ON A HOT SUMMER'S DAY IN 2000, a large sealed container lorry arrived at Dover in the UK. As the lorry door was opened by immigration inspectors, it was clear that something terrible had happened. For a start there was no chilled air — which would have been usual for a lorry full of food. Indeed, there seemed to be no air at all. And there was a very strange smell. Soon the worst was uncovered: the lorry contained 58 dead young illegal Chinese migrants. Only two had survived the journey.

Kei Su Di, aged 20, was one of the two survivors. He had left his family in China 11 days earlier, having paid the first installment of £20,000. Travelling in groups, he and his hopeful companions flew from Beijing to Belgrade, and eventually reached Rotterdam where they were all packed tightly into a lorry for the concealed and illegal journey to the UK. Tomato racks were placed at the front to conceal the illegal travellers. Each person had no more space than the size of a newspaper; they had no food or water; there were little bags for excrement; and the ventilation was off so that any noise from within the lorry could not be heard. In the end, their silenced screams as they suffocated to death are hard to imagine.

Of the 58 dead found in the container lorry, 23 came from one county (Changlu) in China, and the rest from neighboring counties. In search of a better life, they had found the equivalent of 10 years' pay to give to organized criminals (the 'Snakeheads') to export them to a land of opportunity. Full of hope, their families had waved them goodbye.

On a cold winter's night in 2004, a group of illegal Chinese immigrants trawled the wild and unruly beach at Morecambe (near Blackpool) in search of cockles to be sold on the market. They worked nine hours for a pound in the bitter cold. The beach was notoriously dangerous — even experienced fishermen would not use it. Suddenly, they found themselves engulfed by the incoming tide and 19 of them were drowned in the darkness — not knowing which way to run or turn, or how to escape. It was subsequently found that they were living 40 to a house in the most squalid conditions.

Here are two tragic incidents involving crime and illegal migration. But odd as this may seem, this is also now part of the economy. Behind both tragedies there appears to have been a gang — the 'Snakeheads' (named after the sliding movement of a snake) — that preyed on poor migrants. In the case of the illegal lorry, they charged migrants around £20,000 each to transport them across Russia to Europe, and in 2000 it was estimated they netted some £4 billion. This is human trafficking on a large scale. It has become a hugely profitable industry, probably worth US$30 billion each year. Europe may well account for some 6–7 million illegal immigrants each year. Likewise, the migrant cockle workers were desperate for some money and, although they earned very little and they put their lives at great risk, they seemed to have no other options. Here is the rough side of our economy at work (see the film Ghosts (2007) and www.guardian.co.uk/refugees).


Global capitalism affects whatever it touches, and it touches virtually everything.

Arlie Hochschild

In this chapter, we ask:

- What is the economy and how is it changing?
- What are the key different kinds of economic system?
- How does capitalism work?
- What is the nature of work and corporations in post-industrial capitalist economies?
- What is the nature of consumption in modern capitalism?

Ford Madox Brown: Work, a detail

Source: Preliminary study for Work, 1863, 1852–65 (oil on canvas) (see also 62924 & 10020), Brown, Ford Madox (1821–93)/Manchester Art Gallery, UK/
The Bridgeman Art Library:


This painting shows a whole range of people from various social strata going about their daily tasks. How many kinds of work can you see in this painting? How are they organised, and does the painting have much to say about social class?
It may seem odd to start a chapter on economies with two curious accounts of the death of Chinese illegal immigrants. But economies, for sociologists, are not simply about economics. For while economies may comprise of social institutions that organise the production, distribution and consumption of goods and services, such goods and services are diverse (such as here, the illegal sale of immigration) and connected to all the other social institutions, such as families (who raised money for the migrants to travel and then had to cope with their deaths), politics (where governments restrict migration and the flow of peoples), crime (where illegal immigrants were forced to work for nine hours for £1 by gang leaders) and media (which turned the deaths into a major issue). They are all interconnected. Economies are never just economies.

Hence in this chapter, we will explore the social significance and workings of economies, investigating the changing character of work in today's world, showing how economies are interdependent with other features of societies, suggesting that they are now more closely interconnected internationally than ever before. An opening section will look at the emergence of modern economic systems – and highlight the growth of capitalism. The chapter is then organised though the three key phases of economic organisation: (a) production, (b) distribution and (c) consumption of goods (such as food, clothing and shelter) and services (such as the work of religious leaders, doctors, police officers and telephone operators).

Throughout the chapter, we will keep a close eye on social change and life in the twenty-first century.

Table 15.1 shows the largest and smallest economies of 2010. Of great interest is the rapid rise of China to second place in the world’s economies. As we have suggested elsewhere (Chapters 4 and 26), this is perhaps a sign of the world to come.

![Table 15.1](http://example.com/table151.png)

The largest and smallest economies in the world, by GDP, for 2009/10

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>USA</td>
<td>4</td>
<td>14,799.56</td>
<td>1</td>
<td>Kiribati</td>
<td>Not ranked</td>
<td>0.152</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>89</td>
<td>5,364.87</td>
<td>2</td>
<td>São Tomé and Príncipe</td>
<td>127</td>
<td>0.203</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>11</td>
<td>5,272.94</td>
<td>3</td>
<td>Tonga</td>
<td>85</td>
<td>0.301</td>
</tr>
<tr>
<td>4</td>
<td>Germany</td>
<td>10</td>
<td>3,332.80</td>
<td>4</td>
<td>Dominica</td>
<td>88</td>
<td>0.375</td>
</tr>
<tr>
<td>5</td>
<td>France</td>
<td>14</td>
<td>2,668.79</td>
<td>5</td>
<td>Samoa</td>
<td>Not ranked</td>
<td>0.54</td>
</tr>
<tr>
<td>6</td>
<td>UK</td>
<td>26</td>
<td>2,222.63</td>
<td>6</td>
<td>Comoros</td>
<td>140</td>
<td>0.564</td>
</tr>
<tr>
<td>7</td>
<td>Italy</td>
<td>23</td>
<td>2,121.12</td>
<td>7</td>
<td>St Kitts and Nevis</td>
<td>60</td>
<td>0.565</td>
</tr>
<tr>
<td>8</td>
<td>Brazil</td>
<td>73</td>
<td>1,910.50</td>
<td>8</td>
<td>St Vincent and the Grenadines</td>
<td>93</td>
<td>0.581</td>
</tr>
<tr>
<td>9</td>
<td>Canada</td>
<td>8</td>
<td>1,556.035</td>
<td>9</td>
<td>Grenada</td>
<td>74</td>
<td>0.645</td>
</tr>
<tr>
<td>10</td>
<td>Russia</td>
<td>65</td>
<td>1,507.59</td>
<td>10</td>
<td>Democratic Republic of Timor-Leste</td>
<td>162</td>
<td>0.659</td>
</tr>
</tbody>
</table>

Changing economies: the ‘Great Transformations’ and the development of capitalism

As Chapter 4 explained, members of the earliest human societies relied on hunting and gathering to live off the land. In these societies, production, distribution and consumption of goods were all usually primarily dimensions of family life. What is distinctive about the modern world is the growth of technologies, and with it the accompanying development of a capitalist economic system. It is part of the ‘Great Transformation’ we discussed in Chapter 1.

