membership. What this characterization overlooks is the obvious fact that a trade union is not an entity but a complex of relations between workers forged into a corporate body. Union membership is a social relation of an organized body. Admittedly not without their problems, unions are condemned in the mass media as anti-democratic, but are by far the most democratic of organizations, especially in comparison to the vertical command structure organizing the business corporation.

The dominant model in the history of American organized labor is business unionism. The trade union is viewed strictly as an organization guided primarily by the business model, with increasing revenue via dues the main objective. Viewed in this way, the union is a bureaucracy guided by its administrative needs. A business union derives its legitimacy from providing services to the membership, representing workers in disciplinary action, and making modest, largely symbolic, gains in collective bargaining. Membership dues constitute the organization's cash flow feeding the expansion of its organizing activities. The expenses of maintaining and building an organizational body must be managed. A labor union, therefore, seeks out unorganized workers to organize in order to expand its due revenues, much in the way a corporation seeks to improve profits, while providing little service in exchange. Given that trade unions are organizations, they are subject to the laws of corporate

governance, such as tax and labor law, and the officers must observe business regulations. In this vein trade unions only expand to feed their bureaucratic operations, but refrain from seeking to advance the interests of the collective worker via political lobbying. The AFL under Samuel Gompers exhibits the model of business unionism, with the objective of exclusively organizing the skilled trades, while leaving the unorganized to the mercy of the market.

The growth of the Congress of Industrial Organization's (CIO) industrial unionism from the 1930s to 1950s accelerated the birth of the American middle class, not only materially by stating the demands of the collective worker in overtly political terms. During this period the incorporation of the UAW transpired in a period of unprecedented labor unrest in American history. The class war in 1930s America is documented in media spectacles depicting violent pitched street battles between the warring factions of labor and capital. Only the war and the nationalist spirit tamed the growth of the labor movement. However, the end of the war was equally unstable, with 1946 the year with the most strikes on record. From the struggle for union recognition, the UAW would emerge as the front in the development in organized labor's social democratic tendency or social unionism, even though Reuther spent much time distancing himself from the communist tendency by expelling communist controlled locals from the union. Nonetheless, the UAW's struggle for recognition from the Big Three marks an important period in the American struggle for industrial democracy, which signified that unilateral corporate agenda was tempered by a measure of collective participation. While the unionization campaign was realized by workers undertaking plant occupations and wildcat strikes, acts of combat necessary

for advancing the cause of industrial democracy, the union leadership often was conservative by comparison to these displays of worker militancy. Often the union leaders were responsible for getting the workers to end their protest and to return to work. The automobile workers' demands often exceeded the ability of the trade union apparatus to mediate the conflict, which put the union leadership in the conservative position.

#### *Reuther's Reversal: From Gorky Ally to Red-Baiter*

Walter Reuther's rise in the labor movement illustrates the ideological reversal that accompanied the formation of the UAW. The son of German immigrant parents, from an early age Reuther was exposed to his father's loyalty as a small business owner and later a member of the brewer's union.<sup>59</sup> He set out at young age from West Virginia to seek work in Detroit, Michigan. A tool and die maker by trade, Reuther would work at Ford Motors before traveling to Europe with his brother. His return to the continent consisted of an eight and a half month stay at Gorky in the Soviet Union. Departing before the Stalinist foreclosure of the industrial revolution, the Reuther brothers returned home by traveling from the Near East through China and Japan. Upon their return, Walter Reuther rejoined the labor movement, this time at General Motors, during which time he played a role in organizing the struggle for recognition over the UAW. After his rise to head of the GM bargaining sector and later to the Presidency of the UAW, Reuther would lead the UAW in and then out of the CIO. During these years Reuther sacrificed his private life to the union cause.

Dubbed the treaty of Detroit, the 1950 negotiations between the UAW and General Motors set the course of pattern bargaining in place that proved crucial to union security. The peaceful coexistence secured by the 1950 agreement is recognized as a symbolic exchange demarcating the road not taken by American labor. Reuther demanded that GM open the books to public scrutiny. In public debate he questioned the employer's absolute right to manage. Yet the treaty secured at Detroit would measure the extent of American labor's ideological contest with the business class. The agenda of securing worker control over production was sacrificed in exchange for high wages and job security. Although the UAW did not come to lead the struggle over corporate managerial power, Reuther did challenge President Alfred Sloan of General Motors to join the struggle in Washington for socialized medicine. GM wanted no part in handing over corporate authority to government.<sup>60</sup> The agenda of continuing the struggle over the applied principle of managerial right would give way to the reality of securing material comforts in the postwar economic boom.

In the public theatre, the radical politics of the UAW and Reuther's characterized the social democratic tendency in American liberal capitalism. However, the struggle to gain union recognition required Reuther to combat the radical gestures in the UAW and the American labor movement. In the 1930s Reuther and other UAW lead activists waged ideological combat on two fronts in a bid to consolidate the legitimate base of the organization. The struggle for union recognition required an alliance in the membership against the employer. The organization of the laboring classes into a unified front, such as in the Flint Sit-Down Strike, proved crucial to developing the organ of industrial resistance. The perpetual hardship generated by years of economic

contraction radicalized the working class resistance to capital's accumulation. The inter-class alliance in working class politics contested the direction of corporate leadership in the crisis of downturn. The alliance of radicals and centrists would be undone during and following the formation of organized labor, especially the AFL-CIO, during the postwar boom. The end of the war economy meant employers required the structure of long-term planning and scheduling of mass production. An end to the ideological combat in industrial democracy was desired. The incorporation of the labor organization into capitalist postwar order meant the legitimization of dissent and the erosion of unquestioned corporate leadership.

The reproduction of legitimate dissent from ideological interference meant that the incorporation of the labor organ into capitalist hegemony required the symbolic foreclosure of continuing class struggle over the direction of corporate leadership. Labor privileging the cause of union bureaucracy meant the suppression of its radical tendency. Labor's participation in Washington's communist show-trials came at the insistence of the prevailing political winds. Walter Reuther embodies the particular instance of the contradiction at the centre of American labor. Renown for his willingness to publicly challenge the official corporate perspective on the needs of the American worker, Reuther's commitment to industrial democracy and social unionism, exemplar of labor's progressive character, required repression of the left. Reuther, perhaps the only American labor leader of his stature to participate in the worker's experiment at Gorky, would have to expel the union's radical tendency, in order to consolidate his leadership and to legitimate the organization. He would spend time battling communists and participate in strategizing their expulsion from the UAW and

plead with militant workers to end wildcat strikes and return to their jobs. The achievements of the UAW, an organization of multiple locals consisting of millions of members, cannot be limited to his sole tenure, but Reuther provided the head face and voice of the American automobile worker, as perhaps the country's only labor leader to grace the cover of Time magazine.

GM and the UAW are corporate metonyms of the automobile sector and constitute unparalleled expressions of the conjunction of American industrial capitalism and business unionism. GM was an early model expressing the power of corporate conglomeration, as at its height the firm constituted three percent of US GDP. For more than forty years, the saying that what is good for General Motors is good for America rang true. One in two cars sold in America were manufactured by GM. Detroit was the industrial center of the country, the arsenal of democracy according to Reuther, where migrants arrived expecting to make top dollar without learning a trade. This American way of life won by union power meant a measure of security that any citizen should have the right to believe in the promise of a better future. Industrial democracy meant greater prosperity for all. The idea that wealth should be shared remains a subject of great debate, but the fact is that the cost-saving measures practiced by the American corporate sector creates the lack necessary for state welfare. The UAW formed out of the limits of pure Fordism by realizing the gains of business unionism and the prosperity of pattern bargaining. For the lucky few, those who retained unskilled automobile work joined the ranks of skilled trades as the aristocrats of labor. The slow death of the Big Three American automakers has been unfolding since the 1970s, with Chrysler's near collapse.

### *The Way After Ford*

The gradual ascent of Toyota Motors to assume GM's position to the top suggests the end of the era of the American automobile way. Toyota's cash reserves, at \$126 billion, imply that GM's at \$6 billion would not be enough to weather the global credit crunch (and they were not). Toyota's strict regime of team management has attracted investment monies and resulted in billions of profits (\$26 billion), where GM with a massive industrial complex produces little (\$1.6 billion). Thanks to a government loan, GM suffers billions of losses in commercial paper assets; the firm sells 13 million vehicles, down from 15 million, and barely survives; the fall from its symbolic height in America's automobile consciousness in the media narrative of union decline attests to how industrial democracy is replaced by capitalist unilateralism and harsh paternal authority.

Whereas union recognition was an important part of postwar reconstruction, Toyota gained a competitive edge on the Big Three in America by undermining union participation with the paternalist substitute of team management. Toyota has exploited the idea of the corporate family with the end of outperforming their US rivals, though not without intensive corporate indoctrination. Japan's inspiration to shift from Fordist managerial practices was inspired by what Japanese corporate executives saw on their tours of the American grocery stores (Rifkin 99).

Since the 1970s the Fordist paradigm has accelerated in reverse. Kim Moody argues that the employer's post-Fordist structuring, especially during this time, is motivated not by ending the terms of the peaceful coexistence, but by the total

extermination of organized labor's role and influence in the production system: "This decline in unionization has had an inevitable correlate in a loss of union power in industry and society as a whole. The consequences of this loss of power are more far-reaching than the figures on wage deceleration suggest" (*Injury* 4). Moody further substantiates the effect of capital's transformation in *Workers in a Lean World*:

Millions of industrial jobs, many of them higher-paid union jobs, evaporated as industries like steel, shipbuilding, machinery, and automobiles closed facilities and reduced production capacity across the West. In the first phase of restructuring between 1974 and 1983 North America saw 8% of its manufacturing jobs disappear while Europe took an astounding 20% drop. (182)

The implementation of post-Fordist production realized greater losses in Western Europe than the US, explained in part by the fact that European workers had greater gains to lose, in what is perceived to be an ideological environment supportive of social democracy. American workers are grappling with the shrinkage of their industrial base, but the global economy is the sufficient cause for explaining the contraction of Fordist America, as global capitalist exchange seeks to dismantle the resistance of labor and the welfare state, both obstacles to the mandate of unfettered accumulation.

Post-Fordism is the reorganization of the structure and rigidity of mass production into the terms of flexibility and "just in time" production. The managerial strategy of teamwork developed and practiced by Honda and Toyota became the pattern for automobile industry and to a degree all sectors of the business community,

which seek out a competitive edge by realizing greater marginal gains from lean organization. The American model of mass production gave way to the regime of flexible accumulation discussed further with Wal-Mart in chapter four. The profit gains made possible by industrial automation have displaced millions of American jobs, though David Noble argues the costs of this capitalist strategy of replacing workers with machinery are not justified by statistics but by faith in progress.<sup>61</sup> Although the problem of technological unemployment is global in scope, the prospect of reduced American demand presents a new horizon in the future of US capitalist hegemony. In terms of the opposition between capital and labor, the shift from Fordist planning to post-Fordist flexibility signals the renewal of class war. The implementation of automated production, in conjunction with the hyper-efficiency of the Japanese model in America, means the crisis of unemployment grows.

The Japanese model of the team concept eclipses any belief in the opposing interests of capital and labor. Ideological dissent is not tolerated, as the discourse of the team-concept represses the principle of ideological opposition between management and labor. The antagonism of the production line is codified under the sign of company-worker corporate unity. The work relationship is redefined in the terms of a joint collective consciousness. Joint production teams of technical experts and assemblers work together to solve production dilemmas. Employees are encouraged to speak up and point out, criticize even, problems and to propose solutions in team talk sessions. The employees' contributions are valued, but the innovations of constant improvement are utilized by management to get rid of jobs. In the team-factory, all workers, regardless of their rank, can access information in the

company databases, which management promotes as a radical egalitarian arrangement. The corporate philosophy stresses the right of the employee to participate in discussing how to best to perform and organize work tasks. Production workers gain the right to participate in defining and realizing greater work efficiencies. The remaining production employees are encouraged to see themselves as active participants in the management of production. The code of the production team is presented in an egalitarian spirit.

The team concept of post-Fordist production is interpreted to mean that employees no longer need independent representation with the company, as with a trade union. In fact, union membership is regarded as incompatible in the post-Fordist corporate strategy of winning employee loyalty with the faux-equality of the team. Organized labor is expelled from the corporate team arrangement and the question of its labor's loyalty established by integration into the paternal supervision of the team concept. The intensity of the work and speed of the post-Fordist line is counterbalanced by the worker's greater responsibility and role in the company, meaning workers are pseudo-managers in addition to workers, without the real advantages of actual worker self-management.<sup>62</sup> Top-down hierarchy remains, though virtual worker self-management is celebrated and promoted by the corporate culture. Labor's tendency to worker self-organization and unionization is factored out of capital and labor's symbolic exchange by the "Japanese" team model in America, meaning the team concept in conjunction with the American model has factored out unionization by propagating the discourse of equality. Loyalty to the firm and the ethic

of constant improvement replace the dialectic of antagonism, as American workers come to identify with the way of flexible management.

Relative to the gains made by American labor with industrial pattern bargaining, the flexible way of the Japanese model in the automotive industry would require the sacrifice by the collective worker, with the weakening of the system of union resistance to the agenda of corporate restructuring. The symptoms of the regime of perpetual flexibility on the collective worker are many according to David Harvey: "Flexible accumulation appears to imply relatively high levels of 'structural' (as opposed to 'frictional') unemployment, rapid destruction and reconstruction of skills, modest (if any) gains in the real wage, and the rollback of trade union power—one of the political pillars of the Fordist regime" (*Condition* 149-50). Management's need for greater flexibility in production matters has required sacrifices from its workforce, with affective or emotional labor in the service sector the emerging trend. The indifference found on Ford's assembly line is replaced by the demands of affective labor, where worker identification with the corporate philosophy of like it or leave the governing reality principle. Since 1972 the trend to post-Fordist capitalism has the transformation of financial markets into "highly sophisticated systems of financial coordination on a global scale" and in "the search for financial solutions to the crisis-tendencies of capitalism" (*Condition* 193-4). The spread of the flexible model into other sectors is not explained by corporate managerial philosophy alone. The global financial sector directs company management to improve stockholder dividends with the objective of shareholder profitability outweighing all others. The industrial

reorganizing of global finance capital has resulted in millions of US union manufacturing jobs disappearing and reappearing elsewhere, in the South and East.

In today's Post-Fordist America, critics denounce the trade union as an entity antithetical to free-market growth, a relic of the past not be conserved for being too conservative towards the needs of capitalist growth. The right to union representation becomes a luxury the American collective worker can no longer afford. The remaining unionized skilled trades are thereby the aristocracy of the labor movement. American labor's historical decline is often explained by cheap imports, which displaces the cause from domestic causes of the alliance of US capitalist class and corporate management. The extensive implementation of automated production coincided with capital's renewal of class war. The corporate sector's implementation of automated machinery in the 1950s resulted in production gains realized by job attrition, and so with each year the US manufacturing realizes greater productivity gains with fewer and fewer workers, with the sector making up a smaller percentage of the overall economy. Not content with the gains realized by automated production, the corporate sector sought not the containment of organized labor but the destruction of this free-market enemy.

The dawning of the postwar world was a brief respite in US capital's war on labor. The terms of uneasy peace were symbolically unraveled as the dismantling of capital and labor's peaceful coexistence accelerated towards its end. This cooperative interlude was accompanied by the widespread introduction of automated technology in industrial production, at GM and GE, and was largely uncontested by organized labor (Noble, *Forces* 249). Technological unemployment paved the way for the renewal of

the corporate public relations campaign against the working class. Corporations sought to stem the bleeding of capital's relative decline, what Marx calls profit's tendency to decline, which had been exacerbated by the gains realized by organized labor in collective bargaining. Even in subsequent economic good times, the Eighties and especially the Nineties, business corporations would post record profits and claim that shareholders' demands for stock dividends meant layoffs still. The passage of state legislation by the US Congress, especially with Reagan's administration, designed to contain and immobilize American labor, has gradually eroded the material conditions favourable to union renewal. Curbing the growth of trade union power required rewriting the legislation to dissuade generations of American workers from organizing. Free-trade deals provided the framework for undermining labor's relative presence in the workplace. US capital's strategy of disenchaining the promise of unionization employed the illusion of deception as a strategy of warfare. The ideological gain by capital in reconfiguring the rules of the game was not simply to demoralize organized labor from going to war, but to end its reproduction, by annihilating the enemy and irradiating the labor organ in the course of capital's auto-immunity.

### *The Loss of Labor's Resistance*

The containment of capitalist objectives by the demands of workers' experiments in America's industrial democracy meant not only the erosion of capital's traditional power, of leadership and corporate management, but a reversal in its intended course of concentrating wealth with the finance class. In this respect, labor's

current historical decline is not, according to David Harvey, an "irreversible" course, for the "shift to alternative systems of labor control", as found with post-Fordist production, should be understood as a "rather traditional response to crisis" in capital accumulation and overproduction caused by insufficient demand (*Condition* 192).

Labor historian David Montgomery stresses the circular nature of the American labor movement at the end of the Nineteenth century as a cycle of relapse and decline:

Their [worker's] movement has grown only sporadically and through fierce struggles, been interrupted time and again just when it seemed to reach flood tide, overwhelmed its foes only to see them revive in new and more formidable shapes, and been forced to reassess what it thought it had already accomplished and begin again. (18)

Montgomery identifies how the American labor movement has grown "sporadically" via "fierce struggles", despite obstacles and foes, to reach a "flood tide" before retreating. Capital's campaign, though publicly undeclared, to curtail the growth and function of the labor organ required the dismantling of the political conditions favourable to developing the collective worker's resistance to the demands of regimes of work and consumerism. This social transformation of auto-immunity undoes obstacles to the capital's unfettered growth by repudiating ideological resistance to its mandate.

The historical decline of American labor power plays out in the US mass media as a non-event. A media non-event entails a transformation unable to reach its cumulative end. In this regard, US capital's struggle to destroy American labor remains a failure, given the role of automated production and political legislation. The

disarming of the labor movement has worked to erode the influence of the labor union on the public consciousness. US mass media discourse on trade union decline reifies the trade union into a totality imposed from above. Rather than as discussing the trade union as a social relation between workers, it becomes a bureaucracy imposed on employees by bosses; in corporate propaganda, trade unionists are "union bosses" and corporate executives "team leaders". The business press renounces organized labor as a "cancer" on free enterprise that must be removed.<sup>63</sup> Yet between the Depression and the Post-War era mass unionization, backed by the threat of the labor strike, forged the expansion in America's middle class to include workers.

Since the seventies, however, decades of corporate restructuring and layoffs have meant that in an age of unprecedented wealth huge segments of American workers remain perpetually fearful of losing their jobs and poverty. This fear re-perpetuated by the free-market means millions of workers over identify with the corporate agenda of concentrating wealth in a bid for global survival. The trade union's death spiral since the 1960s reflects American labor power's relative historical demise, but it also represents a crisis in capitalist hegemony, where legitimization is less earned by trade union dissent than by direct corporate identification.<sup>64</sup> Limited participation under industrial democracy that was enjoyed by union members that was symbolic of the greater potential of working Americans has eroded during post-Fordism. The conglomeration of capital into corporate monopolies is revered as a free-market success, but when workers unionize to advance their economic interests, the logic of the free-market is threatened. The labor strike becomes an excess the American collective worker can no longer afford in an era of renewed global capitalism.

The struggle of capital's non-recognition with organized labor in the national economy was achieved by changing labor legislation and scrapping government regulations. Yet this renewal of class warfare remains at a standstill and without certain resolution.<sup>65</sup> The labor union declines but does not wholly fade away from the political horizon, remaining a democratic organ withering away under intense capitalist assault via the strategy of non-engagement. Despite its perpetual downward course in the US private sector since the sixties, the corporate deployment of automated technology, the passage of corporate friendly legislation, the media wars of corporate propaganda, contracting out, outsourcing and the offshoring of millions of jobs, the labor organ persists specter of socialism in a world socialized by capitalism.<sup>66</sup> With hindsight, it could be argued that any uneasy pact of peaceful coexistence forged in the postwar era between capital and labor unraveled early in its relative formation, and so the labor movement's survival, and its symbolic power, is an accomplishment given the corporate efforts to wipe it from the ideological map. For despite decades of union defensive from employer suppression, the idea and practice survive and remain a potent threat capable of return. Organized labor thereby haunts the conservative right, from beyond the grave, as the threat of the working masses in the collective worker's bid for survival. In the opinion of the counter-revolutionary, i.e. the bourgeois, organized labor has long outlived its historical purpose ("we needed them in the industrial past, not today") and has been thrown into history's dustbins, along with Marxism, socialism and communism. Yet without finding its certain final resolution, the class struggle persists, and organized labor remains the cause to blame for capitalism's own faltering because of its self-imposed limits. The struggle over

industrial democracy represents a contest over the liberal idea of equality. The ideal of the workerless factory upheld by the business firm (management and technical expertise) signifies capital's logic of seeking liberty from its obligations to labor and state. The high wages and benefits associated with unionized jobs in America, the land of history's end, cannot compete with the low cost of labor in China's southern provinces. Yet are these jobs not evidence of America's post-historical promise? Do they represent the dream that America is the land where one can earn a better life? With hard work and the discipline of saving, even the uneducated can share in the many benefits of middle class life made possible by hard work, even though a lifetime of savings and home ownership can be wiped out very quickly—deterritorialized by the market—by unemployment or illness.

The outsourcing of the high-value high-wage manufacturing jobs held by America's labor aristocracy only intensifies the desiring-production of the American worker. Even though the need for labor in production is decreased by automated technology, the need to work to survival increases. Technological unemployment illustrates how capital's reaction to the crisis of accumulation renders the communist demand for less work into its individualized form of joblessness. Unemployment in capitalist markets provides no blessing, for it means an uncertain future and grinding poverty, with welfare an utter joke. The end of wage labor is leisure time spent with family, but the end of wage labor, unemployment, actually provides 'free' time from work, but in a market economy built around lack. Suffering, destitution and lost opportunity is the reality of joblessness; freedom from work is the fantasy sold to us by lotteries. The ideal of winning the lottery—consumption without working—and the

joy of freedom from work it signifies is perhaps the opposite of paradox of unemployment (the end of wage labor is free-time, not joblessness). The mass media reports on the gradual loss of the Fordist living wage and promotes the strategy of thrift to supplement the resulting sense of loss. In a time of unrivalled economic prosperity—and unprecedented concentration of wealth—the media heralds the call for American households to (once again) rediscover the virtue of thrift and going without. The remounting of thrift signifies the reordering of America's middling strata along its original Easterly—Asiatic—roots.<sup>67</sup>

The disappearance of the labor union, a vital organ of liberal democratic civil society, in the extended period of Post-Fordist decline, illustrates the reversal of progressive US liberal capitalism, that is consistent with the corporate sector dismantling the ideological blockages to the free circulation of imperial capital. The symbolic implications of labor decline are much greater reversals than the real losses. The achievements and limits of labor's postwar treaty, as for example, the treaty of Detroit, forged by the auto sector, then the country's and world's most developed industry, disappear and are replaced by the media narrative of union "cancer." Arguably the UAW and the autoworkers demands for collective recognition from the automobile giants remains one of labor's radical developments in America's age of postwar industrial democracy, and has proven central to the success of the US democratic experiment. The shrinkage, and pending failure, of the trade union organ signifies a loss of ideological resistance to the unfettered demands of capitalist regimes of production.

Directed by corporate representatives of finance capital, who realize gains in relocating industry to more favourable locations, the "rusting-out" of the US manufacturing belt involves an aesthetics of disappearance. The transplantation of production South and East has meant not only the waning of the trade union and the decline in union membership. The landscape bears visible scars of industrial offshoring. The contraction of the manufacturing base leaves blighted industrial lots and abandoned buildings; automated production has made peopleless factories. On the industrial reorganization in US since the 1970s, Moody writes: "This decline in unionization has had an inevitable correlate in a loss of union power in industry and society as a whole. The consequences of this loss of power are more far-reaching than the figures on wage deceleration suggest" (*Injury* 4). By irradiating the labor organ with automation and offshoring, the US worker suffers from the autoimmunity disorientation invoked by global capitalism's assault on the social defenses erected by civil society against what Polanyi identifies as the social disembedding of the global market. In one sense, the symbolic contest between capital and labor owes to organized labor's encroachment on capital's tradition of managerial right in the postwar era, best signified by collective pattern bargaining of master agreements for industries, such as with automobile and trucking. In another, the labor union's contest of managerial right remains more symbolic than real, that is to say, the effect of the UAW's pattern bargaining on the public consciousness was accomplished by a private union reacting on the labor movement, but by no means representing the whole collective worker, such as with Roosevelt's proposal for a second economic bill of rights.

For the conservative right, the trade union and the communist play too important a role as the bogeymen of the free-market for capital to let them die. The financial agents of US capitalism have relocated offshore rather than negotiate with labor. While in no recent time has the trade union in the US constituted a counter-hegemonic movement capable of challenging management in its traditional spheres of control, it remains a symbolic opposition to the unrivalled power of concentrated corporate wealth in the public imagination, such as with the 15 million strong labor movement providing a strong lobbying agent with the Democratic Party, a contribution easily dwarfed by corporate contributions. But the opposition of capital and labor in their struggle over worker and public sympathy can overlook the scale of difference between the former's growth, already massive, and even more so in comparison with the latter's contraction. Capitalist markets have socialized production, by centralizing work, to a much greater scale and degree than the American trade union could be said to have succeeded in winning socialism for American workers. The decline of the labor organ in US liberal democratic civil society signifies the reversal of the collective worker's organized resistance to managerial power and to the concentration of finance capital. Organized labor's decline from its postwar apex is symptomatic of the gradual hollowing out of US liberal industrial democracy (i.e. New Deal Fordism) articulates the symbolic collapse of US liberal welfare capitalism.

## Chapter Four: The Bible Belt and Wal-Mart America

"A World-historical individual is not so unwise as to indulge a variety of wishes to divide his regards. He is devoted to the One Aim, regardless of all else. It is even possible that such men may treat other great, even sacred interests, inconsiderately; conduct which is indeed obnoxious to moral reprehension. But so mighty a form must trample down many an innocent flower—crush to pieces many an object in its path"

—G.W.F. Hegel, *Philosophy of History*

"You know, capitalism is above the law/It say 'it don't count less it sells'  
When it costs too much to build it at home/You just build it cheaper someplace else"

—Bob Dylan, *Union Sundown*

"It turned out that the first big lesson we learned was that there was much, much more business out there in small-town America than anybody, including me, had ever dreamed of."

—Sam Walton, *Made in America: My Story*

Sam Walton directed the Wal-Mart enterprise into the supercenter of savings. The spread of Wal-Mart Supercenters across the United States attests to the power of the business subject. The urge to save money explains the general allure of discount retail, but too much of a good thing can produce the opposite intended effect. Keynes argues thrift is a paradox. While an individual or household gains realizes benefits of

spending less, the net effect for a national economy can actually be negative. An economic recovery can be deferred when the savings rate improves. The popular belief that the Supercenter offers one low price on all products in one location feeds the growth of this organ of late capitalism. Wal-Mart's ascent attests to austerity of the Bible Belt, because the firm's rollback price requires the tighter belt for the 'lean' post-Fordist corporate body.

To the business subject Wal-Mart's product selection and low prices explain its distinction as the world's largest corporation.<sup>68</sup> The firm's dominance in consumer goods and household necessities has made it the corporate leader in the retail discount and the supermarket industries. The people and community found at Walmart structure people's feelings of affect for the store chain. The store associates and customers build relationships in this new house of worship. The promise of saving offers hope to those who wish to enjoy the goods of royalty on a tight budget, and to those who have fallen from the middle class and no longer believe they will share in the American dream. This belief in the salvation offered by the Supercenter, elicited by what Baudrillard in *The Consumer Society* calls the profusion or "piling high" of consumer goods into stacks, expresses the magic of consumption, as if the retail patriarch single-handedly gifted it to the laboring masses:

Our markets, major shopping thoroughfares and superstores also mimic  
a newfound nature of prodigious fecundity. These are our Valleys of  
Canaan where, in place of milk and honey, streams of neon flow down  
over ketchup and plastic. But no matter! We find here the fervid hope

that there should be not enough, but too much—and too much for everyone. (26)

For some, gaining a Wal-Mart provides a sign of being a chosen people.<sup>69</sup> The partisan worship of the firm speaks to the religious unity of the urge to save and the strategy of savings for the household economy. The low price discount retail provides is rationalized to provide a social service to those on tight budgets with little discretionary income, to the poor and working poor. This belief in the lowest-price for all reinforces the perception that the Supercenter provides a social service to those who need to stretch their shopping dollar even further, to make up for the erosion of value by inflation and the loss of the Fordist wage that accompany the loss of the American standard of living. It were as if those on low income—social assistance, disability, old-age pension, unemployment, welfare, low wage service sector worker—could survive because Wal-Mart lowered its prices on tinned meat, on their behalf no less, as if the firm were in the business of retail to provide a social service for the marginal and vulnerable. While it may make for good public relations, the economically marginalized do not have spending power to pour into Wal-Mart's coffers that would explain its success. In this respect, John McMurtry writes in *The Cancer Stage of Capitalism*: "The 'freedom of the consumer' in the free market, in other words, is more limited in the freedom it grants than it appears to be. It is, in truth, only the freedom of those who have enough money to demand what they want" (48). This appeal to the undoubtedly real material needs of the poor, cannot alone explain the firm's rise to dominance.

The real source of Wal-Mart's success lies with the comfortable middle-class, the bourgeois or business subject, who possess the discretionary income for consumption, but whom could never save enough. The allure of savings appeals to the middling classes, some of whom see the firm's regime of cost savings as the secret key to living like a millionaire on a middle class income (in America, is not the double household professional income virtually the millionaire lifestyle?); whereas other business subjects, anxious about involuntarily exiting the middle classes, seek the place Walton built, as if saving money at one store were a good substitute for the security afforded by the guarantee of life-employment. This in an age of peace, but also of anxiety and panic over the lost of the American standard of living.

Wal-Mart's surge to dominance in America's competitive discount retailing sector perhaps remains the most visible of developments in the future character of US and global capitalism. In the name of saving the masses—the whole, the totality—their hard earned money, Americans have channeled hundreds of billions of dollars into the hands of one man and his immediate family; in response to bringing consumer democracy to middle America, to save the people from themselves, from government and from labor unions, the American people, in kind, reinstated the sovereign, by making Sam Walton the wealthiest patriarch of America capitalism.

Arguably no single firm could better claim to represent the desire of the whole than the market institution of the Supercenter, a crucial organ of late capitalist markets, which has done more to squeeze savings for the people from their own wallets in their own name; and perhaps no single individual since Ben Franklin has done more to practice the gospel of thrift than Sam Walton, not simply by praising its virtue, but by

endeavouring to transform as much of the US economy as possible to reflect the image of thrift. His brand of frugal austerity develops upon the asceticism of not only the US East, but also the ancient East. In the conservative right, after all, savings is the conservation of wealth, and the impulse to save can do no wrong. In the name of the West's consumer democracy, a strong-arm corporate leader, who forms the inverse of the projected image of the Asiatic despot, built the Superstore system:

It is that confinement of the revenues that feed them, to one or a few hands, which makes such undertakings possible. This power of Asiatic and Egyptian kings, of Etruscan theocrats, etc. has in modern society been transferred to the capitalist, whether he appears as an isolated individual or, as in the case of joint-stock companies, in combination with others. (Marx, *Capital* 452)

A warlord of the South combating the tendency of rising prices, Sam Walton is the leading patriarch of America's culture of austerity. In the struggle to combat the model of industrial democracy of the North and the governmentality it stood for, Walmart uses government to suit its needs. On its surface the Supercenter appears to be nothing but a relic of earlier capitalist forms, as with the general and department store, representing an old, time-tested strategy of accumulation.<sup>70</sup> In this regard, discount retail invokes the popular image of a trickster salesmen hawking cheaply made products no one actually needs, which hardly inspires belief that the Supercenter is derived from the future of capitalist exchange. Yet the dedication of the masses to making Walton the richest patriarch means that the Superstore, no matter what

reactions it inspires, remains an organized force of the masses that identify with this retail patriarch and remain generally indifferent to his iron-fist.

Sam Walton founded his retail empire on the rollback price. The business plan of the Wal-Mart Supercenter system derives from the strategy of reinvesting marginal cost savings into the means of production. Yet in this regard the firm does not actually produce per se, but produces surplus value by means of commodity exchange carried out by a sophisticated computer network directing the distribution system. The mode of commodity exchange engages the indifferent drive of the consuming masses to save, and in this regard the Superstore's appeal is rooted in the seemingly innocent virtue of thrift.

#### *Chairman Walton*

The Ozarks Mountains actually form a high-altitude plateau in Northwest Arkansas. They were settled by English, Scotch and Irish Protestants and Germans in the 18th century seeking land for the life of a petty producer and the promise of self-determination made possible by economic independence (Moreton, *Came* 61). Bringing low priced household goods and discount consumer items, by then already bountiful in urban city centres, Sam Walton began his retail empire by servicing neglected markets in relatively isolated rural townships in the poor rural American South. In his memoirs, Walton writes:

When people want to simplify the Wal-Mart story, that's usually how they sum up the secret of our success: "Oh, they went into small towns when nobody else would." And a long time ago, when we were first

being noticed, a lot of folks in the industry wrote us off as a bunch of country hicks who had stumbled onto this idea by a big accident. Maybe it was an accident, but that strategy wouldn't have worked at all if we hadn't come up with a method for implementing it. That method was to saturate a market area by spreading out, then filling in. [...] we saturated northwest Arkansas. We saturated Oklahoma. We saturated Missouri. (109-110)

This locale of the American South, associated with the image of economic scarcity and lack, provided the market need from which the Supercenter was derived. From the time of the 1949 Chinese Communist Revolution to America's escalation of the Vietnam War, Walton assembled a chain of sixteen Ben Franklin Five & Dime discount stores, in Arkansas, Missouri and Kansas, before launching his first Wal-Mart in 1962. Much like the Jianxi mountains were the haven for Mao Tse-Tung and the Red Army from which to emerge, Sam Walton' descent from the Ozarks into middle America to Rollback the price on American labor altered the landscape of the US heartland:

Being the pioneers, Wal-Mart leaders must blaze trails into uncharted lands. One example of their competitive innovation is a new concept store called the neighborhood Market. Says retail analyst Burt Flickinger, 'Wal-Mart's strategy is very similar to Mao Zedong's. Conquer the countryside first and take the cities second. (Bergdahl 6)

Thousands of Wal-Mart Supercenters have reshaped the face of urban development. By the mid 1980s, well after launching his retail revolution, Chairman Walton would

ascent to the apex of the US corporate summit, to claim the title as America's wealthiest individual, in Forbes magazine Fortune five hundred list (1985-8). By the end of his career, in 1992 Walton was awarded the Presidential Medal of Freedom by then President George H. W. Bush. That same year he was also honoured by the Communist Party of China in the Jiangsu province, granted a Gold Star for assisting the Republic in building the people's factories in the Suzhou area. In the United States, Walton received state recognition for his business excellence. His leadership on cost savings served as a bright beacon of hope for the age of the corporate dismantling of the government regulation of the nation's postwar golden age. In China, the patriarch of America's retail revolution was saluted for persuading American corporate firms to relocate and for serving the cause of building an international supply chain of imperial capital. Walton fought organized labor at home, on behalf of the American consumer, and built the capitalist base of the communist party in China, after briefly trying—and failing—to convince the public to buy American in Wal-Mart's advertising makeover during the mid-eighties (Ortega 257).

In the conservative right, the business subject's desire for the ideal of economic masterlessness explains Sam Walton's singular drive to build his retail empire. The patriarchal head-face of the Supercenter is praised for his welfare vision and denounced by critics for undermining the spirit of free enterprise. The discipline of thrift guided the formation of this corporate patriarch, a business subject intolerant of ideological dissent, in the last instance signified by the resistance of organized labor. In running his empire, Walton, who often visited his stores to personally greet his associates, could be said to exhibit domineering traits of the Asiatic despot at the head

of his corporate family. As corporate head of Wal-Mart enterprises, Walton publicly espoused the rhetoric of popular democracy, claiming to value the services of his people, called store associates, inspiring those who knew his virtues, as if they were actually members of the same corporate family; yet, at home, he privileged his family, inspired by the royal 'we', by making them business partners and involving them in making business decisions. His in store presence to directly appeal to his associates to resist the impulse for greater autonomy—as signified by the threat of unionization—was his signature totalitarian gesture. His vision of austerity guiding the corporation reinstates the collective reality principle of the conservative right: that wealth is earned from the discipline of savings. True to his word, Walton accumulated unprecedented amounts of private wealth.

*"In Those Oklahoma Hills Where I was Born..."*

Born in Oklahoma and a child of the Great Depression, accompanying his father on property foreclosures appears to have only augmented Walton's drive to master the law of value. On these journeys on family business, the economic scarcity he witnessed only reinforced the need to save. The image of loss instilled in Walton a deep reluctance to ever lack. Even while a multi-billionaire, the premise of lack did not subside. The evident lack rendered by market price deflation, what Twentieth century economist Joseph Schumpeter calls capitalism's "creative destruction," in the worst economic contraction of the Twentieth century (perhaps ever), provided the ideal social environment for this patriarch of capitalism's development.<sup>71</sup> The suffering and hardship inspired his belief in the need for permanent austerity in his retail

revolution. Walton's unyielding thrift-obsession, a collective reactive-formation, formed from the childhood trauma of lack, was retained even while he was filthy rich. Achieving market dominance did not change the firm's culture of thrift, explained by the legend of Sam Walton, who drove the same beat-up Ford pickup truck, lived in a modest house, and reveled in his own thrift, despite having the highest net-worth of any retail corporate sovereign: "The family of Wal-Mart founder Sam Walton has a combined fortune estimated to be about \$90 billion. In 2005, Bill Gates was worth \$46 billion; Warren Buffet, \$44 billion" (Reich 113).<sup>72</sup> No doubt the drive of ambition, but also the paranoia of loss and the fear of annihilation, explains this collective drive to worship this lord-master of the business subject.

