

Klaus Dörre, Nicole Mayer-Ahuja, Dieter Sauer,
Volker Wittke (eds.)

CAPITALISM AND LABOR

Towards Critical Perspectives

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To Volker Wittke
We owe him a lot.

Contents

Introduction

Theorizing Capitalism and Labor: Challenges for Sociology..... 11

Klaus Dörre, Nicole Mayer-Ahuja and Dieter Sauer

I. The Sociology of Work and the Critique of Capitalism

Sociology of Work and the Critique of Capitalism:

Mistakes, Limits, Possibilities 35

Christoph Deutschmann

Work—More than Employment?

Critique of Capitalism and the Sociology of Work..... 44

Sarah Nies and Dieter Sauer

Landnahme through Tests:

A Useful Concept for the Sociology of Work..... 71

Klaus Dörre and Tine Haubner

II. What Do Theories of Capitalism Contribute to the Sociology of Work?

Diverging Views on Capitalism and Work: How Feminist Analyses of
Capitalism Relate to the Theory of Capitalism

and the Sociology of Work..... 115

Brigitte Aulenbacher

The Theory of Regulation and Labor Policy	128
<i>Hans-Jürgen Bieling</i>	
Subalternity and the Social Division of Labor: Sociology of Work meets Materialist State Theory	143
<i>Stefanie Hürtgen and Jens Wissel</i>	
Work and Critical Theory: An Unfinished Project	157
<i>David Strecker</i>	
Capitalist Society: A View from the Theory of Functional Differentiation.....	171
<i>Uwe Schimank</i>	
Financial Market Capitalism or Financial Market Rationality?	185
<i>Jürgen Kädtler</i>	
Re-Constructing the Future Flexibilization and the Temporality of Capitalism.....	201
<i>Hajo Holst</i>	
III. What Does the Sociology of Work Contribute to the Critique of Capitalism?	
Serfdom—(Lost) Love’s Labor—Service Industries: Services from Feudal Times to Late Capitalism.....	227
<i>Cornelia Klinger</i>	
Work and Reproduction.....	241
<i>Kerstin Jürgens</i>	
Labor, Insecurity, Informality	257
<i>Nicole Mayer-Abuja</i>	
Work and Subjectivity.....	269
<i>Stephan Voswinkel</i>	

Informatization as Force of Production: The Informatized Mode of Production as Basis of a New Phase of Capitalism.....	283
<i>Andreas Boes and Tobias Kämpf</i>	
Capitalist Work Organization and Self-activity.....	302
<i>Harald Wolf</i>	
Work and Consumption: A New Perspective for Economic Democracy.....	318
<i>Jörn Lamla</i>	
Work and Sustainability.....	335
<i>Stefanie Hiß</i>	
IV. Theory of Capitalism and Critique of Capitalism	
Growth Critique as Critique of Capitalism	349
<i>Brigit Mahnkopf</i>	
Work and Alienation.....	368
<i>Hartmut Rosa</i>	
Social Critique and Trade Unions Outlines of a Troubled Relationship.....	378
<i>Hans-Jürgen Urban</i>	
Work and Societal Legitimation: What a Normative Sociology of Work and Industrial Relations Can Contribute to the Theory of Capitalism	400
<i>Wolfgang Menz</i>	
In Lieu of a Conclusion: Towards Critical Perspectives.....	415
<i>Klaus Dörre, Nicole Mayer-Ahuja and Dieter Sauer</i>	
Authors	427
Index.....	431

Introduction: Theorizing Capitalism and Labor: Challenges for Sociology

Klaus Dörre, Nicole Mayer-Ahuja, Dieter Sauer

Despite its triumph in the confrontation between the East and the West, doubts concerning the future of capitalism are on the rise. While some point to the ecological limits of economic growth, others emphasize the growing inequality in terms of wealth, life chances, and political influence which calls into question the close connection between capitalism and democracy that countries of the so-called “Global North”, or the capitalist centers, have become used to after the Second World War. Under these conditions, it is high time to come to terms with the complex and conflictual relationship between capitalism and labor, and to explore new critical perspectives. Moreover, what role could sociology play in this? After all, the most important lines of friction we envisage today are closely linked to structures and processes, which constitute the very field of labor sociology.