The Agricultural Revolution

The development of agriculture about 5,000 years ago brought change to these societies. Agriculture emerged as people harnessed animals to ploughs, increasing the productive power of hunting and gathering more than tenfold. The resulting surplus freed some people in society from the demands of food production. Individuals began to adopt specialised economic roles: forging, crafts, designing, tools, raising animals and constructing dwellings. A division of labour started to become more and more important as size increased.

With the development of agriculture under way, towns emerged, soon to be linked by networks of traders dealing in food, animals and other goods. These four factors – agricultural technology, productive specialisation and division of labour, permanent settlements and trade – were the keys to an expansion of the economy.

In the process, the world of work became less obviously bound up with families, though production still occurred close to home. In medieval Europe, for instance, most people farmed nearby fields. Both country and city dwellers often laboured in their homes – a pattern called cottage industry – producing goods sold in frequent outdoor ‘flea markets’ (a term suggesting that not everything was of high quality).

The Industrial Revolution

By the middle of the eighteenth century, a second technological revolution was proceeding apace, first in England and soon afterwards elsewhere in Europe and North America. The development of industry was to transform social life even more than agriculture had done thousands of years before. Industrialisation introduced five notable changes to the economies of Western societies.

1 New forms of energy. Throughout history, people derived energy from their own muscles or those of animals. Then, in 1765, James Watt pioneered the development of the steam engine. Surpassing muscle power 100 times over, steam engines soon operated large machinery with unprecedented efficiency.

2 The centralisation of work in factories. Steam-powered machinery soon rendered cottage industries obsolete. Factories – centralised and impersonal workplaces separate from the home – proliferated. Work moved from the private sphere to the public sphere – that is, people ‘went out to work’.

3 Manufacturing and mass production. Before the Industrial Revolution, most work involved cultivating and gathering raw materials, such as crops, wood and wool. The industrial economy shifted most jobs into manufacturing, which turned raw materials into a wide range of saleable products. For example, factories mass-produced timber into furniture and transformed wool into clothing.

4 Division of labour and specialisation. Typically, a single skilled worker in a cottage industry fashioned a product from beginning to end. Factory work, by contrast, demands division of labour and specialisation so that a labourer repeats a single task over and over again, making only a small contribution to the finished product. Thus as factories raised productivity, they also lowered the skill level of the average worker. Despoiling occurred.

5 Wage labour. Instead of working for themselves or joining together as households, industrial workers entered factories as wage labourers. They sold their labour to strangers, who often cared less for them than for the machines they operated. Supervision became routine and intense. Incomes were usually pitifully low and workers were hence subject to great exploitation.

The impact of the Industrial Revolution gradually rippled outwards from the factories to transform all of society. While working conditions were very poor for many, greater productivity steadily raised the standard
of living as countless new products and services filled an expanding marketplace. The benefits of industrial technology were shared very unequally. Some factory owners made vast fortunes, while the majority of industrial workers hovered perilously close to poverty. Children, too, worked in factories or deep in coal mines for pennies a day. Women factory workers, among the lowest paid, endured special hardships.

In Europe and North America, workers gradually formed trade unions to represent their collective interests in negotiations with factory owners. From the late nineteenth century onwards, governments in the West were forced to outlaw child labour, push wages upwards, improve workplace safety and extend schooling and political rights to a larger segment of the population.

The Information Revolution and the post-industrial society

The nature of production itself also started to change. By the middle of the twentieth century, many Western countries were being transformed. Automated machinery reduced the role of human labour in production, while bureaucracy simultaneously expanded the ranks of clerical workers and managers. Service industries – such as public relations, healthcare, education, media, advertising, banking and sales – started to employ the bulk of workers. Distinguishing the post-industrial era, then, is a shift from industrial work to service jobs.

Driving this economic change was a third technological transformation: the development of the computer and the new technologies we have encountered in previous chapters (see Chapters 1, 3, 4 and 6). The Information Revolution in Europe, the United States, much of newly industrialising Asia and elsewhere started to generate new kinds of information and new forms of communication, changing the character of work just as factories did two centuries ago. This Information Revolution unleashed three key changes.

1. **Tangible products to ideas.** The industrial era was defined by the production of goods; in the post-industrial era, more and more work revolves around creating and manipulating symbols. Computer programmers, writers, financial analysts, advertising executives, architects and all sorts of consultants represent the workers of the Information Age.

2. **Mechanical skills to literacy skills.** Just as the Industrial Revolution offered opportunities to those who learned a mechanical trade, the Information Revolution demands that workers have literacy skills – the ability to speak, write and use computer technology. People who can communicate effectively enjoy new opportunities; those who cannot face declining prospects.

A street cleaner sweeps a road near a coal-fired power plant in Shizuishan, China's northern Ningxia Hui Autonomous Region, 7 December 2009, just before the biggest climate meeting in history, with 15,000 participants from 192 nations, took place in Copenhagen seeking to agree curbs on greenhouse gas emissions and raise billions of dollars for the poor in aid and clean technology.

Source: Corbis/REUTERS/Jason Lee.
Decentralisation of work away from factories. Just as industrial technology (steam power driving massive machines) drew workers together into factories, computer technology now permits many people to work almost anywhere. Indeed, laptop computers and facsimile (fax) machines linked to telephone lines now make the home, a car or even a plane a 'virtual office'. New information technology, in short, is reversing the industrial trend and bringing about a return of home-based 'cottage industries'. The virtual workplace and 'telecommuting' is becoming a reality for many.

The need for face-to-face communication as well as the availability of supplies and information still keep most workers in the office. On the other hand, today's more educated and creative labour force no longer requires — and often resists — the close supervision that marked yesterday's factories.

Sectors of the economy

The three 'revolutions' just described also reflect a shifting balance among the three sectors of a society's economy. The primary sector generates raw materials directly from the natural environment and includes agriculture, animal husbandry, fishing, forestry and mining. It predominates in pre-industrial societies. The secondary sector transforms raw materials into manufactured goods and includes the refining of petroleum and the use of metals to manufacture tools and automobiles. It grows quickly as societies industrialise. The tertiary sector generates services rather than goods and includes teachers, shop assistants, cleaners, solicitors, IT experts and media workers.

The tertiary sector grows with industrialisation and dominates the economies of high-income nations as they enter the post-industrial era. Now accounting for some 70 per cent of economic output in high-income countries, it accounts for only 48 per cent in low-income societies. This marks one of the most significant changes in modern economies.