Wal-Mart's culture of thrift and its work ethic communicate the philosophy guiding its corporate operations. The mythologization of Sam Walton's values, his thrift philosophy, provides the firm with the ideological program to justify its mode of exchange and to defend against the social costs of its operations in the public imagination. Sam Walton's Supercenters attest to this patriarch's dedication to making the public feel rich by saving them money. Walton waged a relentless campaign on rising prices, and his stores bring consumerism to the masses on the promise of the lowest price. Supercenters are the modern cathedrals of consumerism. The biggest provide two hundred and fifty thousand square feet of retail space to worship the American patriarch of plenitude and to praise his thrifty spirit. The Supercenter's wide appeal suggests Wal-Mart is the capitalist form of the future, an organ of late capital designed to deflate prices, in the systematic struggle to thwart the crisis of overproduction, by suppressing the rising cost of labor, with the consent of the

indifferent masses. Arguably no single firm has done more to combat the rising price on the categories of consumer goods and household items than Wal-Mart. This corporate body enjoys the trade advantages of its gigantic scale, and its vanguard role in the retail sector ensures it sets the rules of the service-sector game.

The mythology of Sam Walton legitimizes his retail revolution. Discursively reproduced afterwards by Wal-Mart, Walton's thrift philosophy communicates his vision on behalf of the organization he no longer commands. Walton reasoned he was no more than an independent businessman, going so far as to argue that his retail chain consisted of independent stores that did not constitute a company. The small minded businessman retained control over the head of the trans-national corporation, with the savings generated by the business perpetually reinvested into its operations, never to be wasted on the frills of excess.

### *The Lowest-Price-for-All*

The Wal-Mart Rollback price draws on the customer's belief in not just the lowest price, but also the right to it, as if there were no limit to how low it may go. The appeal of the price trumps any other pretension. The idea that the lowest price can be found on all items, at any given time, in one location no less, evidently has strong general appeal, given the firm's command on the discount retail sector. In this respect, eliciting the common demand of one low price for all can be said to formally re-perpetuate the fraternal ideal.<sup>73</sup> The business strategy of the Rollback price reproduces the form of the communist demand into the semiotic orders of capitalist exchange. This is to say, the self-interest of the business subject drives forward the material

progress of capitalist accumulation, by invoking the common. By formally harnessing the basic notion of equality for all—the same low price—in its social-semiotic construction, the Rollback price, in the name of consumer savings, re-perpetuates the market form of the common demand.

The perpetual falling price justifies not only the appeal of spending less by saving, but also spending more, which, in effect, reinvests any savings of spending less back into the order of exchange. Shoppers can spend the savings from the lowest price to get even more, and in effect buy even more for less. Shopping here generates marginal cost efficiencies, by saving people money, but in the time of market panic, saving one hundred dollars on a flat-screen television provides the feeling of saving, almost as though it were money into the bank for retirement. People consume, that is spend money, and enjoy the allure of saving simultaneously. One can spend hundreds of dollars on necessities, still save, and then spend the savings on extras. One saves by spending. Although this relation of exchange did not have its beginning in the Deep South, there is no question the Supercenter figures prominently in the recovery of lost savings. As an organ of late capitalism, it appears as if this gigantic firm, born by way of Sam Walton's visible hands and the market's invisible hand, attests to the drastic measure needed to alleviate the crisis of overproduction, which has generated millions in cost savings for the American nation, but not without empowering a retail sovereign to rescue the people from their own obsession to save.

The Supercenter reorders urban society, towns and cities, into satellites of the periphery. As Baudrillard writes in *Simulacra and Simulation*: "The hypermarket as nucleus. The city, even a modern one, no longer absorbs it. It is the hypermarket that

establishes an orbit along which suburbanization moves" (77). A prominent critique of Wal-Mart is that it jeopardizes the life of Main-Street and small business merchants by drawing traffic circulation away from the inner core to the outer limits:

For many reasons (historical, economic, religious, military), the West has understood this law only too well: all its cities are concentric; but also, in accord with the very movement of Western metaphysics, for which every center is the site of truth, the center of our cities is always full: a marked site, it is here that the values of civilization are gathered and condensed: spirituality (churches), power (offices), money (banks), merchandise (department stores), language (agoras: cafés and promenades): to go downtown or to the center-city is to encounter the social "truth," to participate in the proud plenitude of "reality." (Barthes 30)<sup>74</sup>

In many instances, the Supercenter empties the urban center. The fear of the growing insignificance of Main Street in America in the collective imaginary mirrors the uncertainty of insecurity of imperial capital. Although not the case for every store, the chain is reputed for purchasing cheap rural or post-industrial land for redevelopment. In several cases, local government then spends millions of taxpayer's dollars to build the infrastructure (road, water, planning) to offset the real costs of developing cheap land into a viable commercial zone. Stores located in rural outlands attract the multitude on a pilgrimage to save. In North American automobile culture, the expense to access the Wal-Mart experience is privatized by the customer, who absorbs the cost

of travel on the promise that it will be more than covered by the lowest price, the convenience and the enjoyment of one location.

The Superstore houses the modern day referendum on value and the measure of its liberty, the lowest price, could not possibly be wrong. In this model of consumer democracy, the customer's desire—need—to believe in the lowest price informs this capitalist reactive form as a response to the collective demand for fair and equal treatment. Buying household products is touted by company leaders as voting in a corporate guided quasi-public referendum on value, on whether or not the means, suppressed low wages, justify the end, consumer satisfaction; the customer's enjoyment in cost saving, by perceiving the lowest price on detergent and a whole array of other such goods, justifies the firm's low wages paid to its store associates, arguably its most visible faces and bodies of the corporate family (happy face logo). By undercutting the competition—other large retail department chains, such as K-Mart—by as much as twenty percent on labor costs, Wal-Mart suppresses the retail wage to below the market's natural rate, until it becomes the new market rate, not just for its workers, but for all workers in the retail industry and the service sector.

### *The Revenge of the South*

Perhaps unlike any previous discount firm, Wal-Mart and its dedication to the lowest price perpetuates the belief that retail business is a conspiracy against the customer. It were as if suppliers, workers, and the competition, especially small business, were working together against the customer. The firm set the model for its purchasing scale by dealing directly with manufacturers instead of through whole-

sellers (Rifkin 151). Wal-Mart combats these interest groups, all on our behalf, as the strong-arm organization sent to re-impose the law of the Rollback price. Yet despite this role the Superstore for many still bears all the charm of the general store on Main Street, run not by the petit bourgeoisie trying to earn a middle-class living, but by honest folk like you: "In the Sun belt's boom years, Northwest Arkansas produced many examples of the boss as Everyman, the multibillionaire captain of his industry who made a point of wearing his egalitarianism on his sleeve (Moreton, *Came* 72).<sup>75</sup> Featuring multiple products to suit every need, all in one convenient location, Wal-Mart's semiotic appeal masks the private appropriation of surplus value, while disseminating a general suspicion of business not conducted according to its model of the Rollback price.

In the early phases of the retail revolution, Sam Walton saw himself and his firm as the underdog that the competition did not want to exist: "Under free competition, the immanent laws of capitalist production confront the individual capitalist as a coercive force external to him (Marx, *Capital* 381). This reactive fear of annihilation drove the growth of the Supercenter and its aggressive campaign on the rollback on labor. Walton's business strategy for revolutionary retail was to descend from the plateau, to creep in below the competition's radar, to gradually capture greater market share without drawing too much attention before it grew into its dominant role shaping the future of the retail market;<sup>76</sup> a permanent revolution of cost-cutting for the rollback price, the firm had to cut labor costs to survive, requiring a relentless campaign against the rising price, less the revolution be lost to the forces of free-market competition. Even as the firm made its transition from revolutionary retail

to the dominant model for the retail sector, it did not relinquish its claim to the repressed. During its tenure as the largest corporation in the United States and the world, the firm claimed it was being picked on, a victim of its size and media visibility.

Wal-Mart's strategy of corporate governmentality adopted the tradition of patriarchal welfare capitalism, in a new direction for the twenty-first century. By emptying paternalist capitalism of its welfare gift logic, Sam Walton reinstated the collective reality principle of saving, that the price of labor must fall. Instead of Henry Ford and his five-dollar day, Sam Walton's Supercenter includes no such welfare or right to consumption beyond subsistence for the associates of the retail enterprise. In this land of plenty, featuring multiple commodity flows, the store associate wage also requires the austerity of consumer discipline. Shoppers partake in the Supercenter's delights, but the wage of the store associate affords limited consumption and the sacrifice of going without.

With its origins in the US South, Wal-Mart's campaign on the rising price of labor strikes out at the territory forged by the Fordist living wage, associated with the Detroit automobile of the industrial North. Their competing visions on American prosperity move in opposite directions. Henry Ford is remembered for the perceived dignity of his living wage and Sam Walton for his commitment to the Rollback price. At the level of the collective whole, it could be said that the loss of the Fordist living wage is increasingly supplemented by the cheap consumer goods found in Wal-Mart stores, the centre of consumer power, whose vast size, permitted by the US government, means it forms a virtual state agency. The difference between Ford's

perceived patronage and Walton's real austerity can be explained by the model of political economy and the iron laws of production and exchange. The firm does not produce the items it sells, and in this respect it does not produce surplus value, but it does own the means of production (land, store, truck, head office, information) facilitating this exchange of goods between the supplier manufacturers and the customer. The appropriation of the surplus value created by the labor power of its employees provides the marginal return on investment. Whereas the high-value in the production of commodities explains Ford's living wage, Wal-Mart's business consists of selling low cost items in high volumes. The company's distribution centres constitute an integrated system of canals moving product in an unprecedented scale and speed. The firm's massive distribution network feeds the Superstore system and signifies the effort undertaken by one man to fight the crisis of overproduction on behalf of the American public.

The austerity of Wal-Mart's regime of accumulation deflates the promise of Fordist America. The company's rise constitutes a major symptom of the loss of Fordist promise in US capitalism and provides a powerful inversion of the Asiatic tendency developed in its opposite American form. In a bid to save the traditional American way of life, a country founded on the ethic of thrift, the Wal-Mart way signifies the foreclosure of industrial democracy's spread into the service sector. Wal-Mart's success in reversing organized labor's role in the democratic experiment is the subject of great debate, because the decline of labor's role in American capitalism transpires alongside Wal-Mart's ascent to the top of the corporate hierarchy. The contraction of the Fordist living wage implies the building of a crisis of insufficient

demand. The customer privileges Wal-Mart out of need based on the perception of value, the lowest price, and on the promise of entering America's dreamworld, but it is a world crumbling with the disappearance of the Fordist wage.

### *The Great Wal-Mart of China*

In the time since Mao Tse-Tung's last days, the American wage has grown stagnant, increasingly supplemented by the growth of credit: "The rise of consumer credit cannot be accounted for until it is recognized as a continuation of a long-standing American willingness to get ahead by getting into debt" (Calder 31). In this period, the circulation of images of massive Chinese export factories imply that the middle class is blooming in Asia. Modern China exhibits the combined power of centralized state power and American technical corporate knowledge. Current American media discourse on China's rise, contributes to manufacturing the consensus that the convergence of America and communist China is inevitable. Wal-Mart's rise signifies that Asian and American models of socio-economic development form a trade and investment corridor of global imperial capital: "Since the early 1980s, for the first time in Western culture (and, I hasten to add, in many Asian cultures as well), middle economic classes have had access to objects previously in the domain of the well-to-do" (Twitchell 70). Since China adopted the capitalist road to economic reform in 1977, when Mao's successor Deng Xiaoping pronounced that "to be rich is glorious", much like Gordon Gekko's pronouncement in *Wall Street* of the new world order that "Greed is good." Since China and Russia were pulled into the game of imperial capitalism, the Cold War narrative structuring the East-West divide continues

into media reversal.<sup>77</sup> China's adoption of the capitalist road and the end of the Soviet Union has not stopped the conservative right from needing the communist bogeyman to supplement its own ideological lack for reshaping the future back into the conservative golden age. The fear of communism should disappear, given China and Russia entering the global market, yet the specter of communist is revived in the conservative right to resume its place as the easy target of distraction. In its place the fear of uncertainty of the ideological struggle between free-markets and state socialism is replaced by the fear of Chinese and Russian capitalism, and what their relative new found prosperity means for Americans and the decline of the culture of growth.

### *One-Store State*

Now given the fact that Wal-Mart is a capitalist organ of unprecedented size and the lack of any political will in the US state to breakup up this corporate behemoth, then it is fair to say that the firm virtually performs a function of government on the state's behalf. By possessing the power of scale to demand its suppliers rationalize and reorganize their productions, a function arguably not to be performed by any one firm in a free-market but by the capitalist state, then it is not that far a step to analyze this muscle of the "free-market" as an organ of the capitalist state:

For the first time in the history of modern capitalism the Wal-Mart template has made the retailer king and the manufacturer his vassal. So the company has transformed thousands of its supplier firms into quaking supplicants who scramble to cut their costs and squeeze the

last drop of sweated productivity from millions of workers and thousands of subcontractors. (Lichtenstein, *Wal-Mart* 4-5)

By pressuring its suppliers to cut costs and find savings, even by offshoring US production to China, Wal-Mart's power resembles the authority of a state agency, given that one single firm can bear such great influence in the affairs of so many other private companies:

But some [suppliers] no doubt have translated Wal-Mart's incessant price pressure into lower wages and benefits for their employees or watched as their business moved to China, whence Wal-Mart's supply chain pulled in \$18 billion worth of goods in 2004 from five thousand Chinese suppliers. "If Wal-Mart were an individual economy, it would rank as China's eighth-biggest trading partner, ahead of Russia, Australia and Canada," Xu Jun, the spokesman for Wal-Mart China, told the *China Business Weekly* (November 29, 2004). (Friedman, *Flat 137-8*)

The US military studies the firm's computerized distribution system to assist its own operations in war (Davis, *Invasion* 112-3). In New Orleans in 2005, the firm's supply chain was touted for assisting the locale in the immediate aftermath following Hurricane Katrina (Friedman, *Flat* 136).

The Wal-Mart apology for this arrangement is that other companies enter into it freely. Supplier firms gain access to the Supercenter of consumption and to the computer system that controls its commodity flows. In this respect, Wal-Mart is praised for sharing the data of its retail satellite with suppliers to better resolve

problems in supply and distribution, a development that could pose a emancipatory potential for freeing global capital from the restraints of intellectual private property. Yet the theoretical possibility, distinct as it may be, that these same companies are free not to cooperate with Wal-Mart, while convenient, does not bear a correlation to the firm's success in persuading many of its suppliers to relocate at least part of their corporate operations to Bentonville, Arkansas. The argument that firms are free not to sell their products at Wal-Mart is hollow and insincere, because its sense of compromise is one-sided, as corporate firms not bowing to the Wal-Mart way are marginalized and risk being committed to the dustbin of retail obscurity.

The firm's austere aesthetic reinforces the belief in the Supercenter's unyielding commitment to value, not totally unlike the stringent aesthetic of the Red Army. The military uniform of Soviet or Sino communism signifies in the West the austerity of their order and the scarcity of their consumption. The Rollback price requires militancy against excess in the Supercenter of plenty. The frugal image cultivated by Sam Walton included paring the store decor down to its bare essentials, to exteriorize the inner ascetic spirit of the corporate father, to cultivate the air of self-sacrifice of both labor and management: "Those whose ideas of the opulence of corporate executive suites come from movies, television, or magazines are stunned by the bleakness of Wal-Mart's general offices" (Trimble 151). Wal-Mart's visible faces and bodies, the store associates, reportedly earn less than the competition, and thereby sacrifice their own consumption on behalf of the greater good. The dedication to finding cost-savings everywhere meant that corporate and store management would not revel in the excesses of power, but would conduct business without indulging in

the privileges, lavish benefits and enjoyments of which the corporate management sector is renown, thereby further undermining their difference from labor: "Company policy prohibits Sam's buyers from accepting any sweet-heart treatment from salesmen" (Trimble 150). Operating from the Ozarks meant the firm would have to realize efficiencies better than the competition or less its retail revolution would be lost. This meant using both sides of the paper for company memos, paper being an obvious sublimation of money; it meant company management, while on the road, would stay two to a room; most importantly, it meant suppressing the wages of associates (in the US full-timers earn on average \$14 000 annually) and reinvesting them into the means of production. Walton's computerization of the distribution system, the powerful computer mainframe and satellite, meant the firm acquired even more control over market operations:

The giant discount chain Wal-Mart owes some measure of its success to its pioneering role in harnessing these new information technologies.

Wal-Mart uses information gathered by scanners at the point of sale and transmits it by electronic data interchange directly to its suppliers like Procter & Gamble, who, in turn, make the decision on what items to ship and in what quantities. Suppliers ship directly to the stores, bypassing the warehouse altogether. The process eliminates purchase orders, bills of lading, large inventories on hand, and reduces clerical costs by eliminating the labor needed at each step of the traditional process to handle orders, shipping, and warehousing. (Rifkin

104)<sup>78</sup>

The cost cutting generated marginal savings (as little as two or three percent), which were then reinvested into the company and passed on to the customer.

The main obstacle to US market growth, however, is affordability, as the efficiency of capitalist markets can actually inhibit demand-consumption. By not allowing wages to rise—finance capital's strategy of appropriation—the crisis of underconsumption only grows, with many of its consequences deferred into the future. The term ‘bloody Fordism,’ what Mike Davis says is a mutation of Alain Lipietz's phrase “bloody Taylorism,” identifies the capitalist crisis.<sup>79</sup> According to Davis in *Prisoners of the American Dream*, bloody Fordism denotes a plan: “based on the transfer of advanced technological conditions of labor exploitation without mass consumption or bourgeois democracy” (205). As in China, where middle-class consumption remains concentrated, so with Wal-Mart, where its store associates cannot enjoy the thrill of the consumer goods they sell on the company wage. Low wages for store associates make shopping at work more appealing—and likely—than spending their money elsewhere, especially for those low priced household necessities. With Fordism gone, "bloody Waltonism" remains. Only brute exploitation without the gift of excess consumption.

In this regard, the firm's austerity resembles the pared down aesthetic of a one-store state. Having yet to penetrate into Russian markets, Wal-Mart Supercenters provide an imaginary solution to the problem of the underconsumption that characterized the Soviet Union. The images of bread lines that attest to the Soviet's consumer lack, created out of its military industrial complex, are stemmed by the Wal-Mart Supercenter and its promise of endless consumer flows. As it stands, the low

wage makes store associates especially dependent on the lowest price, with Wal-Mart the employer providing the company store, so store employees can return their wages back into the firm. The Supercenter's pared down company aesthetic signifies the efficiency of its operations and communicates to the customer that the cost savings are passed on to the customer, but it also reshapes the corporate image into a formation where the division between management and labor is obfuscated by the Rollback price.

#### *No Union in the One-Store State*

Sam Walton's vision for Wal-Mart America did not include labor unions (Slater 33). Wal-Mart's refusal to recognize the labor organ is symbolic of how the corporation reproduces the ideology of thrift and conformity for store associates. Although the operations of the global assembly line are, in reality, certainly more nuanced and complex than a direct circuit between the US Wal-Marts and Chinese free-trade zones, Wal-Mart's global enterprise is symbolic of the future of the American dreamworld in a panic of perpetual decline. Wal-Mart Supercenters stem the gaping wounds created by job losses in the manufacturing sector, despite playing a big role in causing the problem. Yet in order to gain entry to Chinese markets, Wal-Mart America had to recognize the right of state labor unions to organize store associates.

The future in the decline and growth of American business unionism can be foretold by examining its presence in the manufacturing and absence in the retail sector. With each passing year in the post-Fordist era, the American manufacturing sector contracts, despite setting production records with each passing year, as it grows

by eliminating industrial jobs. The service industry, America's largest and fastest growing sector, replaces high-value, high-wage manufacturing jobs with low-value low-wage jobs of last resort. For their time, General Motors and Wal-Mart are the largest corporate assemblages in the industrial and retail sectors, and in this respect are corporate metonyms of the high and low of Fordist and Post Fordist America. While social organs such as the business corporation dominate the semiotic landscape in late capitalism, other organizations, such as the trade union, languish by comparison, in a period of perpetual and protracted decline. Perhaps above all other social organs, the labor union remains the bellwether of the state of health in US liberal democracy, and its disappearance in the US private sector by gradual contraction implies a shift in power relations and the further concentration of wealth into fewer and fewer hands. The relative weakening of labor ISA in the US capitalist war machine signifies a development of the future when capital is left to its own fate unrestricted by labor's symbolic contest.

### *One Wal-Mart Nation*

Wal-Mart's business model, according to labor historian Nelson Lichtenstein, provides the "template" for the character of twenty-first capitalism:

Wal-Mart is now the template business for world capitalism because it takes the most potent technological and logistic innovations of the twenty-first century and puts them at the service of an organization whose competitive success depends upon the destruction of all that remains of the New Deal-style social regulation and replaces it, in the

US and abroad, with a global system that relentlessly squeezes labor costs from South Carolina to south China, from Indianapolis to Indonesia. (*Wal-Mart* 4)

Eventually its business strategy becomes the standard not only for the retail but the service sector. Consumer items, once thought out of reach for the average American (arguably they never were) appear accessible, especially when these necessities are cheap. The company's rapid historical growth is taken as proof by its supporters that its customers consent to the business model without knowing, or even caring, about the details. But if the customer wills the end of the lowest price, the means must also be willed. Upheld as a free-market success, the firm's commitment to lowering prices on a vast array of everyday household goods has mass appeal. The appeal to the individual to save money, a powerful motivation, can actually reverse its intended objective, when practiced at the mass level, the herd mentality. Especially in the time of financial panic, the strategy of saving reverts to the urge to hoard. The collapse of consumer confidence, demand, creates a great contraction of the money supply. The virtue of saving provides the reality principle for reinstating the image of patriarchal welfare capitalism and the conservation of wealth for which it stands. The Wal-Mart Superstore constitutes an extreme measure to reclaim this lost way of life.

## Chapter Five: Sun Belt Conservatism and the Reagan Revolution

“The tradition of all the dead generations weighs like a nightmare on the brain of the living. And just when they seem engaged in revolutionizing themselves and things, in creating something that has never yet existed, precisely in such periods of revolutionary crisis they anxiously conjure up the spirits of the past to their service of world history in this time-honoured disguise and this borrowed language” (96).

—Karl Marx, *Eighteenth Brumaire*

“The era of big government is over.”

—Democratic President Bill Clinton, State of the Union Address, 1996

“How can a president not be an actor?”

—Republican President Ronald Reagan

Mike Davis in *Prisoners of the American Dream* writes of United States President Ronald Reagan, “Like some shaggy beast of the apocalypse, Reaganism hunkered out of the Sun belt, devouring liberal senators and Great Society programs in its path” (157). “Reaganism” refers to Reagan and the New-Right, which gained mass popularity during the 1970s. Reagan’s incessant critique of big government and “liberals,” most notably President Lyndon Johnson’s “Great Society” program, the war on poverty, gave crucial form to America’s conservative backlash against the sixties. In the United States, the Sun belt refers to the geographical band of states in the south,

in which the Bible Belt and the US Southwest converge to form a voting block responsible for sending conservative Republicans to Washington to dismantle America's social welfare state.<sup>80</sup> In America's culture of austerity of the 1980s, millions of average income Americans elected Reagan to transfer wealth to the country's economic royalty and to impose depression conditions on millions of poor Americans. The Sun belt tightened the American dream, because this geographical locale, where Reaganism "hunkered" onto the national scene, harbours US corporations relocating to the US South from the Northeast's Manufacturing Belt. While Reaganism exhausted its potential before the end of the decade, the culture of austerity it instilled has only further entrenched itself into America's post-Fordist economy.

### *Reaganism*

Reaganism refers to the political marriage of Christian conservatism and economic liberalism of the New-Right that provided mass support for Reagan in the 1980s. The Christian faithful regarded Reagan as the moral (religious) grandfather propagating their conservative values, on matters such as school prayer and drugs. In his First Inaugural address, Reagan said the famous words, "In this present crisis, government is not the solution to our problem; government is the problem."<sup>81</sup> The "crisis" is the recession during the early 1980s, when stagflation, a combination of high inflation and high unemployment, meant high interest rates, a result of tight monetary policy, and little or no economic growth. From Reagan's statement about government being the problem in this particular crisis, the Republican faithful argue

that government is the problem period. Reaganomics refers to Reaganism's economic policies, which consist mainly of privatization, deregulation, and tax and spending cuts. Republicans denounce the tax and spend policies of liberals, but advance the doctrine of spend and borrow, even while denouncing the federal government's budget deficit. Reagan's supply-side economics, what George H. W. Bush called "voodoo economics" during the 1980 presidential nomination campaign, relied on the belief that tax cuts would stimulate government revenues, which are paid for by a decline in the national saving's rate and the tremendous growth of the federal budget deficit.

The central plank of Reaganomics is tax cuts for the wealthy and the austerity of economic depression for the poor. Early in his first year in office, Reagan significantly cut taxes for the wealthy elite and business corporations. Iwan Morgan in *Reaganomics and its Legacy* argues that the cost of Reagan's 1981 Economic Recovery Tax Act, "the largest tax reduction in U.S. history," "cost \$643 billion in revenue in the first five years of operation" (106-7). While other changes in the tax code absorbed about a third of the cost of this reduction, according to Morgan, Reagan in his first year in office transferred over four hundred billion in public monies to the country's economic royalty. A twenty percent reduction in the top individual income tax rate, from seventy to fifty per cent ensured that wealthy Americans had more income, and was followed by a further cut from fifty to twenty eight percent in 1986, made with bipartisan support. According to Reagan's supply-side economics—later whole-heartedly renewed by George W. Bush, who, according to Morgan, granted forty five percent of his 2001 tax benefits to the richest one percent of taxpayers, with the poorest sixty percent receiving thirteen percent of the tax benefits—the wealthy

create demand that trickles down the class hierarchy. Rather than give money to the poor, who stimulate domestic spending by consuming televisions and other goods, money is given to the wealthy to buy more jewelry, designer clothing, art, another luxury car and a second vacation home. Ultimately, however, the economic royalty consume enough already, which means they save and invest their tax cuts. Rather than invest in higher wages or social security, such as unemployment benefits and food stamps, the wealthy invest in corporate policies that increase profits by reducing the workforce and cutting wages and benefits. Hence, Reagan's tax cuts generated investment, with the dot.com and the subprime housing booms responsible for Wall Street's growth of speculative value. In addition to cutting taxes for the wealthy elite and corporations, Reagan cut business regulations and scaled back protective welfare state measures. The Reagan Administration's pro-business appointments to the National Labor Relations Board ensured that labor legislation further eroded trade union power. Although Reagan preached the gospel that government is the problem, his administration increased military spending, an example of Keynesian stimulus funding, where US corporations enjoy no-bid contracts and have all project cost overruns covered by the US government.

The Reagan Revolution and the Republican Party rhetoric propagates the virtue of absolute self-sufficiency. In America, individuals are encouraged to become independent and to not seek assistance from government. This ideal of the independent spirit is individual freedom from government, a libertarian but also an anarchist ideal, but one that nonetheless overlooks the obvious role of the government in securing the material conditions for capitalist growth. Individuals are encouraged to be

economically independent. Autonomy from the other means the individual should seek out liberty from constraint that is imposed by the rule of law. This largely Republican mythology of rugged individualism of the American dreamworld confirms the power of mass conformity that is achieved by way of socialized production (i.e. Wal-Mart) and centralized authority (i.e. DEA).

### *The Sun Belt*

The “Sun belt” is a term coined in 1969 to refer to the geographical locale to where US industry relocated to escape the demands of organized labor in America’s Manufacturing Belt. Gary N. Chaison, author of *Unions in America*, argues that during the early 1980s government deregulation allowed the corporate sector to reduce wages in reaction to the recession and competition from lower cost imports.<sup>82</sup> The business friendly conditions, including low-cost women workers, and the proximity of US military bases, made the Sun belt an attractive locale to US corporations in search of cost saving. This trend of the 1980s continues in the Great Recession of 2008:

Sub-Zero, which makes refrigerators, freezers and ovens, warned its workers last month that it might close one or more factories in Wisconsin and lay off 500 employees unless they accepted a 20 percent cut in wages and benefits. Management warned that it might transfer those operations to Kentucky or Arizona, saying it needed lower costs because sales were weaker than hoped (Greenhouse).

The trend of relocating high-wage unionized industrial jobs from the Northeast as low-wage to the union-free, business-friendly Southwest accelerated in the 1980s.

US corporations, such as General Electric, the current owner of NBC, sought competitive efficiencies against rival industrial firms. Reagan is upheld as a free-market enthusiast, and his commitment to the free-market was not betrayed by his escalating military budgets. However, cracks in America's uneasy postwar capital-labor's alliance began to show as early as 1957. Capital's postwar strategy of peaceful coexistence would give way to a renewal of class warfare. Davis credits Lemuel Ricketts Boulware with articulating the philosophy and program of the capitalist postwar counter-revolution against American labor. An advertising executive by training, Boulware served as corporate executive of public relations at General Electric (GE), another US capitalist firm, like General Motors or General Mills, with names that attempt to capture the essence of the general will. This leading manufacturer of electric generators and industrial machinery GE benefited the growth of what President Dwight Eisenhower termed the military-industrial-complex. Originally a producer of capital goods, such as industrial electrical turbines, GE under Boulware's lead, forayed into shaping public consciousness.<sup>83</sup> Davis defines Boulwarism as "a sophisticated strategy of gradual deunionization, an internal undermining of the collective bargaining system" (*American* 121-2). Boulware re-envisioned the peaceful coexistence of labor relations in the terms of ideological combat between the company and trade union for the worker's loyalty.<sup>84</sup> Perhaps most interesting about Boulware's ideological influence was his role as corporate mentor for the struggling actor Ronald Reagan, who refined his stump speech during his seven years serving as corporate spokesman for GE.<sup>85</sup> In the business press, GE is discussed as a bellwether of the American corporate sector, for the industrial producer would post record-breaking

profits as a credit lender. GE is exemplar of the concentration industrial corporate factored into the financialization of the real economy. The firm not only led the charge to break the union, by relocating several plants in a relatively short time period to non-union states, but also by automating industrial production to displace workers with technology. Moreover, under Boulware's tenure, private profits were redirected to reshaping public opinion, an objective that arguably no business corporation should perform in an open society. Instead of class warfare with their workers over wages and benefits, Reagan's appointment changes to the National Labor Relations Board meant the NLRB would not seriously penalize US corporations for bad-faith in collective bargaining (139-40). When the NLRB failed to seriously penalize the companies practicing this policy of non-recognition, US corporations gradually relocated their industrial production to the Southwest. Sun belt working mothers in need of any employment were happy to work industrial jobs at a much lower rate than the former rate paid to industrial workers in the Northeast. In *Sun belt Working Mothers: Reconciling Family and Factory*, the authors reveal that in the post-Fordist Sun belt, “Being pro-union was defined by facilitators as being anti-company, and union supporters were labeled ‘losers.’ These tactics of labeling and isolation went hand in hand with the company’s major illegal strategy: firing pro-union workers” (177). The business friendly environment, while a realized utopia for corporate management, tramples on the workers and their desire for industrial participation.

In Arizona Republican senators, such as Jon Kyl, advance the Republican dogma that “a long-term extension of unemployment benefits, for example, if anything, could be a disincentive to find work.” For example, consider Alexandra

Jarrin, who after losing her job in the Great Recession, acknowledges, “The only help I’m going to get is from myself” (*Luo Ninety-Nine*). In the days following the expiry of her ninety-nine weeks of unemployment benefits, Jarrin has nothing to live-on. Yet to find a job and temporarily living off the charity of friends, she can only afford a week-to-week motel room, with little money for food, except a diet of ramen noodles and peanut butter and jam on white bread. According to Republican rhetoric, unemployment benefits deter Jarrin from taking a lower paying job. Even though typical unemployment benefits are so low that they cannot sustain a bare-bones food budget, we should believe that a small unemployment stipend prevents people from getting work. When compared to the luxuries afforded by a low-wage job, providing enough money to rent a room or basement apartment, plus hydro and a diet of convenience food, why would anyone prefer unemployment benefits which hardly pays for the basics? The fact that welfare often supports children of single mothers does not lessen the ire of the conservative bent on eliminating government social welfare. This ideological bias against a minimal social wage overlooks the obvious fact that the entire US economy is organized to eliminate jobs, nor does it acknowledge that in time of an economic recession, businesses can pick and choose their employees from the mass of unemployed, what Marx calls a reserved army of unemployed labor. Some Americans who cannot even find minimum wage employment, especially in the Great Recession, when US corporations were reluctant to hire and are estimated to be currently hoarding two trillion dollars in cash.

*The Actor President*

Ronald Reagan was a Hollywood B-actor of radio, film and television fame before he would reverse his image as a conservative politician. With the aura of a Hollywood actor, Reagan's political life was arguably his greatest performance. As a union leader, and company spokesman for General Electric, Reagan honed his public persona. Stephen Vaughn in *Ronald Reagan in Hollywood* traces Reagan's earlier film career at Warner Studios and his gradual exposure to the American people. For example, before staring in military films, Reagan in films such as played the secret service agent, whose patriotic duty was exemplar of the American dream.

The critique of Reagan becoming President of the United States was the belief that he was illiterate actor. Certainly this is the position adopted by Godfrey Hodgson at the outset of *Only an Actor: Memories of a Reagan Biopic*. Hodgson begins his article by relating a typical anecdote about Reagan the unintelligent actor:

“I thought it was a joke,” said Pat Brown, the admired Democratic governor of California, when they told him that the Republicans were running an actor called Ronald Reagan against him. He was not even a Grade A actor, Brown pointed out. So he didn’t regard Reagan as a strong candidate, though he was all too well aware of any liberal Democrat’s vulnerability in the backlash climate of 1966. So at first he tried to ridicule the idea that a mere actor would run for governor of the most populous state in the Union. Passing two little African American boys, he said, “Who are you going to vote for? And the boys stared at him in amazement, Brown said, “Well, remember, if you don’t know, it was an actor who shot Lincoln.” When I interviewed him, Pat Brown readily

acknowledged how foolishly he had underestimated Reagan. He said Reagan's acting experience was a "real plus" in his campaign, and attacking him as an actor had been a bad mistake, "absolutely fruitless," Reagan was "far superior" on television, and in the end he won "by a cool million votes." (29)

Pat Brown, the Governor of California from 1959 to 1967, whose son Jerry Brown also served as Governor from 1975-1983, provides the initial reaction and later reflection to Reagan's status as a political actor. Brown's earlier reaction concerns the idea of an actor running for political office, which draws upon the belief that acting and politics are mutually exclusive professions. While politics is often the subject of ridicule and cynical reproach, a position that effectively turns people away from political participation, acting is a profession in which one is either a celebrity or a waiter hoping for the big acting break. This sentiment is implied in Brown's account that "it was an actor who shot Lincoln," the sixteenth president of the United States during the Civil War. However, it is evident that Brown miscalculated the matter, when he, presumably much later, admits that Reagan's acting experience was a "real plus" in his campaign.

To many his choice of profession suggests that Reagan was not particularly intelligent, certainly not intelligent enough to be president, as an individual's preference for acting implies an aversion to deep thinking. Certainly George W. Bush later perfected this persona, with his malapropisms becoming the subject of popular ridicule, a convenient distraction to political debate. The myth that Reagan was not an independent thinker is because an actor is regarded as someone open to taking cues from directors. Thomas Evans, the grandson of American socialist Norman Evans, in

*The Education of Ronald Reagan* comments that Reagan was a slow reader focused on memorization of the material.<sup>86</sup> Although he earned his living as an actor, corporate spokesman and public persona, Reagan's books suggest he was a pensive reader, who spent a great deal of time and effort memorizing and rehearsing his lines. Evans remarks that while Reagan was employed with General Electric as a company spokesman he developed and refined his political speech, referred to as "The Speech" throughout the book. On hundreds of occasions Reagan the public speaker practiced his political treatise on liberty, government and America, even before he became governor of California. The country's anticommunist sentiment in the postwar era provided the ideological threat to warn of the evil of socialized medicine in the United States, as Reagan was a paid speaker for the American Medical Association against public healthcare.

The acting profession implies that an actor is good at being insincere, a cynical judgment, but one conveying the fact that an acting role is a rehearsed act with prepared lines. While Reagan's short career as an actor suggests he was not good enough to secure him leading roles in Hollywood A films, his acting skills did serve him well as a politician. The line between Reagan the actor and Reagan the politician was a faint one, because there was no way to differentiate the skills that made him a Hollywood actor (good looks, well spoken, popular stories) from those that made him an effective statesman:

If Kennedy introduced politics to entertainment, Ronald Reagan merged them.