How is abstract labor transformed into concrete labor, how is the latter coordinated and controlled, and what implications do the changes which can be discerned on the shop-floor today have for the chances of men and women to take their own decisions about how to work, how to live and how to reproduce their labor power, as individuals and as social collectives?

What transformations have occurred with regard to the organizational structures in which labor is performed? If companies take to a disintegration of value chains, outsource parts of their business to other firms or even to individuals, and spread their operations across an ever increasing part of the globe, what effects does this have on power relations between capital and labor, between the “Global North” and the “Global South”, and for competition and solidarity among an increasingly fragmented working population?

Finally, how can we account for the changing character of the socio-economic system we live in today? If we call it capitalism (as we suggest) what does this tell us about the interrelations between economy, politics,

and society? Does the term capitalism refer only to (a specific part of) the economic sphere, or to the system as a whole? Is there one capitalism or a variety of different capitalisms? Has capitalism entered a new phase of development, thus turning into financial market capitalism, and does labor still have a role to play?

Questions like these have inspired generations of researchers in labor sociology and beyond. Today, however, they acquire a new urgency: Capitalist development seems to have entered a phase in which crisis has turned from a relatively silent companion of capitalist “innovation” to an overt challenge, as the worldwide economic crisis in the years following 2007 indicates. At the same time, labor is faced by multiple transformations which call into question established modes of production (digitization), employment (precarization), and ways of working and living (as exemplified by a continuous intensification of work and the dissolving of its boundaries, in terms of timing, performance, and work organization). Taken together, these transformations seem to deprive ever more working men and women of the chance to plan and live their lives according to their own wishes, and they provoke fundamental questions: Does capitalism have a future at all? What will and what should it look like? What role will labor play in the future development of this system?

This book is based on a collected volume that assembled a wide range of expertise (from predominantly German-speaking countries) in 2012. As we write this introduction to the English edition in the fall of 2017, a new rightist, and in parts fascist, party has just entered the National Parliament (*Bundestag*), calling themselves “Alternative for Germany”. Their impressive electoral success is described by many observers as the revenge of white male workers for decades of neoliberal “reform” and political neglect, thus mirroring the electorate of Marine Le Pen in France and Donald Trump in the United States. Is this the only opposition against the distortions of capitalism to be envisaged today or can sociological research point to lines of friction, to possibilities for intervention, and to potentials of solidarity, which could pave the ground for political movements with an anti-capitalist agenda, striving for a democratization of economy and society?

We will return to suggestions for a new direction of sociological critique in the last chapter of this book. At this point, however, it might be useful to move one step backwards and take a closer look at two central questions: What is capitalism and what is labor?

1. What is Capitalism?

In sociological discussions, within this volume and beyond, vastly different theoretical approaches are employed in order to define capitalism—if it is defined at all. Depending on the conceptual background, capitalism is presented as a world system, as a specific social formation, as a sequence of accumulation regimes and modes of regulation, like Fordism or financial market capitalism, as a social subsystem, as a society based on economic growth, as a multi-stage process, etc. Such diversity is not accidental. Even when the focus is directed at the set of structural features that characterize any capitalist social formation (rather than at institutional divergence), the social sciences do not seem to provide an unambiguous reply to the question of what capitalism actually is. To put it positively: Whoever asks the C-question today, that is, whoever wishes to scrutinize the specific characteristics of capitalist societies in the 21st century, thus evokes an ambitious research agenda. It can build upon a rather sound theoretical basis, however, which deserves to be recapitulated at the outset of this volume.