Figure 15.1 shows these differences strikingly. Here we see that in low-income countries 25 per cent of the workforce is engaged in the primary sector, compared to just 2 per cent in high-income societies. When it comes to the tertiary sector of services, some 72 per cent of the labour force is 'in service' in high-income societies, but only 47 per cent in much poorer ones. Old economic patterns of agriculture and even manufacturing are giving way to an increasingly service and information-based economy (World Bank, 2008). Table 15.2 gives the detailed breakdown for the UK and the changes between 1978 and 2008. You can see the significant growth in financial, health and education services — and a massive decline in the manufacturing base.

The nature and variety of capitalism

As we have seen, the contemporary world is predominantly capitalist. It is an economic system in which resources and the means of producing goods and services are privately owned. It brings three key features (see the Timeline on p. 501):

1. Private ownership of property.
2. Pursuit of personal profit.
3. Free competition, consumer sovereignty and markets.

![Figure 15.1](image_url)

**The size of economic sectors, by income level of country**

The shape of capitalism has shifted across time and across countries. Capitalism has a long history. We can find evidence of merchants making money through investing in goods in Genoa and Venice during the twelfth century. But the arrival of a distinctively modern capitalism is usually linked to the rise of the industrial world, first in the cotton mills in England at the turn of the eighteenth century, and then throughout Europe and the United States. In this factory-based capitalism, workers sold their labour for wages and in the process capitalist owners made profits.

It was the eighteenth century thinker Adam Smith (now featured on English banknotes) who argued that the market system is dominated by consumers, who select goods and services that offer the greatest value. He developed ideas around what has come to be called 'market capitalism' and which is indenitied with neoliberalism. Producers compete with one another by providing the highest-quality goods and services at the lowest possible price. Thus, while entrepreneurs are motivated by personal gain, everyone benefits from more efficient production and ever-increasing value. In Smith's time-honoured phrase, from narrow self-interest comes the 'greatest good for the greatest number of people'. Smith claimed that a free market and a competitive economy would regulate themselves by the 'invisible hand' of the laws of supply and demand. Government control of an economy would inevitably upset the complex market system, reducing producer motivation, diminishing the quantity and quality of goods produced, and short-changing consumers.

Pure, ideal capitalism is non-existent. The United States may have the purest form — private markets are more extensive than in Europe — yet even there the guiding hand of government does play a role in economic affairs. Through taxation and various regulatory agencies, the government influences what companies produce, the quality and costs of merchandise, the products that businesses import and export, and the consumption and conservation of natural resources. The federal government also owns and operates a host of businesses, including the US Postal Service, the Amtrak railway system and the Nuclear Regulatory Commission (which conducts atomic research and produces nuclear materials). The entire US military is also government-operated. Federal officials may step in to prevent the collapse of businesses, as in the 'bailout' of the savings and loan
Further, government policies mandate minimum wage levels, enforce workplace safety standards, regulate corporate mergers, provide farm price supports, and funnel income in the form of social security, public assistance, student loans and veterans' benefits to a majority of people.

Capitalism comes in many forms: Japan and the United States, for instance, work very differently. Generally, modern capitalism has moved through three phases. The first was a liberal capitalism, which dominated Britain and the United States in the early and middle nineteenth century and involved a free market, a facilitative state and a legal framework which helps to maintain capitalism. Second was an organised capitalism, which involved an administered market and a more 'directive state'. There was, for example, in the UK between 1946 and 1979 much more 'state' intervention as governments often shaped economic policies. More recently a disorganised/post-Fordist capitalism has emerged, which involves an increase in the service sector, more global and dispersed operations and a decline of nation-states (Lash and Urry, 1987). Throughout the short modern history of capitalism it has been persistently subject to periods of booms and bust (see Timeline).

**Disorganised capitalism: Fordism and post-Fordism**

Fordism was associated with the American car manufacturer Henry Ford, who, at the start of the twentieth century, developed the assembly line to produce cheap cars that could be purchased by the masses. It has a role in various economic systems and has an impact on the international market. The United States, for example, has experienced a particular form of capitalism known as the 'Roaring Twenties', which led to the Wall Street Crash of 1929 and the Great Depression of the 1930s. It ultimately led to the 'New Deal' capitalism, which focused on the '3 Rs': relief for the unemployed and poor; recovery of the economy to normal levels; and reform of the financial system to prevent a repeat depression.

The 'stagflation' of the 1970s was accompanied by the neoliberalism of UK Prime Minister Margaret Thatcher (Thatcherism) and President Ronald Reagan (Reaganism). Here the free market became the dominant force, with officially less and less state intervention. Despite changes of governments it set a pattern of social life which influenced much of the world and continued until the 'bust' of 2008.

**Fall of Soviet Union in 1991 and global capitalism**

The rise of China, India and the newly industrialised countries of Southeast Asia (NICs) and the boom years of the 1990s and the early twenty-first century. This was a period of conspicuous consumption, living on credit, substantial loans and debts, a belief in economic growth—and massive inequalities.

**2008 financial crisis**

- The credit crunch, the crisis of subprime mortgages; banks had to be bailed out with massive debts; recession followed.

For a straightforward account of these booms and busts, see Andrew Gamble (2009).
masses. **Fordism** is an economic system based on mass assembly-line production, mass consumption and standardised commodities. It depends upon dedicated machinery and tools producing identical components; centralised unskilled labour used intensively on specific tasks; and low-cost production of vast quantities of goods. Workers do repetitive work over long periods: the work is usually of mind-blowing tedium. They are paid reasonably well and this increases their consumer spending. Fordism is technically limited and not very flexible. A classic study by Huw Beynon looked at the Ford motor plant in Liverpool in the late 1960s and documented this moving assembly line where about 16,000 different components had to be ‘screwed, stuck or spot welded’ as the car moved and slipped down the line (Beynon, 1973: 105). The relentless pressure is more amusingly documented in Charlie Chaplin’s classic silent film *Modern Times*.

While Fordist production techniques continued through much of the twentieth century, newer and more flexible ones emerged alongside them (especially in Japan and southeast Asia). This newer process involved:

- shifts in production: more flexible systems of production
- more flexible time: part-time, temporary and self-employed workers
- decentralisation of labour into smaller, less hierarchical units
- the ‘casualisation of labour’, where work becomes less stable and secure
- ‘just-in-time’ (that is, last-minute) rapid production
- movement from standardised goods to goods including options

**gradual replacement of ‘mass marketing and advertising’ by ‘niche marketing’, targeted at specific ‘style’ groups**

**globalisation, with a new international division of labour.**

Often called **post-Fordism**, this new economic system is based on flexibility (rather than standardisation), specialisation and tailor-made goods (see Table 15.3 for comparison). We have already seen some of this at work in organisational forms in Chapter 6 (where they were identified as ‘postmodern’). These modes are not just to be found in work practices, but in consumption in the home as well. As we shall see, much of this new pattern has meant a system which is much more casual in its employment of workers.