His first memorable outing as a presidential candidate was in February 1980 in Nashua, New Hampshire. During a debate with George H. W. Bush, an angry

moderator threatened to turn off Reagan's microphone. "I'm paying for this microphone, Mr. Green!" Reagan seethed. The moderator's name was actually "Breen," but it didn't matter. The crowd roared its approval of such a bully moment, and after that Reagan never looked back. (Others did look back, many years later, to discover a precedent: Spencer Tracy, in the Frank Capra film *State of the Union*, finding himself in similar circumstances, fumed, "I'm paying for this broadcast!"). (Hitt 6)

Moreover, his film roles, such as playing a secret service agent, prepared the public imagination for his later emergence as the public hero in the political sphere, in an age when the public was called the silent majority by Richard M. Nixon. Reagan, the good looking actor, could memorize lines, compose himself on stage, practice the right voice intonation and modulation, possess theatric gesticulations and approving postures. These skills assist in constructing an air of likeable authority in the media image, crucial to gaining popular support.

The spectacle, according to Guy Debord, "is a social relationship between people that is mediated by images" (12). "An immense accumulation of images" modern society "has become mere representation." According to Debord, the spectacle trumps "all that once was directly lived." :

Sometimes Reagan's fusion of Hollywood and politics was breathtaking. (Both Israeli Prime Minister Yitzhak Shamir and Nazi hunter Simon Wiesenthal independently confirmed that they had heard Reagan tell a moving story about having filmed the death camps, even though he never left the United States during wartime. According to Reagan aide Michael Deaver, just because

Reagan may have viewed “footage shipped home by the Signal Corps” and “saw this nightmare on film, not in person,” that “did not mean he saw it less.”) But those who compare Reagan’s stagecraft to Palin’s high school senior’s gift for snark miss a basic difference. Reagan started his public career as a union president in 1947, was a Democrat and an FDR supporter, and in time made an honest progression to the right. He arrived there with decades of witty lines and conservative pearls. He could quip that “one way to make sure crime doesn’t pay would be to let the government run it,” or needle the press corps by saying, “Before I refuse to take your questions, I have an opening statement.” In other words, Reagan melded entertainment values with political nuance. (Hitt 7-8)

The only professional trade unionist to win the Presidency, Reagan would evolve from serving as the head of the Screen Actor’s Guild to become the oldest man to assume the office of the Presidency. In his youth Reagan was an F.D.R. Democrat and ardent New Dealer, but he would later fire striking air traffic control workers, a gesture now the ideal standard of the conservative right. His later indifference towards the labor movement signaled to corporate America it was time to aggressively dismantle what remained of the postwar compact. He seized on the conservative despair over the disappearance of Main Street, and projected the image of the Republican moral backlash, despite being the only divorced President in the history of an otherwise extremely moralistic country. Waging ideological combat against big government and organized labor at home and the evils of communism abroad, he was the leader of the conservative backlash. His 1984 reelection win, every state but one, remained the watershed of the conservative counterrevolution. He battled socialized medicine,

denounced Berkeley hippies and their campus commune while Governor of California, and as President he dared the young to become the first generation to not have a moral crutch.

His popularity as a radio, film and television star certainly gave him an early introduction to the public. Reagan's career consists of one long political campaign, especially during the Seventies, when he won the Republican presidential nomination on his third attempt: "Ronald Reagan spent twenty-five years on the lecture circuit, honing his toastmaster's chops to such burnished perfection that any kid in the 1980s could imitate his amiable head tilts and the soothing susurru that bathed his every line" (Hitt 8) Reagan's convincing election victory—unlike Nixon—legitimated his socio-economic vision for the new morning in America. In a Reaganesque fashion, the body-builder and popular film star Arnold Schwarzenegger became the 22<sup>nd</sup> California Governor in 2003, as well as professional wrestler and actor Jesse "The Body" Ventura's election as 38<sup>th</sup> Governor Minnesota, attests to how professional training and work in the entertainment industry can later benefit the transition to a serious political career.

The idea of the actor Ronald Reagan winning the presidency was proof that the image, what Benjamin called the aesthetization of politics, had fully trumped over the ideals of US politics. In this concept, Benjamin identifies the fascist spectacle with the triumph of the aesthetic image over the idea. For example, in the 1960 US Presidential debates between Senator John Kennedy of Massachusetts and Vice-President Richard Nixon, the televisual difference was becoming apparent. These debates are considered to have factored into Kennedy's election victory:

Modern television politics, we are usually told, begins with the famous 1960 Kennedy-Nixon debates. If you look back to them, what you see is not merely the first presidential candidate to realize that packaged talking points come off convincingly on television but also an obituary for a lost political style. Critics always note that Nixon looked crummy in those debates—the five-o'clock shadow, the sweats, the sideways glances, the tugging at his infamous dewlaps. But those gestures are not what sank Nixon. They were merely symptoms of what Nixon was doing, and he was the last politician ever to do it on live TV: Nixon was thinking. (Hitt 6)

According to televisual audiences, Nixon beat Kennedy, but according to radio audiences, Nixon won. This split result already confirmed that US politics was becoming a matter of style over substance, after the televisual Kennedy looked favourable next to Nixon, whose five o'clock shadow had already set in. Had Reagan's 1980s assassination attempt not failed, he would have become the Kennedy of the right. In his reelection bid, Reagan ran the "Morning in America" commercial, a political advertisement that reminded the voting public that a new dawn for the country had arrived. The lost prosperity and values of America's yesterday returned in Reagan's first term as President of the United States. In this campaign advertisement, Reagan stood for the country's moral renewal, a code for social conservatism, in a montage of images signifying the country's new found collective prosperity (workers, families, happy people). By the end of his second term, however, America had become a place where the class divide between the wealthy and the poor was dramatically reinforced. Benjamin's point becomes a maxim on the general appeal of

the clean-shaven, full-head of hair, smiling male in US politics. In *America* Baudrillard argues that Ronald Reagan is the sign of American power going “soft:” “The US, like everyone else, now has to face up to a soft world order, a soft situation. Power has become impotent” (107). For example, consider Alvin and Heidi Toffler, educators of neo-conservative economist Milton Friedman, and their description of Reagan in *War and Anti-War*:

On March 23, 1983, President Ronald Reagan proposed the Strategic Defense Initiative, a program aimed at placing a missile-proof protective shield around the United States. This is not the place to review the rancorous decade-long debate that followed. The essential idea, that space-based weapons could shoot down a Soviet ballistic missile before it released its multiple nuclear warheads, was instantly dubbed “Star Wars” by its opponents and ridiculed as unworkable and destabilizing. (117).

Baudrillard’s musing that Reagan in post-historical America implies that power has gone soft is consistent with Keynes insistence that the market canals the subject’s aggressive drives into relatively harmless business activity.

Reagan’s reverence by the Republican Party as a true conservative, especially since George W. Bush, illustrates the simulation of political power by the image of an actor becoming president. Baudrillard appeals to Reagan’s presidency as a reheating of history’s leftovers from the 1950s, the golden age of American capitalism. An era fondly remembered by America’s conservatives, this nostalgia for the yesterday of Main Street US informs the conservative pessimism of cultural decline, and explains, in part, Reagan’s appeal as a warm grandpa (he turned 70 shortly after assuming the

Presidency), a trusting face already familiar to millions of Americans. In film roles, Reagan had already played the brave and principled government agent, motivated by duty and patriotism alone, while Reagan the actor enjoyed fame and wealth, both of which only served his political disposition. Just as Reagan had played football and served in the US military, two important factors in US political life, he had already donned the role of government agent some forty years before becoming president of the USA.

### *The Cold Warrior*

The anti-communist backlash was good political drama for the conservative right, with Nixon and Reagan riding the populist waves of this populist hysteria. The critical theorist Susan Buck-Morss in *Dreamworld and Catastrophe* describes how the “Western imaginary” saw the spectre of communism:

For the Western imaginary, the Bolshevik Revolution of 1917 was an absolute threat from the very beginning. It challenged both *space* as the determinant of sovereignty, and the *separation between the economic and the political* as discursive terrains. The whole notion of national defense became problematic. In the words of a US general at the Paris Peace Conference: ‘It is true that you can prevent an army of Bolsheviks from coming out of Russia by posting on its borders a sufficiently large military force, but you cannot in this way prevent Bolshevism from coming out.’ Precisely because of this, the imaginary effects of Bolshevism within US political discourse were hallucinatory

in ways that became the hallmark of the Cold War. As the absolute enemy (because it did not behave as enemies should!) Bolshevism took on the fantastic image of a ‘fire,’ a ‘virus,’ a ‘flood’ of barbarism, ‘spreading,’ ‘raging,’ ‘out of control,’ a ‘monster which seeks to devour civilized society’ and destroy the ‘free world.’ (2)

In her text Buck-Morss considers the interrelationship between the competing visions of mass utopia manufactured by the capitalist West and the communist East. What Buck-Morss calls the “Western imaginary,” the ideological threat of communism threatens the correlation of sovereignty to space and the separation of the political from the economic. The “imaginary effects” of communism are “hallucinatory” in the United States, largely because the threat of a socialist takeover is so exaggerated by the conservative right. No socialist party in the United States has made real electoral gains in recent memory, but this inconvenient fact has not historically stopped Republicans and conservatives from seeing communism everywhere. This disproportionate reaction of the communist scare meant that rational debate in US politics was coloured by fear and panic. In addition to compromising the open character of US liberty, the conservative backlash against the communist scare reinforced the concentration of wealth and power with the corporate elite.

The Yugoslavian communist Milovan Djilas recounts a conservation with Stalin during WWII that echoes the sentiment of the US general’s comments at the Paris Peace Conference:

In the hallway we stopped before a map of the world on which the Soviet Union was colored in red, which made it conspicuous and bigger than it would

otherwise seem. Stalin waved his hand over the Soviet Union and, referring to what he had been saying just previously against the British and the Americans, he exclaimed, “They will never accept the idea that so great a space should be red, never, never.” (Nation 154)

While Stalin’s map exaggerated the size of the Soviet Union, for the purpose of supporting the problematic goal of socialism in one country, even the man of steel himself could admit that the capitalist world, mainly the United States, could not tolerate any ideological challenge to their hegemony. In the US, the fear of communist infiltration provided the ideological cause for combating America’s growing social democracy at home. During Joseph McCarthy’s show trials, the manifestation of the communist paranoia saw professors denied tenure and entertainers, such as the musician Pete Seeger, blacklisted for simply refusing to name names at the House for Un-American Activities Committee.<sup>87</sup> Steven Vaughn in *Ronald Reagan in Hollywood* recounts that Reagan as the President of the Actor’s Guild was reluctant to sacrifice American liberty:

In all of this Reagan was no extremist. He handled himself adeptly, although he hardly covered himself in glory. He cooperated with HUAC and the FBI but referred to Thomas Jefferson and hoped it would not be necessary to outlaw any organization such as the Communist Party on the basis of ideology. He later questioned the blacklist and criticized producers who adopted it. When his stand gained little support from the board of the Screen Actors Guild, he sought to compromise, to find a solution acceptable to the American public and, especially, to studio executives. (146)

The Hollywood film studio executives, such as Harry and Jack Warner, Reagan's bosses did support and advance the black-list:

The hearings opened with a procession of witnesses who offered testimony about the menace of communism in Hollywood. Jack Warner spoke of "unAmericans" whom he likened to insects or disease-bearing microorganisms, "ideological termites" that had penetrated American institutions or "subversive germs" that bred in "dark corners" (147).

Stephen Vaughn argues that Hollywood studio system, under pressure from the competing medium of television, was all too willing to look for communists under every bed to preserve their less than ideal reputation and to prove their loyalty to the US Republic. This fear of communism abroad and socialism at home informed the ideological core for renouncing socially progressive legislation of Democrats and liberals as communist propaganda.

According to Gil Troy in *Morning in America* Republican conservatives and liberal Democrats overstate the accomplishments of the Reagan's Revolution. Republicans and Democrats both overemphasize Reagan's success in slimming down big government. Reagan Republican conservatives credit Reagan with precipitating the fall of the Soviet Union. Peter Schweizer's book *Victory: The Reagan Administration's Secret Strategy that Hastened the Collapse of the Soviet Union* is an example of the neoconservative belief that Ronald Reagan the actor turned political actor is single-handedly responsible for dismantling the Soviet Union:

The fact the greatest geopolitical event since the end of the Second World War happened after eight years in the presidency of Ronald Reagan has also been

described as “dumb luck.” It might be wise to recall, however, that when the exploits of a French commander particularly unpopular with his colleagues were dismissed as “luck,” Napoleon retorted, “Then get me more ‘lucky’ generals.”

(xiii)

In his book Schweizer argues that Reagan’s strategy of crashing the price of oil on the global market sent the Soviet Union into a tailspin of escalating interest payments on the debt accumulated by this military superpower—debt owed to the capitalist world order (which hardly makes sense). Reagan battled the communist threat to save the moral fiber of yesterday’s America, widely believed to be perpetually endangered—by outsiders—and in need of preservation. Upon meeting Gorbachev, Reagan declared him a worthy opponent, who he later dared to pull down the Berlin Wall.

### *The Austerity of the Republican Conservative Right*

The French Marxist philosopher Louis Althusser in arguably his most famous essay “Ideology and Ideological State Apparatus” argues that ideology consists of imaginary relations of material conditions (109-112). Adopted from Jacques Lacan’s psychoanalytic discourse, Althusser’s preliminary analysis into the role of the ideological state apparatus addresses the role of the imagination in attachment to ideology. Althusser grants the imaginary a role in human agency. In political discourse, the imaginary reproduces the fantasy of utopian thinking by projecting the ideal image of society, in our case the neoliberal utopia or market fundamentalism in the United States. Along these lines, the New Right as a political movement imagines a model of how modern society should work according to their faith in free-markets.

In this respect the ideology of the neoliberal free-market paradise produces a one-sided picture. This imaginary solution—cut taxes, always! Cut government spending, always!—is a simple overdetermination, as Althusser would say, of a complex picture of social reality, for there are times when raising taxes and raising social spending actually makes sense.

Pollster Michael Adams in *American Backlash* identifies the values of “core conservatives,” that resonate intensively with twenty percent of the US voting population (164-6). At the extreme right of the conservative right, actual conservative politicians are refuted as not actually conservatives.<sup>88</sup> Central to the conservative right is the belief in absolute individual responsibility. Any personal setbacks experienced by an individual are wholly and totally his own doing:

Another set of values that distinguishes core conservatives from other voters revolves around the idea that America lives up to its ideals as a land of fairness, opportunity, and meritocracy. Chief among these values is, of course, the *American Dream*. Core conservatives are much more likely than other voters to profess faith that anyone who works hard can still make it in America. The corollary is that those who meet with failure have brought it on themselves. Core conservatives score high on *Just Deserts*, the belief that misfortune is usually earned just as much as success is. And if those who make it deserve everything they’ve got, then businesses that make it must be equally virtuous: core conservatives score high on *Confidence in Big Business*, believing that large businesses usually function well and strike a fair balance between profits and the public interest. Having succeeded and flourished in the free and fair market, big

businesses are naturally more trustworthy than government, and core conservatives would like to see business exert greater influence in society (*More Power for Business*). And of course those virtuous, successful businesses wouldn't lie to Americans about their products: these core conservatives are distinguished from other voters by their *Confidence in Advertising*. The values profile of America's core conservatives jells well with conservative politics in the United States. The mindset here is sober, culturally conservative, pro-business, and deeply patriotic—with patriotism implying a belief not just in the righteousness of America's ideals but that America is successfully living up to those ideals. I hope readers will recognize the party faithful in this values profile; to me, these values are plainly evident in the Republican Party's candidates, policies, and public statements (164-5).

Adams recognizes the core conservatives are the Republican Party's ideological "base." In America this political base reflects the role of conservative ideology more generally, though conservative thought operates beyond the purview of an individual's political affiliation. At any point in time the conservative can appear temporarily in the mind of a self-identified centrist or liberal even, because the ideological principles of saving and family are so pervasive in capitalist society that they provide the reasoning of last resort, especially in times of crisis.

The political slogans of the Republican Party are designed to elicit these principles into the imagination, so as to garner broad ideological support by drawing these principles to the immediate (spontaneous) attention of the mind. This political assemblage of savings and family ultimately overdetermines, that is to say

oversimplifies, the complexity of capitalist society, and so it cannot wholly explain how capitalism functions as a system of exploitation of labor power and the appropriation of wealth. Nonetheless, the belief that the problems of capitalist exchange can be resolved by blaming irresponsible individuals, who fail to save enough—not spend—and fail to check their desire. According to conservative ideology, irresponsible individuals are wholly to blame for their own problems. Consider the following quote from Richard Lesher's *Meltdown on Main Street* for its conservative tone: "Many Americans, most not receiving welfare, have embraced the victim mentality and are eager to attribute responsibility for their problems and failures to someone else" (149). One would think this focus on the individual would mean conservatives agree with liberals on the role of the individual, but a reference made to a liberal is derisible, as if 'liberals' were the bogeymen of liberty, who had contributed absolutely nothing meaningful to the American nation. In this regard, conservatives take issue with liberals for practicing the very liberty that the nation is thought to uniquely exhibit against a world filled with darkness and freedom haters.

The dialectic of the conservative right manifests in a division between its opposite ideological tendencies of liberalism and conservatism. On this relationship Norman P. Barry writes:

Liberal attitudes can be found in almost all of the major political parties in Western democracies, and in recent years the most receptive parties to *economic liberalism* have been conservative ones. Although in the US and Britain, for example, the Republican and Conservative Parties have been reluctant to

incorporate into their programmes the social and *personal* liberties associated with the purest form of the doctrine.” (24)

Neoliberal economic policies promote the free-market as the means for liberating people from government, without considering how markets reintroduce poverty via the distribution of wealth; on the other hand, conservatism calls for moral discipline in a new age of tightened fiscal austerity. This ideological coupling of free markets and conservative rhetoric provides the ideological framework for seeing national salvation in the rollback of two core achievements of social democracy: the trade union and the welfare state. The belief in making organized labor and the welfare state disappear drives the conservative onward in its endeavour to make government disappear from the free-market.

The pessimism of the conservative draws out a mean and dark Protestant spirit, which purports the idea that the suffering deserve their fate. Shaped by the belief that suffering is good for human development, the austere conservative seeks to protect themselves and everyone else from the temptations of government and consumption:

It is clear from these observations that conservatives usually have a strong moral sense. Their political theory and social policy revolves around the enforcement of law and order and the maintenance of moral standards in sexual and other matters, so as to control the ‘beast within.’ Naturally or religiously sanctioned institutions such as the family are to be preserved and politics must operate on the natural basis of the leaders and the led. Political obligation is seen as a moral, not merely a contractual, duty. (Goodwin 170)

While the neoliberalism side of the conservative alliance seeks to unlock the potential of the free-market by diminishing the role of government in everyday affairs, social conservatism seeks to repress the undesirable forms and practices of liberal civil society, even if by expanding the state, even while still purporting to fight big government.

Herbert Marcuse offers the concept of “affirmative culture” to explain the detachment of values from society:

By affirmative culture is meant that culture of the bourgeois epoch which led in the course of its own development to the segregation from civilization of the mental and spiritual world as an independent realm of value that is also considered superior to civilization. Its decisive characteristic is the assertion of a universally obligatory, eternally better and more valuable world that must be unconditionally affirmed: a world essentially different from the factual world of the daily struggle for existence, yet realizable by every individual for himself “from within,” without any transformation of the state of fact. (95)

The internalized form of culture means that individuals are responsible for their own failings, often for failing to be affirmative, to say yes, to what is necessary. This one dimension of society means that the individual is to blame, even though, as Marcuse writes:

Culture is supposed to assume concern for the individual’s claim to happiness. But the social antagonisms at the root of culture let it admit this claim only in an internalized and rationalized form. In a society that reproduces itself through economic competition, the mere demand for a happier social existence

constitutes rebellion. For if men value the enjoyment of worldly happiness, then they certainly cannot value acquisitive activity, profit, and the authority of the economic powers that preserve the existence of this society. The claim to happiness has a dangerous ring in an order that for the majority means need, privation, and toil. The contradiction of such an order provides the impetus to the idealization of that claim. But the real gratification of individuals cannot be contained by an idealistic dynamic which either continually postpones gratification or transmutes it into striving for the unattained. It can only be realized *against* idealist culture, and only *against* this culture is it propagated as a general demand: the demand for a real transformation of the material conditions of existence, for a new life, for a new form of labor and of enjoyment.

(99-100)

Conservative ideology reacts to social failure by assigning the failed individual responsibility for what has happened. However, the material conditions of capitalist exploitation mean that individuals vary in their ability to respond to crises. At the polar opposites, the wealthy enjoy disposable income and spare time, whereas the less fortunate, notably the dual income working poor households, enjoy little spare money or leisure time. The material conditions bear influence on an individual's capacity to deal with issues, but the separation of culture and civilization precludes the inclusion of material want into a discussion of values. Spirit is believed to exist beyond the influence of material forces.

The German sociologist Max Weber in his renowned study *The Protestant Ethic and the Spirit of Capitalism* observes: "Absolute and conscious ruthlessness in

acquisition has often stood in the closest connection with the strictest conformity to tradition” (58). Weber continues to identify “traditionalism” as the “the most important opponent” in the traditional world’s historical struggle against the capitalist spiritual ethos. Traditionalism explains the “attitude and reaction to new situations” with the struggle against the piece-rate system an example of resistance to capitalist power:

A man does not ‘by nature’ wish to earn more and more money, but simply to live as he is necessary for that purpose. Wherever modern capitalism has begun its work of increasing the productivity of human labor by increasing its intensity, it has encountered the immensely stubborn resistance of this leading trait of precapitalistic labor. And to-day it encounters it the more, the more backward (from a capitalistic point of view) the laboring forces are with which it has to deal.” (60)

According to Weber, the “acquisitive instinct” assumed by liberal economists to be natural and eternal must be learned and indoctrinated, for tradition resists capitalist rationalization of the labor process. In traditional societies labor does not occupy the day as work does in modern capitalist society. While conservative ideology promotes the preservation and protection of tradition, namely family and church, it also supports the doctrine of free-markets. Yet according to Weber, the traditional mindset stands against the demands of modern work. Max Weber early in the Twentieth century proposed that Protestant ‘worldly asceticism’ provided the ethos for capitalism to emerge in Western Europe and America.

Russell Kirk in his 1953 manifesto *The Conservative Right* equates conservative thought with pragmatism, the opposite of ideology. This one-sided distinction is ideology in essence, because the horror of the conservative neoliberal utopia is displaced entirely into its opposite, leftist, pole. Yet the conservative, by influencing law, imposes his beliefs on everyone else. In many instances, such as drugs and prostitution, this works to limit the very “free-market” exchange he purports to defend; the conservative combats utopias of the left, while ignoring those utopias he seek to implement.<sup>89</sup> The conservative utilizes the state to advance his utopias, a drug-free America, for example, while displacing this guilty conscience leftward.<sup>90</sup> Liberal progress requires limits to conserve gains, but the endeavour to maintain the unequal character of liberal democracy dampers American exceptionalism as the freest nation on earth. The return for better autonomy signifies the fact that people desire greater liberty, self-determination, over their lives. Others seek to repress this tendency. While conservatives vocalize discontent over the state, the modern state serves capitalist markets. Their problem lies with ‘liberals’ who are perceived to seek to steer the state towards social reform of the concentration of wealth.

Benedict Anderson’s famous study *Imagined Communities* identifies the potent role of the imaginary in the nation:

It [the nation] is an imagined political community—and imagined as both inherently limited and sovereign. It is *imagined* because the members of even the smallest nation will never know most of their fellow-members, meet them, or even hear of them, yet in the minds of each lives the image of their communion

(6).

The conservative rhetoric of individual responsibility can be heard in collective demands that people not depend on government—the very institution of the people guaranteeing their existence of the nation. A nation is imagined as “limited and sovereign.” The conservative sees limits on the social welfare state, but sees the federal government as sovereign in its War on Drugs, even if this means the state appropriates private property. Hence the deepest relations of the community are explicitly rejected in conservative discourse yet are relied upon ontologically. A conservative is patriotic, but not willing to support a social safety net.<sup>91</sup> Anderson’s point about a nation suggests that identity is imaginary and ideological in character.<sup>92</sup> This component of identify formation means that the conservative’s rhetorical identification with the level of the individual does not lay beyond ideology. Conservative ideology exaggerates the reach of the individual while downplaying the role of the collective.<sup>93</sup>

While in America conservatives seeks to save wealth and family morality from the social ills of liberal society, Republican ideology recognizes the rule of free markets, while seeking to deny legitimacy to the social forms freed by this social mechanism. Leonidas Donskis argues in *Power and Imagination*:

An undisputed respect for private property and the acceptance of the role of the free market bring conservatism and liberalism closer together. This is completely natural, because conservatism does not have its own economic ideology or doctrine but has had to borrow it from liberal economic theory. Neoconservatives, or “neocons,” in the United States of America are completely dependent on neoliberal economic doctrine. (73)

According to Donskis conservative doctrine borrows heavily from neoliberal economic doctrine. This parasitic relationship of the conservative right feeding on liberal economic doctrine while renouncing “liberals” proves that the conservative backlash is a reactionary disposition of capitalist exchange. In America conservative thought legitimates capitalist exchange by valorizing savings and denying the liberal social values set loose by free enterprise.

Presumably neoliberalism promotes free enterprise and individual liberty, the latter of which the conservative identifies with the moral permissiveness of cultural decline. Robert Pollin in *Contours of Descent* defines neoliberalism as:

The neoliberal economic agenda—of eliminating government deficits and inflation, sharply cutting back government spending, deregulating labor and financial markets, and opening national economies to free trade and multinational capital investments—has become so dominant throughout the world over the past generation that even thinking through serious alternatives presents itself as a daunting task. Not surprisingly, supporters of neoliberalism regard such efforts as exercises in economic illiteracy or mere foolishness. (173)

So while neoliberal economic discourse dominates the landscape, the conservative right reacts against what it depends upon. Neoliberal logic encourages living on unearned credit, rather than leaving those who cannot afford consumer goods to go without. The “liberal” encourages hedonism and gay marriage, rather than fiercely defending the conservative’s traditional moral order, even though liberal economic doctrine provides the base of the conservative’s moral discourse.

The reliance of neoconservative ideology on neoliberal economics should draw attention to the fact that the conservative right is at least in part a product of big-business agenda consenting to its rule. While Republican Party rhetoric focuses on the “evil” of big-government, the big-business model of neoliberalism operates beyond substantial political dispute. The neoliberal agenda of austerity has great appeal to the conservative right, in the least for validating the belief that suffering is good for moral development. Hence the conservative right defends the free-market by seeking to repress the social forms liberated by free enterprise that it finds to be undesirable. The conservative right reacts to social phenomena produced by the free-market that it defends. The virtues of saving wealth and tradition are reactive-formations of the conservative right to the constant change generated by capitalist activity, with hard work and sacrifice its constants.

The conservative right is quick to denounce any government intervention into the free-market as tantamount to socialism. Karl Marx made the argument that capitalism sets its own limits to growth in *Capital III* (250). Critical theorist Slavoj Zizek argues that the belief in limitless growth is actually an illusion of capitalist society:

So the critics of Communism were in a way right when they claimed that Marxian Communism is an impossible fantasy—what they did not perceive is that Marxian Communism, this notion of a society of pure unleashed productivity *outside* the frame of capital, was a fantasy inherent to capitalism itself, the capitalist inherent transgression at its purest, a strictly ideological fantasy of maintaining the thrust to productivity generated by capitalism, while

getting rid of the ‘obstacles’ and antagonisms that were—as the sad experience of the ‘really existing capitalism’ demonstrates *the only possible framework of the effective material existence of a society of permanent self-enhancing productivity.* (*On Belief*, 19)

The capitalist fantasy of limitless growth informs the belief in the accumulation of wealth, which drives people onward in their manic pursuit of wealth, be it middle class investors seeking freedom fifty-five or corporate executives with the mania for short term double digit growth. Either way the desire for economic freedom represses the obvious truth that markets can grow forever and must periodically disaccumulate. The gains of a business cycle several years long can be destroyed in a matter of months. During market mania, when bubbles form, such as the technology sector and the real estate bubble, warnings of a necessary downturn are ignored. No one wants to hamper the good feelings. During a downturn, when depression reigns, people save too much and restrict spending, out of the anxiety of uncertainty. When on the market high, it was as if public admissions that markets must fall would make them fall.<sup>94</sup> Yet no one heeds the warning, and the fall takes everyone by surprise.

This moral disposition to save wealth and culture, when organized politically, as with the Republican Party in America, works to repress the perceived creep of social democracy. On the recent party convention Max Blumenthal writes:

This was a portrait of the Republican Party fully in the grip of its right wing: almost exclusively white, overwhelmingly evangelical, fixated on abortion, homosexuality, and abstinence education; resentful and angry; and unable to

discuss how and why it had become this way. Noticeably absent from the convention were moderate Republicans. (3)<sup>95</sup>

These demands for fiscal responsibility and family values shape the ideological horizon of American politics, and so any consideration of American liberty must take into account the obvious contradiction of conservative ideology, namely how it expresses the stand of the individual against government, while simultaneously building government to combat the liberties of late American life.

The concept of thrift is the core virtue for explaining the conservative-right's vision of where America went wrong. Lendol Calder in *Financing the American Dream* writes that consumer credit threatens the virtue of thrift:

Thrift had long been deemed a core value in American citizenship, as well as a mainspring for national prosperity. This helps explain why credit was one of the most vilified institutions of the new culture of consumption. Before consumer credit, it was possible to believe the average person was insulated from the temptations of affluence. "No nation was ever hurt by luxury," maintained Samuel Johnson, "for it can reach but to a very few." For a century and more after Johnson, a dearth of disposable income functioned as a moat preventing most Americans from entering Vanity Fair. But consumer credit bridged the moat. When the millions stormed over, it seemed obvious to many that a moral revolution was in progress. More than with advertising and mass merchandising, critics saw that consumer credit not only tempted people to sin, it provided the means for sinning as well. (24)

The conservative character of US free enterprise sees the nation's salvation in economic and cultural restraint. The loss of thrift explains how easy credit has spun the country into a warped reality, where the gap between the haves and the have-nots is less discernible, confused by the signs of wealth conveyed by the consumer society.

Consider the following by Newt Gingrich, House Leader of the Republican counterrevolution, which challenged Clinton on a platform of "family values," from his foreword to Richard Lesher's small business manifesto *Meltdown on Main Street*:

Sooner or later everyone feels the heavy hand of big government. The big business executive feels it when federal regulations require expenditure of hundreds of millions of dollars for burdensome paperwork requirements. Homeowners feel it when they are denied use of their property out of deference to some endangered form of obscure plant life. Working people feel it when they see their taxes squandered on foolishness, their kids denied quality education, and their neighborhoods threatened by thugs.

And small business people feel it every hour of every day from contacts with a host of federal agencies that seem to have no other purpose than to impose expensive new obligations and responsibilities upon any entrepreneur who dares to pursue a vision, create an enterprise and—if really reckless—create jobs. (xiii)

Notice the ideological program of the big-tent party allows Gingrich to discuss corporations and small business within the same passage. It were as if big business and small business shared the same front, when, in actual fact, corporations do much to undermine the reach of small enterprise. Walmart, the \$500 billion a year in annual

sales company, for example, has done much to undermine competition, which is decidedly against the spirit of free enterprise. Gingrich's contempt for "some endangered form of obscure plant life" illustrates a lack of conservation in the Republican right wing populist rhetoric. The marijuana plant, while not obscure, has been the cause for Republicans to grow "big government", but, of course, that is because the substance has proved so useful to "thugs" to threaten family values.

## Chapter Six: The Marijuana Belt of Post-Fordist Capitalism

"Government is not reason; it is not eloquence; it is force. Like fire, it is a dangerous servant and a fearful master."

—George Washington

"George Washington, libérateur des États-Unis, premier président de la république et premier cultivateur de pot américain officiel connu"

—Georges Khal et Jean Basile, *La Marijuana*

"If a nation wishes, however mistakenly, to Westernize itself, first let it give up hashish. The rest will follow, more or less as a matter of course. Conversely, in a Western country, if a whole segment of the population desires, for reasons of protest, to isolate itself in a radical fashion from the society around it, the quickest and surest way is for it to replace alcohol with cannabis."

—Paul Bowles

"Requiring little more than a climate with hot summers, cannabis can be, and is, grown both legally and illegally all over the world, wild or cultivated, for utilitarian and intoxicant use, from Calcutta to Beacon Hill"

—Lester Grinspoon, *Marihuana Reconsidered*

In 1971 when US President Richard Nixon declared a total “offensive” against public enemy number one, illegal drugs and drug abuse, the modern drug prohibition was escalating into an all-out war.<sup>96</sup> By identifying drugs imported from abroad as the external threat to the morality and health of the United States, Nixon relied on the moral majority.<sup>97</sup> The Drug War draws its moral authority from the conservative right and its disdain for drug use.<sup>98</sup> The Drug War agenda protects the tiny US elite and their imperial post-Fordist vision, while the corporate sector wages unrelenting class war upon American workers. Despite the exclusion of the drug economy from the legal economy, the Drug War should be understood as immanent to US capitalism. As the US corporate sector relocates the country’s industrial base abroad, the Drug War redirects the focus away from this class war to the capitalist state repressing the free market in drugs:<sup>99</sup>

President Richard M. Nixon declared “war” on illegal drugs nearly three decades ago. In 1986, President Ronald Reagan gave substance to that metaphor by issuing a presidential directive that drug trafficking constituted a national security threat. Reagan’s directive authorized the U.S. military and U.S. intelligence agencies to become involved in the effort to prevent illegal drugs from entering the United States. ...It is tempting to sneer at the Drug Warriors’ rhetorical overkill, but that would be a mistake. The war mentality is by no means confined to rhetoric and titles. The tactics resorted to are evidence that the term “war” is no longer just a metaphor. (Carpenter 147)

What Althusser calls the repressive state apparatus is growing—military spending (20% of federal budget) and the criminal justice system (over two million penal

offenders)— which suggests that government expansion is a necessary measure for containing and deferring the social consequences of the demand crisis in post-Fordist decline.

### *The Conservative Drug-Free Utopia*

The origins of the modern Drug War are found with the repressive tendency of the conservative right. The belief in a drug-free America is aesthetically pleasing to the conservative right, and this conservative utopia is achieved by eliminating marijuana, a weed, from the earth. The sixties televisual spectacle of the hippy, whose pursuit of liberty was represented by televisual images of drugs, sex and music, provoked the conservative right into a moral backlash. In the case of the Drug War, the belief in the need to realize America the realized utopia led the conservative right to escalate the drug prohibition into a war.<sup>100</sup> In comparison to past wars, such as the Vietnam War, the Drug War appears relatively harmless and benign, leading some to believe that use of the war here is as a metaphor, because the Drug War does not have the impact of a real war. For the people directly affected by the Drug War, for millions of Americans arrested for personal possession, and for the residents of Juarez, Mexico, the violence of the war is real. The morality of the drug prohibition conceals the Drug War machine working behind the anti-drug messages, and even this soft war has serious implications.

The conservative right propagates the belief in the drug-free utopia to fuel the Drug War mission. Drugs are regarded as the soma that negates the will of an individual to act, by providing a means of escape from an active life. The form the

conservative right assigns to liberty involves a rhetoric of drugs that disconnects any discussion of the rational mind from the materiality of the drug assemblage. The right to life, liberty and the pursuit of happiness does not require drugs. Happiness is an immaterial state of mind independent of the drug assemblage. According to John P. Walters, the czar of the Drug Enforcement Agency of the US federal government, religious faith is the solution to drugs. Instead of accepting drugs as a necessary part of US capitalist society, Christian faith is offered as the alternative.<sup>101</sup> While the role of coffee in observing the speed of US capitalism is obvious, drugs provide material assemblages for navigating the mania and depression of the market cycle.<sup>102</sup> Instead of encouraging a rational drug policy, as with the taxation and regulation of tobacco and alcohol, the conservative right propagates the idea that marijuana is a stepping stone to hard drugs, which leads to poverty, joblessness, homelessness, alienation, madness and death. The fact that people, such as US President Barack Obama have smoked pot is repressed by the anti-drug message. The drug prohibition movement consists of police, parents, politicians, and professionals (doctors, educators), who assemble to fight drugs, with the goal of making America and the world a drug-free utopia. Parental groups, such as the Partnership for a Drug Free America, wage a media war against drug use with anti-drug sound bites. Parents are encouraged to fear drugs. Consider the Foundation for a Drug-Free World, a Los Angeles based organization, working in twelve languages and one hundred and twenty five countries, disseminating the message “Say no to drugs, say yes to life!” How this strategy of ignorance is better than a control and regulate approach is unclear, especially considering the desire for drugs is stronger now than ever. The Office of National

Drug Control Policy (ONDCP) offers Hollywood incentives to not feature drug use or to depict it in an unflattering manner.

The focus of the conservative right is primarily the cannabis plant, America's most widely used illegal drug and most valuable cash crop. The conservative drug-utopia requires that weed be eradicated from the earth. Led by the ONDCP, along with conservative parent groups, have argued that cannabis is the stepping stone to hard drugs. The threat of teen drug use provides the trump card for winning over concerned parents about the dangers of this stepping stone substance. Cannabis is presented by the conservative backlash as an inherent danger, rather than a substance with calculable risks. Rational public health policy towards cannabis has been thwarted by a policy of criminalization. Instead of taxing and regulating this otherwise ordinary commodity, less dangerous than alcohol or oil, the conservative right reacts violently, without sympathy, by waging a holy religious war against a plant. Not even the death and destruction of state tyranny, or Drug War feuds, are enough negativity to compel the conservative right to end the prohibition and release civil society from its violent repression.