What is capitalism? When Karl Marx discussed the structures and dynamics of capitalist accumulation, he never used this term. Nonetheless, he analyzed the emergence of a specific and novel way of organizing economy, politics, and society that seemed to take shape, and to accelerate, in the 19th century. According to Marx, an economy can be called capitalist when money (M) is invested in commodities (C) with the goal of obtaining more money (M')—a discovery that can be abbreviated in the formula $M-C-M'$. Marx assumes that this specific approach to economics dominates the entire social formation “in the last instance”. The latter implies that social actors enjoy a certain degree of autonomy but remain ultimately tied in one way or another to the abstract principle of value creation, even when their actions are motivated by completely different goals. The constant struggle to bring contradictory interests, competition and conflict between diverging individuals and groups in line with value creation, and to optimize accumulation, whether by way of innovation or destruction, is an essential driver of capitalist development. For Marx, capitalism is more than just a particular type of economic subsystem; it is a socioeconomic formation whose peculiar dynamism, institutional form, and concrete spatio-temporal manifestations must all be taken into account analytically.

This was a fundamental premise for classic theories of capitalism in the social sciences, which often borrowed from Marx, even if they criticized

him tacitly or explicitly. Following Maurice Dobb (1981, 1–32), we can distinguish three basic definitions of capitalism that provide rather different accounts of its historical genesis and structural features, although they overlap in some regards.

The *first* definition—and probably the one most widely used in sociology—was provided by Werner Sombart. He defined capitalism as a specific economic mentality (*Wirtschaftsgesinnung*) that fuses the spirit of the entrepreneur and adventurer with the calculative and rational elements of the “bourgeois spirit”. This economic mentality has created its own subjects and organizations (Sombart 1928, 25). The emergence of capitalism is thus explained by a peculiar mindset, inspiring a specific kind of human behavior. Max Weber’s definition of capitalism has modified this approach and made it more precise. According to Weber, we can speak of capitalism when specific social groups pursue their aims and fulfill their demands by way of rational endeavors (*rationale Unternehmungen*). “Each individual operation undertaken by a rational profit-making enterprise is oriented towards its estimated profitability, by means of calculation” (Weber 1978, 91). According to Weber, an (economic) organization can be considered capitalist if it monitors its profitability mathematically through balance sheets and modern accounting techniques. A capitalist economic mentality in line with Weber’s definition has existed as early as in antiquity, but only the modern nation state allowed for the emergence of capitalism in its current Western shape, and “[i]t is the confined national state which provides capitalism with a chance for continuity” (Weber 1961, 249). In its modern form, capitalism has turned into a “force of fate”, as Sombart puts it, which subjects (not just) the capitalists’ way of life to matter-of-fact, rational goals that are based on quantitative calculations, the more precise the better (Sombart 1928, 329).

The *second* definition, as sketched by Dobb, describes capitalism as a specific system of trade, based upon a monetary economy, or as “the organization of production for a distant market” (Dobb 1981, 6). This definition is not as clear as the first one. Dobb essentially takes it from historical studies, especially the development theories of the German historical school. The expansion of market relations is fundamental to this definition because it increases the distance that a commodity must travel from producer to consumer. This spatio-temporal expansion of market-based socialization is the necessary condition for the establishment of an economic system in which profit-seeking becomes the guiding motive for a particular

class of actors. Capitalism is seen as a monetary society, an “exchange-based economy”, whose guiding principle is unlimited profit-seeking. Accordingly, capitalism is assumed to have emerged through the activities of merchants and traders from the 12th century AD onwards. There are similarities to Fernand Braudel’s definition of capitalism, but Braudel gives a peculiar twist to his interpretation of the capitalist monetary economy by systematically distinguishing between market economy and capitalism. For him, capitalism implies that market-based socialization has to be reinforced by networks of social power. One could argue, thus, that the sphere of small businesses (that is: market economy proper) is, strictly speaking, not part of capitalist production. It would therefore be misleading, from Braudel’s point of view, to assume that society as a whole, or even just the economic system, is comprehensively shaped by capitalist socialization:

“As a matter of fact, [...] there is a lively dialectic between capitalism on the one hand, and its opposite, which can be found far below and cannot be called real capitalism. It is sometimes argued that big companies tolerate small firms [...] The truth is that they need the smaller firms, first and foremost to carry out the myriad humble tasks indispensable to any society, but which capitalism does not care to handle. Secondly, like the eighteenth-century manufacturers which frequently drew on close by artisanal workshops, subcontractors are put in charge of providing finished or semi-finished goods by the big companies.” (Braudel 1984, 630–631)

From this perspective, capitalism presupposes a hierarchy of social spaces and modes of production, in which big companies operating on capitalist principles “take up a position at the top of this hierarchy, whether or not being responsible for its creation” (ibid., 65).

Braudel’s approach takes us to a *third* definition of capitalism, which, again, has emerged from the writings of Marx. For Marx, capitalism is not identical to the system of commodity production. It is not just a monetary system and an exchange-based economy, but a socioeconomic formation in which labor power itself has become a commodity. This definition provided by Marx differs from the others in that neither profit-seeking and calculative behavior nor the emergence of overseas trade, of the credit system or of a separate class of merchants or financiers are seen as sufficient conditions for capitalist socialization: “Capitalists, however mercenary, are not enough: their capital must be used in a way which ensures that surplus value is created in the process of production, by way of utilizing labor power” (Dobb 1981, 8). According to Marx, the transformation of labor and natural resources into capital “with a view to deriving a

profit—that is to say, increasing the capital which will in turn be reinvested” (Boltanski and Chiapello 2007, 4–5)—constitutes the peculiar dynamism of the capitalist economy. Only with the advance of the Industrial Revolution has capitalist economy become capable of reproducing itself, based on its own strength. It presupposes a class division between capital and labor, and it is based on the exploitation of the latter, even though the exchange of equivalents is generalized in formal terms.

We will not try to determine which of these definitions is most plausible, but obviously, elements of one or the other are easy to detect in the contributions to this volume. What is crucial for discussions about the development and the future of capitalism, however, is the observation that we need to tackle this phenomenon on at least three different levels:

To start with, analysis will have to focus on the macro-level of socio-economic development and political regulation. After all, many observers would identify a deep crisis of capitalism today. This is not due, in the first place, to oppositional movements posing a serious threat to the survival of this socioeconomic formation, but rather to intrinsic crisis mechanisms, which seem to turn more and more destructive. This may well provoke questions with regard to social alternatives. One aspect of this intrinsic crisis of capitalism, which has been discussed for decades now, are the limits of natural resources, which become more and more obvious with every increase in economic growth. Climate change, the exploitation of fossil fuels and other finite resources, but also the destructive potential of nuclear energy (e.g. Fukushima) can be argued to be pushing mankind towards a global tipping point (i.e. the transgression of maximal output) in the near future (Meadows et al. 2004). The progressing economic-ecological crisis exposes what is known in heterodox environmental economics as the growth dilemma (Jackson 2009) of modern capitalist societies: A decrease in economic output in terms of Gross Domestic Product (GDP) likely leads to growing unemployment, precarity and inequality. Economic growth, on the other hand, entails even more consumption of finite fossil resources, more polluting emissions, the warming of the earth’s atmosphere, and a rise in ecological threats. Hence even segments of the capitalist elite are concerned about the viability of capitalism, especially since the stability not only of the capitalist economy, but also of welfare-states and democratic institutions crucially depend on economic growth—and on the specific mode in which it is generated. So far, the growth dy-