**The global revolution: globalisation and the global economy**

As technology draws people around the world closer together, another important economic transformation seems to be taking place. As we saw in Chapter 2, globalisation has become a key feature of the late modern world: we have witnessed the emergence of a **global economy**, economic activity spanning many nations of the world with little regard for national borders. The development of a global economy has six main consequences.

First, we are seeing a global division of labour by which each region of the world specialises in particular kinds of economic activity. Agriculture occupies more than 70 per cent of the workforce in low-income

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**Table 15.3 A comparison of ideal types of production system: from Fordist to post-Fordist**

<table>
<thead>
<tr>
<th></th>
<th>Fordist</th>
<th>Post-Fordist</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product</strong></td>
<td>Standardised – all the same</td>
<td>Specialised – better quality?</td>
</tr>
<tr>
<td><strong>Labour</strong></td>
<td>Fragmented</td>
<td>Integrated</td>
</tr>
<tr>
<td></td>
<td>Few tasks</td>
<td>Many tasks</td>
</tr>
<tr>
<td></td>
<td>Little discretion</td>
<td>Flexible</td>
</tr>
<tr>
<td><strong>Management</strong></td>
<td>Centralised</td>
<td>Decentralised</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>Fixed machines</td>
<td>Multi-purpose/electronic</td>
</tr>
<tr>
<td><strong>Contracts</strong></td>
<td>Relatively secure</td>
<td>For most: Insecure</td>
</tr>
</tbody>
</table>
countries, while industrial production is concentrated in the middle- and high-income nations of the world. The economies of the richest nations, including Europe, now specialise in service-sector activity.

Secondly, we are seeing workers in the poorer countries working long hours for little pay in what have been called 'the sweatshops of the world'. They produce goods that can be sold in high-income countries. In a single day, workers may produce hundreds of garments in poor working conditions. Just one garment sold to high-income societies would sell for the equivalent of their wages for five days (Klein, 2000: 353). Often, too, these workers are compelled to travel long distances, leaving families behind, in order even to find such opportunities for work. Note, too, that very frequently this labour is that of children. The International Labour Organization suggests that some 250 million children work in low-income societies, a number that excludes child work hidden from the statisticians, such as domestic labour (often by girls). This brings the total nearer 500 million, and this does not include the children who work in high-income societies.

Thirdly, an increasing number of products pass through the economies of more than one nation. Consider, for instance, that workers in Taiwan may manufacture shoes, which a Hong Kong distributor sends to Italy, where they receive the stamp of an Italian designer; another distributor in Rome forwards the shoes to New York, where they are sold in a department store owned by a firm with its headquarters in Tokyo.

A fourth consequence of the global economy is that national governments no longer control the economic activity that takes place within their borders. In fact, governments cannot even regulate the value of their national currencies, since money is now traded around the clock in the financial centres of Tokyo, London and New York. Global markets are one consequence of satellite communications that forge information links among the world's major cities. Indeed, this gives rise to global cities (see Chapter 24).

The fifth consequence of the global economy is that a small number of businesses, operating internationally, now control a vast share of the world's economic activity. One estimate concludes that the 600 largest multinational companies account for fully half of the earth's entire total economic output (Kidron and Segal, 1991). The world is still divided into approximately 200 politically distinct nations. But, in light of the proliferation of international economic activity, 'nationhood' has lost much of its former significance.

Finally, a major consequence of this modern global capitalist system is the extraordinary inequality of wealth - the top few against the bottom billion. Look back to Chapter 9 to review the wealth of the super-rich when compared with the abject poverty of over half the world.

Contemporary economies of the world have conventionally been seen through two abstract models - capitalism and socialism. Few societies have economies that are purely one or the other: most European countries are, to varying degrees, mixed economies. Sweden and the other Scandinavian countries are generally seen as a version of a more socialist approach - interventionist, corporatist and planned. But they are in the process of being pulled towards the German model, which is more inclined towards a social market. The system in the UK was mixed until the advent of Thatcherism in 1979, since when it has moved more and more towards a privatised market system (the neoliberal model).

Socialism

Socialism is an economic system in which natural resources and the means of producing goods and services are collectively owned. In its ideal form, a socialist economy opposes each of the three characteristics of capitalism we have described above. Thus, socialism brings:

1. Collective ownership of property. An economy is socialist to the extent that it limits the right to private property, especially property used in producing goods and services. Laws prohibiting private ownership of property are designed to make housing and other goods available to all, not just to those with the most money. Karl Marx asserted that private ownership of productive property spawns social classes, as it generates an economic elite. Socialism, then, seeks to lessen economic inequality while forging a classless society.

2. Pursuit of collective goals. The individualistic pursuit of profit also stands at odds with the collective orientation of socialism. Socialist values and norms condemn what capitalists celebrate as the
entrepreneurial spirit. For this reason, private trading is branded as illegal ‘black market’ activity.

3 Government control of the economy. Socialism rejects the idea that a free-market economy regulates itself. Instead of a laissez-faire approach, socialist governments oversee a centrally controlled or command economy. Socialism also rejects the idea that consumers guide capitalist production. From this point of view, consumers lack the information necessary to evaluate products and are manipulated by advertising to buy what is profitable for factory owners rather than what they, as consumers, genuinely need. Commercial advertising thus plays little role in socialist economies.

The People’s Republic of China and a number of nations in Asia, Africa and Latin America – some two dozen in all – model their economies on socialism, placing almost all wealth-generating property under state control. But the extent of world socialism has declined in recent years as societies in eastern Europe and the former Soviet Union have forged new economic systems increasing the sway of market forces.

Socialism and communism

Some people equate the terms socialism and communism. More precisely, as the ideal spirit of socialism, communism is an economic and political system in which all members of a society are socially equal. Karl Marx viewed socialism as a transitory stage on the path towards the ideal of a communist society that had abolished all class divisions. In many socialist societies today, the dominant political party describes itself as communist, but nowhere has the pure communist goal been achieved.

Why? For one thing, social stratification involves differences of power as well as wealth. Socialist societies have generally succeeded in reducing disparities in wealth only through expanding government bureaucracies and subjecting the population to extensive regulation. In the process, government has not ‘withered away’ as Karl Marx imagined. On the contrary, socialist political elites have usually gained enormous power and privilege. Marx would probably have agreed that a communist society is a utopia (from Greek words meaning ‘not a place’). Yet Marx considered communism a worthy goal and might well have disparaged reputedly ‘Marxist’ societies such as North Korea, the former Soviet Union, the People’s Republic of China and Cuba for falling far short of his ideal.

Capitalism and socialism: the big issues

Which economic system works best? In practice, most societies now work from a mix of capitalism and socialism to different degrees, although capitalism has become stronger and stronger. In 1989 and 1990, the nations of eastern Europe (seized by the Soviet Union after the Second World War) rejected their socialist regimes. And today, China is also moving towards a market economy. But what was it like before these dramatic changes? We can look at this through three dimensions: economic productivity (or GDP), economic equality and civil liberties.