US conservatives sacrifice their belief in limited government on the Drug War altar.<sup>103</sup> While the conservative right blames socialists and liberals for big government, the Drug War attests to the conservative will to build big government, for behind the conservative image of the drug-free utopia lies the Drug War gulag. Recently, Fox News conservatives like Glenn Beck perpetuate the myth that America is controlled by people seeking to remake the country into a "socialist utopia," a notion popular with the Tea Party movement, which sees creeping socialism

everywhere.<sup>104</sup> Where the conservative right sees government as a limitation on the liberty of the individual, this vision does not include how the Drug War negates America's singular liberty. Despite the republican ideal of the market, Republicans have lead a government prohibition on the free market in drugs. While the Republican party publicly denounces big government, it grows the War on Drugs in the holy name of protecting the children. The black market constitutes a free market captured by the police state. Rather than tax and regulate drugs, the state enacts a prohibition, so that high prices deter drug consumption. However, by making drugs illegal the state grants the condition for realizing the surplus value in the drug commodity chain, with the Andes mountains, for example, employing some five hundred thousands workers in the cocaine economy. The US sells military hardware to Latin America to fight the drug economy.

To explain this phenomenon, the monetarist economist Milton Friedman argues that the Drug War is a "socialist enterprise."<sup>105</sup> An ideological influence on Ronald Reagan, Friedman's term is meant to emphasize the role of government in subsidizing the illegal drug business.<sup>106</sup> Because Friedman believes that most government is socialist his term implicates socialism and liberals for the one trillion dollar Drug War.<sup>107</sup> This means that the Republican President Ronald Reagan of the conservative right led this socialist enterprise to eradicate marijuana, a symbol of communism. The leader of the free world who is credited by conservatives as single handedly defeating the Soviet Union escalated this socialist enterprise. What Friedman's conservative rhetoric overlooks is how the Drug War is a construct of the US capitalist state and that this war primarily benefits the US corporation, because the

Drug War is a weapon of mass distraction, as much as it is a weapon of violent class warfare.

The ideological unity of the Drug War appears when the US national focus is on the drugs that come from abroad, such as Asia (Vietnam, Afghanistan) and Latin America (Columbia, Mexico). The Iran-Contra affair unfolded in the mid Eighties exposed the connection between drugs and the communist spectre. The US Congress refused to support an anti-communist war in Nicaragua against the popular Sandinistas. A government intelligence agency was exposed for secretly aiding the counterrevolution in Nicaragua led by the Contras. The public learned that the Central Intelligence Agency (CIA) sold weapons to right-wing militias. In exchange for payment the CIA imported tonnes of cocaine in state military planes, primarily into California. Sold as crack cocaine into mainly black communities, street gangs distributed the illegal narcotic and purchased more guns.<sup>108</sup> This business arrangement saw the arrival of cheap smokable cocaine into the black community. In Los Angeles, residents left ghettos that were once black middle class suburbs in the post-war era. The price of real estate fell. The urban ghettos in South and Southeast LA would later become gentrified when whites returned to land that had been long since abandoned by locals. Land was bought for next to nothing.

While the history of the state intervention of the United States in Latin America precedes the drug prohibition, drugs have provided a political screen for US counterintelligence operations in this region. In central America alone, the US imperial capitalism has intervened into Guatemala, Nicaragua, and Panama; in South America, Chile in the 1970s and Columbia in the 1990s both attest to the role of the

communist spectre in provoking the conservative right in the United States to intervene. In the case of Chile, the socialist democratic president Allende was overthrown in a rightist coup by Pinochet that was backed by the US. In Columbia coca grown domestically and abroad in Bolivia and Peru is manufactured into cocaine. Historically the US government has deployed the CIA, the DEA and the military into these narco-zones to combat drug production as a screen for counterinsurgency. US military planes sprays defoliants produced by US corporations, such as Agent Orange by Monsanto, on jungles and mountainsides, raining on humans and wildlife below. The chemical is then later ingested by Americans later down the cocaine commodity chain, providing yet another example of the US corporation realizing surplus value by supplying the Drug War with toxic chemicals, even if by poisoning Americans.

The modern Drug War is a political screen for US capitalism. In the mass-media the Drug War spectacle consists of images constructed into the narrative of police violently repressing drug dealers and users. On the whole, the police arrest, assault and process millions of poor people, a disproportionate of whom are black and Latino, in a media spectacle for the enjoyment of the conservative right of the middle class viewer. In this regard, the Drug War spectacle distracts people from paying attention to class warfare, specifically how US corporate restructuring erodes the conditions of middle class renewal. Hence, the Drug War is a crucial component of US capitalist hegemony, because the narrative of good cops and bad drugs places the focus upon what is otherwise a small drug minority. However, while the police do battle with the drug trade in the mass media, a small agency of the US federal state, the Central Intelligence Agency (CIA) was importing drugs from abroad to ensure that the

supply necessary for expanding the war at home was reaching US shores. While politicians and government bureaucrats publicly declare the prohibition combats the cartels and gangs of the illegal drug business, the Iran-Contra Scandal exposed that the US government actively transports drugs of the cartels into the United States to distribute to street gangs in deindustrialized areas. While the Drug Czar and the Office of National Drug Control Policy (ONDCP) publicly denounce illegal drug use, the Central Intelligence Agency (CIA) transports cocaine and heroin into the US. The CIA was accused of distributing cocaine to Los Angeles street gangs in the 1980s, who manufactured and sold crack cocaine in poor, mostly black and Latino, neighbourhoods (*American*). Recently, the 2001 US invasion of Afghanistan allowed Bush-Republican conservatives to liberate the country from the grip of the ultra-conservative Taliban, the US military has facilitated the return of the drug economy.<sup>109</sup> The devout Taliban had interpreted the drug prohibition by the letter when they eliminated the poppy farming supporting heroin production, unlike the US neoconservatives, who understand that the Drug War acts as a political screen for US capitalism to loot the ruins of the US imperial state.<sup>110</sup> Under the US occupation, Afghanistan now virtually produces the world's heroin supply, with much of it transported into the United States.<sup>111</sup>

Millions of Americans have been arrested for personal possession of illegal drugs, while high-ranking officials of the Iran-Contra Affair remain in positions of authority, despite helping to wage an illegal covert military action which Congress had forbidden.<sup>112</sup> In what follows the Drug War is examined as a myth reproduced by the conservative right. The Drug War machine smoothes out the economic restructuring

of post-Fordist capitalism. First of all, the US dollar facilitates the underground drug economy abroad, an interest free loan estimated at some thirty five billion dollars per year; secondly, the underground drug economy channels money into rural and deindustrialized areas; thirdly, the growth of the black-market provides the cartels, street gangs, drug dealers and users that justify expanding the Drug War machine. The state bureaucracy of big government grows in step, as does the police state and the private prison industry. Finally, the drug prohibition protects the US pharmaceutical industry and its expensive drug patents from mass competition with marijuana. The Drug War constitutes a media spectacle that distracts attention from the post-Fordist restructuring waged by the US corporate sector against American workers.

### *The War on Reefer Madness*

Marijuana is by far the most widely consumed illegal drug in America, with some eighty million Americans having tried it, twenty million having tried it recently, and two million daily users. The Drug War is primarily a war on one popular drug, especially since the Reagan Administration.

In the battle over illegal drugs, the state ideology renders drug use in the terms of madness. Marijuana represents the vast majority of drug use. Therefore, the discourse of reefer madness is representative of the Drug War ideology more generally. In the 1920s, Harry Anslinger, the state bureaucrat, associated marijuana use with insanity in his reefer madness media campaign. Douglas Valentine in *The Strength of the World: The Secret History of America's War on Drugs* writes: "To put it kindly, Anslinger liked to eat his cake and have it too. In public he was a staunch

law enforcement crusader; behind the scenes he was complicit” (39).<sup>113</sup> Introduced to America by Indian laborers in the West Indies, marijuana was introduced to the United States by migrant Mexican day laborers working in the fields. It was associated with the black community and jazz musicians, such as Louis Armstrong. The Hearst newspaper chain ran sensational accounts of crimes committed under the influence of reefer madness. Marijuana was regarded as an “assassin” that turned normal youth into criminal deviants. However, when President Roosevelt signed the Marihuana Tax Act in 1937, it was not because of a danger to public health, but because the drug represented an economic threat to emerging markets.

The roots of the modern cannabis prohibition lie with corporate interests. The legal prohibition of marijuana, for example, lies with DuPont securing the market for its synthetic fibre. By making hemp illegal, the future of the nylon parachute meant the end of hemp. In an act of war profiteering, DuPont realized surplus value by supplying the US military with its synthetic equivalent. The modern drug prohibition came into existence as an indirect consequence of business interests manipulating the government bureaucracy.<sup>114</sup> The prohibition of marijuana was a benefit of DuPont’s objective of eliminating the competition from industrial hemp. The invention of synthetic rope by DuPont, meant legislation prohibiting the cultivation of hemp was a necessary step in creating market demand. Needless to say, Heart’s stock portfolio benefited from his yellow journalism.

*Comrade Anslinger, Chief Washington Bureaucrat*

Harry J. Anslinger, the long term head bureaucrat of the Federal Bureau of Narcotics (FBN), an agency of the Treasury, because illegal drugs were regarded not primarily as a medical matter but as a financial one. In America, where the conservative right rants about government bureaucracy, is there a better example of a state bureaucrat limiting US free enterprise than Anslinger? Appointed, not elected to his position, Anslinger ceaselessly lobbied the country's states to convince lawmakers that marijuana use led to criminal activity, murder, robbery and rape. This reefer madness propaganda of the 1920s was facilitated by the Hearst newspaper chain, which uncritically propagated Anslinger's lies, as if it were *Pravda* covering the Politburo. A bureaucrat, of the species conservative Republicans love to revile, oversaw the implementation of public policy. Anslinger's consultation with government illustrates the role of state power in shaping public consciousness, where a bureaucrat influences elected officials. After successfully winning the support of state and local officials, Anslinger travelled to the UN to persuade the international community to endorse America's drug prohibition. Anslinger and the FBN were bureaucracy run amok. While the FBN and much later the DEA relied on media campaigns to exaggerate the effect of police drug busts, the soft power of the media image meant state ideology still required the US bureaucracy acquire even greater powers of coercion. Anslinger's advocacy resulted in state governments passing laws that made cannabis illegal. His work laid the formal laws that would later escalate the drug prohibition into a war. Much later, in 1970 Elvis in a meeting with Nixon, asked to be made an honourary member of the Bureau of Narcotics and Dangerous Drugs.

Despite the King's heavy prescription drug usage, Nixon grants his request and made him an anti-drug crusader. Later the most popular AM radio personality Rush Limbaugh, an acerbic outlandish Republican conservative, was found to have been addicted to pharmaceutical drugs, such as OxyContin, which did not hinder his career as a public entertainer (Radio Host).

As a state organization the Food and Drug Administration (FDA) controls the medical definition and application of drug research. Currently little research on cannabis can be performed, because the FDA does not recognize the substance as having any medicinal value, yet the same organization employs former big tobacco executives to bend the rules for a deadly substance. State regulation, however, would ensure that cannabis and other dangerous drugs, such as heroin and cocaine, would be handled by an intermediary. In most cases, a store clerk could ensure narcotics were not sold to persons under the age of twenty-one or intoxicated persons, even if cannabis were the only such drug legalized. Taxation could fund rehabilitation and treatment for persons addicted to narcotics, as alcoholics and addicts are currently enter detoxification before undergoing therapy. Were the FDA to step back from its own propaganda and open up research on cannabis, millions in research grants could fund new work on its (already known) multiple medical applications.

Statistically a only a tiny minority Americans die every year from overdoses of illegal "hard" street drugs such as cocaine and heroin, far fewer deaths caused by prescription medicines.<sup>115</sup> The Food and Drug Administration (FDA) permits the sale of tobacco, a substance responsible for almost half a million deaths per year, and alcohol, a substance responsible for with one hundred and fifty thousand deaths per

year. Both tobacco and alcohol are permitted for sale, while the FDA claims marijuana has no medical benefits.<sup>116</sup> Where the deaths attributed to heroin, cocaine and all other illegal drugs amounts to ten percent of deaths attributable to overdoses from prescription medicines, the focus of the Drug War is on reefer madness.<sup>117</sup> Illegal drug use is represented in terms of madness, specifically schizophrenia, where one descends into joblessness, homelessness and early death. In an age when Presidents Clinton, Bush Jr. and Obama were proof of marijuana's positive influence, the media image of marijuana is predominantly that of the underachiever. Smoking marijuana is associated with madness, while tobacco and alcohol, two dangerous substances, are permitted by the FDA. In US capitalism the pharmaceutical industry has become a dominant sector for finance capital.<sup>118</sup> Where marijuana, cocaine and heroin were regarded as medicines in the Nineteenth century, they were declared enemies of the state in the Twentieth century.

While the size of the cannabis trade appears relatively insignificant when compared to the value of Wall Street's stock market trade in derivatives, cannabis has potent symbolic value. This drug is thought to signify the laziness of its user, which is thought to be representative more generally of a pessimistic view of human nature, a view characteristic of conservative thought. The fact that a drug serves an assemblage implies that cannabis actually has many uses beyond the lazy stereotype. It should be no surprise that by helping its users sleep and rest, cannabis poses a threat to the intensity and speed of life in late capitalism.

The DEA's targeting of cannabis includes the repression of its medical applications, in order to prevent the plant's further legitimization with Americans.

Currently the drug is classed as Schedule One, a category of drugs deemed to have no medical value, despite that cannabis, cocaine and heroin have been employed as medical remedies up to the early Twentieth century.

### *California's Cannabis Capitalism*

Jean Baudrillard argues that America is the world's realized utopia, of which California is the most exemplar, because it is believed to represent the enactment of individual liberty. However, with every step forward there is a backlash, as California's progressive legislation can be reversed. San Francisco and California are associated with the hippy counterculture of the sixties. California has the country's largest state marijuana economy, concentrated in the North, in the Emerald Triangle, which is an area composed of Mendocino, Humboldt and Trinity counties. The marijuana economy in California is already de facto legal, because the state along with many county and local governments do devote resources to enforcing the prohibition. To make up for this soft law many counties and cities have banned marijuana dispensaries. The federal government props up the failing Drug War by combatting California's cannabis capitalism.

Baudrillard argues that California represents the end point of America's development. As a simulation model of semiotic development, the country's largest state, with a population the size of France, has developed US liberty to the fullest extent. However, the state has also developed the US conservative backlash as well, with Nixon and Reagan both Californian politicians before assuming the presidency. Nixon as a Californian senator and Reagan as governor grew with the conservative backlash driving the rise of the New Right during the Seventies and Eighties. In the

spectacle of California, cannabis signifies the hedonism of America. In the sixties, it was the image of the hippy in San Francisco. American television provides the conservative right with a residual image against which to react. However, the same era gave way to the conservative New Right, with Nixon and Reagan symbolizing the accomplishments of the moral backlash. In the Seventies, taxpayers voted in a public referendum to lower taxes by cutting school funding. More recently in California conservative forces reversed the state's progressive gay marriage legislation, Proposition Eight, by way of a plebiscite.

In the wake of the subprime mortgage crisis, California's growing budget deficit means politicians must contend with the issue of taxing cannabis. In a state with a history of popular resistance to taxes, lawmakers must decide between the fiscal costs of financing the Drug War and the benefits of taxing the legal sale of marijuana. Conservative must weight their support for the Drug War against their populist detest for taxation. *f*While conservatives certainly do not endorse illegal drug use, Christian conservatives do not endorse drug use period. Police and parent groups are expected to speak out against pot legalization. However, if conservatives believe that they can save themselves money on their taxes by taxing cannabis smokers, then conservatives could vote to repeal the cannabis prohibition. When Californian voters vote to tax and regulate cannabis, then the federal government and the DEA will be in the position of waging the Drug War against California's popular democracy.

California figures importantly as a territory of the Drug War, much as it did in the Wild West of Nineteenth century America. A legal grey-zone permeates the growth of the state's cannabis industry. State parks are known to house outdoor grow

operations, with the lowest entry level production positions held by marginalized subjects, most commonly immigrants laborer from Latin America. California was an epicentre of the country's subprime mortgage crisis. The state's indoor grow operations constitute a cottage industry. Because of the drug prohibition houses become empty-shells hiding indoor growing operations. Their rate of return attests to the spirit of free-enterprise in the United States. A neighbourhood can contain a network of production sites. While houses do not generate income, grow houses generate surplus value. The profit in the cannabis commodity chain ensures demand for refurbishing properties in a cooling housing market. In one CNBC documentary *Marijuana Inc.* a California couple who rented out their property while residing in a nearby town complained that their property was destroyed by an indoor grow operation. Their tenant farmers used the landlord's property to realize some surplus value in the country's most lucrative cash crop. The network of this illegal cottage industry feeds the state's legal market of medical dispensaries. Rather than respect this free-enterprise, the state apparatus of the federal government seeks to destroy it.

Despite being the country's largest state and largest producer of marijuana, California gave the country Richard Nixon and Ronald Reagan. Both Nixon and Reagan rose to fame by their anti-communist rhetoric. Nixon ignored the anti-war movement, famously saying that their public demonstrations would never influence him. Reagan publicly chastised the university president for tolerating the liberal hippy commune at Berkeley. Nixon and Reagan are responsible for implementing the War in its early phases. Where Nixon began publicly discussing the drug prohibition in terms of a war, Reagan during his second term escalated the war into an assault on

marijuana, an otherwise benign substance, save President Jimmy Carter's remark that the harmful effects of criminalizing a drug should not outweigh the drug's perceived ill effects. Despite the success of Nixon and Reagan in directing the federal state to intensify the drug prohibition, the 1990s saw California legalize medical marijuana, with the passage of the 1996 Compassion Use Act into state law. Keeping with this spirit, in November 2010 Californians will vote in a public referendum on outright marijuana legalization. However, much like California's gay marriage legislation, proposition eight, was reversed by a conservative backlash, California's fight over marijuana legalization is by no means over. Should Californian voters decide to tax and regulate the marijuana economy, this would be a fatal blow to all existing drug prohibition legislation.

During post-Fordism the US federal government has repressed the cannabis economy. First the wave of decriminalization during the 1970s and the wave of legalization during the 2000s have tested the federal state's commitment to the ideology of anti-drug propaganda backed by violent coercion. For example, under the Bush administration, Attorney General John Ashcroft shut down bong pipe manufacturers like Edgar Hoover and the FBI busted Al Capone and other gangsters for selling booze during alcohol prohibition in the 1920s. He went so far as to arrest Tommy Chong, of the 1970s comedy duo Cheech and Chong. Walters arrested the Chong the businessman for selling drug paraphernalia to punish him for propagating the image of the hedonist pot smoker and drug user in the land of world history's end. The government essentially punished the fictional character for the conduct of a businessman.

The legalization of medical marijuana movement of the 2000s evokes DEA repression of a counterculture ideology. In November 2010 California holds a public referendum on the legalization of marijuana, medical or otherwise. While polls suggest the measure could pass, the role of the conservative moral backlash against drug legalization is expected to grow, and it did. The ballot measure lost. A tax and regulate policy is expected to generate new revenues to fund the state government's growing fiscal deficit. The popular detest of state taxation is a conservative virtue to America's republican heritage. The Tea Party, a faux popular protest movement of the right, vocalizes the country's *vox populi* against taxation.

#### *US Capitalism and the Great Refusal to Tax and Regulate*

In the Drug War the federal government directs the state bureaucracy. Parent groups, such as Partnership for a Drug Free America (PDFA), lead the conservative backlash against drugs in civil society. Up to 1997 the PDFA was funded primarily by alcohol and tobacco industries. Since then big pharma has stepped up in light of the organization discontinuing its funding from big alcohol and big tobacco. In the morality of the anti-drug, of which conservative parent groups are the most vocal. In the ideology of drug use, it is the youth that provides the trump card. The idea of youth becoming drug-users leads many away from debating the rational policy of regulating drug use. The fear of youth becoming drug users drives a paranoid narrative of teenagers becoming what Marx and Engels call the *lumpenproletariat*, "social scum," a refuge of the other classes (92).<sup>119</sup> Recently anti-drug ideology has produced the flawed logic of the stepping stone myth. Although sugar and coffee do not

necessarily lead to each other or to tobacco and alcohol, the stepping stone myth perpetuates the belief that soft drugs lead to hard drugs (i.e. youth experimenting with marijuana are more likely to experiment with hard drugs, such as cocaine and heroin). However, the state by regulating and taxing tobacco and alcohol makes it less likely that youth can easily acquire these dangerous substances. The drug prohibition, therefore, makes it easier, not harder, for young people to buy unregulated drugs from the local underground economy. There is no store clerk to determine if the seller is in a legal position to buy tobacco and alcohol. The abstract fear of a teenager becoming a junkie resonates with the conservative right. In the conservative right the logic of drug use leads to a life of physical addiction. The need for a substance turns teenagers into junkies, with one ultimately becoming jobless and homeless. In this anti-drug narrative, there is no good that can come of illegal drug use. Youth are discouraged from trying drugs or from taking the matter of drug use lightly. Rather than dissuading teenage drug use by encouraging rational policy, taxation and regulation, the tendency of the parental reaction has consisted of the oversimplification of the stepping stone myth. For a long time, the main ideological effect of the youth and drug use strategy advanced by parent groups was to dissuade the public from rationally debating the need for reform of the drug prohibition.

Most US politicians are all too eager to go along with a campaign directed at foreign shores abroad and drug users at home in deindustrialized America. The fidelity of the state bureaucracy in following the orders of the War on Drugs identifies how state ideology led Americans to betray their love of liberty. Despite the disdain for state dictators abroad, such as Fidel Castro in Cuba and Saddam Hussein in Iraq,

and for the bureaucracy of big government at home, the role of state bureaucracy in the Drug War eludes critique by the conservative majority.

In the terms of Althusser's state apparatus, the propaganda and ideology of the drug prohibition is reinforced by violent coercion. Illegal drugs signify the madness of US capitalism over the normalization of pot use. Where the drug prohibition ensures that pot is an extremely profitable commodity. Drug Cartels, street gangs and drug dealers realize excessive surplus value, because the prohibition ensures an excellent rate of return on an investment. The risk associated with eluding police detection alone commands a premium, with jail time only a cost of working in the drug business. Neither the drug suppliers and distributors, nor the police want to see the Drug War end. The prohibition ensures profitability and the constant growth of police budgets. The drug prohibition's ideology requires a federal government agency to enforce the terms. The DEA performs this function as the repressive apparatus. Nixon formed the Drug Enforcement Agency (DEA) in 1973 to concentrate the efforts of the emerging war. Reagan made the country's first drug czar a cabinet position. President Clinton even appointed an actual military general, Barry McCaffrey, to head the Office of National Drug Control Policy (ONDCP). After the beginning of the post-Fordism, President Richard Nixon escalated the drug prohibition into a war and created the Drug Enforcement Agency (DEA) and appointed a drug 'czar.'

By supplementing local and state authorities with a super agency, the DEA can be coordinate the violence of a centralized apparatus, especially in locals experiencing a waning resolve to fight drugs. As per the United State's federalist system of government, the repression of the drug agenda supersedes the discretion of local and

state authorities. For example, local and state governments in California and Colorado oversaw the proliferation of medical marijuana dispensaries. However, even late in the George W. Bush's second term, the DEA was still raiding them. The DEA ensures the Drug War ideology can be reinforced by state coercion by supplementing the use of local and state police, the Alcohol, Firearms and Tobacco (ATF), the FBI, the military (which routinely attacks fields of plants!) and Border Patrol. The agency's relative autonomy ensures that appointed state bureaucrats deploy violent repression against the population.

The state's unity on illegal drug use consists of the debate over punishment and treatment. Where drug use is really a matter of public health, the policy of criminalizing drugs, especially cannabis, is the approach favoured by government. The executive (ONDCP) and administrative branches of government, primarily the police (DEA) and the state bureaucracy (FDA) address the cannabis problem by excluding it from rational policy debate. State governments have gone so far as to pass minimum sentencing legislation to control the judicial branch to conform to the Drug War ideology. Legislators have tied the hands of judges to ensure the last arbiter of justice in the US justice system must bow to the Drug War. This policy ties the hands of judges in sentencing drug offenders. A conviction for personal possession under the third strike legislation can land a repeat offender a life sentence. As Eric Schlosser observes, the Drug War ideology is so pervasive that it is not uncommon for murders and rapists to have shorter sentences than non-violent drug offenders (15).<sup>120</sup>

The will to violate the spirit of law in order to reinforce the ideology of the drug prohibition perverts the US justice system. Police fabricate evidence, lie on

search warrants, and employ suspects to testify and gather evidence against others. In exchange for their cooperation, suspects are promised leniency. Police officials and state attorneys make their careers off the Drug War. Often lawyers and judges fail to uncover the facts, where police have lied or fabricated evidence. State attorneys fail to disclose all evidence to the defense. The police and legal system works with suspects and criminals to against other suspects and criminals. At some level, the most plausible narrative guides these social agents of the state apparatus and sometimes regardless of the facts. The demands of the Drug War have overwhelmed the justice system, to the point that this hardened spirit of criminalizing drug use has softened state power. In the US state attorneys did not take eight thousand drug cases to trial. This development suggests the current enforcement of the drug prohibition cannot be performed in a fair and constitutional manner.

### *The Private Prison Binge*

An insidious development of the Drug War is the recent birth of the private prison. The penal system constitutes a second organ of the RSA. Since the 1990s the private prison industry has grown to become a prison-industrial complex. Selman and Leighton write of a “incarceration binge:” “With the imprisonment binge, the United States spent hundreds of billions on an inefficient method of crime reduction, and the opportunity cost involves thinking about how that money could have been put to more socially beneficial uses” (25). The interests of this business assemblage lobby the government to build more prisons.<sup>121</sup> The drug prohibition guarantees the private industry’s growth, even though, as Michael M. Hallett writes: “The irony, of course, is

that the vast majority of private ‘alternatives’ to governmental programs *are still financed through public taxpayer monies*—and in that sense are still ‘government’ programs” (83). The power of private interest in publicly paid incarceration is great. Construction firms compete for government contracts to build prisons; the operations of prisons require corporations, such as Sodexho-Marriott in food services, which is a major investor in CCA, the Corrections Corporation of America, the largest private prison firm (Selman and Leighton 56); technology firms provide the cameras and screens for the prison spectacle; state funding virtually ensures that cost overruns can be covered by public debt. What is more, private corporations in the service industry contract out prison labor to assemble goods and even provide customer service by telephone. Curtis R. Blakely in *America’s Prisons* argues the Federal Inmate Work Act of 2001 “exposes a willingness by lawmakers, prison officials and private industry to use inmate populations as a source of cheap and captive labor” (15). He describes prison laborers as “powerless, captive, and largely poor and illiterate.” However, Christian Parenti in *Lockdown America* argues that the need for low wage labor cannot on its own explain the emergence of the private prison (230-5). The crisis of accumulation signified by post-Fordist corporate restructuring drives the search for low cost labor; unemployment ensures that the prison population grows and prison labor performs customer service for sweat wages. The growth of the private prison industry attests to the profitability in government paying US private corporations to deliver public services. Not only do private contractors realize surplus value by cutting back on the services necessary for the rehabilitation of prisoners, but they exploit their labor power as customer service representatives. The private prison cuts

back on the quality of prison food, by, for example, serving soy instead of meat; the service sector employs prisoners as the virtual slaves of the post-industrial economy.

The legal reform of Anslinger's reefer madness formally prepared the way for the real violence of the Drug War in post-Fordism, the era when the modern prison became the drug gulag. While impoverished, mostly black and Latino, men, women and children unduly suffer the consequences of criminalizing a matter of public health policy, corporations feed on public monies facilitating this war upon local communities. The country's prison, pharmaceutical and rehabilitation industries reap billions in public monies. At the end of history, the ideology of the Drug War reproduces the growth of the state's repressive apparatus in a country founded by rebels. The Drug War reinforces the void left by the decline of Fordist paternal capitalism.

The gradual rule of drug testing as a condition of employability constitutes another phenomenon of the Drug War that serves corporate interests. The Drug War has resulted in the widespread implementation of drug testing in the United States. This gross violation of individual liberty by the corporate state confirms the authoritarian nature of US capitalism. The right to privacy is a concern of the conservative right, except when it comes to the perceived immorality of drug use. The abstract fear of drugs causing harm to the children trumps all rational debate. The corporate sector has directed this misguided fear to become a tool in its repertoire of discipline and control. Despite the common sense that a lost cause should be abandoned, the police state by losing the Drug War acquires the mandate for perpetual expansion. Despite the best efforts of police and conservatives to erase the drug's

popular influence, weed returns and proliferates, along new fronts, and in ways beyond the control of police power. The progress of weed culture suggests that the federal government's War on Drugs supplements the material decline of the American dream; it should be no surprise that the disappearance of country's manufacturing sector bears a relationship to the spread of cannabis in the heartland of America. In a time when economic wealth is concentrating with fewer and fewer households, the US War on Drugs provides a strategy of deterrence for the capitalist state by funding the private prison industry. In a global age prisons cannot relocate offshore.

Contrary to the conservative rhetoric of the free market, the Drug War proves the dependency of corporations on government for business. The fact that corporations use government to further their accumulation of capital requires a narrative, namely that the capitalist rescues people from dependence on the state. The image of the welfare mom is stoked by the conservative right to evoke people to demand government cut taxes and cut back social welfare. However, when government is the customer of private corporations, this form of (corporate) welfare is perfectly legitimate. The public bears the costs of expanding the police state necessary for waging the Drug War, and the private corporation reaps profits from building the state's Drug War apparatus. The Drug War is winning strategy for the corporate sector, but a losing one for the people.

Since the signing of the NAFTA accord, Mexico has devolved further into a narco-state, where a quarter of the state economy is in drug trafficking. Cocaine, marijuana and heroin constitute extremely valuable commodities in Mexico's economy. Recent developments in the 2000s attest to the role of the US intelligence

agencies selling weapons to Mexican drug gangs paid for in cocaine. Currently a violent war over territory in the drug trade has claimed twenty thousand victims in a two year period. The production and distribution of drugs into the United States happens in Mexico. In the NAFTA model, Mexico provides low-cost labor to US corporations in export zones, called *maquiladoras*, located along the US-Mexico border. Workers can earn up to ten dollars a day. Corporations can move product across the border without paying tariffs or taxes. These export factory zones employ workers to produce and assemble the product. The export model for consumer goods depends on peasant labor. US agricultural policy has displaced over a million Mexican corn farmers from the land, which provides the labor for the export trade zones.<sup>122</sup>

The domestic production of cannabis in the United States has become an import substitution model for product from Mexico. The homegrown cannabis industry emerged from the ruins of Fordist America. With the breakdown of the Fordist model, the US business class consciously waged class warfare against American workers. Rather than engage organized labor at home, the US corporate sector relocated industrial production South and to the West to the Sun belt. Corporate lobbying resulted in changes to state policy. International trade agreements, such as NAFTA, codified the terms of international production. What remained of US production moved to the South and West to Asia. At home, the Reagan administration undermined the National Labor Relations Board (NLRB). State institutions such as the NLRB, designed to mediate the anti-social madness of capitalist firms, ceased to mediate the corporate agenda. When Reagan undermined the power of the NLRB, the

corporate sector intensified its class war. The offshoring of US manufacturing left a rust belt. While US corporations send jobs abroad, South and overseas, the Drug War concentrates on what global exchange brings back. Heroin, Cocaine, hash and cannabis return to US shores. America's police state, at the direction of the US executive and legislative branches, seeks to protect the people from this evil foreign menace.

### *Uncle Reagan's Big Soviet Lie*

In the Eighties President Ronald Reagan told the youth to "Just say no!" He admitted that his generation had alcohol for a crutch, but challenged the youth to be the first generation to stand alone without a crutch—what a shining example of how Fifties nostalgia. The US War on Drugs is America's big Soviet lie. As the word "soviet" means council, the ideology of the drug prohibition is the big lie that justifies the executive committee of the ruling class waging war on the working people of the United States of America. The Drug War is a big Soviet lie because this war is regarded by the general public and critics alike as a failing enterprise, a lost cause, much like communism was a good idea in theory. The comparison of the US Drug War with the Soviet Union is meant to identify the gap between the state and the people. Reagan loved to say the Soviet Union was a "cynical" society.<sup>123</sup> In America, the common belief about the Soviet Union is that everyone there knew that communism was a big lie, but they went along with it anyways. The same can be said of the US Drug War. Where state officials publicly attest that cannabis is a dangerous substance with no medicinal value, public polls consistently show the majority

believes marijuana is a relatively benign substance, especially when compared to legal substances such as alcohol and tobacco. Because the government and public are at such odds on this matter the Drug War is America's big Soviet lie. The Drug War exhibits the worst excesses of the US governments that the conservative right loves to identify with the Soviet Union under communist rule, yet this atrocity of liberty happens in America. The US state's hard line on drugs draws unconditional support from the conservative right. Hence, the conservative by supporting the Drug War unconsciously supports the worst excesses of government that are identified with big government. By unconditionally supporting the Drug War, the conservative right reproduces the same tyranny it identifies with state authority elsewhere in the world. The Drug War provides the ideological cause for the corporate class waging warfare on the poor, with the Christian conservatives along for the ride.

The ideology of the US Drug War functions as a metonymy for the worst excesses of US capitalism. While the popular image of the Soviet Union in America focuses on the failings of a totalitarian system, US free enterprise, we are told, is freedom at its fullest when compared to state communism. The myths of anti-drug propaganda and the violent repression of the external state that underwrite the Drug War demonstrate the role of state ideology in legitimating the growth of big government by the US corporation. The alliance of conservative parents, government and the corporate sector aim to crush cannabis counterculture. The Drug War means that cannabis is an example of what classical economics call the free market. What a really existing free market, one that provides a violent contradiction to the monopoly capitalism that passes for free enterprise in the United States.

A lost cause, the Drug War continues with no end in sight. It is a big common lie, because it is obvious to anyone that this policy is a failure, but the government refuses to listen to the people's common sense, beyond the reactive morality of conservative Christian Republicans. Even though cannabis is a harmless substance—unless the harms of its criminalization are included, then it is harmful indeed—the US government continues to wage war upon its own people, with the same fever the Catholic Church had for prosecuting atheists and heretics. The conservative right's belief in the Drug War is so potent that it sacrifices its belief in the right to private property. The essence of conservative thought circulates around the liberal idea of protection of private property from government seizure. In the Drug War business, the US federal state seizes property without laying charges. In fact, eighty percent of property seizures are conducted this way. In the Drug War, the growth of state bureaucracy and the seizure of private property by government should be proof enough for the conservative right to disengage the Drug War machine.

Important Republican presidents, such as Richard Nixon and Ronald Reagan have served at the vanguard of the Drug War socialist enterprise. In a way, they were the Lenin and Stalin of this Republican counterrevolution. Nixon dictated a drug czar into power. His early departure from the Drug War he declared was followed by Reagan's intensification of the war upon the people. Where the young Newt Gingrich demanded legal access to marijuana in 1979, by the early Nineties he demanded that drug smugglers into the United States be sentenced to the death penalty. While the liberal nanny state is regarded by the conservative right as a relative of the Soviet big brother, these conservatives were against big government but escalated the drug

prohibition into a war. This Orwellian doublespeak meant that conservatives could publicly rant against government, then expand it anyways to serve their ends. The free-market libertarians in the GOP against the Drug War, such as Ron Paul of Texas, are marginalized by the conservative extremists of the party, notably the Christian family values faction. When the conservative right is actualized by free-market loving Republicans, such as Reagan, government becomes the problem, an evil empire. This ideological screen against big government allows the GOP to direct the state to serve the interests of the corporate sector.

The deterrence of this state apparatus fails to wholly capture the flow of drugs in America. This failing signifies the softening of power, in the sense that the state cannot actually cease and desist this free-market. The state cannot stop the truck, barter and trade in cannabis, cocaine and heroin. Much like US political objectives in Vietnam failed to contain the spread of communism, the drug trade is a free market the federal state refuses to tax and regulate. Instead, public monies are spent growing big government. What does this say about a country with a history of populist protest against state taxation? The conservative majority's moral prohibition on drugs and the Christian spirit of free-enterprise divide the right. The Republican Party advances the drug prohibition and the corporate free-enterprise of the private prison industry. The New Right builds the prisons of the big government that the popular movements, such as the Tea Party, protest against. This ideological division on the right between the Christian conservatives and the free-market libertarians shapes the broader agenda of the Drug War. Parental fear of youth drug use drives the agenda of moral prohibition. The growth of the private prison industry requires the Drug War imprison greater

numbers of citizens. With a prison population of over two million, the United States now has the dubious distinction of being the world's most incarcerated nation, more than Russia and China. Given that a million of these people are incarcerated for drug crimes, mostly personal possession, mainly for pot.