dynamic within the advanced capitalisms of the Global North has not died down entirely, and more or less robust welfare states continue to partially mitigate social risks. Nevertheless, it cannot be denied that the tensions between capitalism and democracy are returning to the fore rather boldly (Streeck 2011). In the old centers of capitalism, i.e. Europe and the United States, a state of (not only economic) crisis has become the norm. And even in countries like Brazil, Russia, India and especially China, which had been made out as the new growth regions around the turn of the millennium, social and ecological conflicts are escalating to an extent that has triggered discussions about a change of course (Arrighi 2007; Silver and Lu Zhang 2009). Under these conditions, what began in 2007 as a subprime crisis in the United States would rapidly grow into a global wildfire as the structural crisis of capitalism was reinforced by a very acute and worldwide economic crisis. In contrast to numerous precursor crises, the convulsions of 2007 to 2009 even reached the old centers of capitalist production. When economic growth collapsed, unemployment and precarity were increasing worldwide. Although the economy quickly recovered and picked up steam again in some emerging countries and especially in Germany, unemployment figures remained high on a global scale, and the polarization with regard to incomes and wealth reached new levels.¹ Unemployment across the European Union stagnated at a record high of more than 11 percent for many years (OECD 2012). At the same time, the continent was deeply divided. While unemployment rates rose only moderately and went down in some of the Northern and Central European countries—and especially in Germany—shortly after 2009, they had increased dramatically and remained very high in other countries. France, Greece, Hungary, Italy, Portugal, Slovakia and Spain in particular are still facing double-digit unemployment rates today. Moreover, social inequality is growing even in the alleged “winner” states. In Germany, for instance, the share of wages, salaries and social benefits has fallen by 5 percent (from 67 to 62 percent) of the German national income over the past 20 years. During the same period, the concentration of wealth has increased, leaving the top 10 percent of German households with more than 50 percent of all assets (Frick and Grabka 2009). All in all, a noticeable redistribution in favor of capital

¹ Even though the world economy grew by 5 percent on average following the initial crisis peak, and by another 4 percent the following year, in 2011 there were about 197 million unemployed, about 27 million more than before the crisis; about 900 million lived below the absolute poverty line defined as an income of two US dollars per day (ILO 2012).

incomes and high-income households can be stated (Brenke 2011, 92).² While productivity increases, real wages have gone down, thus lowering unit labor costs in Germany in comparison to other countries. However, neither the relatively strong competitive position of German companies on the world market nor the effective management of the 2007–09 crisis rested solely on such competitive advantages. Instead, the foundations of the so-called “German Miracle” have been created in a long process of permanent restructuring, deeply affecting the organization of companies and of work.

For this reason, discussions about the emergence, crisis and future of capitalism have to tackle a second level of analysis: the meso-level of economic organizations and of the actual workplace, where capital is invested, labor power utilized, and surplus value accumulated (Marx), and where the entrepreneurial spirit (Weber) can be studied in action. On this level, massive changes have occurred over the last decades. Relocation, outsourcing, cost reduction programs, and a constant flexibilisation and intensification of work have boosted not only work pressure, but also the insecurity of employment and income. Therefore, the financial and economic crisis that started in 2007 did not occur as a singular and unprecedented event for the majority of wage earners in Germany, but rather as an escalation of “everyday” experiences of crisis they had already known for a long time. For them, the crisis has unfolded as a quasi-“permanent process” for more than a decade (see Detje et al. 2011). However, even in the world of work, this long-standing crisis was reinforced by the management of the acute, world economic crisis starting in 2007, which had severe consequences for work, employment, and social security. Since the “Keynesian moment” triggered by public stimulus packages for economic stabilization and the use of tax revenues to bail out insolvent banks came at a major cost for governments, many of them radicalized their austerity programs, either voluntarily or in order to comply with the strict conditions for access to the European bailout fund. Under these conditions, national governments could and would point to European regulations, if confronted with de-

²With the exception of the top tenth, net wages declined between 2000 and 2010 (*ibid.*, 95). Net hourly wages adjusted to purchasing power among the bottom tenth decreased from 4.06 euro in 2000 to 3.86 euro in 2010 (Brenke 2011, 95). In the precarious sector, which comprises the larger part of those 23 percent of the workforce who are low-wage earners (2009, including pensioners as well as school and university students); in 2011, at least 3.4 million wage earners (10.7 percent of all wage earners) earn less than seven euro and about one million less than five euro per hour (Weinkopf 2010; IAK 2012).

mands for higher wages, better social security provisions, or for an increase in public sector employment. Democratic decision making was curtailed with reference to “empty coffers”—and the claim that there was no alternative to austerity policies might well have paved the way for political forces that offered a xenophobic and anti-democratic “alternative” (not only) for Germany.