1 Economic productivity

Important elements of GDP, such as the proportion of the international export market a country controls, varied dramatically among capitalist countries. As a group, however, capitalist countries generated more goods and services than socialist countries. Averaging the economic output of industrialized nations at the end of the 1980s yielded a per capita GDP of about US$13,500. The comparable figure for the former Soviet Union and the nations of eastern Europe was about US$6,000. This means that capitalist countries outproduced socialist nations by a ratio of 2.7 to 1 (United Nations Development Programme, 1990). Recent comparisons of the differences between capitalist South Korea (at $22,000 per capita GDP) and socialist North Korea (at $1,700) finds an even sharper contrast (United Nations Development Programme, 2008).

2 Economic equality

How resources are distributed within a society stands as a second crucial issue. A comparative study completed in the mid-1970s calculated income ratios by comparing the earnings of the richest 5 per cent of the population and the poorest 5 per cent (Wiles, 1977). This research found that societies with predominantly capitalist economies had an income ratio of about 10 to 1; the corresponding figure for socialist countries was 5 to 1. This comparison of economic performance reveals that capitalist economies produced a higher overall standard of living but also generated greater income disparity. Or, put otherwise, socialist economies created less income disparity but offered a lower overall standard of living.
3. Civil liberties and personal freedom

A third issue to consider in evaluating socialism and capitalism is the personal freedom and civil liberties that each offers its citizens. Capitalism emphasises freedom to pursue one’s self-interest. It depends on the freedom of producers and consumers to interact in a free market, with minimum interference by the state. By contrast, socialist societies emphasise freedom from basic wants. Equality is the goal which requires state intervention in the economy, and this in turn limits some of the choices of citizens. There are, then, major tensions between freedom from and freedom to, between freedom and equality.

This tension has not been resolved between the two systems. In the capitalist West, many freedoms are ostensibly guaranteed, but are these freedoms worth as much to a poor person as a rich one? On the other hand, in Cuba or North Korea – two of the last remaining socialist states – economic equality is bought at the expense of the rights of people to express themselves freely.

Varieties of twenty-first century capitalism

At the start of the twenty-first century, capitalism is to be found throughout the world. Although it is in crisis, it is usually seen as the dominant contemporary form of economic organisation. It does, however, take on a range of different forms, shaped by history, governments (see Chapter 16) and cultures (see Chapter 5). For example, three kinds are regularly distinguished as:

- **Neoliberal market capitalism**: decentralised, open markets; an anti-trust or union tradition; fluid capital markets; individualism; minimum state involvement and planning; maximising returns to owners of capital; linked with the ‘liberal democracy’ political system (e.g. predominantly the United States, and the United Kingdom to a lesser extent, as it is also shaped by the EU – see social market capitalism below).

- **Social market capitalism**: social partnerships, more organised markets, dedicated bank-centred capital markets; state interventions; linked with ‘social democracy’ (e.g. much of western Europe and the Scandinavian countries).

- **Developmental capitalism**: guided markets, tight business networks, strong bureaucracy, highly technological, reciprocity between state and firms; state plays quite a strong role; linked with ‘developmental democracy’ (e.g. Japan, the NICs and the Association of South-East Asian Nations) (Dicken, 2010).

Many of the nations of western Europe – including Sweden and Italy – have merged socialist economic policies with a democratic political system. Analysts call this **democratic socialism**, an economic and political system that combines significant government control of the economy with free elections. Under democratic socialism, the government owns some of the largest industries and services, such as transportation, the mass media and healthcare. In Sweden and Italy, about 12 per cent of economic production is state controlled or ‘nationalised’. That leaves most industry in private hands, but nevertheless subject to extensive government regulation. High taxation (aimed especially at the rich) funds various social welfare programmes, transferring wealth to less-advantaged members of society.

Along the Pacific Rim, in Japan, South Korea and Singapore, yet another blend of capitalism and socialism is found: **state capitalism**: an economic and political system in which companies are privately owned, although they cooperate closely with the government. Systems of state capitalism are all capitalist nations, but their governments work closely with large companies, supplying financial assistance or controlling imports of foreign products to help businesses function as competitively as possible in world markets. During this century, China has also conspicuously opened itself to the market system – while still keeping central state control (see Chapter 26).

Since the fall of the old socialist regimes in the late 1980s, eastern Europe (including the German Democratic Republic (GDR), Czechoslovakia, Hungary, Romania and Bulgaria) has also moved towards market-led or capitalist systems. In 1992, the Soviet Union itself dissolved. Ten years later, three-quarters of its state enterprises were partly or entirely under private ownership. There were many reasons for these sweeping changes. In part, socialist economies underproduced compared to capitalist societies, and living standards were often very low. And while members were formally equal, they often experienced large restrictions on freedom and heavy-handed states which regulated the media. New elites based on power usually appeared.

So far the market reforms in eastern Europe are very uneven. Some countries (Slovakia, the Czech Republic)
The degradation and alienation of work in the Western world

Many people have spoken up about the conditions of work in all countries of the world. In film, in novels and in many autobiographies, you can find the voices of people talking about their work experiences. In this chapter, we have two boxes to capture this. Here we look at two studies of Western voices. In the next box (p. 509), we look at the voice of a Guatemalan girl worker. Look on the internet to find many other voices.

Oral history

In the 1970s, the oral historian Studs Terkel conducted many interviews about the experience of work. Many of these showed how dull, repetitive jobs can generate alienation for men and women.

Phil Stallings was a 27-year-old car worker in a Ford assembly plant in Chicago.

I start the automobile, the first welds. From there it goes to another line, where the floor’s put on, the roof, the trunk, the hood, the doors. Then it’s put on a frame. There’s hundreds of lines... I stand in one spot, about two- or three-feet area, all night. The only time a person stops is when the line stops. We do about thirty-two jobs per car, per unit. Forty-eight units an hour, eight hours a day. Thirty-two times forty-eight times eight. Figure it out. That’s how many times I push that button.

The noise, oh it’s tremendous. You open your mouth and you’re liable to get a mouthful of sparks. [Shows his arms.] That’s a burn, these are burns. You don’t compete against the noise. You go to yell and at the same time you’re straining to manoeuvre the gun to where you have to weld.

You got some guys that are uptight, and they’re not sociable. It’s too rough. You pretty much stay to yourself. You get involved with yourself: You dream, you think of things you’ve done. I drift back continuously to when I was a kid and what me and my brothers did. The things you love most are what you drift back into.

It don’t stop. It just goes and goes and goes. I bet there’s men who have lived and died out there, never seen the end of the line. And they never will — because it’s endless. It’s like a serpent. It’s just all body, no tail. It can do things to you...

(Terkel, 1977: 151)

Twenty-four-year-old Sharon Atkins was a college graduate working as a telephone receptionist for a large midwestern business.