During post-Fordist capitalism, federal and state public prisons have been gradually privatized. The privatization of the prison has resulted in an industry designed to realize profit in escalating the Drug War. The ONDCP turns lies into myths, instead of educating parents how to explain to their children the risks of drug use; the DEA sees medical marijuana as the Trojan horse of the legalization movement, the enemy of the state rather than as a legitimate political movement of a community of people; and the FDA denies cannabis has any medicinal benefit at all! The head medical authority of the United States openly and cynically lies, by telling the public that marijuana is more evil than legal substances, such as tobacco and alcohol, both with well known dangerous risks.

The US people are divided on the costs and benefits of this campaign of war against the free trade in narcotics. At the extremes, conservatives and liberals are mediated by the indifference of the popular majority. Where the conservatives seek to win victory from the jaws of defeat by expanding the war, liberals hope to end the moral prohibition of drug use, citing privacy and liberty as inalienable rights.

Because the drug prohibition escalated into an all out war at the beginning of the post-Fordist era, the function of this strategy serves the business interests of the corporate sector in two important ways. First of all, the growth of police state and the private prison industry absorbs the unemployed excess labor resulting from industrial

decline. The offshoring of US manufacturing jobs disciplines American workers. The bleak long-term prospect of seeing US manufacturers return conditions displaced manufacturing labor to accept the lower terms and conditions of employment characteristic of service sector work. The offshoring of US production has been instrumental in the corporate sector's war of non-recognition with organized labor. In post-Fordism, the Drug War provides the ideological cause for employing workers displaced by the private sector. The government expands the repressive state apparatus to compensate for corporate displacement of workers onto the public sector. Initially deindustrialization is to blame for the poverty and suffering of Americans involved in the drug trade. However, the grave consequences of the Drug War also contribute to this troubling condition on poverty in a nation of unprecedented wealth. The people of the drug trade are denounced by authority as dishonest and lazy for chasing American dream of wealth and independence in an age of low-wage uncertain service sector work. Post-Fordism has seen workers lose their relative bargaining power realized by industrial unionism. It should be no surprise that the drug economy grows in America's deindustrialized zones. The green shoots of the cannabis economy run underground to rescue localities devastated by the unintended consequences of the America's imperial trade policies.

The paradox of the drug prohibition means the public spends a fortune waging war, while drug use increases and availability improves. On the demand side, Secretary of State Hillary Rodham Clinton publicly admits the United States has a voracious desire for illegal drugs. On the supply side, the flow of marijuana and cocaine from Mexico and Columbia alone is a consequence of US agricultural trade

policies. Impoverished South American farmers earn two dollars for a pound of coffee and four dollars for a pound of marijuana. US free-trade economic policies have provided the external cause for people to enter the underground drug economy. An oversupply of drugs and desperate labor has not, however, deflated the price of illegal narcotics. Given that the US dollar is the currency of choice of the drug trade, the premium price paid for cannabis and cocaine represents a huge cash inflow to the US national economy.

By refusing to tax and regulate the drug trade, the state by enacting a criminal approach to drug policy actually reproduces the material conditions for the black market to thrive. The prohibition drives the drug trade underground, where the risk of dealing in cannabis, for example, commands high surplus value. The profitability of the drug trade ensures the market attracts people with few options on the promise of better wages and less workplace discipline. Even the state's harsh repression has not deterred the inflow of skilled and unskilled labor into the cannabis economy. The War on Drugs enriches US monopoly capitalism, but it also reproduces the surplus value central to growing the underground drug trade, which, in turn, ensures the expansion of the state's repressive apparatus.

In the United States, where the corporation publicly vocally denounces government and struggles against regulation of the free-market, the arrival of the private prison, what some call the prison industrial complex, illustrates Keynes basic point about the free-market: that the state essentially buries money underground and pays the corporation to dig it up.<sup>124</sup> The Drug War is a reminder that US capitalism relies on big government handouts, often called corporate welfare, to augment its

creative destruction. Hence, the War on Drugs illustrates the authoritarian character of late US capitalism.<sup>125</sup> Much like the country's earlier alcohol prohibition in the 1920s, everyone knows this government led war is a lost cause. This inconvenient truth does little to deter the Drug War's moral crusaders, for the government refuses to admit it is a colossal failure. As the globe's democratic experiment, the Drug War proves that US power has gone soft.<sup>126</sup> While the war's stakes are mainly symbolic, the consequences of the state violence are real, especially for those subjected to the state's repression. Even the soft power of the US drug prohibition proves that Americans are not yet fully free, despite the belief that their singular liberty makes them the freest nation on earth. What is more, often vocal opponents of big government do not question the real costs of the US capitalist state's holy war. If America is the land of freedom, the Drug War is proof the country is not yet fully free.

### *The Hemp Roots of the American Republic*

The founding fathers of the American republic, such as Thomas Jefferson and George Washington, while by no means democrats (although remembered as such), were concerned about the state's tendency to tyranny. The prohibition of cannabis is exemplar of such an abuse of government power. In the beginning of the world's democratic experiment, patriots of the republic were encouraged, obliged even, to grow hemp on their homesteads, for the good of the young rebel nation. The role of hemp in the birth of the American republic cannot be underestimated, just as the role of weed in the growth of late American empire cannot be overexaggerated:

George Washington et plusieurs autres fermiers de la colonie cultivaient le chanvre pour les textiles, mais plusieurs facteurs indiquent qu'ils en connaissaient les propriétés complètes. Premièrement, Washington séparait les plants mâles des plants femelles, ce qui est fait pour obtenir une résine de meilleure qualité. Deuxiemement, il semble évident que les fermiers coloniaux apprirent l'usage du chanvre en tant que drogue par les Africains; ceci fut certainement le cas en Jamaïque et aux Indes occidentales, au 18ième siècle, après la venue du ganjah des Indes. Troisièmement, la drogue était communément utilisée pour les maux et les douleurs. (Khal et Basile 60)

The people's republic was founded on rural homesteads growing the agricultural crop hemp, which at the time provided optimal material fiber for sails and rope for rigging, among others such applications, such as paper for maps which are crucial to long-distance sea trade. A law was enacted to encourage American homesteads to devote part of their arable land to growing the hemp needed to defend the republic. American households valued hemp out of patriotic duty, and were encouraged to cultivate it to aid the birth of the republic and preserve its victory.

### *American Hemp, Enemy of the US State*

After centuries of loyal service, this commodity would serve the republic in its second life as public enemy number one of the state. Since the eclipse of sail power, hemp was reborn as a sign of a potent threat to the moral economy of the traditional American household. The plant that had served the rebel nation against the British

empire became a public menace. This herb would become a symbol of the communist specter haunting the conservative right, which, in turn, justified further government intrusion into the public sphere, despite conservatives purporting to stand for smaller government. This plant has evoked the United States federal government to feed state paranoia and public hysteria in the endeavour to legislate morality. This endeavour extended to local, state and international levels of government, in the land of government by and for the people, proves the cannabis threat is crucial to the conservative strategy of class war; so much so that it lead the publicly elected federal state to empower an unelected despot, the drug 'tsar,' to serve as the head of the Drug Enforcement Agency (DEA), the state morality police, to trample on American liberty. George W. Bush, in his final press conference, in his last days in office, would trumpet the singularity of American freedom to the world. Yet the United States, much like another democracy Iran, remains a nation empowering the state police to enforce the moral traditions of a conservative utopia. For much of the Twentieth century, the cultivation of cannabis in the back-plot of the American family home has been viewed a violent act of political subversion, subject to the harshest of criminal penalties—the expropriation of private property—in the world's freest market nation. In the United States, the land of self-sufficiency and individual right, growing a plant in one's homestead for personal consumption becomes a violent act of political and moral subversion subject to the harshest of legal penalties. In this way, the liberty of the American dream reverses into the nightmare of the totalitarian state of the East, in that the state's rule of law represses the emergence of individual liberty in the name of a greater good dictated by the conservative right.

The conservative reaction to teenage drug use drives the Drug War. The cannabis 'drug' is widely perceived to offer nothing more than a cheap thrill to the young and lazy seeking an easy way to get high. The thought of feeling good, while working, studying or relaxing, draws out the violent judgment of the puritan within, who reacts aggressively to the thought of other people smoking their medicine or getting stoned on anything other than the ascetic faith in God. Grouped together with hard street drugs, such as heroin, cocaine and methamphetamine, by institutions in the US such as the Food and Drug Administration (FDA), cannabis, a benign non-toxic substance, becomes the most potent threat to parental authority imaginable. The conservative right reacts to it violently, by demanding that the same democratic freedoms, won by Americans dying on foreign shores, be sacrificed to the moral crusade for a drug free utopia. The alliance of reactive conservative parents, with some five thousand anti-drug parent groups in the United States alone (i.e. Partnership for a Drug-Free America), use the fear of "think of the children" reasoning to deny a rational public policy, as with alcohol and tobacco. The fantasy-wish of a drug-free America overlooks the obvious historical fact late capitalism needs the speed of drugs. The conservative desire to prohibit cannabis trumps the American ideal of individual liberty and has required nothing less than a permanent state of war. Although the notion of war implies a beginning and an end, the Drug War is a campaign with no end in sight less than realizing the conservative utopia. The legal right to grow this ancient medicine in the backyard plot presents not the realization of American liberty, but a threat of moral decay and cultural decline. The repression of cannabis culture negates

the ideal of the American sovereign individual household having the freedom to grow plants in a garden. A simple gardening is among the most violently repressed acts.

Weed the commodity object is equated with mindless, unproductive, wasteful extravagance. Its consumption signifies the opposite of hard labor, as if cannabis had no practical application in production. However, the plant's introduction into America is historically tied to the toil of Mexican migrant laborers, who valued marijuana for its medicinal properties, which serve to supplement the bodily affects of backbreaking agricultural labor. Every head of lettuce and every strawberry must be handpicked. The consumption of cannabis not only alleviates bodily aches but also quiets the mind, and yet these uses remain grossly offensive to state morality. The thought of poor migrant laborers, outsiders, using this plant to counter the ill effects of alienated labor offends the austerity of spiritual devotion in the conservative right. Laborers are expected to endure without the simplest remedy for enjoyment and relief. The permissiveness of cannabis use challenges the bias of spiritual asceticism by identifying the role of a material assemblage in producing the joy of consciousness, given its value as a mood elevator and a muscle relaxant.

Despite its well known biological value to the laboring body, this benign herb became a potent public menace to communities, a badge of rebellion and symbol of communism.<sup>127</sup> In the 1960s, the media spectacle of the hippy counter-culture, the sons and daughters of the middle class, formed the image of the absolute enemy of what Nixon called the 'silent majority.'<sup>128</sup> Images of public protests featuring rebellious middle class youth, "dropping out" of the moral order of American family household, circulated in a televisual spectacle. Images of long-haired, unwashed,

sometimes naked, young men and women, hanging out, doing drugs, practicing yoga, and smoking cannabis, suggested the liberalization of US civil society in the postwar era was an invasion of the lazy and indolent over the anal-minded middle class. Then California Governor Ronald Reagan seized on the opportunity to combat this minority, which ballooned into a scope beyond the locale of California. Marijuana became a sign of the hippy, who, in turn, was the agent of the communist specter, lurking everywhere and nowhere. The drug became the cause that turned youth into socialists and anarchists. The growth of an ideological counter-culture was amplified by the transmission of this televisual image across America, which magnified the threat and provided the absolute enemy for the moral conservative order to react against. Hence, the hippie counter-culture was proof of how the modern bourgeois values mutate beyond the control of the traditional moral order. The repression of cannabis symbolizes in the conservative right the quest to repress American's newfound liberty back into the image of the traditional family household.

The public outcry over cannabis culture in the United States constitutes a form of mass hysteria. Rather than manage the drug issue rationally—tax and regulate, as with other ‘dangerous’ substances—by addressing it as a matter of public health, the federal state propagates reefer madness and harshly prosecutes the cannabis community. Much later harsh criminal penalties and the passage of mandatory minimum sentencing legislation delivered the actual state repression. US Presidents Bill Clinton, George W. Bush, and Barack Obama and other politicians publicly discuss their past drug use—obvious evidence contrary to the Drug War myth that drug users are burnouts—while millions of Americans suffer from the state’s war on it

people.<sup>129</sup> Hundreds of thousands are arrested annually for possession and many are then incarcerated. Not to be outdone by Republican presidents Reagan and Bush, both of whom significantly expanded the Drug War, Clinton, the Democratic President, presided over its further expansion.<sup>130</sup> Add to this President Obama, who wrote about his pot use in his memoirs and rejected the idea of ending the prohibition in town hall forums. Once in power, Obama refused the formal metaphor of war, saying it did not help matters, and left the actual Drug War intact. The DEA continued persecuting California marijuana dispensaries, which were legal under state law, even after Obama directed them to cease and desist.

In the Twentieth century the state apparatus has been organized into a conservative offensive against cannabis culture, many times by politicians and citizens who purport to want less government. The modern history of the US Drug War resulted in the formation of the Drug Enforcement Agency (DEA) under Richard Nixon, the American President who intensified the prohibition on drugs in 1971 by introducing the war metaphor. Later in 1983 Ronald Reagan later made the Drug War official with his focus on marijuana (Bourne 41). In the US possession of small amounts of cannabis is the fourth most common arrest. In combatting this public threat to morality, the state violates the most fundamental of individual liberties for those convicted, including prison time, seizure of private property, and lifetime bans for federal student aid or social assistance. Despite the war waged on cannabis, it has not stopped a sizeable minority of American patriots from rebelling by consuming it. Millions Americans have tried cannabis and millions are regular users. These outdated

figures suggest that today at least one hundred million Americans—one in three—have tried it, with a sizable minority between twenty and thirty daily users.

There remains progress to be made in the country's liberty. The US Drug War acts to limit the growth of the American democratic experiment, because the criminalization of drug possession of a plant contradicts the logic of free enterprise. The prohibition produces the conditions for making the drug trade very profitable. Where the black market benefit the middle-men in the commodity chain, the prohibition also generates lucrative profits for the private prison industry and the other industries serving the Drug War.

According to Baudrillard, the state of California provides the model of America. The gradual emergence of the underground cannabis economy into a legitimate industry. Businesses and citizens pay taxes on the cannabis exchange to the very state that persecutes them. The state builds private prisons while permitting marijuana dispensaries. In the midst of the subprime mortgage crisis, inner grow operations occupied devaluing real estate, thereby removing properties from the market in a time of declining. California, but also Arizona and Florida, drug money aids the real estate market in absorbing excess supply. The same drug money flows into the housing market, purchasing real estate in nice middle-class suburbs, with some houses becoming empty shells for concealing illegal indoor grow operations. Hence, the black economy pervades the real estate market, benefitting not only realtors, but business owners, lawyers, and accountants, the middle class faces of the Drug War. Property taxes on grow houses in turn fund local and state government. In California, cannabis growers and retailers pay state and federal income taxes and,

while subject to DEA raids and harassment. This contradiction signifies the state tyranny of taxation without representation.

Currently cannabis is an unregulated, prohibited commodity and hence constitutes a model of the free-market operating beyond the rule of law, not wholly unlike the black shadow banking system on Wall Street. Alcohol, pornography, tobacco, prescription drugs, media violence, junk food even, all constitute objects with social ills, which are managed by government market regulation, while cannabis presents no physical risks—aside from its harsh criminalization—but is still mischaracterized as a threat, which has not stopped its growth. When compared to deaths caused by smoking or the public risk of drunk driving, cannabis presents few real complications. Yet the “think of the children” ideology is consistently propagated by conservative family groups, who make no distinction between cannabis and other ‘hard’ street-drugs made from plants, such as heroin or cocaine. Scientific research since the 1990s has discovered cannabinoid receptors in the brain, a discovery that suggests an ancient primordial relation to the earth. Yet in the public imagination the use of this plant extends no further than the popular image of it causing children to drop out of school, and so constitutes an object-cause of conservative mass hysteria. In the public eye the drug economy does not benefit the people, or the federal government, as though the Drug War was not a contributor to the rapidly spiralling national debt.

The prohibition of cannabis in the US by the federal state comprises a violent paradox against the spirit of free enterprise. The United States has long been imagined by conservatives in the image of Adam Smith's invisible hand, a place of commerce

unrestrained by the interference of the government's visible hand. The 18th century moral philosopher's *The Wealth of Nations* is touted as a treatise on free-markets. The exchange of goods between the petit bourgeois of the town provides a timeless model for praising the virtue of free-markets. Accordingly, the US republic is rooted in the good sense of the small business owner, who out of their own common self-interest, exchange in trade, without any pretense to building democracy or improving the human condition, beyond the narrow scope of conservative values. Any benefit to the greater good is granted by God, the invisible hand of the market, not by the visible hand of government. In this conception, taxation limits liberty and there is no reason or cause for increasing government revenue. By this right, not taking the cannabis trade promises greater freedom, while the expansion of the state police required to repress cannabis does not threaten liberty. Therefore, in modern America the free-trade in cannabis presents an obvious contradiction violating the free-enterprise model.

The cannabis collectivity is targeted, isolated and criminalized, for what by any standards is a relatively common practice, commodity trade, by a minority community. In this regard, the prosecution of the cannabis population constitutes an unjust and unfair application of the law, and a violation of the general will by the supposed small-  
c conservative majority. According to the model of political economy, the DEA led war on cannabis constitutes an inefficient and wasteful use of taxes, money stolen from taxpayers. Public monies, in the hundreds of billions, have been devoted to this enterprise, which has only helped to escalate the drug problem, since its escalation by Nixon in the early phases of the post-Fordist era. The costs of suppressing an unregulated free-market are somehow justified despite being funded by public tax

monies. State regulation and taxation, on the other hand, would end the violence of criminalization and its concomitant social ills. Criminalizing drug activity has only augmented the drive of the black-market. If the DEA's performance in the Drug War were subject to neoliberal regimes of 'rationalization'—as are many other such government agencies, such as welfare services—then this 'super-agency' of smaller government would long ago have been deemed redundant and ordered to disband; the War on Drugs would be deemed economically unviable, and the drug trade would become subject to the market disciplines of finance capital, trade regulation and tax law. In a nation where Republicans campaign against government waste, which is heavily criticized by representatives of corporate power, the Drug War feeds public furor for traditional morality, when cannabis ought to be regulated in the same manner as any other much more objectionable goods (tobacco, alcohol, pornography). The War on Drugs remains an ideological fetter on the expansion of the American free-market, in a time when corporate leaders are fond of preaching how private wealth signals the growing irrelevance of government.<sup>131</sup> Unjust state coercion constitutes a serious stain on the American dream of liberty from the state. The Drug War has come at the expense of American liberty and has made a mockery of the belief in individual choice in American public life.

### *The DEA in Post-Fordist America*

The Drug Enforcement Agency (DEA) was assembled in 1973 by President Richard M. Nixon, two years after first declaring the federal government would combat drugs. The official appointment of the drug 'tsar' as the organization's head

was later made by President Ronald Reagan in 1984. However, it was the multiple-term Democrat President Franklin D. Roosevelt who passed the Marihuana Tax Act into law in 1937. Passed after one minute of congressional debate, the federal measure levied a \$100 tax on an ounce of cannabis for non-industrial applications unapproved by the state. The same day Dupont was granted a patent for its synthetic fiber. The year prior marked the milestone of every US state government passing anti-cannabis legislation, at the appeal of Harry J. Anslinger, the head state bureaucrat responsible for leading the war on marijuana at the local, state, federal and international levels. Arguably the most oppressive social institution next to slavery, the cannabis prohibition was a byproduct of the chemical industry's struggle to repress industrial hemp farming, in its bid to establish the market for synthetic fiber. Roosevelt is remembered as the most progressive American president, with his New Deal for America. Upon assuming office in 1933 he ended alcohol prohibition with the stroke of his pen. However, he also presided over the institution of a moral prohibition that would come to represent the ideological stump of American conservatism. Yet the father of North American prohibition was actually the multi-term Liberal Canadian Prime Minister William Lyon Mackenzie King, the son of the leader of the Upper Canada rebellion of 1837, and the country's longest serving head of state. King demonstrated his allegiance to the Rockefeller family in 1923, having been on the payroll of Standard Oil since 1915. He passed a bill into law to ban marihuana, with no public debate in Canada's Parliament, the House of Commons. Alcohol Prohibition remains a period of North American history that transpired and was overcome by its repeal, made in recognition that moral prohibition of this substance had failed. The

Drug War continues without respite and with no end in sight other than its perpetual continuation despite its failure.

But what has this prohibition achieved? The drug prohibition has required expanding the state police in a country that values small government. As a state apparatus of power, the Drug War succeeds by failing, by leaking twice the amount of drugs it captures, by its own estimates. Drugs are more accessible and cheaper now than at the start of the Drug War. The increase in its yield well exceeds the state's best efforts. Police departments must work within fixed budgets, determined by the pressure to reduce the tax base. Yet despite losing the war for decades, the police state exhibits an unwavering commitment to an unwinnable war, with simple possession of cannabis for personal consumption being the fourth most common cause of arrest in the United States. With each passing year, the arrests for personal possession keep growing; yet, the US cannabis cash crop is estimated to be the country's largest agricultural yield, valued at \$35 billion:

Under the policies of the last 25 years marijuana has become the most widely produced illegal drug in the United States and the nation's largest cash crop. The ten-fold increase in marijuana production from 1,000 metric tons in 1981 to the contemporary estimate of 10, 000 metric tons undermines all drug control programs; with results like these it is difficult to take assurances of long-term effectiveness in any federal anti-drug program seriously. (Gettman 19)

By comparison, US politicians grant millions in government subsidies to American farmers of corn and soybean, with crops valued at \$23 and \$17.6 billion respectively.

By this right, the federal government's Drug War is a significant constriction on American liberty. The country's largest agricultural cash crop is illegal, but by being repressed provides the real example of a free-market to counter the rhetoric of what passes for a free-market in the conservative right.

The contraction of the American middle strata since the early 1970s has accelerated since the end of world history, the fall of communism. The spread of cannabis culture into American households during this period of perpetual corporate restructuring signifies the changing American landscape. A symbol of the sixties, weed supplements the disappearance of the Fordist compromise and the contraction of the American dream. The illegal production and consumption of cannabis accompanies corporate restructuring in deindustrialization to supplement the concentration of wealth that results from the loss of high wage manufacturing. Unemployed workers can turn to cannabis production, on a small business scale, to supplement the loss of industrial jobs. One notable locale, the Midwest, attests to this trend:

Take a map of the United States and draw a circle, including within its circumference Indiana, Illinois, and Michigan, with portions of Ohio to the east, Kentucky and Tennessee to the south, and Missouri, Iowa, and Nebraska to the west. According to Steve White, the region within that circle produces most of the marijuana grown in the United States. Some of the most expensive marijuana is cultivated indoors on the West Coast, but for sheer volume, no other area approaches the

American heartland. White does not find this surprising. (Schlosser 34-5)

At one time the world's largest manufacturing zone, the Midwest is rusting out in post-Fordist capitalism, and so it should be no surprise that this locale is where cannabis culture grows the most, with Illinois, Indiana, Michigan, and Ohio all ranking in the top five states for indoor cannabis production (Gettman). The origins of cannabis are in the ancient East, but this emergent commodity in the United States remains only an estimated quantity in the West, given the state's refusal to measure the country's largest cash crop. Since the early 1990s the DEA has stopped evaluating the total value of the US cannabis trade, because its own seizures grossly exceeded its own modest estimates of the crop's actual yield.

The illegality of cannabis guarantees the expansion of the police state, what Althusser calls the repressive state apparatus. Since its introduction by Nixon in the 1970s, the DEA has served as a mode in the expansion in the capitalist war machine. The Drug War serves the US state's strategy of deferring the consequences of chronic unemployment that have resulted from signing international trade agreements, which in turn has offshored American manufacturing jobs South and to the East. The persecution of cannabis producers and consumers provides subjects for the state apparatus and its departments (police, courts, prisons) to process. Persecuting civilians for possession of small amounts of cannabis creates employment in the legal system and police departments. The government bureaucracy expands, despite politicians publicly purporting to stand for the ideal of smaller government. The Drug War in turn ensures the expansion of organized crime, by providing the repression that inflates the

price of cannabis, a constant supply of surplus value, which funds the expansion of organized crime, such as biker gangs. Again, one would think the police would want to remove the revenue stream from criminal activity, but not if this would mean shrinkage in police budgets.

In Wal-Mart America, the cannabis trade supplements the effects of economic decline associated with the loss of the Fordist wage, manufacturing decline and the growth of the low wage retail sector, the economy's largest. Cannabis provides relief from the Wal-Mart wage, both mental relaxation from its work regimes and the affects of a gentle relaxant. The corporation uses random drug-testing to curb worker mobility, to discipline workers seeking relief from work by quitting and searching of better employment elsewhere. The cannabis trade provides much needed household income in the time of industrial decline, by providing the middle class, low-wage, laid off, unemployed, and rural folk with a lucrative means of income and employment: "And over the past twenty years, a lot of people with strong agricultural skills have needed money badly—or have wanted more of it than almost any other job in the region could provide. A bushel of corn sells for roughly \$2, a bushel of manicured marijuana for at least \$70,000 (Schlosser 35). The cannabis trade provides income to marginalized households, sacrificed by the reordering of the global economy, and can offer greater financial autonomy for households participating in its production and trade. Cannabis production operating beyond the law ensures its benefits and social costs impact the margins by distributing wealth into marginalized rural locales (Mulgrew). While the Drug War campaign is waged from up high, by government agencies and conservative parent groups, cannabis consumption traverses all classes

and is not limited to the marginalized alone, for middle class professionals consume the drug, too, even if the image remains at odds with Drug War propaganda.

The Drug War breeds mass hysteria in the land of the free, but cannabis culture has nonetheless proliferated well beyond the state's repressive apparatus of capture. One would think that losing the war should mean its end, yet without successfully ending the drug's influence, the perpetual growth of cannabis has historically justified the war's expansion. The US state's inability to discontinue its 'war' of prohibition on the American people remains a plateau in the growth of the US liberal democratic experiment. The Drug War propaganda against cannabis, an ancient medicine, remains America's big Soviet lie. State drug propaganda in the mass media circulates as the government's big lie, which people openly support and privately subvert. Stalin's Soviet Union and Mao's China openly propagated state propaganda, by exaggerating industrial and agricultural output, instead of reporting the truth. In news reports, the Soviet state media ranked the American moon landing of lesser important than increases in Polish steel production. Under Mao the Chinese Communist Party published photos of recent wheat harvests, with fields dense enough to support a standing child. Cannabis provides a line of flight from the capitalist social order, which the state seeks to prohibit its flows, but not without becoming ideologically dependent on expanding these flows it supposedly seeks to end.

#### *Raising a Tsar in America, the Land of Liberty*

The US War on Drugs led by the DEA requires a public figurehead, a 'drug tsar,' to direct this repression of the free-market. The drug tsar seeks to better

promulgate the terms of cannabis prohibition.<sup>132</sup> By promulgating the terms of the prohibition, by reproducing the ‘faces’ of the war’s heroes, victims and criminals, the tsar in the land of liberty legislates state morality; the current public enemy number one, according to the DEA, is Canadian Marc Emery, the “Prince of Pot,” who is awaiting possible extradition to the US for trial on a DEA order, for selling cannabis seeds to Americans (not a crime in Canada), in his bid to overgrow the prohibition.<sup>133</sup> The drug tsar also deploys the police apparatus under his command, to violently repress and harass the citizenry, including some of its weakest and most vulnerable members, such as the terminally ill, who fail to heed his lordly commands.<sup>134</sup> The Drug War has required raising an unelected head of state, in the land of liberty, signifying history’s end. The former drug tsar John P. Walters of the DEA has been described as the ‘least informed person on drugs’ according to Vancouver’s former mayor Larry Campbell (*Union*). Walters refers to the plant as a ‘poison’ when nothing could be further from the truth: cannabis is a non-toxic substance, on which it is next to impossible to overdose.

Much earlier in the cannabis prohibition, the American banker and industrialist Andrew W. Mellon, while serving as the Secretary of the Treasury during the Herbert Hoover Administration, dictated Harry J. Anslinger to power as the head of the Federal Bureau of Narcotics (FBN) in 1931, a position he held until 1962. During this time Anslinger managed to convince local, state, federal and international governments to pass regressive drug legislation that is responsible for waging war on many otherwise law-abiding citizens. The War on Drugs has consisted of discursive shifts, from Harry J. Anslinger’s reefer-madness to Walters’ reefer-blindness, as with

the DEA's recent endeavour to warn of the dangers of cannabis use, which range from the loss of motivation to violent crime. The drug tsar's exaggerated speech only works to further open the violent contradiction that cannabis culture is already practiced by a sizeable, yet silent, collectivity, violently repressed by the people's government. The tsar and his police apparatus appropriate the people's tax dollars to fight, what by many accounts is a losing war, against fellow citizens it purports to protect, in the name of their liberty, with the goal of realizing a drug free utopia.

That the Drug War has only helped to increase the scope of cannabis suggests this 'war' operates via the logic of failure. There are two ways in which we can understand the failure of or perpetual war. In this respect, the government agency's war assemblage illustrates an excessive struggle to stamp out the influence of drugs, despite that their proliferation suggests they are in many ways necessary to living in today's modern society. Ideologically, then, the Drug War appropriates state power to yield it against the most vulnerable and marginal for a duration exceedingly longer than the failed 1920s prohibition on alcohol, which is unarguably a much more dangerous substance by comparison. There is a second sense to this failure to curb drug use, that is, a war without end. The impossibility of realizing the end of a drug-free utopia drives the campaign forward with no end in sight, escalated by Presidents Reagan and Bush Sr., though waged with even greater zeal by the Democrat President Bill Clinton. The same conservative politicians promoting the commoditization of life by the free-market, by praising the virtues of American free enterprise, suddenly reverse into a reactive conservative position on drugs. By creating a pure free-market, untaxed and unregulated, to thrive, it was as if this violent contradiction of the

commodity-form held up the collective belief in the ideology of the free-market. The executive branch and Congress should have collapsed the price of cannabis exchange, should it wish to protect the youth.<sup>135</sup> Should American tobacco wish to recover the losses of its diminishing domestic sales and expensive class action lawsuits—were it not making up for this with growing sales in China, where tobacco advertising promotes the health benefits of smoking—they could mass produce cannabis, which by now could have assumed its position as the smoke of choice for Americans. In America, the DEA claims to stop up to a third of all drug trafficking per year. This so called success is believed to have a deterrent effect, despite that the drug trade, especially in cannabis, proliferates despite the federal government's best efforts. In terms of harm reduction, the criminalization of cannabis production and consumption, common acts practiced by tens of millions of Americans often, violates the general will by reproducing the social ills of its criminalization. Rather than engage the public to observe the rule of free-markets, politicians feed and feed off of the moral hysteria of drugs, especially cannabis, despite the overwhelming scale of prescription drug abuse in comparison.

### *The Drugstore Exception*

First known to Americans as hemp and later as marijuana, from the Spanish marihuana, this herb-plant was named *Cannabis sativa* by the Swedish botanist Linnaeus in 1753, with the French botanist Jean-Baptiste Lamarck later proposing another species *Cannabis indica* in 1785, so named to identify plants from South India. Cannabis provides a simple drug assemblage that empowers the patient to

control the dosage and effects of medication. This prohibited medicine is nontoxic, antibiotic, analgesic and oxytocic. Unlike other prescription medications, this herb elevates mood and is a muscle relaxant that does not threaten the body's basic respiratory functions. The autonomy achieved by the patient-subject with this drug assemblage cannot be understated, given the range of medical disorders it can treat, and the symptoms it helps to manage. Prescription medications manufactured by the pharmaceutical industry far exceed the few known risks of cannabis consumption. Yet at the drugstore in the Supercenter, the cannabis assemblage is noticeably absent. It may be found in its synthetic forms, such as Dronabinol, the prescription drug Marinol, though the Federal Food and Drug Administration (FDA) does not recognize any value in its natural form, which is classified as a Schedule One substance, along with heroin and cocaine. Unlike alcohol or prescription medicines, cannabis provides good feelings with no lethal physical side effects.

#### *Missing Green-Shoots of Economic Recovery*

In 2003 drug lobbyists authored a bill that Congress adopted into law in a middle of the night session. The law restricted the US government from using its purchasing power to lower the price of many widely used drugs, when in negotiations with the pharmaceutical industry. By virtue of its size, as the administrator of Medicare and Medicaid, the US government constitutes a threat to the scale of corporate bargaining power in American free enterprise. Yet, on the other hand, according to the dictates of corporate governance, any state bureaucracy should seek out savings, by any means necessary, on behalf of the taxpayers, in the interest of

lowering taxes. Drug companies tied the hands of government, to prevent the logic of mass discount pricing from being demanded by the US capitalist state, the largest purchaser of medical drugs, should it seek to exercise its purchasing power on behalf of the public taxpayer. While the monopoly effects of Walmart are openly touted as a free-market success story, as practiced by the private sector, by this same measure essential government programs become an unjust monopoly.

The economic budget crisis of California—the largest state economy and fifth largest economy in the world—and the US federal government could be alleviated by the legal sale and taxation of cannabis products. President Obama has widely promoted the idea of green-shoots that are proof that economic recovery is underway. Cannabis remains a green plant substance that has not been included in this plan. The expansion of police forces to fight cannabis, as well as the Drug War in Afghanistan, are, however, central to any plan for economic recovery concerning cannabis and opium.<sup>136</sup> In the age of the green environmental movement, cannabis remains an environmentally friendly product that has been excluded from the public discourse of a sustainable future.

### *Pulling Down America's Drug Czar*

The history of the state's police repression with criminalization has only amplified the social harm and ill effects of illegal drugs. By failing to curb cannabis use, the state prohibition perpetually reproduces the social cause for expanding the repressive state apparatus. In the place of scrapping old policy that has not achieved the objective of a drug-free America, the War on Drugs continues. But this

conservative utopia of a land without drug abuse obfuscates the much more pressing, though difficult, task of reexamining how the failure of prohibition signifies an end of state policy crafted in the public interest. The much more difficult problem of confronting how American government targets a small community, to the benefit of the whole, means examining how the conservative image of the public undermines the general will of the people, what the liberal thinker J.S. Mill called the tyranny of the majority. In the home of the free-market, millions of individual citizens, empowered by law on a range of other issues, suddenly become undeserving of this right, and are criminalized and subjected to the surveillance of the tsarist nanny-state. The DEA led war on cannabis attests to this tendency developing in the West and provides a monument to state failure driven by the conservative media image of drug use. The War on Drugs remains an impossible, unwinnable moral crusade. The prohibition of cannabis vilifies an herb-plant that has proved useful in curing many natural conditions. When autonomous medicine, empowering the individual subject, should direct healthcare providers and politicians to reform outmoded drug laws, the prohibition drags on. In the US tens of millions of Americans have no healthcare, yet those who resort to managing symptoms with cannabis are regarded as criminals. President Barack Obama's delay in naming the new drug tsar presents hope, not unlike John Kennedy, to whom he is often compared.<sup>137</sup> His nominee is a former Chief of the Seattle police, Gil Kerlikowske, who argued against but observes a city council ordinance to make cannabis enforcement the lowest level of priority. The Obama Administration has refused to use the term Drug War, saying the term was not helpful, but they left the drug “war” intact. The DEA continued to raid medical marijuana

dispensaries even after the President ordered them to cease and desist. The symbolic gesture of the Obama Administration is an exercise in semantics. In the meantime, hundreds of thousands of Americans are arrested every year for simple pot possession; More than 20 000 Americans are currently imprisoned for cannabis related crimes. Hundreds of thousands of Americans endure the lifelong complications of a criminal record from possessing small amounts of weed. However, despite the threat of state violence, millions of freedom loving American patriots produce, exchange and consume cannabis daily, demonstrating civil society's power over the exaggerated reactions of the US corporate state. America's founding fathers grew hemp out of patriotic duty. The growing of cannabis in American family plots is a form of Eastern wealth, long since repressed, and presents a possible way forward in the dark days ahead.

A multi-billion dollar war has not deterred the drug trade at all; the demand for cannabis—the most widely consumed psychoactive substance—has only grown; the prohibition has only inflated the price skyward, as if the government's real intention in prohibiting marihuana was to guarantee the growth of organized crime, by ensuring biker gangs have the necessary surplus value for financing their territorial expansions, which in turn requires expansion of the police bureaucracy to wage media campaigns of misinformation; compared to the volume of the underground cannabis trade, the DEA is a media spectacle, as every bust is a media event in deterrence, which also reveals that the drug tsar and his super-agency can only make a small dent in the drug free market.

## Conclusion: America's Coming Asiatic Austerity?

“In China the Universal Will immediately commands what the Individual is to do, and the latter complies and obeys with proportionate renunciation of reflection and personal independence”

—G.W.F. Hegel, *Philosophy of History*

“I believe that the welfare states of many European or Western countries, that is really the crux of the problem. Your people live so comfortably, so your product is not competitive.”

—Staporn Kavitanon, General Secretary,  
Office of the Board of Investments, Thailand

“No wonder Americans are pessimistic and unhappy. The only way we are going to get in gear is to face up to the reality that we are entering a period of austerity.”