The third level of analysis which needs to be tackled in order to paint an adequate picture of present-day capitalism is the micro-level of working and living under the conditions of this specific socioeconomic constellation. The question of how men and women produce goods and services, and of how they reproduce their labor power, along the lines of gender, generation, and social class, is of crucial importance for the functioning of capitalism, since its legitimacy can be argued to depend not least on whether or not the social needs, political demands, and personal hopes of “the many, not the few” (as Jeremy Corbyn likes to put it) are taken account of in the organization of economy, politics, and society. We would thus like to suggest that “labor” constitutes a critical juncture in which many processes that are crucial for the development of capitalism coincide.

2. What is Labor?

Again, we can rely on the classics of sociology in order to approach this question. According to Marx, labor is a purposeful activity by which human beings turn themselves into social beings through their interactions with nature.

“So far therefore as labor is a creator of use-value, is useful labor, it is a necessary condition, independent of all forms of society, for the existence of the human race; it is an eternal nature-imposed necessity, without which there can be no material exchanges between man and Nature, and therefore no life” (Marx 1954, 42–43).

The character of this purposeful activity changes in accordance with property relations and with the division of labor. Wage labor as a special type of labor only becomes widespread in capitalist societies. It is exploited and alienated labor, because the value it creates is appropriated and its concrete organization determined by those who purchase labor power, rather than by working men and women themselves. Labor can only shed its alienated character if the relations of production, and thus capitalist property rela-

tions, are abolished. The polarization of society between capital and labor, Marx has argued, creates the conditions for a revolutionary transformation that will “sublate” wage labor in a Hegelian sense (Marx and Engels 1976).

Durkheim offers a different view. For him, the social division of labor is not a cause of alienation but “a source of solidarity” (Durkheim 1984, 308). “Thenceforth, however specialized, however uniform his activity may be, it is that of an intelligent being, for he [the worker] knows that his activity has a meaning” (ibid., 308). From this angle, the social division of labor is a source of organic solidarity. It creates social rules “ensuring peaceful and regular co-operation between the functions that have been divided up” (ibid., 338) and thus secures social cohesion. Organic solidarity is only disturbed when (a) the division of labor is enforced by “external” social inequalities—like class or caste—rather than evolving spontaneously; or (b) when the division of labor restricts the scope for individual action, and overspecialization leads to “anarchy” (ibid., 310–322, 323–328).

An argument could be had as to whether the analytical perspectives of Marx and Durkheim are mutually exclusive. In societies that are based on class divisions, anomy might easily become permanent. If Marx differentiates between the “exchange value” and “use value” of labor, the latter points to the concrete, useful side of work, and it cannot be discussed without reference to cooperation and conflict, mutual respect and recognition. Moreover, both Marx and Durkheim tend to equate work in capitalism much too quickly with work for economic gain or—more narrowly still—with wage labor. Hidden behind the working “men” whom Marx saw as the bourgeoisie’s gravediggers (Marx and Engels 1976, 496), there are usually women who do not just take care of housework and children but also, when necessary, swell the ranks of the “industrial reserve army” of the un-, under- and precariously employed. As far as Durkheim’s organic solidarity is concerned—if it exists at all—it is structurally dependent on the “social ties” created by family, kin and friends. Social labor can, therefore, never be fully equated with work for economic gain, let alone wage labor. Instead, it encompasses domestic labor, reproductive labor for one’s own or others’ wellbeing, activities that serve no economic purpose, but are an end in themselves, and voluntary engagement that benefits the community (Gorz 1989, 139–171). Such activities are part of social labor, but the ways in which they relate to labor for economic gain vary from one socioeconomic formation to the other. Still, they are always hierarchically arranged, and they can be combined in different ways even within the same