I don’t have much contact with people. You can’t see them. You don’t know if they’re laughing, if they’re being satirical or being kind. So your conversations become very abrupt. I notice that in talking to people. My conversation would be very short and clipped, in short sentences, the way I talk to people all day on the telephone...

You try to fill up your time with trying to think about other things: what you’re going to do on the weekend or about your family. You have to use your imagination. If you don’t have a very good one and you bore easily, you’re in trouble. Just to fill in time, I write real bad poetry or letters to myself and to other people and never mail them. The letters are fantasies, sort of rambling, how I feel, how depressed I am...

I never answer the phone at home.

(Terkel, 1977: 60)

Participant observation

More recently, Barbara Ehrenreich (2001) in the USA and Polly Toynbee (2003) in the UK have experimented with going undercover in the world of low-paid women’s work. They worked in cafés and fast-food restaurants, acted as cleaners and maids, as well as working in factories. Both were highly educated middle-class women, but on low incomes they did not fare well. They felt stigmatised; they had difficulty finding a place to live or ways of getting to work; and of course they worked long hours, often with gruelling work. And there was more to the work than they thought. Barbara Ehrenreich remarks towards the end of her book:

How did I do as a low-wage worker? If I may begin with a brief round of applause: I didn’t do half bad at the work itself, and I claim this as a considerable achievement. You might think that unskilled jobs would be a snap for someone who holds a Ph.D. and whose normal line of work requires learning entirely new things every
Global capitalism: triumph or crisis?

For many, then, it looks as if capitalism is here to stay: it is seen as the dominant (and for many, the only way) of organising the economy across the world. There are now very few societies that support a strict socialist/communist model (North Korea, Cuba and a few states in Africa and Latin America). All rivals are usually dismissed. Nowhere is this view clearer than in Francis Fukuyama’s much discussed book The End of History (1989). For him, history came to an end with the triumph of Western capitalism. The Soviet bloc had collapsed and we are now living in an age of permanent capitalism.

By contrast, the political philosopher John Gray in his book False Dawn (2002) argues that the unfettered global free market economy is not likely to stay. In the long run of world history, contemporary capitalism will be seen as a mere blip. With modern capitalism we increasingly find social instability, growing social inequalities and economic unpredictability across the world. This may not be tenable into the distant future. Indeed, Gray argues that ‘the free market is a rare, short-lived phenomenon’, a specific product of English nineteenth-century social engineering, from whose cycles of boom and bust we still have much to learn.

Gray does not, however, see the future as bringing a return to the socialist models of the past. Indeed, at present, he offers few solutions to ‘the deepening international anarchy’ in which free markets spiral out of control. At the start of the twenty-first century, it is unclear to Gray and many others in which direction our economies are now heading.

The changing nature of work

Work seems to be a precondition of social life. Three billion people on this planet labour for wages. They sell their labour for money. And most spend some 70 to 80 per cent of their lives working in order to meet their everyday needs and wants. They live and work in every imaginable place—from the salt mines of Russia to the most remote Chillean village. Their work conditions and their work experiences vary enormously. Men and women, old and young, work—but their experiences may be hugely different. Yet at the same time, others are unemployed—around 160 million are seeking employment. And many millions (as we saw in the opening stories) travel from their homeplaces to find employment and are often stigmatised ‘migrant workers’. A much smaller number of people employ these people. The wealthiest of these ‘business people’ and employers—like Bill Gates and Rupert Murdoch—control finances that are equal to that of small countries (cf. Castree et al., 2004: xi). In this section, we look at some of the basic characteristics of work and just how it may be changing in the twenty-first century.

Work in Europe and the UK

First, here are a few details about the numbers who work. In 2009, about 65 per cent of the EU-27’s population aged between 15 and 64 were employed. In 12 member states, over 67 per cent were employed (in...
Germany, Denmark, Cyprus, the Netherlands, Austria, Slovenia, Finland, Sweden, the United Kingdom, Iceland and Norway. But the employment rate remained below 60 per cent in Spain, Italy, Hungary, Malta, Poland, Romania and Croatia. Table 15.4 shows a detailed breakdown of this for you to consider – showing also the gender differences between employment for men and women. Across Europe, the working week in 2007 approximated 42 hours – but there were variations, the number of hours being lowest in Norway, Luxembourg, Lithuania, Ireland and Denmark, and highest in the UK, Austria, the Czech Republic, Poland and Slovenia.

Looking at the UK in 2009, there were 31.4 million people over 16 in work. Around 18 million people were economically inactive. Figure 15.2 shows the ways this was patterned over the life cycle (age) and between men and women. Across the country, there are also large variations: in 2008, working-age employment rates were highest in Scotland, at 76 per cent, while in Northern Ireland only 70 per cent of working-age persons were employed. In England, London had a relatively low employment rate of 70 per cent, while the highest employment rate was to be found in the southeast, at 79 per cent.

Contrary to a popular stereotype, the number of hours worked per week has been going up in recent years – we are not becoming a 'leisure society'. Looking at Europe, people working full time in Italy worked 37 hours per week (the lowest in the EU), whilst those in the UK worked 42 hours (one hour less than the countries with the highest number of hours worked) (Social Trends, 2004: Chapters 4 and 5).

Age clearly also affects labour force participation. Typically, both women and men join the workforce in their teens and early twenties. During their child-bearing years, however, women's participation lags behind that of men. After about the age of 45, the working profiles now differ, with women more likely to continue in work and men less likely. There is a marked withdrawal from the labour force as people approach the age of 65. After that point in life, only a small proportion of each gender continues to perform steady income-producing work.

<table>
<thead>
<tr>
<th>Table 15.4</th>
<th>Employment rates: by gender, EU comparison, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
</tr>
<tr>
<td>Denmark</td>
<td>81.9</td>
</tr>
<tr>
<td>Netherlands</td>
<td>83.2</td>
</tr>
<tr>
<td>Sweden</td>
<td>76.7</td>
</tr>
<tr>
<td>Austria</td>
<td>78.5</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>77.3</td>
</tr>
<tr>
<td>Finland</td>
<td>73.1</td>
</tr>
<tr>
<td>Cyprus</td>
<td>79.2</td>
</tr>
<tr>
<td>Germany</td>
<td>75.9</td>
</tr>
<tr>
<td>Estonia</td>
<td>73.6</td>
</tr>
<tr>
<td>Slovenia</td>
<td>72.7</td>
</tr>
<tr>
<td>Latvia</td>
<td>72.1</td>
</tr>
<tr>
<td>Portugal</td>
<td>74.0</td>
</tr>
<tr>
<td>Ireland</td>
<td>74.9</td>
</tr>
</tbody>
</table>
The story of an eight-year-old agricultural worker in Guatemala

The story of Rigoberta Menchú has become a famous life story in social science. She tells the story of her life in her book *I, Rigoberta Menchú* – the life of a Guatemalan peasant who experiences revolutionary change. After the success of her book, she went on to become a leading political figure. In the extract below, she talks of her early work experiences in the family and on the fields.