—Allen L. Sinai, Chief Global Economist, Decision Economics<sup>138</sup>

In director David Cronenberg's 1983 film *Videodrome* the difference between the West and the “rest” figures centrally into this narrative on the implications of a mass mediated society. The film concerns a secret plot by US conservatives to cleanse the country of its moral rot. The comforts of refrigerators, televisions, union contracts and social security have made Americans “soft.” Unable to compete in George W. Bush’s New World Order, the conservative right believes that America needs radical and

drastic action to avoid the catastrophe of economic and cultural decline. Wrought by moral permissiveness and the lack of personal discipline, the future of America is no longer imagined to resemble its past golden age of moral repression and economic prosperity. Instead the future of this leading liberal democracy of the West is imagined as bleak downturn, with this vision warranting a reinstatement of the harsh way of life characteristic of the "rest" of the world. The conservative right harbours the fantasy Americans must become thrifty Puritans, who only read the Bible and spend nothing on consumer goods, to correct a future of socialist decline. The narrative of *Videodrome* originates with local cable television executive Max Renn discovering a late night channel featuring images of violent sacrifice, torture, murder and rape, too real to be staged, as in snuff films. The source of these violent images of the *Videodrome* is unknown. In the film we later learn that these graphic images conceal undulating waves that cause brain tumors to form in the brain of the viewer. Hence, the Americans weak willed enough to view these seductive images are eliminated—an extreme and violent solution to the country's moral rot. The appeal of violence and sex is used by *Videodrome* to eliminate the morally weak and base, a drastic yet necessary action for ensuring America's survival in the dark days ahead, in a global future when the "rest," long since repressed by the West, rises to claim its place in the new world order. In America there is much anxiety about the global masses at the margins demanding a larger slice of the economic pie.

#### *Asian Violence in America's New World Order*

In *Videodrome* the conservative plot to cleanse America of its moral "rot" advances by way of Barry Convex, the corporate executive of Spectacular Optical, and

Harlan, a television technician employed by Civic TV, where Max Renn, the film's protagonist played by James Wood, serves as the station's executive. The film presents Convex and his accomplice as members of an underground movement, a conservative resistance, which seeks to toughen the American mind for what lies ahead. Their plan, as Harlan, Renn's conservative working class technician puts it, draws from the need for discipline for America in the coming days:

North America is getting soft, patron, and the rest of the world is getting tough.

Very, very tough. We're entering savage new times and we're going to have to be pure and direct...and strong...if we're going to survive them. Now, you and this...cesspool you call a television station...and your people who wallow around in it and your viewers...who watch you do it...you're rotting us away from the inside. We intend to stop that rot.

According to Fredric Jameson, once Renn realizes the nature of the plot that is underway, he has already become its agent (22-3). With the assistance of Bianca, the daughter of Professor Brian O'Blivion, one of Videodrome's creators and later critics, Renn manages to thwart the plot to eliminate Videodrome's audience. The source of Videodrome's media current is first believed by Renn to originate with Malaysia in Southeast Asia. On first glance this source provides a plausible locale for ritual sacrifice, without even knowing the country's location on the world map, because the countries of Asia, in the West's imagination are regarded as places where despotism, cruelty, violence and suffering are the rule. It is, however, the West's transference over its own appetite for violence (Malaysia was a British colony) that primarily explains the association of violence with the old world of the East.<sup>139</sup> Hence, this Southeast

nation, acts as a zone of amorality but only as a cover. For later in the film Pittsburgh is then revealed to be the transmission source of Videodrome's destructive waves. This city of industrial decline in the American Midwest becomes the centre of America's violent drive. Although this initial premise of a violent East does not ultimately hold, the offshoring of the production of violent images to the southeast, images ultimately produced for Western consumption, does provide the racist mask to conceal the true source of America's perverse desire for sex and violent destruction. The discursive difference between the state tyranny of the East and the individual liberty of the West is rendered by a powerful gaze, which splits the globe into its two opposite poles. Asian despotism demonstrates the transference informing the notion of Asiatic despotism, by illustrating how the tyranny believed to reside in the rest of the world emanates from the United States, the heart of late empire. Finally, however, it is revealed that there is no televisual source—yet—aside from a videocassette transmission used to control the story's hero. If Renn failed to stop the plot, then Videodrome televisual waves would beam out to annihilate those Americans who equate liberty with socialism and living in ignorance of the Christian Bible.

### *The Discipline of Austerity*

The conservative right constructs the fantasy of America's cultural decline, by figuring the rise of the 'rest' of the world as a threat that justifies greater state repression of the emerging liberal world order. This premise of the world threatening the American way of life provides the external threat to justify the widening of the gap between rich and poor in the United States. Arguably the Asiatic East, specifically

China, provides the most widely feared locale of the threat of the rest's catch up. Chinese capitalism justifies the conservative right perpetually defending opulence for the rich and austerity for the rest in America. The conservative right ignores that America's cultural and economic decline is a result of US capitalists raiding the cupboard bare. It is the US corporate elite that knows no allegiance to their nation state and country. Capitalist exchange mutates the United States away from the traditional patriarchal order of God, family and country revered by the conservative right. The clear loss of the Christian right's reality principle of paternal law elicits conservatives to struggle for returning to the rule of spiritual faith and against the emergent lifestyles (secular books, gay marriage, abortion, sex) that are believed to jeopardize the paternal authority of the country's traditional moral order. For example, conservative parent groups seek to wipe marijuana out of existence, which illustrates how the conservative right proceeds by pushing a mutated reality back into its old trusted traditional forms. In this regard, *Videodrome* directs our attention to the conservative right's unconscious fantasy of depopulating America and starting anew. The conservative's realized utopia would consist of a free-market with minimal government populated by Christians. Ridding the country of the weak and the morally permissive, as in *Videodrome*, provides the conservative right with a fresh start free of history and the excess reality of liberals. America would be populated only by Christian families and capitalists, with no ideological resistance from the fetters of a free and democratic society, such as Muslims, unions, liberals, drug users, hippies, and homosexuals. The separation of church and state at the base of US government would end. Politicians and judges would only need to consult the Bible and Ayn Rand or

Milton Friedman's *oeuvre* to find the principles to guide their judgment. Government would cease to exist, because taxation is theft and each of the state's functions would be handled by private companies competing in a total free-market. The tolerance of difference does not thwart the conservative right from its mission to repress emergent social forms out of existence. The use of state repression to control social change and to prevent its mutation reminds the individual in the West of the limits to the practice of liberty, under the threat of the despotic East.

The moral austerity of the conservative right sees the suffering of the free-market as good for an individual's character formation. The threat of an economic recession worsening into a depression provides the conservative right with the opportunity to meltdown the entire US free-enterprise system. In the United States during the Twentieth and early in the twenty first century the Republican party has lead the charge to let the free-market spiral into endless contraction, regardless of the suffering that is caused by letting the system collapse. During the 1929 Great Depression, it was Republican President Herbert Hoover, the engineer, who resisted the intervention of the federal government into the violently contracting free-market. According to the conservative right, welfare capitalism is but another tool of the devil, a socialist communist. The utopian belief in a free-market was so potent that Hoover and the Republican Party allowed an economic recession to further worsen into a depression. The belief was that once the system bottomed out, the free-market would purge itself of its rotten investments. The principle of a free-market was not sacrificed to save millions of Americans from horrible destitution, because, according to the conservative right, these same people were morally irresponsible for losing their jobs,

their homes and for having little or no food beyond soup kitchen provisions. Yet the conservative right's focus is on regaining a lost moral-economic order, one built solely on the reality of personal suffering. In this conservative utopia, the government budget is balanced and budget deficits are illegal, a first stage towards making the state disappear all together. Basic state functions such as the military, police and fire departments are provided by multiple competing private companies, because in the neoliberal utopia there is no essential government service. America's consumer society would be much smaller, because America would become a nation of savers, who forego consumer goods in favour of conserving wealth. Likewise, Americans would not use consumer credit or accumulate debt, because they would only consume products that can be paid for in cash today. These morally pure solutions will follow letting the market fall to its absolute bottom. The neoliberal laissez-faire doctrine, associated with the richest of Republican political rhetoric, signifies the penchant of the conservative right for suffering, because it is the connection to the real world beyond the provisions of the social welfare state and the liberal consumer society. Allowing the market to fail reinstates the reality principle that suffering is good that is belied by government aid and the bodily pleasures of consumption. If only the market could be allowed to find its true bottom, say the conservative right, then the reality of balanced budgets and savings would return, regardless of the social consequences. The social and political costs of retrieving the reality principle of balanced government budgets, to say nothing of the personal costs of those people sacrificed to meet this objective, does not deter the rhetoric of the free-fall espoused by Republicans.<sup>140</sup> The conservative fantasy of ending political interference by permitting the great

contraction to cleanse the US economy is justified by the threat of the rise of the rest in a global economy where US hegemony is in slow decline.

Instead of developing America's social democracy—after all, is not the point of liberty to grow liberty?—poor and overworked Americans are encouraged to observe a strict regimen of economic and cultural austerity always and forever. We say that America's diet of austerity is 'Asiatic' to identify the logic of abusive paternal welfare in American capitalism that supports free-enterprise model. Despite the largely Republican rhetoric of the self-sufficient individual in American public life, the paternalism of government and the corporate sector reigns. The austerity of paternal rule is said to be Asiatic insofar that it supports the concentrated power of the modern capitalist, whose wealth and control far exceed those of average Americans. The disparity between wealthy and poor in the United States means the world's first classless society retains a feudal European social hierarchy.

Economic and cultural austerity in America protects the elites from the demands of social democracy. In place of growing social democracy, America's poor are encouraged to observe the practice of Asiatic renunciation. Recently, this Asiatic austerity in American free enterprise develops under the pressure of Chinese capitalism. As China develops a US style consumer democracy, America represses its social democracy, especially trade unions, and persists in its War on Drugs.

The by now antiquated term 'Asiatic' somewhat crudely conveys the perceived difference in the character of 'Asian' capitalism from the West's liberal democratic variant. The term signifies two dominant senses related to US capitalism. In a historical sense America completes the logic of the mode of production founded with

the Asiatic mode of production. Conservative thinker Francis Fukuyama claimed American free-enterprise represented the ‘end’ of world history, with the fall of the Soviet Union proving that socialism was not the final mode of production, despite Marx’s prophecy. The Asiatic represents the first such mode of production in private property. In this social arrangement the emperor owns the land and rules in a paternalistic manner by governing his people. Asiatic then identifies the fear of paternal government rule that is projected by the West onto the East. Especially China and its one party state evoke a fear of socialism in the conservative right, even though the Chinese state works with American corporations in the global economy. The conservative right sees big government as essentially foreign to the American way, whether it is the communist plot or the liberal welfare democratic nanny state.

The culture of austerity can be explained as the ideological tendency to idealize the self-sacrifice of the other’s enjoyment, and in America this is most visible in the political demands of the Republican Party, with its unyielding calls for greater fiscal responsibility and greater respect for family values. The conservative right advances the agenda of austerity in the interest of protecting the wealthy from democratic reform by appealing to the puritan ethic of abstention. Austerity means the moral imperative of negating desire, long associated with the image of the ancient East or the ‘Orient’ and the role of inner ‘Asiatic’ resignation there. Rather than act out one cedes to the prohibition of authority found with paternal law. The tenets of conflict and subsequently paternal law in ancient China of the Asiatic mode of production can be found in the capitalist mode of production. This similarity binds the beginning and end of world history together into the complex of the liberty of the nomadic war machine

and state repression. Class conflict between capitalists and workers, along with the War on Drugs both identify how the concentration of state power represses future developments in liberty. The concept of austerity, then, explains how the American end of history, of the pleasure of liberty, is guaranteed by the state power located at history's beginning. Capitalism liberates but also imposes harsh measures to protect the distribution of wealth. Even though the globe has long imagined America as the land of plenty, the nature of US capitalism requires Asiatic austerity, in the sense that a segment of the population relies on its inner renunciation to survive amidst the consumption they cannot afford. The ascent of Asian capitalism, as with postwar Japan and China, reinforces the necessity of the Puritan ethic in America. In this second sense, then, America's Asiatic austerity persists, despite the belief that the United States is unique has liberty unlike any other nation. America relies on the same Asiatic austerity found in Asia at world history's beginning.

In America the doctrine of austerity is most vocally advanced by the Republican right, a political development connecting the 'end' of world history with its Asiatic beginning. Recently, Asiatic asceticism is believed to explain the success of 'Asian' capitalism, especially the rise of Japan and China against US industry, because their collective willingness to go without, to sacrifice consumption, for the goal of an export economy has brought an end to American hegemony. The development of the Chinese-American trade relationship signifies the waning of American power. Both nations pride themselves on their supposed independence from the world, but globalization makes this false pretense more difficult to take seriously. While 'American' and 'Asian' capitalism are conceived of as mutually opposing models of

global capitalism, they nonetheless depend on each other, and reproduce the common conservative demand for austerity. The rise of ‘Asian’ capitalism, with Japan, the ‘Tigers’ and China, sees the expansion of the Asiatic model in America.

In America the conservative right idealizes sacrifice and denial as conceptual bulwarks against the growth of liberal democracy. The redistribution of wealth and the liberalization of social norms beyond those of the traditional family represent the socio-economic threats to the conservative right. The growth of consumer and government debt represents moral decline due to a failure to sacrifice and go without unaffordable social goods. The growth of liberal civil society reflects moral permissiveness. These economic and cultural causes of moral decline threaten the order of control traditionally held by the wealthy elite and the model of patriarchal family. The redistribution of wealth and the liberalization of civil society represent socio-economic and cultural decline for the conservative right. Redistributing wealth encroaches upon the control of the economic elites where moral permissiveness challenges traditional paternal welfare authority. What this ideological displacement overlooks is the obvious role the conservative right has played in supporting the free-market model that it reacts against. The concentration of wealth that, in reality, supports the traditional order, and so social democracy has risen in response. The liberty of free-market capitalism draws out the have-nots in struggle with the haves, but the conservative right demands resignation from the masses to advance its counter-revolution. Concessions made by the people to the economic elite and the cultural right assists the reproduction of the conservative right, as we are told greater social democracy remains an unaffordable luxury.

Despite America being the land of the future, with the promise of consumption for all, the conservative right identifies the need for the austere Puritan spirit. The Republican Party channels the conservative right to the right by espousing the rhetoric of self-sacrifice to combat the nation's economic and cultural decline. In an almost feudal manner the doctrine of family values, espoused by religious leaders of the church, instills the masses with an ethic of sacrifice for protecting the economic elite.

### *A New Frugality or Old Headline?*

The CI and its tendency to denounce the structural role of debt in financing the economy and in government budgets illustrates the endeavour to represent the future of capitalist markets in terms of its past. The material condition of reproducing ‘Asiatic’ lack amidst the plenty of late capitalism means that greater liberty for all remains an unaffordable luxury despite unprecedented wealth. US style “free-enterprise” is touted by its supporters, such as neoconservative thinker Francis Fukuyama, as the best economic system of all. Richard Rorty writes, “The whole point of America was that it was going to be the world’s first classless society. It was going to be a place where janitors, executives, professors, nurses, and salesclerks would look each other in the eye and respect each other as a fellow citizen” (*People’s* 61). Yet the self-imposed limitations of its capitalist social relations means that America, the land of the free and equal, remains the home of the haves and the have-nots, where greater equality of the many lags behind the excessive liberties of the few.<sup>141</sup>

Even in America’s consumer democracy, the growth in material wealth for the middle class does not translate into greater individual freedom from work. Americans

work longer hours than the Europeans, even as their social welfare state declines into further disrepair. While the rich live in splendor off their unearned wealth, gained by speculation in casino capitalism, millions of Americans suffer from technological unemployment realized by automating production and the offshoring of the manufacturing sector. The wealthy live as if in their own world, of Audis and private schools in gated communities, while the dispossessed languish in poverty and scarcity not wholly unlike that of the global periphery. Beset by fiscal crisis the US federal government contends with a populace ideologically opposed to raising taxes and hence the consequences of debt financing are deferred. Faced with the choice of taxing the wealthy or allowing the gap with the poor to grow, the conservative right spreads the doctrine of fiscal restraint. The conservative demands more toughness, by cutting social services, privatizing social welfare, and banning trade unions, in the place of growing social democracy and curtailing traditional centers of power.

It is this culture of austerity in a gilded age that America's Asiatic austerity seeks to explain. Despite the wealth of US free enterprise, the austerity of Asiatic scarcity persists in America. Now the threat of a "rising" Asia provides the external cause for further belt tightening in America, despite that Asia's fortunes remain tied up in America's habit of consumption. The recent rise of Asian capitalism provides the ideological cause for further consolidating power and wealth in America. Rather than expanding the democratic revolution in the US republic, the middle classes and poor enact the conservative right to disconnect the inequitable distribution of wealth from the limits it imposes on their own economic misfortunes. Rather than advancing the people's revolution, by dispossessing the wealthy, the US republic further consolidates

power with a minority. Instead of developing the American Revolution forward towards socialism, there is regression to a feudal disparity of wealth between the rich and the poor pervading the land of history's end.

The emergence of the US-Chinese trade relation since 1978 provides the socio-historical context for examining how American free-enterprise reproduces the elite's demand of collective Asiatic resignation on important public issues, such as: health care, pensions, reduction in work hours and more leisure time. The conservative right participates in democracy to battle this agenda for greater democracy. Instead there is consumer democracy, which only those with the means can afford, and often only if they work the overtime demanded by US corporations.

### *Lacking Analogy?*

In the conservative right, the American people consume today what they cannot afford. The implementation of measures of economic austerity would ensure the masses do not enjoy unearned goods. Rather than to save for tomorrow, the people enjoy government services and consumer goods, by overindulging in deficit government financing and consumer credit, rather than confront the reality of suffering by going without. In order to fund unearned consumption, US capitalism expands credit by printing money. Even though the value of what is called paper wealth, commercial assets, far exceed existing currency reserves, the growth of credit funds unearned consumption. The growth of investment monies compromises the reality principle of material scarcity determined by the relative lack of paper currency. In Keynesian economics growing the money supply alleviated the economic hardship for

the masses in an economic downturn. Yet this aversion to suffering to the conservative right is a denial to the reality of markets. Deferring to make deep cuts to government funding only ensures further decline. Regardless of the suffering caused by tightening belts and contracting the money supply, the conservative right struggles on to eradicate the deficit, despite the unsustainable costs of supporting the military and waging the Drug War. The austerity of forgoing consumption is idealized by the conservative right, despite that the US economy is built on consumption. Contracting the money supply would result in suffering and would be the death knell of consumer democracy.

The ideological core of economic and cultural austerity concerns the belief that people should forego what they cannot afford and repress the enjoyment found outside the nuclear family. Social democracy and consumption threaten the conservative order. The wealthy minority and ancient tradition must be protected and preserved. Much like the church protected the concentration of wealth with the landed gentry in France's *ancien régime*, America's Asiatic austerity inhibits the growth of social equality and legitimates the concentration of wealth and income inequality.

Central to understanding the paradox of American Asiatic austerity is the conservative right and how this imaginary-ideological locus reproduces the symbolic relations of economic and cultural austerity. Saving wealth and respecting tradition are regarded as moral dispositions informing the core virtues explaining the civil order of global capitalism. These instinctive tendencies to conserve wealth and to preserve tradition remain at odds with the modern rapidly changing world, but nonetheless function to legitimate capitalist hegemony by explaining future progress in terms of

classical values. The love of accumulating wealth and the love of power over others, civic orderliness, drives the conservative right towards a political rhetoric stressing the need for sternness. Sacrifice by the masses of the liberty and material wealth associated with America's consumer democracy represents the road to salvation for the conservative right. The global economy promises a tough future for the tolerant liberal world order, of which America is at the heart of. The global poor are hardened by the distribution of wealth, and in this way gain a natural advantage over the developed world. High manufacturing wages and liberal democracy have spoiled Americans, who are soft and undeserving, who indulge in socialism and tolerate homosexuality and promote drug use.

### *Breaking the Back of Asian Savers*

Early in the Twentieth century Max Weber argued that Protestantism provided the ethos for capitalism developing in Western Europe and America. The rise of Chinese capitalism was later explained by 'Asian' values.<sup>142</sup> Chinese capitalism provides the external cause for advancing the ethos of austerity in America. The ethos of Asiatic Austerity involves the belief that Americans will survive the new world order by adopting an austere attitude towards debt. Americans should cut the size of government and stop spending; they must cut back their liberty and tone down their lifestyles in order to survive globalism.<sup>143</sup> In this fashion Americans should become more 'Asiatic,' in that they should seek to emulate the discipline of Asia's workforce, who are admired for working hard for low wages, forgoing democracy and saving their money. Essentially the Republican Party's ceaseless ranting against government

and debt channels this spirit that Americans, especially the working poor and poor, are too comfortable, pampered and protected from the harsh reality of market discipline. The state, especially social welfare, and government regulation prevents the reality of the free-market from emerging, which means that markets are prevented from concentrating wealth and punishing the poor.

The horizon of Chinese capitalist hegemony draws out the reactive belief of the survivalist of the Social-Darwinist persuasion that Americans can survive globalization only by demanding less and by voluntarily imitating the austerity of the global poor. Rather than securing the nation's future by expanding America's democratic revolution, Americans are warned of future economic decline and told that they must adopt greater fiscal and cultural austerity to survive the future of globalization. The prescription of austerity is thereby said to be 'Asiatic' because it draws upon the threat of Chinese capitalist hegemony of Asia's emerging capitalist order. The Chinese draw out unhappy transference over their discipline in accepting low wages and high savings rate. American workers form unions, but Chinese workers are docile. Inspired by China's economic development, Americans are encouraged to adopt an Asiatic austerity, out of the belief that the values of Chinese culture explain China's rapid economic development. The discipline of low wages, savings and the tradition of family values mean the country is the model for Americans to emulate. China's relative poverty becomes its competitive advantage over American workers, who, by comparison, are thought to feel entitled to democracy and a middle class standard of living. American workers must emulate the Chinese in order to acquire the discipline required of globalism.

The term ‘Asiatic’ identifies the pejorative use of China and India to represent as the driving force of global capitalism. Yet in another sense, the practice of renunciation, of going without, is believed to be more successfully observed by Asians than Americans. Whereas American workers are spendthrift, ‘Asian’ workers are disciplined, both in work and spending. In this regard, Chinese workers, as representatives of Asia’s emerging capitalist economies, become the bearers of the new ethic of global capitalism that is actually quite old. Where Americans are disobedient and unionize, Chinese workers are disciplined; whereas American workers are overpaid and spend too much of their income, Chinese workers save their income and do not spend it on frivolous consumer goods. Americans must, therefore, return to their thrifty roots, and emulate the Chinese, should they want to compete in the global economy. Only by beating the Chinese at their own savings game, could Americans hope to find a future. Americans should adopt the austerity of renunciation and go without. American workers should be paid less and American consumers should buy less and save more, for the good of the nation. The relative austerity of having less pay for more work and less spending power will ensure that reliance on government and consumer debt will decline. Lower wages and less indebtedness would close the competitive gap, with the growing Chinese middle class. The imitation of Asiatic austerity by Americans would ensure that the nation would prevail in the dark days ahead. Adopting the other’s ethos provides the way for national survival. Americans readopting the old forgotten ethos of going without will correct the excesses of American democracy and consumerism. The conservative right advances the logic of austerity, with the ceaseless demand for fiscal responsibility and social conservatism

believed to provide the doctrine for America's salvation. We say the austerity of this renunciation is Asiatic, because America's need to renew the market discipline is inspired by the cultural discipline believed to drive the growth of Chinese capitalism.

In this period of transition from Fordism to Walmartism in America's industrial decline, the development of Asia's capitalist nations suggests a dark future on the horizon for American workers. Left to contend with the global competition of low wages, millions of American workers face no choice but to live on less. This prospect of scarce manufacturing work and bountiful retail employment in America provides a lowered prospect that only an austere spirit can address. The austere spirit of the Protestant ethos resolves the material lack of the Walmart wage. Instead of earning more, the American worker learns to survive on less. In late America Walmart austerity replaces Ford's generosity. Neither tendency becomes hegemonic, but each represents the upper and lower limits of American laboring masses. When faced with a future of competing with Asia's bountiful cheap labor, the American worker is compelled to adopt the ethos of 'Asian' capitalism to survive. The recent disappearance of the US household savings ratio in 2006 suggests the subject's loss of the discipline to save, marking a new chapter in American history. What once was a thrifit nation of militant savers has become a nation of debt junkies. Yet in the period of the US sub prime mortgage crisis, Asia's household saving ratio remains high, despite the transition to capitalist markets, while the future of America's canals remain mired in doubt and unhappy consciousness.

The culture of 'Asian' values is thought to provide a competitive edge for the region in the global economy, with American workers too demanding and inefficient

by comparison. From this perspective American workers are difficult, demanding independent trade unions, and the relative security of a social safety net, whereas the Chinese and other ‘Asian’ workers in emerging capitalist markets enjoy no such state security. Millions of Chinese workers enjoy American style consumerism either. Yet China especially, the oldest of world civilizations, becomes the land of the new, leaving America by comparison resembling a land of ruins of a hollowed out industrial base. In China the rapid growth of economic infrastructure (new buildings, highways, bridges and monuments) draws out unhappy transference from developed capitalist economies and inspire a longing for the golden years of postwar capitalism, before America gave way and lost its discipline.

American workers can gain the favour of global capital in becoming-Asian by adopting their values and thereby shedding their former identity as entitled and lazy. By showing greater resignation towards corporate power, making a return to family values and saving money, Americans workers can succeed, that is if the Chinese lose their own identity in the process. Should Chinese workers Americanize, by financing a social welfare state and devoting household savings to consumer spending, then newly disciplined American workers can regain a relative competitive advantage. The Chinese must Americanize and the Americans must Asianize. Thirty years into this long endeavour of US capital to ‘Americanize’ Asia now requires American workers ‘Asianize’ in order to survive in the global economy. This belief involves a certain conservative right paranoia and invokes the discipline of austerity. ‘Asiatic’ renunciation becomes the core value of America’s conservative right’s plan for

national salvation. The doctrine of personal negation for America's poor in the age of Asia capitalism turns out to resemble the Protestant ethos of Western capitalism.

### *America's Coming Dark Days*

The conservative right's imaginary fantasy of a harsh future in America provides the ideological basis for persuading working Americans that they must do more with less.<sup>144</sup> The remedy of austerity for America is Asiatic, because in the ideology of neoliberal capitalism American workers must learn to outcompete their Eastern rivals should they wish to survive in the new world order. The threat of Asian capitalism inspires belief in the US conservative right that America's national salvation lay with the majority accepting a life of less, mainly lowers wages and no trade union democracy, to compensate for the concentration of wealth. The neoliberal ideology of the conservative right supplements the lie of the free-market. By preparing people to live with less democracy, they are mentally prepared for a future of hard living, when they must save their money instead of spending it. American workers are told they must adopt the 'Asian' values of an austere capitalism to compete in the global economy. This code of 'Asiatic austerity' is meant to persuade the American people to renew their ideological commitment to the populist backlash of the conservative right, which draws upon lost roots of the country's Protestant austerity. 'Asiatic' austerity denotes that this return is made under the compulsion of pending Chinese capitalist hegemony. The need for Americans to adopt an Asiatic austerity invokes the country's puritan beginning, as if taking up a more conservative disposition against the Chinese trade deficit would somehow thwart a coming

catastrophe. American workers can only hope to survive until the Americanization of Asia renders Chinese workers as profligate, lazy and undeserving as Americans. On this matter Fukuyama writes:

But the long-predicted breakdown of traditional Asian values in the face of modern consumerism has been very slow in materializing. This is perhaps because Asian societies have certain strengths that their members will not easily dismiss, especially when they observe the non-Asian alternatives. While American workers do not have to sing their company's song while doing group exercises, one of the most common complaints about the character of contemporary American life is precisely its lack of *community*. The breakdown of community life in the United States begins with the family, which has been steadily fractured and atomized over the past couple of generations in ways that are thoroughly familiar to all Americans. But it is evident as well in Americans, and the disappearance of outlets for sociability beyond the immediate family. Yet it is precisely a sense of community that is offered by Asian societies, and for many of those growing up in that culture, social conformity and constraints on individualism seem to be a small price to pay. (242)

Fukuyama does not see 'Asian' communal values giving way to the reign of American style individualism anytime soon. It remains to be seen if America can avoid its Asiatic fate.

The Asiatic model in the conservative right—the inner despot—promises deprivation and austerity for the American way of life. The discipline of the Asiatic, the visible state repression, reinforces doubt in the permissiveness and laxity of

American compromise. The Chinese savings rate reflects control and austerity, where the US savings rate implies a nation of credit junkies. The demand by the conservative right for the return of family morality and balanced budgets exemplifies the ideology that suffering is good. US Republicans fight publicly against government spending to combat economic recession, and yet, during Republican presidencies, government grows. Ronald Reagan, true to his rebel roots, declared government was problem, not the solution. The size of government then continued to grow under his administration, as did subsequently did under both Bush Presidencies. Before the American Democrat F.D.R. proposed a New Deal for Americans, the Republican President Herbert Hoover preferred to allow American free enterprise to contract and bottom out. Early during the Second World War, the American people were reluctant to fund a war it could not afford, especially if it meant sacrificing a balanced budget. In both cases not intervening was believed to display the wisdom of government. By allowing the market to bottom out, the reality of market exchange could be retained despite exceeding the logic of balance. The suffering and misery resulting from the violence of the business cycle, the credit crunch, meant the system was working, regardless of the suffering. The destitution of the market crash meant the laws of capitalist exchange were reinforced. More recently, Republican senators rallied against the auto bailout and voiced dissent against President Obama's stimulus package, in the hope of letting the current market find its real bottom.

*Our Great Asiatic Hope*

In the 2008 Presidential elections American voters elected the Democrat candidate Barack H. Obama over the Republican nominee senator John McCain. Obama's residency in Indonesia during his youth signified his worldliness, and he succeeded where his predecessor, John Kerry, the Democratic nominee in 2004, had been "swiftboated" by the claims that this Vietnam veteran was unpatriotic. Republican attack ads featured fellow Vietnam veterans questioning the senator's patriotism and service to his country in Vietnam. Known as the Swift-boat incident, Kerry subsequently lost to the incumbent George W. Bush, and these attack ads are believed to have played an important role in his electoral defeat. Had John McCain been elected four years later, the former Navy pilot and Vietnam veteran would have been the oldest nominee to assume the presidency.<sup>145</sup> During the same Vietnam War that in which Kerry served, McCain spent five years in a North Vietnam prison, the Hanoi Hilton, with two years in solitary confinement. Yet during Michigan's Republican state primary early in 2008, McCain addressed American autoworkers to tell them that their jobs would not be returning from overseas. The same man who voluntarily remained in prison, to make a point about the American way of life, would be powerless as President to beat back rising tides.<sup>146</sup>

American job loss is a symptom of the exchange between the Asian and American models. In fact, the technology of globalization has seen millions of manufacturing jobs lost not only in the United States but in China too.<sup>147</sup> The fear of unemployment eats away at American consumer confidence, which remains largely dependent on the perception that the prosperity of the middle class is growing. Yet in

this post-Fordist age, 'American' firms, symbolically American at any rate, circulate US production jobs into countries such as China and Vietnam. Millions of American households consume to the point of indebtedness. When the economic tides shift, these same households are encouraged to observe the lost art of thrift, as do those fearful of loss, with millions of more households thrifty without needing to be. The growth of the middle class in Asia exacts a decline of the middle class in America.

Since China introduced economic reform in 1978, US household consumer debt has consumed the domestic savings rate, which has all but disappeared, while the Chinese savings rate by comparison remains stable and robust. In this time, American wages, when adjusted for inflation have risen one percent, which in part explains the growing role of consumer credit in the US economy. Chinese savings financed the US housing boom with the purchase of government bonds driving the credit flows. Low interest rates mean the Chinese holding of two trillion in US bonds earn little interest relative to the cost of inflation. US debt is repaid with devalued currency, but the Chinese seek to keep to the US consuming its products.

The code of Asiatic asceticism mentally prepares America's working class for the deflation of the middle class. The conservative right's fantasy of letting the market crash, in order to cleanse the system and restart at year zero, requires the people believe in the good of austerity. Once it becomes evident that consumers are no longer willing to spend, market advertising circulates the image and text of frugality, of doing more with less, providing a convenient framework for softening our expectations for greater economic equality and for hardening a weak ascetic spirit. The logic of deflation is believed to provide the rationale for doing nothing that justifies

government refraining from stimulating market recovery. The pain and suffering of economic decline upholds the reality principle of the concentration of wealth found in market economies.

Capitalist markets grow by rendering independent homesteads wholly dependent on commodity exchange, for employment and consumer goods. Finance capital and the invention of credit has gradually come to steer the real economy in the later half of the Twentieth century. Credit is the smooth space of capitalism, and its expansion drives the mutation of value, beyond even the measure of capitalist exchange. The values of traditional conservative morality are strained by the liberty of moral permissiveness or tolerance. The philosophy of Videodrome connects the US culture for violent excess to the softening of the American character. Ridding the population of those indulging in the spectatorship of consumption removes a threat to the moral character of the nation. A hardened spirit is required to thwart the pain of the hard world and to return the reality principle of austerity. The resurgence of the East from the socialist experiments in the Soviet Union and China, both perceived to have ended in cultural regression, has provided the territory for the expansion of imperial empire. The threat and promise of the rise of the disciplined Asiatic, arguably the strongest theatre in the global expansion of imperial capitalism, drives the reaction in the imagination by providing an external cause for explaining the mutation of the character of American life, away from its conservative character to the laxity of individual liberty, in the belief that the nation will not survive the onset of the hard global order. Asiatic despotism, an invention of the West, must be unleashed onto the

American mind to save it from itself, with the independent trade union and social security believed to be luxuries we can no longer afford to tolerate.

The penetration of capitalist relations 'Eastward' promises the future for late capitalism. The East's precapitalist social formations lead the rest to rescue late capitalism from its immanent crisis of declining profitability. The historical emergence of capitalism in the West meant the East provided the frontier for its future expansion. The East's ideological resistance to the way of Western markets had preserved global capitalism's future on ice. With large populations such as India and China providing the labor power for the global assembly line, capitalism became the world's only production system, unfettered by any obstacles except its own self-imposed limits (Marx, *Capital III* 250). The victory of market ideology in China in the late 1970s and the meltdown of the Soviet Union in the early 1990s meant that global capitalism was the only credible system of exchange. Asia's burgeoning markets repressed by state centralization in Maoist China would in time provide the un-ventured frontier to rescue global capitalism from lagging consumer confidence in saturated Western markets. The East's rapid growth mirrors the originary lack in the golden age of global capitalism's primitive accumulation: the potential of exploiting the flows of Chinese rural labor power Eastward represents a force many times greater than the waves of European immigration to America during the late 19th and early Twentieth century. The general perception is that global markets expand the middle class, which represents the Western way of presenting a modicum of equity, equitable distribution of wealth. Western consumption draws on the confidence of middle class consumerism.

The Asian despot provides the form of the conservative right that justifies the reality of implementing greater austerity to save America's gilded age from inflation. Americans are encouraged to save and conserve like Asian households have, most notably the Chinese and Japanese. The mass media circulates the strategy of saving, despite that such a return to thrift delays economic recovery. The spectacle of China's growth connects to the contraction of the American dream in the United States. The media image of the federal government printing US currency connects the expansion of paper money with the strategy of the national economy. American households are encouraged by unconscious messages to spend on credit, money they do not possess, in the event there is no household savings. There the Asian household, by contrast, saves money and conserves material resources for the future. The latest expansion of the global economy has required further global incorporation, a tendency driving the world's future.

The future security of the global market growth requires the transfer of the American model eastward. Likewise, the role of the "Asiatic" centralized authority in the West must be concealed, because in America the belief in the neoliberal utopia is so potent that otherwise rational people, such as the Tea Party folk, believe that it is possible to make big government in a "free" market disappear. Moreover, this disjunction is in part explained by the Asiatic character (asceticism, austerity, authority) and later by the American character of consumer democracy (ability-to-pay, abundance, affordability). Global markets reverse West and East: Asian households are encouraged to Americanize—to consume—while American households are told to become more Eastern, to save.<sup>148</sup> The problem is that even modest increases in the

American household's savings rate could defer economic recovery significantly. The reproduction of the code of political economy seeks to contain the mutation of value beyond its form.

The future of global capitalism is believed by the mass media to lie with Asia. The implementation of Eastern European capitalism and Chinese capitalism, the Near and Far East, follows the historic period of 'experiments' in state socialism, in the technical sense, and communism in the popular sense. In the East, in the Soviet Union and China, under the 'dictatorship of the proletariat' modernized the nation-state and developed the historical material conditions for the eventual entry of the bourgeoisie, a private class of appropriators, to exploit their socialist masses. This reversal of the logic of the capitalist road (socialism building the conditions for capitalism) expresses the dialectic of development in its reverse late form. Russia's capitalism commenced with the firesale of the Soviet Union's state properties, which were sold at a fraction of their actual value. What a way to transfer public wealth into private hands and to artificially create private capital overnight. China's capitalist path comes after Mao's state socialism, which sought to reverse the West's path of bourgeoisie capitalism, with the Cultural Revolution. Yet given the fear of environmental degradation, in part created by China's consumer revolution, Chinese socialism could someday be regarded as the globe's last ditch effort to save the planet from the exhaustive demands of the bourgeois standard of living.

The persistent decline in US trade union's strengthen reveals that the real objective in America's end of history is to eradicate the working class's relative power in the industrial democratic experiment. Now in America, the laws of political

economy are tied to capital's development of the media spectacle. Capitalist wealth concentrates and operates autonomous from the needs of working people. The corporation implements technology to replace workers, thereby ensuring a constant crisis of unemployment. In addition to this tendency, in the Great Recession corporations hoarded cash and extending the economic downturn by refusing to hire additional workers until the recovery was already underway. Reports of declining consumer demand meant firms reacted by laying off staff, in a bid to cut payroll costs, and in the interest of stemming losses and preserving profitability. The economy would grow, but not as fast a predicted, which at first seems hardly to be a contraction, yet the panic in a falling market appears capable of melting the iron laws of capitalist accumulation, unless the state intervenes. The illusion of growth in capitalist markets, however, is ultimately a psychological matter, but how is consumer confidence going to improve if corporations refuse to hire workers and reduce unemployment? When weak consumer demand declines into a long-term trend, the fear of global overproduction escalates.

The 2008 Great Recession wrecked carnage in the global economy, publicly discussed as the worst such decline since the Great Depression, even while the professional economists had yet to declare that the economy had even entered into a technical recession. By the fall of 2010, when the eight million Americans that lost their jobs during the Great Recession were still unemployed, and the official unemployment rate was at 9.6%, the bourgeois economists declared that the technical recession was over. The recession was over even though trillions of dollars of equity was lost during the downturn was still missing. When the Great Recession began, the

Dow Jones stock market fell thousands of points from its peak of 13 000 to 7000 by March 2009. What is more amazing is that the Dow was trading at 11 000 by the end of 2010, in what is called a “jobless recovery.” In George W. Bush’s final days as president he conceded that the current financial crisis was the worst such crisis in a long time, while, in the same breath, stating that his belief in the fundamentals of the free-market were unshaken. Likewise, Canada’s Conservative Prime Minister Stephen Harper, was among the last of world leaders to even admit that there was a recession. His Minister of Finance Jim Flaherty pleaded with the public to understand that the country’s economic fundamentals were strong, despite the global recession, as if the country’s economic fortunes were not bound up with America’s general economic decline. Bush and Harper publicly stated that they were reluctant to intervene, but were compelled to do so by political opposition. By the end of 2008, Flaherty quickly revised his mid year forecast of a small budget surplus for 2009 into a budget deficit, which later was revealed to be around \$40 billion. Flaherty, a former minister in the Conservative Party’s Common Sense Revolution in Ontario during the 1990s, would oversee the return of deficit financing after the federal Liberal governments had delivered years of balanced budgets.

The burgeoning US-Chinese trade deficit, approaching \$400 billion and growing, signifies a post-historical development, which was well underway before the fall of the Soviet Union, the event that signified the end of world history and the victory of liberal democracy. The recentering of the global assembly line in the export zones located in China’s southern provinces has provided American capital with the locale for relocating America’s high-value manufacturing jobs into a network of Asian

free trade zones. The United States trade deficit is financed by the Chinese state purchasing US bonds, with much of this activity helping to drive the US housing boom prior to the subprime 'meltdown' in 2008. China's annual economic growth rates and the mounting trade gap are general abstractions, and impressive as they maybe, the United States per capita income of roughly \$43 000 is much greater than China's per capita income of \$8000. The US media flows feature rise of China's middle class, especially in China, by featuring images of a growing Chinese consumer republic, but the truth is that most of this economic growth is highly concentrated. If modern Europe's social democracy is the nineteenth century ideal of world history's final stage, and America's consumer republic is the twentieth century ideal, then the combination of Chinese consumption without democracy is the capitalist ideal.

The ideological reproduction of late capitalism in the West requires the continued expansion of capitalist relations eastwardly into Asia's precapitalist socialist territories. What David Harvey calls "Neoliberalism 'with Chinese Characteristics'" is the reigning system in modern China, where the capitalist class retains the state repression but smashes Mao's iron rice bowel (120-51). This emerging global power mixes single political party rule with capitalist market relations. Authoritarian state power secures the open society of capitalist exchange. Should America not regain the lost discipline of thrift—and become more Asiatic by becoming conservative—then the United States risks becoming a socialist utopia, or at least this is the fear of the conservative right. Conceived in this manner, China becomes a pole of displacement for the anxiety over the disappearance of the industrial base that funded the American dream world. On the other hand, in China, the restoration of the capitalist road is

celebrated as an experiment to introduce the America model, to liberate the bourgeois middle class from their obligations to the Chinese state. While serving as the Secretary of State for George W. Bush, the professor of political science Condoleezza Rice once argued that it was an iron law of history that democracy would follow capitalist markets. China's adoption of a capitalist road without political reform could mutate the value of the American model even more by demonstrating the compatibility of consumer democracy without political liberty.

Early in the halcyon days of George W. Bush's administration, the president openly encouraged Americans to shop, in the name of patriotic duty, in order to save the national economy after the terrorist attacks of September 11<sup>th</sup>. But by his final days in office, with the Sub-prime mortgage crisis still then an unknown quantity, an image of a much different future began to bloom upon the horizon. In the fallout of the Subprime mortgage crisis, millions of US households would be compelled—and millions more inspired—to renew their faith in thrift. US households must lower their expectations for a future of continued growth for America's middle class. Asian countries are revered for the tendency to save wealth; however, US households cannot hope to recover by returning to the East's saving's rate, as consumption only makes up a third of China's national economy. Only by deepening and extending the terms and conditions of America's revolution can the American model grow. The US national debt proves that private property is a fetter to economic growth and that US capitalism can only grow by way of socialism for the rich. In America Post-Fordism and the War on Drugs illustrate the repressive character of US free enterprise. The United States openly touts its liberty as an exception in an unfree world, but the class warfare on

America's trade unions and cannabis are examples of how the social progress of US liberty is repressed by the conservative right.

## Notes

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<sup>1</sup> In his 1906 novel *The Jungle*, about the Chicago stockyards, Upton Sinclair tells the story of a Lithuanian immigrant family and their struggle to realize a piece of the American dream. Sinclair provides a graphic description of horrible working conditions in the free-market of scarcity: “Over them, relentless and savage, there cracked the lash of want” (90).

<sup>2</sup> Francis Wheen in *Marx's Das Kapital: A Biography* observes that British workers labor ten thousand more hours today in a lifetime than they did at the end of the 1970s.

<sup>3</sup> “At the heart of my analysis of postwar America is the concept of the Consumer’s Republic. This was not a term that Americans used at the time to refer to the world in which they were living. It is my shorthand for what I document in Chapter 3 was a strategy that emerged after the Second World War for reconstructing the nation’s economy and reaffirming its democratic values through promoting the expansion of mass consumption” (11).

<sup>4</sup> “Pangloss enseignait la métaphysico-théologo-cosmolo-nigologie. Il provait admirablement qu’il n’y a point d’effet sans cause, et que, dans ce meilleur des mondes possibles, le château de monseigneur le baron était le plus beau des châteaux, et madame la meilleure des baronnes possibles” (47).

<sup>5</sup> “It is as though some evil genie had substituted the one for the other—communism for capitalism—at the last moment. As if, since Western society had, in its own way, brought to fruition the prophecies of a future society (the withering away of the State, of the political, of work, the administration of things and generalized leisure—even if all these are simulated) in communism’s stead, the latter could simply disappear. An admirable division of labour: Capital has done communism’s work and communism has died in Capital’s place” (51-2).

<sup>6</sup> See fragment 146.

<sup>7</sup> According to the former Reagan advisor Patrick Buchanan, it was the pilgrim father John Winthrop, who in a 1630 sermon “A Model of Christian Charity” aboard a ship sailing for America, envisioned New England as a city on a hill, a reference to Jesus’ Sermon on the Mount.

<sup>8</sup> Journalist Nicholas D. Kristoff credits fellow journalist Timothy Noah with identifying these statistics as evidence that America has become a “Banana Republic.”

“The richest 1 percent of Americans now take home almost 24 percent of income, up from almost 9 percent in 1976. As Timothy Noah of Slate noted in an excellent series on inequality, the United States now arguably has a more unequal distribution of wealth than traditional banana republics like Nicaragua, Venezuela and Guyana.

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C.E.O.’s of the largest American companies earned an average of 42 times as much as the average worker in 1980, but 531 times as much in 2001. Perhaps the most astounding statistic is this: From 1980 to 2005, more than four-fifths of the total increase in American incomes went to the richest 1 percent.”

Also, see Frank Rich “Who Will Stand Up to the Superrich?”

<sup>9</sup> Consider the following example from the expansion of the culture of austerity into Canada. Toronto Mayor Rob Ford was elected in the fall of 2010 on the rhetoric of cutting the “gravy train” from the city’s annual budget deficit. Ford looked everywhere for the gravy vowing to rid the city government of this threat to fiscal responsibility. Ford’s leadership on this issue was only strengthened by his physical stature. The problem for Ford and his political figure of “gravy cuts” was that at budget meetings little fat could be found to justify the rich rhetoric, a gross overindulgence of the human political animal. Only by cutting to the bone of social services most of the public regards as essential, such as garbage, could Ford and the right-wing of Toronto’s city council make the gravy appear. The mayor during his campaign for office reminded the public of the lingering smell of the city’s garbage strike by its CUPE outside workers during David Miller’s, the social-democrat, second term. Ford the fiscal conservative won Toronto’s mayoral race in the fall of 2010 by feeding on Miller’s track record of feeding Toronto the gravy of municipal government and public services. This classic repetition of Ontario’s provincial politics fifteen years earlier during the heady days of the 1990s prosperity, when the Conservative’s under Mike Harris lead a “Common Sense” Revolution after five year’s of the province’s first social democratic government by the NDP.

Gravy is made from the fat rendered from roasting a animal, often in North America a chicken, which actually supplements the nutritional value by enhancing digestion of meat. Fat appears to us North Americans as the excess of a substance. One must practice the discipline of renunciation, much like 17<sup>th</sup> century puritans are revered as moral virtuous and thrifty. The rhetoric of passing on the gravy overlooks the nutritional benefits of consuming animal fat, which are much greater than consuming heapings of animal protein.

<sup>10</sup> See “Now in Power, G.O.P. Vows Cuts in State Budgets” by Monica Davey and Michael Luo.

<sup>11</sup> According to Robert H. Frank, professor of economics at the Johnson Graduate School of Management at Cornell University: “During the three decades after World War II, for example, incomes in the United States rose rapidly and at about the same rate—almost 3 percent a year—for people at all income levels. America had an economically vibrant middle class. Roads and bridges were well maintained, and impressive new infrastructure was being built. People were optimistic. By contrast, during the last three decades the economy has grown much more slowly, and our infrastructure has fallen into grave disrepair. Most troubling, all significant income growth has been concentrated at the top of the scale. The share of total income going

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to the top 1 percent of earners, which stood at 8.9 percent in 1976, rose to 23.5 percent by 2007, but during the same period, the average inflation-adjusted hourly wage declined by more than 7 percent.”

<sup>12</sup> See McGill economist R.T. Naylor *Hot Money and the Politics of Debt*.

<sup>13</sup> See Mark Niesse “Food Stamp Usage Soars Among Working Families.”

<sup>14</sup> “One indirect sign of continuing hardship is the rise in food stamp recipients, who now include nearly one in seven adults and an even greater share of the nation’s children. While other factors as well as declining incomes have driven the rise, by mid-2010 the number of recipients had reached 41.3 million, compared with 39 million at the beginning of the year. Food banks, too, report swelling demand.” See Erik Eckholm “Recession Raises Poverty Rate to a 15-Year High.”

<sup>15</sup> America’s Corn belt, the agricultural region of the Midwest, has produced the genetically modified corn cash crop that has fattened the country. The abundance of cheap processed foods made possible by states such as Iowa, Illinois, Indiana and Nebraska, among others, has replaced the rich, nutrient dense foods of the family farm, the Jeffersonian ideal of rural America.

While Americans have more cheap policies than ever, largely a result of government policy designed to lower the price of corn to below the cost of production, the obesity epidemic suggests that this excess wealth is actually results from a lack of healthy foods whole foods.

An additional chapter on the Corn belt would draw from the 2007 documentary film *King Corn*, the 2008 film *Food Inc.* and *Fast Food Nation* (2006), as well as Sandor Ellix Katz’s *The Revolution Will Not Be Microwaved* (2006), Weston Price’s *Nutrition and Physical Degeneration* (1939), Eric Schlosser’s *Fast Food Nation* (2001), and Frederick Kaufman’s “The Food Bubble” (2010).

<sup>16</sup> For more on this relationship between the automobile and the fast-food industry see investigative journalist Eric Schlosser’s *Fast Food Nation*. Also, see the documentary film *Food Inc.*

<sup>17</sup> Former Salomon Brothers investment banker turned author Michael Lewis writes of the financial sector, “Not for a moment did I suspect that the financial 1980s would last for two full decades longer, or that the difference in degree between Wall Street and ordinary economic life would swell to a difference in kind. That a single bond trade might be paid \$47 million a year and feel cheated” (xv).

<sup>18</sup> This quote by Washington Post columnist Harold Meyerson can be found in journalist Dick Meister’s *Ronald Reagan’s War on Labor*.

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<sup>19</sup> On the back of Sandor Katz's *The Revolution Will Not Be Microwaved* we read the following: "Food in America is cheap and abundant—and also often bland, devoid of nutritional value, and produced without regard for anything beyond the corporate profit margin. As consumers, we opt for convenience, but the tradeoff is that we know almost nothing about how our food is grown, where it comes from, or whether it's good for us. If we are what we eat, then our bodies and souls are largely at the mercy of agribusiness, commodity traders, and advertising executives thousands of miles from our homes and a world away from our real needs."

<sup>20</sup> According to the Canadian Oxford Dictionary, austere means "severely simple," "morally strict," "harsh" and "stern," from the Latin *austerus* and the Greek *austeros* for severe.

<sup>21</sup> Lyman and Potter, 29

<sup>22</sup> See "Why You Should Feel Cheated, Deceived and Sickened by America's Stunning Inequality, Even if You're Doing Well."

<sup>23</sup> For example, in the popular book of the public television series *Free to Choose*, Milton and Rose Friedman argue: "An essential part of economic freedom is freedom to choose how to use our income" (56); "Freedom to own property is another essential part of economic freedom" (58); and "Restrictions on economic freedom inevitably affect freedom in general, even such areas as freedom of speech and press" (58). The absolute right to private property is upheld as an essential part of economic freedom. In the book's first page, Ronald Reagan praises the book as "Superb."

<sup>24</sup> Klein writes: "Officials with the World Bank and the IMF had always made policy recommendations when they handed out loans, but in the early eighties, emboldened by the desperation of developing countries, those recommendations morphed into radical free-market demands. When crisis-struck countries came to the IMF seeking debt relief and emergency loans, the fund responded with sweeping shock therapy programs, equivalent in scope to "The Brick" drafted by the Chicago Boys for Pinochet and the 220-law decree cooked up in Goni's living room in Bolivia" (195).

<sup>25</sup> For analysis of the realization of the neoliberal utopia in the southern cone of Latin America (Argentina, Brazil, Chile, Paraguay, Uruguay) see chapter seven "The New Doctor Shock: Economic Warfare Replaces Dictatorship" of Naomi Klein's *The Shock Doctrine*.

<sup>26</sup> In line with Rorty's point is the Nobel prize winning economist Paul Krugman in "The Mortgage Morass" writing about the conservative right backing the banks in a time when major financial institutions process foreclosures with "robo-signers" and little regard for providing the proper documentation: "The response from the right is, however, even worse. Republicans in Congress are lying low, but conservative commentators like those at The Wall Street Journal's editorial page have come out

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dismissing the lack of proper documents as a triviality. In effect, they're saying that if a bank says it owns your house, we should just take its word. To me, this evokes the days when noblemen felt free to take whatever they wanted, knowing that peasants had no standing in the courts. But then, I suspect that some people regard those as the good old days."

<sup>27</sup> US conservatives are fond of proclaiming that the United States is a conservative right-wing country. What this declaration overlooks is the simple fact that Americans cherish individual liberty and want government to protect them from the free-market.

<sup>28</sup> Norquist famously said: "I don't want to get rid of government, I just want to shrink it to the size you could drown it in the bathtub."

See: <http://www.npr.org/templates/story/story.php?storyId=1123439>

<sup>29</sup> Consider New York Times journalist Frank Bruni's impression of Norquist: "As he walked in and sat down he was sermonizing. As he got up and left an hour later he was still going strong. He seems to live his whole life in midsentence and takes few detectable breaths, his zeal boundless and his catechism changeless: Washington is an indiscriminate glutton, and extra taxes are like excess calories, sure to bloat the Beast." See "Norquist, Taxes and a Dangerous Purity."

<sup>30</sup> See his book *Leave Us Alone: Getting the Government's Hands Off Our Money, Our Guns, Our Lives.*

<sup>31</sup> For more on the historical marginality of Marxism and socialism in the United States see Paul Buhle *Marxism in the United States: Remapping the History of the American Left.*

<sup>32</sup> By comparison, in the 2000 US Presidential elections, the Green party candidate Ralph Nader won 2.74% of the vote, in a contest where Republican George W. Bush's 47.87% beat Democrat Al Gore's 48.38%.

<sup>33</sup> As Michael Luo writes, "Times have changed politically, however, and opposition is growing in Washington and abroad to deficit-bloating government spending, even for those who are hurting" (Frustration).

"Fears about the country's skyrocketing deficit, which are at the heart of Republican objections, have gained growing prevalence, even with moderate Democrats. Economic arguments that additional government spending is needed to spur the economy have been swamped. Some Republican politicians have argued that continuing to extend unemployment benefits offers a disincentive for the jobless to find work. Supporters of unemployment insurance counter that job openings remain in short supply"

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“On Tuesday, Ms. Sadler scored just her third interview since 2008, for a \$7.50-an-hour job at a check-cashing business that is an hour’s drive from her home. It would have paid less than she received on unemployment benefits and left her still unable to cover her expenses, but she had little choice.”

<sup>34</sup> Cultural essayist Barbara Ehrenreich in “Good-Bye to the Work Ethic” writes that emphasis on the work ethic appears when labor becomes less and less unnecessary: “As a general rule, when something gets elevated to apple-pie status in the hierarchy of American values, you have to suspect that its actual *monetary* value is skidding toward zero” (36). Ehrenreich’s remark is a variation on Bertrand Russell’s earlier observation that it is usually the idle upper class who are the loudest proponents of hard work in his 1935 text *In Praise of Idleness*.

<sup>35</sup> For example, in a late 1980s *Saturday Night Live* television commercial parody poked fun at the first McDonald’s to open in Moscow. The joke was that with every Happy Meal, a citizen received a free gift, such as a bar of soap, toilet paper, or a sewing kit. The excess of the fast food provided a vehicle for a necessity. In America, the McDonald’s Happy Meal typically contains a useless plastic trinket, usually a cartoon character, which makes the cardboard box an empty vessel for the useless excess of a toy. However, at one time, in the United States McDonald’s did offer a free Gillette razor with an in store purchase of any breakfast item (see [http://www.retrojunk.com/details\\_commercial/1001/](http://www.retrojunk.com/details_commercial/1001/)).

<sup>36</sup> In the US imagination during the Cold War, the Soviet Union had only one kind of ketchup that was produced by a state enterprise. In the United States, however, one brand, such as Heinz, could dominate the market share, but consumers were formally free to enjoy less popular brands.

<sup>37</sup> A quick search of “Obama socialist” in an internet search engine reveals a plethora of images representing Obama as a fascist, socialist and communist. Often these images are doctored photos of socialist realist paintings depicting Stalin and Mao in a favourable manner.

<sup>38</sup> In a *Globe and Mail* story about the Tucson shooting in Arizona, we learn the following about the 22-year-old accused mass murderer Jared Lee Loughner:

Grant Wiens, 22, was a year ahead of Mr. Loughner at Mountain View High School in Tucson, and was recently in a biology class with him at a local community college. He remembers Mr. Loughner smoked heavily and occasionally smoked marijuana (“Arizona Shooting Suspect Faces Five Federal Charges”).

Loughner murdered six people and injured twenty, including US House of Representatives member Gabrielle Giffords. In Arizona, one can carry a concealed

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gun to a political rally and not be in violation of the law. Whereas carrying a joint of marijuana anywhere in Arizona can lead to harsh criminal prosecution.

<sup>39</sup> The neoconservative thinker Irving Kristol, a former Trotskyite, is credited with having said remarked that he was a liberal “mugged by reality.” Kristol maintains that neoconservatism is not utopian. However, the neoconservative support for the drug-war suggests otherwise.

<sup>40</sup> Stock ownership in banks is held by other banks, which, in turn, is owned by the haute bourgeoisie, or the richest one percent of US society.

<sup>41</sup> The Republican National Committee resolution states, be it resolved “that we the members of the Republican National Committee call on the Democratic Party to be truthful and honest with the American people by acknowledging that they have evolved from a party of tax and spend to a party of tax and nationalize and, therefore, should agree to rename themselves the Democrat Socialist Party.”

<sup>42</sup> Thomas writes: “Take, for example, the sudden popularity of the epithet ‘socialist,’ a fad which Mr. DeMint’s book seems designed to fuel. At first the term seems merely to be an enhanced version of the old favorite epithet, ‘liberal.’ It gets applied to everything. Sometimes, in Mr. DeMint’s telling, ‘socialism’ means government that is ‘big,’ that runs up deficits. Sometimes it means Social Security. Sometimes we’re on our way to socialism; sometimes we’re already there” (*Fairy Tales*).

<sup>43</sup> See Morin’s 1970s travelogue of California and Lévy’s recent journey to America.

<sup>44</sup> In classical liberal political discourse the right of freedom means the right to the ownership of private property. Traditionally conservative doctrine stresses the importance of protecting the community, such as the private nuclear family, from the logic of individualism. Neoconservatism is the marriage of family values, defended by the Christian conservative right and the “cultural wars”, and the free-market doctrine of free-trade found in neoliberalism. Hence the conservative right reinforces the individual liberty in an economic sense and represses the individualism in a social sense.

<sup>45</sup> See Jacobs and Zelizer.

<sup>46</sup> Texas Republican Phil Gramm once infamously remarked that America was the only country where poor people were fat. While his statement was meant to convey the image that in America even the poor are better off, obesity is a sign of malnutrition and a poor diet based on processed foods, including white flour, white sugar, and vegetable oils. The diet of modern agriculture has wrecked havoc on the American body.

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<sup>47</sup> For more on this big tent alliance of the Republican party see Frank's *What's the Matter with Kansas*.

<sup>48</sup> For more on the end of history debate see Loptson.

<sup>49</sup> See Lynn.

<sup>50</sup> The onset of a market recession is caused by capitalists withdrawing their investments out of fear of wealth destruction. In the Great Recession the loss of eight million jobs was the result of US private corporations preparing for the fall in demand by laying off millions of employees. Instead of paying for labor powers, corporations hoard capital to ride out the economic downturn. Ultimately this strategy defers an economic recovery, which consists of a stock-market rally, with the persisting joblessness meaning that the demand for consumer goods remains insufficient to absorb the supply.

At the beginning of the 2006 disaster film *Poseidon* a two hundred foot rogue wave capsizes the luxury ocean liner. An economic recession is a wave of similar magnitude, and it should be understood as a result of the capitalist's failure to ride out the economic storms for the good of everyone. The capitalist would rather pull out of the market economy and create a rogue wave for everyone else instead of staying in the game in good faith.

<sup>51</sup> After Japan's housing bubble collapsed in the early Nineties, slow economic recovery resulted in a "lost" decade—sounding much like the "lost generation" following WWI—in which time the Japanese model of capitalism has made Japan the most indebted industrialized country. As the land of land of the future, Japan is the model for the future of capitalist growth.

<sup>52</sup> The conservative strategy for accumulating wealth lies with not spending it. Money is invested early in life and compound interest is the reward. As opposed to wealth gained by speculation on a company's future exchange value, earned wealth is gained by a lifetime of compound interest. An Eighties commercial for the investment bank Smith Barney appealed to the belief in earned wealth, with the slogan: "We make money the old fashioned way: we *earn* it."

<sup>53</sup> Paul Virilio in his text *The Aesthetics of Disappearance* argues that the logic of late capitalism works via the abolition of geographic space by time, the speed of the war machine. Baudrillard develops this logic in terms of the simulation of reality in its four historical planes. Also, see David Harvey's *The Condition of Postmodernity* for an in-depth examination of the role of the speed of capitalist exchange in the time-space compression of geographical distance.

<sup>54</sup> See *Bigger, Stronger, Faster*.

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<sup>55</sup> “The fact is that since 1990 or so the U.S. job market has been characterized not by a general rise in the demand skill, but by ‘hollowing out’: both high-wage and low-wage employment have grown rapidly, but medium-wage jobs—the kinds of jobs we count on to support a strong middle class—have lagged behind. And the hole in the middle has been getting wider: many of the high-wage occupations that grew rapidly in the 1990s have seen much slower growth recently, even as growth in low-wage employment has accelerated.” See Paul Krugman, “Degrees and Dollars.”

<sup>56</sup> See Buck-Morss for her examination of this cultural and economic exchange between America and the Soviet Union.

<sup>57</sup> Henry Ford is said to have contemplated closing shop rather than grant recognition before reversing his hard line position. His son, Ford II, famously proclaimed the end of class war in America in the postwar era (Davis, *Prisoners* 102).

<sup>58</sup> See “The Phenomenon of Reification” in *History and Class Consciousness* (83-109).

<sup>59</sup> For more on Reuther’s youth see Lichtenstein, *The Most Dangerous Man in Detroit: Walter Reuther and the Fate of American Labor*.

<sup>60</sup> Perhaps the irony of GM not joining the UAW in the march to Washington for universal healthcare surfaced much later in the century. Healthcare costs for autoworkers are retirees proved too expensive for the Big Three. General Motors, often called Generous Motors or Government Motors, is the largest purchaser of the popular drug Viagra (Hakim). In 2004 the costs of healthcare for retirees were estimated at an astounding \$63 billion for future retirees. GM covers 1.1 million Americas, 450 000 retirees, but only 200 000 are currently employed by the firm. The firm reputedly spends more on healthcare than on steel.

<sup>61</sup> In his book *Forces of Production* Noble examines the automation of the metal-tool making industry. He argues that capital investment by management could not be justified by cost-savings, but by faith in technology. Were it not for the US Air Force’s investments the industry could never have afforded to replace skilled tradesmen with poorly performing automatic machinery.

<sup>62</sup> See Austen *After Detroit, the Wreck of an American Dream* for an examination of Toyota in Kentucky and its success in getting the local school board to teach its philosophy to students.

<sup>63</sup> See Hassett. In this column Hassett, a senior fellow of the American Enterprise Institute, rants about unions as a “cancer” on US business. This business columnist is employed by the think tanks funded by the conservative right. This theme seeks to perpetuate the myth that trade unions are illegitimate social organizations. The price of democracy, of a symbolic contest of capitalist hegemony, is dismissed as an

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imminent threat, as the metaphor of what cancer does to the physical body illustrates the wasting effect organized labor has historically had on the health of US free-enterprise. The ideological resistance generated by trade unions and the labor movement is thereby credited with depriving the free-market of wholly realizing its potential as a social system to enrich peoples' lives. The class war waged by the business sector upon organized labor, symbolized by Reagan firing the PATCO striking membership, thereby parallels the endeavour to irradiate the growth of cancer cells in the human body. The corporation therefore represents the avant-garde directed by the social body of civil society to combat the growth of cancerous democracy, where working people and professional union bureaucrats constraint the immunity of the capitalist economy.

What the direction of this metaphor overlooks is the obvious fact that cancer is a cellular mutation in which cells do not die. A tumour is excessive in life because it grows rapidly and often without first detecting the warning signals. Yet the prevailing theme of organized labor during the post-Fordist era has not been one of constant growth, but one of slow yet persistent industrial decline. Capitalist markets, on the contrary, are defined by the speed of profit growth, to the degree that the size of market derivatives grossly exceed the scale of the real material economy. Capitalist growth consists primarily of profit realized on the sale of business opportunities. The scale of the global economy cannot be accurately reduced to the trade of real commodities, such as oil and wheat, which are of importance to most working consumers. It would be like reducing the value of the entire automobile market to the sales of Porsches.

John McMurtry argues that capital is the cancer of the social body.

<sup>64</sup> For more on the historical decline of organized labor in the United States see Goldfield. To learn more about Toyota's corporate propaganda in Kentucky's public schools see Austen.

<sup>65</sup> See Lipset, *The Paradox of American Unionism: Why Americans Like Unions More Than Canadians Do, but Join Much Less*, for a treatise on how US workers favour unionization more than Canadian workers, but are less likely to unionize.

<sup>66</sup> The concept of socialized production as written about by Marx and Negri recognizes that bourgeois capitalism, by centralizing the means of production into industrial workplaces, renders individuals more—not less—dependent on others in the “free” market. Commodity production is increasingly socialized by capitalist hegemony. Socialized production also identifies capitalism's tendency towards its opposite pole, socialism, with the social welfare state representing a threat to the conservative right.

<sup>67</sup> Thrift was the ethic of America's founding fathers of the East. In Philadelphia, Benjamin Franklin's well known adage "A penny saved is a penny earned" remains exemplar of the virtue in conserving rather than exchanging one's resources.

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<sup>68</sup> Walmart is almost seven times the size of its nearest retail competitor Target.

<sup>69</sup> See Moreton 80.

<sup>70</sup> The idea that Walmart is an antiquated form of capitalism is mistaken. David Olive writes: "Gold has increased in price by about 350 per cent since its 1999 nadir. You would have done better in that time with shares in the prosaic Potash Corp. of Saskatchewan (up 771 per cent). If you'd bought stock in Wal-Mart Stores Inc. when it went public two years before gold hit its all-time 1980 peak, you would have gained 68, 109 per cent on your investment" (Don't). Olive adds: "In the 1990s, Wal-Mart stock soared 1, 173 per cent. But since 2000, the stock has been 'dead money,' in Street parlance, dropping 29 per cent" (*Wal-Mart's Grave*).

<sup>71</sup> See chapter VII "The Process of Creative Destruction" in Schumpeter's *Capitalism, Socialism and Democracy* (81-6).

<sup>72</sup> Sam Walton's wealth, according to Reich, equals the combined wealth of the bottom 40 percent of the US population, 120 million people controlling \$95 billion.

<sup>73</sup> As Benedict Anderson argues: "Finally, it [nation] is imagined as a *community*, because, regardless of the actual inequality and exploitation that may prevail in each, the nation is always conceived as a deep, horizontal comradeship" (7). The idea of a nation as a "deep, horizontal comradeship" provides the rational form for conceiving the emergence of actual global identity. The language of the commune is utilized by capitalist markets in their semiotic construction, which means the future of capitalism—the individual property relation—is secured only by including the form of the common, which explains the relevance of a common body along with producing self-governing individuals in the liberal sense.

<sup>74</sup> In the essay "Center-City, Empty Center" in his study of Japan, Barthes discusses Tokyo: "It does not possess a center, but this is empty" (30). The Walmart Supercenter filled with commodity flows from China and Japan, among other such major producing sectors, threatens to reorder Main Street USA. into empty urban centers.

<sup>75</sup> "Conspicuous underconsumption marked the rise of Ozark chicken king John Tyson, whose son and grandson dressed in the khaki uniforms of their employees" (Moreton 72). Tyson is one of four transnational corporations that together control eighty percent of the slaughterhouse commodity chain in the United States. For more on this subject see the documentary *Food Inc.*

<sup>76</sup> For a contrast of Mao Tse-Tung and Deng Xiaoping on China's capitalist road see Baum 35.

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<sup>77</sup> "'We should not repeatedly mention the peaceful evolution plot by the West,' said Deng, because 'we need the United States to promote our reforms and opening up. If we always confront the United States, we'll leave ourselves no room to maneuver'" (Baum 336).

<sup>78</sup> Rifkin references *Reengineering the Corporation: a Manifesto for Business Revolution* by business consultants Michael Hammer and James Champy.

<sup>79</sup> This strategy controls the crisis of what Twentieth century economist J.A. Hobson named underconsumption, what Lenin called overproduction.

<sup>80</sup>The Sun belt includes Alabama, Arizona, Arkansas, Florida, Georgia, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and the southern half of California, Nevada and Virginia. Colorado and Utah are sometimes included.

<sup>81</sup> In this speech Reagan states: "In this present crisis, government is not the solution to our problem; government is the problem. From time to time we've been tempted to believe that society has become too complex to be managed by self-rule, that government by an elite group is superior to government for, by, and of the people. Well, if no one among us is capable of governing himself, then who among us has the capacity to govern someone else? All of us together, in and out of government, must bear the burden."

<sup>82</sup> "Mr. Chaison says the latest wave of private-sector pay cuts is reminiscent of those in the early 1980s, when many companies—especially those with unionized work forces—cut wages in response to a recession, intensified competition from imports and new low-cost competitors spawned by government-backed deregulation. Now, as then, companies frequently say that compensation for unionized workers, in both wages and benefits, is out of line." Mr. Chaison is Professor of Industrial Relations at Clark University. See Steven Greenhouse "More Workers Face Pay Cuts, Not Furloughs."

<sup>83</sup> General Electric currently holds roughly \$500 billion in debt and holds assets worth just over \$17 billion. This represents a 30 to 1 debt to asset ratio.

<sup>84</sup> See Boulware. He writes: "General Electric had doubled its employment in recent years while other jobs were freely and amply available. But employees thought we could do much better if we wanted or had to. They had been misled into believing that they should resist rather than cooperate [sic]...that they could better themselves by being less useful. They had been seriously affected by the constant brute, crook, exploiter charges against private business in general, and we found that about the most we could hope for at the moment was that they regard us as 'the best of a bad lot.' Most of the balance of this volume will concern this problem, so no more need be said here" (17).

<sup>85</sup> See Evans.

<sup>86</sup> “And, as former White House aide David Gergen has commented, Reagan made a practice, formed over the Hollywood years, of ‘commiting what he read to memory.’” (75).

<sup>87</sup> For example, in the 1976 movie thriller *Marathon Man*, based on the novel by William Goldman, Dustin Hoffman plays the PhD graduate student Thomas Levy who must leave behind the idle theory of “history” and has to take action. In the film we learn that Levy’s traumatic event in his life was his father’s suicide, a professor of history who was blacklisted by the McCarthy show trials and lost his position.

It is interesting that in the United States that the spirit of punishment prevailed. The musician Pete Seeger demonstrated true individuality (by not naming names) was punished for the liberty of his own conscience. He was blacklisted by Hollywood, which meant that he could not make television appearances. Is this not a Soviet tactic *par excellence*? Seeger was punished as a free individual for not handing over the names of his friends to the tyrannical state? The United States could only defeat the Soviet Union by going Soviet (after all, the US nuclear arsenal significantly outnumbered the Soviets). We saw the same tendency after September 11<sup>th</sup>, when making an unpopular remark about the terrorist attacks could get one in trouble for supporting the terrorists. US freedom of speech meant that the government could not jail people for saying unpopular ideas, but this did mean that such persons could lose their jobs for speaking openly and frankly by practicing their freedom of speech.

<sup>88</sup> For example, see Bruce Bartlett’s author of *Imposter: How George W. Bush Bankrupted America and Betrayed the Reagan Legacy*.

<sup>89</sup> Historically there are many examples: the Drug War, criminalization of homosexuality, racial discrimination, pornography, prostitution, abortion, divorce, social security, public healthcare, etc. The conservative right broadly resists all of these developments in principle, for they are believed to threaten the sanctity of private property and the traditional family.

<sup>90</sup> The Democratic Party, for example, provides the focus for how George McGovern winning the 1972 presidential nomination meant the victory of left-liberals over centrists; this overlooks the control of the Republican Party by the conservative-right in the time since Reagan’s 1980 election victory.

<sup>91</sup> Comedian George Carlin remarked that Republicans would fight for your right to live, but once you were born, they wanted nothing to do with you. What this distinction illustrates best is the absolute and relative nature of the conservative right’s ambivalence towards liberty. In this instance the Republican can imagine a rich life for fetus, but cannot tolerate having to support that life in any real, i.e. costly, way.

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The phrase bootstrap individualism conveys the absoluteness of this conviction, i.e. one must support themselves in whole, so that government may disappear, thereby alleviating my responsibility to you.

<sup>92</sup> For more on this see Michael Sprinker *Imaginary Relations: Aesthetics and Ideology in the Theory of Historical Materialism*.

<sup>93</sup> Fukuyama stresses that Lenin and Trotsky were extraordinary men fighting for the equality of the ordinary (304-5).

<sup>94</sup> Gilles Deleuze in *Logic of Sense* states that for the Stoic saying the word chariot equals one exiting his mouth: “As Chrysippus says, ‘if you say ‘chariot,’ a chariot through your lips,’ and it is neither better nor more convenient if this is the Idea of the chariot” (134).

<sup>95</sup> The same description has been assigned to the Tea Party movement.

<sup>96</sup> According to Nixon, “America’s public enemy number one in the United States is drug abuse. In order to fight and defeat this enemy, it is necessary to wage a new, all-out offensive.” This statement was from a press briefing on 17 June 1971.

<sup>97</sup> If drugs refer only to illegal substances, such as marijuana, cocaine, heroin and methamphetamines, then the moral majority of the United States refrains from drug abuse. Only a tiny minority of Americans use hard drugs anyways. However, if drugs refers to substances that produce certain bodily affects, then the majority of Americans use drugs everyday, such as caffeine, prescription narcotics, tobacco and alcohol, without fail.

<sup>98</sup> In this way, the Drug War illustrates what English liberal philosopher J.S. Mill called the tyranny of the majority, because the drug using minority is unfairly persecuted by the moral majority.