I worked from when I was very small, but I didn't earn anything. I was really helping my mother because she always had to carry a baby, my little brother on her back as she picked coffee. It made me very sad to see my mother's face covered in sweat as she tried to finish her load, and I wanted to help her. But my work wasn't paid. It just contributed to my mother's work. I either picked coffee with her or looked after my little brother, so that she could work faster. My brother was two at the time ... I remember that, at the time, my mother's work was making food for forty workers. She ground maize, made tortillas, and put the nixtamal on the fire and cooked beans for the workers' food. That's a difficult job ... All the dough made in the morning has to be finished the same morning because it goes bad. My mother had to make the number of tortillas the workers would eat. She was very appreciated by the workers because the food she gave them was fresh.

I was five when she was doing this work and I looked after my little brother. I wasn't earning yet. I used to watch my mother, who often had the food ready at three o'clock in the morning for the workers who started work early, and at eleven she had the food for the midday meal ready. At seven in the evening she had to run around again making food for her group. In between times, she worked picking coffee to supplement what she earned. Watching her made me feel useless and weak because I couldn't do anything to help her except look after my brother. That's when my consciousness was born. It's true. My mother didn't like the idea of me working, of course.
earning my own money, but I did. I wanted to work, more than anything, to help her, both economically and physically. The thing was that my mother was very brave and stood up to everything well, but there were times when one of my brothers or sisters was ill — if it wasn’t one of them it was another — and everything she earned went on medicine for them. This made me very sad as well...

When I turned eight, I started to earn money on the finca. I set myself the task of picking 35 pounds of coffee a day... my brothers and sisters finished work at about seven or eight in the evening and sometimes offered to help me, but I said: ‘No, I have to learn because if I don’t learn myself, who’s going to teach me?’ I had to finish my workload myself. Sometimes I picked barely 28 pounds because I got tired, especially when it was very hot. It gave me a headache. I’d fall asleep under a coffee bush, when suddenly I’d hear my brothers and sisters coming to look for me.

In the mornings we’d take turns to go off into the scrub to do our business. There are no toilets in the finca. There was only this place up in the hills where everyone went. There were about 400 of us living there and everyone went to this same place. It was the toilet for all those people. We had to take it in turns. When one lot of people came back, another lot would go. There were a lot of flies on all that filth up there and everyone went to this same place. There was only one tap in the shed where we lived, not even enough for us to wash our hands.


The decline of agricultural work

When the twentieth century began, about 40 per cent of the industrial world’s labour force were engaged in farming. By its end, the figure was nearer 2 per cent, and many agricultural workers worked part time. Even though today’s agriculture involves fewer people, it is often more productive. A century ago, a typical farmer grew food for five people; today, one farmer feeds 75. This dramatic rise in productivity also reflects new types of crop, pesticides that increase yields, more efficient machinery and other advances in farming technology. While in southern Europe holdings remain small (4 to 7 hectares in Greece, Portugal and Italy), in the north the holdings are much larger (in the UK, the average is 68 hectares).

This process signals the eclipse of ‘family farms’, which are declining in number and produce only a small part of our agricultural yield, in favour of large corporate agribusinesses. But, more productive or not, this transformation has wrought painful adjustments for farming communities across the country, as a way of life is lost.

From factory work to service work

Industrialisation swelled the ranks of factory workers during the nineteenth century, but by 1911 more than 45 per cent of the United Kingdom workforce had service jobs (with 40 per cent in industry and some 15 per cent in agriculture) (Coleman and Salt, 1992: 375). Jobs in the service industries have continued to increase: between 1978 and 2000 by 36 per cent, from 15.6 million in 1978 to 21.2 million (and those in manufacturing industry fell by 39 per cent from 7.0 million to 4.2 million). Overwhelmingly, then, jobs in the industrialised world have moved to the service sector.

‘Telemarketing’ has become well established as a form of work. Between 1997 and 2002, the number of such workers grew by 70 per cent and in spring 2001 there were 2.2 million teleworkers (equivalent to 7.4 per cent of the total UK workforce). Some of these work mainly in their own home or in various locations using home as a base, but others work at ‘call centres’. In the second
The changing nature of work

quarter of 2009, 84,000 people worked as call centre agents and operators in the UK, and 52,000 worked as telephone salespersons.

Not surprisingly, workers are often young and female, and the conditions in such call centres can be the modern equivalent of the old steel mills, with ‘customer service representatives’ (CSRs) being expected to take as many as 20 calls an hour, or even two calls a minute. It is a new service industry that is relentless. And as with so much work in high-income countries, much of this work is farmed out to low-income countries such as India.

In addition, note the growth of the new information technology (IT) sector. The trend towards a ‘knowledge society’ is signposts a real shift in patterns of work. By mid-2009, the IT sector was prevalent and pervaded all forms of work: 189,000 persons worked as IT technicians in the UK, and 141,000 were employed as IT strategy and planning professionals. An additional 297,000 were working as managers in fields related to information and communications technology.

The growth of service occupations is one reason for the widespread description of Europe as a middle-class society. Nevertheless, as explained in Chapter 10, much service work – including sales positions, secretarial work and jobs in fast-food restaurants – yields little of the income and prestige of professional white-collar occupations, and often provides fewer rewards than factory work. In short, more and more jobs in this post-industrial era provide only a modest standard of living. This is illustrated in Table 15.5.

The dual labour market

The change from factory work to service jobs represents a shifting balance between two categories of work. The primary labour market includes occupations that provide extensive benefits to workers. This favouring segment of the labour market contains the traditional white-collar professions and high management positions. These are jobs that people think of as careers. Work in the primary labour market provides high income and job security and is also personally challenging and intrinsically satisfying. Such occupations require a broad education rather than specialised training, and offer solid opportunities for advancement.

But few of these advantages apply to work in the secondary labour market, jobs providing minimal benefits to workers. This segment of the labour force is employed in the low-skilled, blue-collar type of work found in routine assembly-line operations, and in low-level service-sector jobs, including clerical positions. The secondary labour market offers workers much lower income, demands a longer working week and affords less job security and opportunity to advance. Not surprisingly, then, workers in the secondary labour market are most likely to experience alienation and dissatisfaction with their jobs. These problems most commonly beset women and other minorities, who are over-represented in this segment of the labour force. In spring 1996, only 8 per cent of male employees worked part time, while some 45 per cent of women did (Social Trends, 1997: 71).

Most new jobs in our post-industrial economy fall within the secondary labour market, and they involve the same kind of unchallenging tasks, low wages and poor working conditions characteristic of jobs in factories a century ago. Moreover, job insecurity is on the rise as the economy shuttles an unprecedented share of workers from one temporary position to another.

Gender, women and work

One of the most striking features of the modern world is that more and more women are working across the world, accounting for around 36–40 per cent of the world’s labour force. Men, by contrast, become increasingly unemployed, both when young and as they get older.