<sup>99</sup> On the matter of class war, Fred Branfman writes, “it was Americans who were afflicted by a ‘system’ of ‘fuck the poor’ (in the words of successful Wall Street trade Steve Eisman).” Eisman is a hedge fund manager with FrontPoint Partners featured in *The Big Short: Inside the Doomsday Machine*, a book about the current financial crisis, by Michael Lewis.

<sup>100</sup> Nixon denied the hippy counterculture and the people’s anti-war movement had any effect on his decision to withdraw troops from Vietnam and end the war.

<sup>101</sup> US President George W. Bush and the conservative commentator Glenn Beck. George W. Bush and Glenn Beck are born-again Christians who recovered from alcohol and drug abuse.

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<sup>102</sup> Capitalism consists of the cycle of mania and depression. Drugs such as cocaine and methamphetamines speed up time, while other drugs, such as marijuana can slow time down.

<sup>103</sup> Republican President Richard M. Nixon declared the War on Drugs at the end of the Summer of Love. The US Congress passed the Comprehensive Drug Abuse Prevention and Control Act into law the following year in 1970. Upon Nixon's resignation, Vice-President Gerald Ford assumed the Presidency. His wife Betty Ford founded the Betty Ford Center, a treatment facility for alcoholism. The Democratic President Jimmy Carter publicly stated that drugs were a matter for the state level of government and that marijuana should be legalized. Ronald Reagan and his wife Nancy told the youth "Just say no!" to drug use, excluding, of course, classifying alcohol as a drug.

<sup>104</sup> See Zaitchik's *Common Nonsense: Glenn Beck and the Triumph of Ignorance*; for another popular title attesting to the conservative belief in bipartisan effort to make the United States a socialist utopia, see Morris and McGann's *How Obama, Congress, and the Special Interests are Transforming...A Slump into a Crash, Freedom into Socialism, and a Disaster into a Catastrophe...and How to Fight Back*.

<sup>105</sup> "The War on Drugs is a failure because it is a socialist enterprise" argues Friedman in *The Drug War as a Socialist Enterprise*." How does Friedman overlook the fact that Wall Street capitalist banks make millions annually by laundering the money of the drug trade? Or that capitalist banks invest millions in expanding the state's private prison industry? Capitalists, by Friedman's criteria, are socialists.

<sup>106</sup> The state, he argues, works from above and the market works from below. Friedman's assessment of the Drug War emphasizes the problem of government bureaucracy over the role of capitalism and the corporation in the drug business. It is difficult to accept his position that the corporation is more democratic than government, where the corporation functions via one dollar one vote, the state works via one person one vote.

In a 1991 talk Friedman admits that Reagan's role in the socialist enterprise of the Drug War was a failure—making Reagan a socialist leading the Republican counter-revolution against big government. Friedman declares he is a big supporter of Reagan, in part because as president he essentially implemented the professor's economic doctrine, except for the Drug War.

<sup>107</sup> The cost of the modern drug prohibition is estimated at one trillion dollars, with a significant portion of this estimate accumulated since the War on Drugs. Given that the US federal public debt stands at thirteen trillion, the cost of this failing war is substantial by any measure. When considered in light of the fact that the demand and supply for drugs is now greater than ever, the cost of this moral crusade is staggering and the result of the ideological alliance of the conservative right and the US corporation.

<sup>108</sup> See *American Drug War* for more on how the CIA transported cocaine on US military planes to Los Angeles, which was then sold to Ricky Ross, the self-proclaimed “Walmart of Crack,” to sell in African-American communities as crack cocaine.

<sup>109</sup> See the important scholarship of Peter Dale Scott for critical elaboration on the role of the US government via the CIA in promoting the international drug trade abroad and at home.

<sup>110</sup> Much like the Romans stealing gold from the temples signals the decline of imperial rule, the Drug War signifies the rescuing of US capitalism by using the state to invent a new regime of accumulation. The US pharmaceutical industry, for example, which comprises a large part of the Fortune 500 shareholder value, benefits from the drug prohibition, because the benefits of marijuana outweigh the side effects of expensive patented designer drugs, especially for psychiatric drugs for anxiety and depression, and for muscle relaxants, such as aspirin. Deaths from prescription medicines and for over the counter products far outweigh deaths from hard drugs, such as heroin and cocaine.

<sup>111</sup> In the United States the conservative right has led the War on Drugs. Yet the US military occupation has encouraged poppy farming and heroin production in Afghanistan. Why have the US presided over an increase in drug production? The US under Bush undid the progress made by the Taliban, who were so conservative they crushed the domestic poppy production in the name of their religion.

<sup>112</sup> John P. Walters, a former Drug Czar of the DEA is the son of John Walters, a top military operative in the Iran Contra Affair. For more on how several Iran-Contra participants were top government advisors see the documentary film *American Drug War*.

<sup>113</sup> “This book shows that federal drug law enforcement is essentially a function of national security, as that term is applied in its broadest sense: that is, not just defending America from its foreign enemies, but preserving its traditional values of class, race, and gender at home, while expanding its economic and military influence abroad. This book documents the evolution of this unstated policy and analyzes its impact on drug law enforcement and American society” (3).

<sup>114</sup> In the US Civil War, a shot of whiskey was a popular anesthetic to kill the pain of amputation on the battlefield; cannabis was prescribed by Queen Victoria’s doctor to treat her menstrual cramps; alienists prescribed cocaine for depression; opium derived from the poppy was the basis of modern medicines that replaced cannabis. LSD has medical applications in treating shell shock or what today is known as post-traumatic stress disorder.

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<sup>115</sup> In *American Drug War* we learn that 10 000 Americans die every year from “hard” street drugs (cocaine, heroin) but 100 000 Americans die every year from legal prescription medicines.

<sup>116</sup> The FDA’s denial of marijuana’s medical applications are refuted by the regard for cannabis as *materia medicas* in Chinese, Indian and Greek traditions, a medical history dating back some five thousand years. See Katz, 231.

<sup>117</sup> In the United States there are approximately 450 000 deaths per year from tobacco, 150 000 deaths from alcohol, and 100 000 deaths from prescription medicines. Deaths from all other hard drugs are less than 10 000, with deaths from heroin a 1000 per year.

<sup>118</sup> Filmmaker Kevin Booth in *American Drug War* argues that the profits of ten US drug firms account for fifty percent of the shareholder value in the *Fortune 500*.

<sup>119</sup> The paranoia over young people using drugs speaks to what Richard Hofstader first called in 1964 “The Paranoid Style in American Politics:” “I call it the paranoid style simply because no other word adequately evokes the sense of heated exaggeration, suspiciousness, and conspiratorial fantasy that I have in mind.”

<sup>120</sup> In his study of the harsh criminal penalties for marijuana, Schlosser asks, “How does a society come to punish a man more harshly for selling marijuana than for killing someone with a gun?” (*Reefer* 15).

<sup>121</sup> See Curtis R. Blakely *America’s Prisons: The Movement Toward Profit and Privatization*; Michael A. Hallett *Private Prisons in America: A Critical Race Perspective*; Christian Parenti *Lockdown America: Police and Prisons in the Age of Crisis*; Donna Selman and Paul Leighton *Punishment for Sale: Private Prisons, Big Business, and the Incarceration Binge*.

<sup>122</sup> See *Food Inc.*

<sup>123</sup> In the sequence “Reagan Tells Soviet Jokes” on YouTube President Reagan in one speech calls the Soviet Union cynical.

<sup>124</sup> “In so far as millionaires find their satisfaction in building mighty mansions to contain their bodies when alive and pyramids to shelter them after death, or, repenting of their sins, erect cathedrals and endow monasteries or foreign missions, the day when abundance of capital will interfere with abundance of output may be postponed. ‘To dig holes in the ground,’ paid for out of savings, will increase, not only employment, but the real national dividend of useful goods and services. It is not reasonable, however, that a sensible community should be content to remain dependent on such fortuitous and often wasteful mitigations when once we understand the influences upon which effective demand depends” (220).

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The state owned economy of the Soviet Union and China's market socialism present the kernel of truth of free-market capitalism: that government is the corporation's best customer.

<sup>125</sup> The term “external state,” according to Hegel, refers to a state existing out of historical necessity, to ensure the security of private property.

<sup>126</sup> On the “imaginary power” of America Jean Baudrillard writes: “The US, like everyone else, now has to face up to a soft world order, a soft situation. Power has become impotent” (107).

<sup>127</sup> Eric Schlosser in *Reefer Madness* delivers a comprehensive review of the ways in which the hypocrisy of the Drug War negates the founding principles of the American Dream. He argues that cannabis acts as a symbol of the communist spectre. Yet his work demonstrates the ways in which the US government behaves like a communist dictatorship in the Drug War, by violating the rule of common sense. Minimum sentences mean pot users convicted of simple possession and petty dealers are imprisoned in some cases longer sentences than violent criminals, murderers and rapists. In drug cases, there is nearly 100 % conviction rate, with persons pleading not guilty serving much longer sentences than people who plead guilty to crimes they did not commit. Medical users die in jail; people growing for themselves, petty dealers supporting families and volunteers growing for the terminally ill and sick are imprisoned, have their property seized, and are denied government benefits. What is more, prosecutors, politicians and public officials are treated differently when in a similar contest with the law. Schlosser discusses a district attorney who seeks to appropriate the private property of an elderly grandmother, because of her grandson’s drug use. When the prosecutor’s son receives similar charges he escapes with no punishment (61-4).

<sup>128</sup> US President Richard Nixon reasoned he spoke for the public, a largely quiet majority, when he fought back again the hippy counterculture. The public’s new found tolerance for pot smoking suggests that the majority has become indifferent to the Drug War rhetoric that cannabis poses real dangers (i.e. gang turf wars, the health risks of smoking, driving while high, teenage drug use).

<sup>129</sup> “During the Clinton administration the government continued to arrest people, at a rate of about 700,000 a year, for doing what the president had joked about on MTV (or for enabling other people to do it)” (Sullum 21).

<sup>130</sup> “Despite criticism that President Clinton is “soft” on drugs, annual data from the Federal Bureau of Investigation’s (FBI) Uniform Crime Report demonstrate that Clinton administration officials are waging a more intensive war on marijuana smokers than any other presidency in history. Law enforcement arrested approximately 1.5 million Americans on marijuana chargers during the first three years of Clinton’s administration—84 percent of them for simple possession. The

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average number of yearly marijuana arrests under Clinton (483, 548) is 30 percent higher than under the Bush administration (338, 998), and last year's total alone is more than double the 1991 total (287,850)" NORML *Still Crazy After All These Years*

<sup>131</sup> The most notable of whom, Sanford Weill, the President of Citigroup, the largest commercial investment bank of the time, \$250 billion in size, argued his firm's phenomenal success was proof that government was growing irrelevant. The company was formed when the Clinton Administration repealed legislation implemented by F. D. R. during the Great Depression. The Glass-Steagall Act separated commercial from investment banks. Early in 2009, Citibank's dependence on the federal government, in the wake of the subprime mortgage crisis, up to 60% of perhaps the largest commercial firm was owned by the state. See Louis Uchitelle, "Age of Riches: The Richest of the Rich, Proud of a New Gilded Age"

<sup>132</sup> The head of the DEA, appointed by the US President, was named by the media as a 'drug tsar', with the organization's top bureaucrat's title is administrator.

<sup>133</sup> The reasoning, according to Emery, is that too much supply will ensure the DEA can never eliminate all the cannabis from the earth.

<sup>134</sup> And in a manner consistent with the state's history of repression of collectivities, such as aborigines, Asians, blacks, and gays and lesbians, the war on cannabis users, many of who require its medical value, the war on cannabis undermines the democratic character of American life, widely believed to be free and different than the rest of the world.

<sup>135</sup> Banning youth-targeted tobacco advertising and a twenty-one age drinking law arguably have protected the majority of youth from these widely abused drugs, yet these exceptions also come to justify the moral crusades against them. Where legal the sale of both these substances means store clerks can deter youth from purchasing them, the illegal status of cannabis means no such measure is in place.

<sup>136</sup> In December 2009 President Obama deployed 30 000 additional troops to Afghanistan. While accepting his Nobel Peace Prize, he defended the same 'just war' thesis promulgated by former President George W. Bush.

<sup>137</sup> Reportedly, according to his some of his inner circle, Kennedy planned to legalize cannabis in his second term, and used this tonic for treating back pain (Herer).

<sup>138</sup> Michael Powell and Motoko Rich. "Across the U.S., Long Recovery Looks Like Recession."

<sup>139</sup> Another variation of this displacement of violence onto Malaysia can be located with US music performers. Recently the first openly gay American Idol winner Adam Lambert agreed to modify his performance in Malaysia to accompany the country's

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strict government regulations. Other American performers such as Gwen Stefani and Fergie have also toned down their acts to reflect Malaysia's Muslim culture. The focus is on how the East represses the free expression of the West's sexual freedom, but, in Lambert's case, in America the conservative right provides the cultural backlash to repress this act of emergent gay culture. See the *Toronto Star*

<sup>140</sup> In the United States many state level governments are prohibited by law from running deficits (like corporations, despite not being one), while the federal government operates with a national debt approaching \$14 trillion.

<sup>141</sup> Richard Rorty states the top 1% controls 40% of the wealth. Globally the top 5% controls 85% of the world's wealth.

<sup>142</sup> See Fukuyama.

<sup>143</sup> New York Times journalists Peter S. Goodman and Jack Healy write of the Great Recession: "After years of borrowing against soaring home values, tapping credit cards and harvesting stock market winnings to spend in excess of their incomes, millions of households are being forced to conserve. That limits consumer spending, which makes up 70 percent of the nation's economy. And that makes businesses that might otherwise hire and expand more inclined to hunker down." See "In Unemployment Report, a Sign of Continued Joblessness."

<sup>144</sup> Derek Decloet in *The Globe and Mail* writes "it may be the age of the monster deficit in government, but it's still the age of austerity in business."

<sup>145</sup> Ronald Reagan assumed the Presidency at 70 years old; John McCain would have assumed the office at 72 had he won the 2008 election.

<sup>146</sup> In what US soldiers called the "Hanoi Hilton" US soldiers were routinely tortured, deprived of food and water, and subject to cruel and unusual punishment. McCain's father, McCain Sr., assumed the role as head of American forces in Vietnam the year following his son's capture by enemy forces. His son's capture did not deter McCain Sr. from waging bombing campaigns in the area where his son was imprisoned. McCain Jr. refused an offer of early release made by his captors, because he knew that by leaving prison he would prove to the Vietnamese that in America class privileges still existed. The appearance of the commander's son getting special treatment was believed to compromise the American belief in equality before the law; coincidentally, Stalin sent his own son to a prison labor camp, not wanting to appear above his duty to the Soviet state either.

<sup>147</sup> Europe and Japan as well.

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## Appendix

### Terms and Concepts

#### *America*

The concept of America is a land of world history's end and the globe's only classless society. Free enterprise and free speech explain why this place is imagined as the final destination for the world's people—those who are not American want to be. The French writer Jean Baudrillard famously argued that America was a realized utopia: a place where world history has already happened (*America*). Employment, property and consumption for all made America the end of global desire. In the Cold War rival between the capitalist West and the communist East, the United States won the arms race against the Soviet Union with the semiotic power of its superior consumer appliances. On July 24<sup>th</sup>, 1959 Vice President Richard Nixon met with Soviet Premier Nikita Khrushchev in a model American kitchen at the commencement of the American National Exhibition in Moscow, known as the kitchen debate. Nixon won the Presidential nomination for the Republican Party the following year. Much later the American actor US Republican President Ronald Reagan would be credited with single handedly dismantling this “evil” Empire. The capitalist West prevailed not by way of its nuclear arms but by gaining the loyalty of the global masses by capturing the social imaginary.

#### *American Despot*

In the popular conception the despot possesses too much power for one person. Despite the rhetoric of free-markets, the *captain of industry* represents the interests of America's aristocratic republic, its anti-free-market precapitalist tendency. *Captains of American capitalism* bear considerable social, economic and political influence on the free-market. The US despot seeks to monopolize free-markets, to control independent business, to repress labor and to manipulate the state. *America's wealthy industrial captains* prove that some are more equal than others in this land of equality of all before the law. This virtual feudal inequality persists in contrast to the general belief that America is a classless society. Marx in *Capital* identifies the affinity of the Asian king and the modern-day industrial capitalist: “This power of Asiatic and Egyptian kings, of Etruscan theocrats, etc. has in modern society been transferred to the capitalist, whether he appears as an isolated individual or, as in the case of joint-stock companies, in combination with others” (452). The self-made businessman informs the image of the Oriental despot projected by the West. While the power of the American despot is not expressed in the same manner as his Eastern counterpart, it is the same structurally at a systematic level. Relative to the middle and working classes, the wealthy in America live like Oriental despots to poor peasants. Industrial capitalists such as Henry Ford and Sam Walton exert influence in the market economy and assert the personal command of an American despot. The *captain of American industry*

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signifies the concentration of market power with one person, to the detriment of the supposedly democratic character of civil society.

### *Asceticism*

The dictionary defines asceticism as “severe self-discipline and abstention.” The *conservative right* privileges the sacrifice of the ascetic spirit, thought to be best exhibited by the East, amidst the plenty of American consumerism. In times of crisis the majority is expected to make do with less, so that the wealthy minority may continue to enjoy its relative prosperity. A consumer society, as in the United States where two thirds of the economy is based on consumer goods, places the ascetic spirit, the ideal of the conservative right, at odds against an economy increasingly built on consumer debt. Economic growth built on debt signifies a lack of ascetic discipline and the onset of moral decline in the conservative right.

### *“Asian Values”*

The belief that Asians, specifically the Chinese, possess different values inferior to those in the liberal democratic West is explained by appeal to Asian values. The neoconservative thinker Francis Fukuyama writes on Asian authoritarianism: “Given the widespread consensus that exists in most Asian societies concerning the desirability of group harmony, however, it is not surprising that authoritarianism of a more overt variety is widespread in the region” and “[b]ut the long-predicted breakdown of traditional Asian values in the face of modern consumerism has been very slow in materializing. This is perhaps because Asian societies have certain strengths which their members will not easily dismiss, especially when they observe the non-Asian alternatives” (*End* 241-2). Fukuyama writes that Singapore Prime Minister Lee Kuan Yew’s “paternalistic authoritarianism is more in keeping with Asia’s Confucian traditions” in explaining East Asia’s economic growth. Modelled on the affect relations of the family, with the right of the collective privileged over those of the individual, Asian values explain why social and economic rights in East Asia are privileged over civil and political rights in Western liberal democracies. The Canadian born political thinker Daniel A. Bell living in China argues against this distinction: “The assumption that Asia has its own cultural essence fundamentally different from that of the West is, to say the least, dubious...There are no distinctly Asian values, and anything that goes by the name of ‘Asian values’ tends to refer to values that are either narrower (distinctive only to some societies, or parts of societies, in Asia) or broader (the values characterize societies both in and out of Asia) than the stated terms of reference” (52). The dialectic between the East and West in the conservative right means conservatives in the West believe that East Asian countries, such as China, succeed in globalization by not valuing the liberal political values cherished in the West. At the same time, however, China is valued for providing the model of a civilization that truly observes the conservative values of savings and

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obedience. Hence Asiatic values are actually those of the conservative right as with the conservative character of the American republic.

### *Asiatic*

The Asiatic represents the trusted values of the global conservative right, based on a static representation of the East by the West. The Asiatic virtues of the conservative right are actually global, not culturally specific; America's Asiatic values are discussed alongside Hegel's Oriental despot, Marx's Asiatic, his inquiry into an Asiatic mode of production, and in relation to the debate on "Asian values" (Fukuyama, Bell) and the new "Asian age" (Arrighi, Frank). The Asiatic, therefore, represents an imaginary place in the global economy providing a geographical and historical foundation for explaining the persistence of conservative values. Chinese capitalism provides the ideological horizon of sense for imagining the future of globalization by providing the model of virtue for conservatives everywhere.

The category of the static Asiatic is a projection of European conservative civil society, according to postcolonial critique, that is to say, a construct of the West's gaze on the East. The 19th century thinkers Karl Marx and Friedrich Engels theorized an Asiatic mode of production for this geographical place, but never produced a scientific theory of it. Chinese scholar Wu Dakun, however, writes the Asiatic is "not a geographic term" (39). Ke Changji argues the Asiatic mode of production is a "polysemy" and that "Marx continued to use the term in different senses depending on the context" (49). As a mode of production, the Asiatic "had a long existence extending from the last stage of primitive society to the beginning of capitalist society" (51-2). Ma Xin correctly identifies the relation between these modes: "The first form of ownership (Asiatic), both logically and historically, is the point of origin of capitalist private property; the others (slave and feudal) are links between the two" (178). In one respect the idea of an Asiatic way was built upon the notion of the Oriental despot, though in another this economic structure represents a collective mode of production of world history not specific solely to the East. The other side of this argument is that the Asiatic and feudalism offer direct links to capitalism. By the 1930s Soviet scholars designated four elements of the AMP: (1) state ownership of land, (2) irrigation, (3) agricultural commune, (4) despotism (Lisheng 67). The AMP represents the first mode of production in which the division between an exploiter and exploited class exists, though this remains a point of scholastic debate.

### *Why Asiatic?*

The despotic character of the AMP provides the basis for connecting the history of class exploitation to the character of modern day American capitalism, the so called "end" of history, which concentrates economic wealth with a powerful minority, despite being the land of equality for all. The American conservative right reproduces the fear of the static Asiatic while idealizing its ability to conserve its culture in time and prescribing an Asiatic existence for America's poor. An American Asiatic way

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proposes austerity for the poor masses to protect the wealthy minority. Only revolution of the masses can advance America beyond its own Asiaticness: the economic and cultural austerity of its own construction. The connection of the AMP with capitalist China and the “end” of American capitalism is meant to demonstrate the unfreedom in late capitalism reproduced by existing property relations. The Oriental despot can thereby be discussed as a projection of the power and influence of the captain of US industrial capitalism, in order to examine the similarity of the inequality between our Asiatic state and the modern capitalist world order.

### *Austerity*

One of the meanings of austerity is “extreme plainness.” Economic austerity denotes the harsh discipline of fiscal policy (budget cuts) and contractionary “tight” monetary policy; cultural austerity refers to the privileging of ascetic faith over hedonism and consumption. Economic austerity idealizes the virtue of personal savings against the bad omen of consumer debt. In a period of economic downturn, the conservative right promotes the value of austerity by promoting the logic of letting the market find its bottom, regardless of the suffering. Cultural austerity idealizes traditional family values, mainly faith, in opposition to the bodily excesses (premarital sex, homosexuality, alcohol, drugs, pornography, violence, explicit music lyrics). Despite living in the land of wealth and prosperity, Americans must strictly observe the austerity of asceticism, in order to obey the conservative right. Faith in markets and God should be privileged over pleasure and consumption. Fiscal and moral restraint trumps the liberty of individual choice, especially choices offensive to traditional family morality revered by the conservative right.

### *Bud Inc.*

A term reproduced by journalist Ian Mulgrew in *Bud Inc* refers to how cannabis culture has developed alongside post-Fordism into a large-scale unregulated shadow industry. Although still illegal, the cannabis economy exists outside and inside the law. This industry is exemplar of the small-business model praised by the conservative right, even though the conservative right wages the War on Drugs. Cannabis constitutes an actually existing free-market by operating as an unregulated industry. Rather than regulating this object, the state wages war on an industry employing skilled and unskilled labor that realizes billions in surplus value. The moral prohibition of cannabis speaks to the cultural austerity of the conservative right, for this drug is denounced as a wasteful expense of household savings.

### *Cannabis Union*

One big cannabis union describes the rhizomatic structure of this illegal black market. This shadow market operates despite not being organized by the state, but this does not mean that the cannabis economy is not disciplined. The problem with the illegal

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cannabis economy is that it cannot be separated from the many legitimate public business it supports in many underdeveloped communities. The concept of the cannabis economy as a union identifies the role of trust in an actual free market of labor. As we learn in the documentary *Union*, the cannabis union consists of inter-class alliances: from bourgeois professionals (accountants, lawyers, real estate agents) to skilled trades (electricians, carpenters) to unskilled labor and consumers participate in growing the industry, which is to say nothing of how the state (police, courts, lawyers, doctors and substance abuse counsellors) parasitically thrive off this underground economy. The conservative right thrives on denouncing big government, while in the same breath praising the Drug War on the thriving cannabis economy. Conceiving of the cannabis economy as a union identifies the counter-hegemonic nature of this actually existing free-market, which, at the same time, embodies the small-business model so praised by the conservative right.

### *Captain of Industry*

This term refers to the place of industrial capitalists in the conservative right. Praised as the titans of American capitalism, they are credited with their visions for innovations actually realized collectively by workers. Our belief in rewarding the individual capitalist is so potent, people are prepared to grant captains such as Bill Gates, the CEO of Microsoft, total ownership over technology produced by hundreds of thousands of employees. Gates is praised for his generosity, for giving back wealth he privately appropriated from the many. While captains must themselves react against market forces, they claim immunity from organized labor and often practice thrift to extreme, to say nothing of their strong-arm approach for handling resistance to their corporate visions.

### *Chimerica*

“Chimerica” is the portmanteau word coined by Scottish political economist Niall Ferguson in his recent text *The Ascent of Money*. The concept signifies the dominant trade relationship—now the world’s largest—between China and America providing the ideological horizon for the reordering of the global economy. This conjunction of the lands of world history’s beginning and end signifies global transformation, in that the union of a liberal democracy with an authoritarian state advances the global interests of power and capital. The relationship of US capital and the communist party exemplifies the reliance of liberal democracy on outside state authority. In turn, the Chinese government requires US capital invest directly into factory production in export zones located in the Southern provinces, especially Guangdong, in order to stabilize investment flows. Also the state prevents US capital from assuming direct ownership of Chinese companies. However, US capital cannot directly own Chinese firms, and so South Korea provides a conduit for American capital, for example Hyundai, to advance its objective of directly investing in Chinese capitalism.

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*China*

The land of world history's beginning, though technically not a part of it, according to the German idealist philosopher G.W.F. Hegel. The state begins with ancient China, though the world's oldest existing nation does not properly belong to the history of individual liberty. Currently, the emergence of capitalist relations there implies the end of world history now transpires in the land of its beginning. Whether or not capitalist relations will transform the world's oldest culture remains to be determined. Arguably China's adaptation of the capitalist road after Maoism provides the ideological horizon of post-Fordism, because China's "rise" by way of cheap wage labor has helped US capital undermine America's industrial base. Former CEO of Wal-Mart David Glass remarked on China: "It's the one place in the world where you could replicate Wal-Mart's success in the US" (Bianco 281). This is an interesting observation given that General Motors now sells more automobiles in China than in the United States.

*Conservative Right*

The conservative right is the object of this study, specifically how the US conservative right, and the Republican Party, demands austerity for the population by defending the concentration of wealth with a tiny minority. Philip Thody writes: "The conservative right cannot exist by itself and its not innovative. Without necessarily wishing to take society back to a supposedly more perfect state, it is reactionary in the sense of being stirred into action by something else. This can be an event which has already happened or one which it sees as about to take place" (1). Another author calls the conservative right the moral disposition towards the conservation of tradition and the tradition of conservation: "Conservatism is often viewed as a simple reaction against either reform or revolution. But it is clearly more than that. Conservatism is a worldview based on the desire to maintain what has been in the face of what will be" (Bronner 55). This focus on its reactive capacity, however, reveals how this political imagination defines itself by attacking other cultural forms outside. Granted that the future cannot be explained in terms of the past, the conservative right privileges old institutions over the new, and provides a spontaneous ideological structure for legitimating global capitalism. The Republican Party supports legislation of free-markets, yet also strikes out at the social imaginary freed by an open society. In this way conservative ideology codifies the conditions for capitalist growth, while combatting the social forms liberated by markets believed to exceed traditional fiscal and family values. The conservative right reproduces the necessary ideological coordinates for solidifying the nation's social character by waging combat against the mutation of the future.

*"End of History"*

A declaration of G.W.F. Hegel redeveloped by conservative thinker Francis Fukuyama to interpret the victory of liberal democracy over Soviet communism (xiii). The fall of

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the Soviet Union thereby signified the moral progress of capitalist markets over the centralized planning of the social state. The abundance of America's consumer society in contrast to images of empty shelves in Soviet grocery stores only confirms the West's moral victory in the conservative right. Conservatives credit US President Ronald Reagan with single handedly striking down the evil empire. The absence of feudal society in the new world had long made America the land of history's end, in that there was land, work and consumption for all. The uniqueness of American justice meant this nation was freest of the free world. The extent of US free enterprise ensured the successful were rewarded and unhindered by Europe's socialist obligations to state and labor. Of course, after, and well before, the fall of the communist world order, the American dream of welfare capitalism was contracting in the new global order.

### *Fordism*

Fordism refers to Henry Ford's social innovation of the five-dollar eight-hour day made possible by the technical development of the assembly line in mass production, for which Lenin praised his development of the forces of production. Ford's policy enabled his workers to buy the automobiles they made. The Protestant Ford believed his workers, in turn, should pursue moral development; Ford was a prohibitionist, a pacifist, and an anti-Semite awarded by Nazi Germany. However Ford was reluctant to recognize unionization—Ford Motors being the last of the big three to recognize the UAW in 1942—once his enthusiasm for paternal capitalism was exceeded by workers' collective desire for industrial democracy. Ford built the River Rouge, a massive industrial complex, the largest factory for its time when completed in 1928, which then later reappeared in Soviet Russia. Although the period of Fordism is generally much shorter and earlier than the postwar Golden Age, this patriarch of welfare capitalism is credited with the model of mass production and mass consumption responsible for the industrial growth of the postwar era (1945-1973).

### *Frugality*

A simple and plain lifestyle. A virtuous way of living in an age of debt. The role of debt in modern society presents a troubling scenario to the frugal minded. Although frugality is necessary in certain material conditions, the wealthy and middle class often practice it better than the poor do. The image of old money earned by saving, which is by not spending it, pleases the conservative right, but the future of global society is realized by exchange. Yet the conservative believes the discipline of savings explains the order of civilization. Where the miser practices frugality to the extreme, the virtue of frugality in the Protestant ethos means that wealth is proof of one's righteousness.

### *Oriental Despot*

In keeping with the post-colonial critique, the Oriental despot is a projection of the West. A construct of the West's Eastward gaze, with a long lineage in European thought, the idea of the Oriental despot refers to the opposite of a liberal democracy.

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The power of the royal sovereign is associated with the old world projected onto the Orient, despite Western Europe's history of royal power. Although the concentration of power with the head of society is characteristic of European feudalism, the reign of royal power persists in the East and specifically Asia. In comparison to the free world Asia relies heavily on despotism, where the state is conceived of along familial lines. The image of the patriarch despot of the family provides the model for the state tyrant. The Nineteenth thinker Karl Marx developed the Oriental despot into the Asiatic mode of production, a construct not for denouncing Asian societies but for identifying the flaw in modern European bourgeois society: "Taken together, the characteristics of Oriental society that Marx highlighted in his writings picture a world antithetical to Europe. But unlike his predecessors, Marx portrayed Asia in this fashion not to highlight what was good about Europe, but to point out what was wrong with Europe, to criticize the kind of exploitation that capitalism had built into European life and was carrying abroad to its colonies. Oriental society thus served the rhetorical purpose of negating European capitalist society" (Brook 12). Therefore the bureaucratic rule exerted by the Asiatic despot provides the connection for describing the undue influence exerted by the American captain of industry, who possesses too much power for one person in a "free" market economy.

### *Post-Fordism*

Refers to the historical break with the Fordist promise of the living wage in the early Seventies. The postwar period, the Golden Age of US capitalism from 1945-1970, saw the broad implementation of the middle class compact. The devastation of British, German and Japanese manufacturing meant US industrial export output would subside upon their recovery. China adopting the capitalist road by 1978 would further slow US industry. Inflation and diminishing profitability meant an end to postwar growth. Where a generation of American workers had realized gains in wages and benefits, the Fordist compact had reached its watershed. Subsequent generations of industrial and commercial workers since the early 1970s have witnessed the collapse of the Fordist dream. Harvard economist Lawrence Katz observes, "the share of workers who have standard full-time jobs with benefits has been shrinking since the 1980s" (Bazelon). US industrial production now stands at 11.5 percent of national economic output, down from 20 percent in 1980 (Uchitelle, *Once*). Economist Paul Krugman writes: "Most of the manual labor still being done in our economy seems to be of the kind that's hard to automate. Notably, with production workers in manufacturing down to about 6 percent of U.S. employment, there aren't many assembly line jobs left to lose" (*Degrees and Dollars*). Neoliberal corporate restructuring means temporary contracts, with lower wages, no benefits, pension or job security, instead of full-time positions. The wealth-poor gap increases, while workers deal with a perpetual uncertainty instead of Fordist security.

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*Spendthrift*

Someone who saves little and spends with abandon. Once a nation of thrifty puritans, America is now a nation of spendthrifts; often described as credit addicts, as if incurring debt were a moral flaw. Americans save little and consume for today, with the US household savings rate much lower than the Asian rate. Belief in the future of state social security is thought to explain why Americans consume and the Chinese do not. A future of debt is explained by the conservative right as the loss of the virtue of thrift practiced by individuals. Since the post-Fordist epoch the US savings rate declined from 10 percent of household income to near zero: “We weren’t always a nation of big debts and low savings: in the 1970s Americans saved almost 10 percent of their income, slightly more than in the 1960s. It was only after the Reagan deregulation that thrift gradually disappeared from the American way of life, culminating in the near-zero savings rate that prevailed on the eve of the great crisis. Household debt was only 60 percent of income when Reagan took office, about the same as it was during the Kennedy administration. By 2007 it was up to 119 percent” (Krugman *Reagan*). On the matter of consumer debt, in the conservative right economic suffering is explained by the individual’s own moral failure, rather than by appealing to the systematic limits of crises in global capitalism.

*Thrift*

Thrift or frugality is the chief economic virtue of the conservative right. This economic virtue compliments the role of abstinence in the cultural austerity of the conservative agenda. The discipline of thrift requires sacrifice, which is the deferment of pleasure in the interest of maximizing savings. Thrift is a lost object of the conservative right. It appears that excessiveness replaces thrift as a social value. Capitalist growth requires the market invest the laborer with a financial power and a psychic desire to consume. The morally responsible save and forego consumption, a conception possibly at odds with the fact that late capitalist economies are built on the frivolous consumption of unnecessary and useless things. Obedience to the value of thrift secures the conservative right in its struggle to codify capitalist reality in the terms of free enterprise and traditional family values.

*Utopia of a Drug-Free America*

A utopia offers a model of desire for a good place that does not exist. That a utopia is unrealizable by definition does not deter some from trying to realize another world. In the conservative right a utopia is necessarily a dogmatic construct of the leftist thought, with Stalin’s Soviet Union providing a necessary end of left wing politics. This obsessive focus of the American conservative right on the threat of communism in the post-colonial struggles for national liberation masks the threat of US conservative values pose to the cause of liberty. Conservatives claim to defend freedom by attacking liberals. By seeking to repress the liberal world order, US

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conservatives struggle against the freedom (hedonism) made possible by the invisible hand of the free-market. The struggle for a drug-free America has been led by a partnership of conservative politicians and traditional parent groups promoting “family values” with the goal of transforming America from a place of demand for drugs into a land of the drug free.

#### *Waltonism or Walmartization*

This term refers to a US corporate innovation upon American Fordism. Waltonism is patriarchal capitalism without the generosity of Ford’s living wage—the form of the Fordist living wage deprived of its substance. Renowned for his extreme thrift and intolerance of dissent, Sam Walton oversaw the operations of his retail empire, to the bitter end, administering commands from a cot in his office during the final days of his chemotherapy. In the time that the service sector has displaced manufacturing as the largest employer of unskilled labor, Wal-Mart grows while General Motors (nicknamed Generous Motors and Government Motors since declaring bankruptcy in 2009) severely contracts. While the Big Three American automakers shed tens of thousands of jobs, Wal-Mart grows ceaselessly.

#### *War on Drugs*

The Republican President Ronald Reagan escalated Nixon’s War on Drugs in 1983. This war succeeds by failing to realize the stated objective of the war’s victory: the eradication of illegal drug use. Recreational drug use and the abuse of legal medications are two targets of the drug prohibition. The case of medical marijuana and its repression by the US federal government illustrates how this war can be waged against the sick and vulnerable. Traditionally the young, poor and racial minorities are targeted by the state. Since the Drug War commenced the problem of drug use has not abated, but has in fact spiralled out of control. What is more, the relatively harmless drug cannabis has been targeted to a much greater degree than all other illegal narcotics combined. The Drug Enforcement Agency (DEA) serves as the main state apparatus for waging this war against civilians. The growth of the Drug War stands at odds with the conservative combat against big government and state bureaucracy. This paradox of the conservative waging War on Drugs while denouncing big government constitutes a totalitarian gesture in America, land of the free.

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**VITA**

Name: Stephen Richard Gray Jibb

Education: Centre for the Study of Theory and Criticism

University of Western Ontario  
London, ON  
2005-2011, Ph.D.

Department of Philosophy  
Brock University,  
St Catharines, ON  
2002-2003, M.A.

Department of Labor Studies  
McMaster University,  
Hamilton, ON  
2001-2002, M.A.

Teaching: Course Instructor  
Department of Sociology  
King's University College  
London, ON  
2010-2012

Teaching Assistant  
University of Western Ontario  
2005-2008

Teaching Assistant  
Brock University  
2002-2005

Teaching Assistant  
McMaster University  
2001-2002