In the UK, for example, working men and women have different patterns of work at most ages. Young men (16–19) are least likely to be in work; men in their thirties and forties are most likely to work, with around 82 per cent employed full time in 2009; and at later ages, men’s work activity sharply declines. For women, full-time employment was at its highest for women aged 25 to 29, with 53 per cent in full-time employment in 2009, and fell to 42 per cent for women aged 35 to 39. Part-time employment then becomes more common. There has been a steady growth of women in the labour market, from roughly 30 per cent in 1945 to 45 per cent by the end of the twentieth century. Over the last 40 years the numbers have grown from 10 million (in 1971) to 13 million in 1999. By 2009 employment rates for men and women had significantly converged, but they had not equalised (Social Trends, 2009). Part-time employment continues to be more common among women than among men, particularly in younger age groups. Indeed, the characteristics of women’s work are often very different from those of men.
Table 15.5  Highest- and lowest-paid occupations, and average hourly pay (£), excluding overtime, for employee jobs, United Kingdom, 2009

<table>
<thead>
<tr>
<th>Lowest paid</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Sales occupations</td>
<td>7.46</td>
</tr>
<tr>
<td>2 Elementary administration and service occupations</td>
<td>7.55</td>
</tr>
<tr>
<td>3 Elementary trades, plant and storage-related occupations</td>
<td>8.39</td>
</tr>
<tr>
<td>4 Caring personal service occupations</td>
<td>8.72</td>
</tr>
<tr>
<td>5 Textiles, printing and other skilled trades</td>
<td>8.86</td>
</tr>
<tr>
<td>6 Customer service occupations</td>
<td>8.95</td>
</tr>
<tr>
<td>7 Skilled agricultural trades</td>
<td>8.98</td>
</tr>
<tr>
<td>8 Transport and mobile machine drivers and operatives</td>
<td>9.58</td>
</tr>
<tr>
<td>9 Leisure and other personal service occupations</td>
<td>9.62</td>
</tr>
<tr>
<td>10 Process, plant and machine operatives</td>
<td>10.30</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Highest paid</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Health professionals</td>
<td>31.89</td>
</tr>
<tr>
<td>2 Corporate managers</td>
<td>23.19</td>
</tr>
<tr>
<td>3 Teaching and research professionals</td>
<td>21.27</td>
</tr>
<tr>
<td>4 Business and public service professionals</td>
<td>21.12</td>
</tr>
<tr>
<td>5 Science and technology professionals</td>
<td>19.66</td>
</tr>
<tr>
<td>6 Culture, media and sports occupations</td>
<td>16.45</td>
</tr>
<tr>
<td>7 Business and public service associate professionals</td>
<td>16.38</td>
</tr>
<tr>
<td>8 Protective service occupations</td>
<td>16.05</td>
</tr>
<tr>
<td>9 Managers and proprietors in agriculture and services</td>
<td>15.67</td>
</tr>
<tr>
<td>10 Health and social welfare associate professionals</td>
<td>14.97</td>
</tr>
</tbody>
</table>

Source: Adapted from Annual Survey of Hours and Earnings 2009, Table 2.6a; www.statistics.gov.uk/downloads/theme_labour/ASHE-2009/tab2_6a.xls, access date 4 September 2010.

- They work more often for wages (as opposed to salaries).
- They are usually paid less than men.
- Often their work has less status.
- Job insecurity is greater.
- They are more likely to become unemployed in many countries.
- Advances into administrative and managerial positions are often blocked by what has been called ‘the glass ceiling’.

Further, a process of occupational gender segregation works to concentrate men and women in different types of job. According to Social Trends, men in 2009 were most likely to be employed as managers or senior officials, while women were most likely to be employed in administrative and secretarial work; 16 per cent of women worked in personal service occupations, such as hairdressing and childcare, and 11 per cent worked in customer service occupations. These occupations were much less likely to be found among men (3 and 5 per cent, respectively). Women’s work is also often characterised by what Arlie Hochschild has called a ‘second shift’ (maybe even more precisely, a triple shift). After a day’s work in the factory or the office, the woman usually returns home to do the domestic work,
raise the children and cook the meals (we consider this in Chapters 12 and 17). All this is unpaid work.

'Doing the dirty work'

This unpaid and often hidden work – domestic labour – has another aspect. There is also a significant amount which is paid and visible: largely that which is performed by women employed by middle-class men and women. Such work is often disproportionately performed by racialised groups and migrant workers.

Bridget Anderson (2000), in her study of migrant domestic workers in five European cities (Athens, Barcelona, Bologna, Berlin and Paris) in the mid-1990s, found that such work not only brought low pay and long hours, it could amount to a kind of 'slavery'. Women from poor countries would be asked to do impossible lists of work tasks; to care for children and families; to have very little time away from the home where they worked; and to be treated in subservient ways. Often they found it difficult to break away from the middle-class family that 'bought' them.

The sweatshops of the world

This global labour goes further. In lower-income countries, women are often compelled to work in the 'sweatshops of the world'. The term 'sweatshop' was introduced around the 1880s during the Industrial Revolution to describe the subcontracting system of labour. Miriam Ching Yoon Louie comments:

Sweatshop workers toil at the bottom of a pyramid of labour exploitation and profit generation. Workers' immediate bosses are subcontractors, often men of their own ethnicity. Manufacturers and retailers sit at the top of the pyramid over the contractors who act as buffers, shock absorbers and shields... Like the nineteenth-century sweatshop middle-men, many of today's subcontractors survive the competition by 'sweating' their workers out of wages, hours, benefits and safety rights.

(Louie, 2001: 4)

In the poorer countries all over the world, workers are exploited to produce goods for the richer nations, as in this Korean enterprise where many Burmese work on textile production.

Source: Richard Vogel/AP/PA Photos.
Such sweatshops are especially common in the garment industry. With exceptionally low incomes (much less than a pound a day), work conditions are subject to little or no regulation, are casual and temporary, and are often hazardous. Much of women’s work here is uncounted, so official figures can mean very little. These women are also ‘on the move’, migrating to where the work is. For example, each year about 100,000 women leave Asia’s developing countries to work in newly industrialising economies. Although the world’s agricultural force is shrinking rapidly, it is also becoming feminised – some 40 per cent of agricultural workers worldwide are women. For many women around the world, globalisation is a concrete process of exploitation. As Christa Wichterich writes in The Globalized Woman:

Female textile-workers from Upper Lusatia in Eastern Germany are losing their jobs to women in Bangladesh; Filipinas clean vegetables and kitchens in Kuwait; Brazilian prostitutes offer their services around Frankfurt’s main railway station; and Polish women look after old people at rock-bottom prices in various parts of Germany. Women in the Caribbean key in commercial entries for North American banks. In the Philippines, families who make a living by sorting through refuse cannot sell their plastic wares whenever a shipment of unbeatably cheap waste, collected by Germany’s recycling scheme, arrives. And what is for the next meal is decided not by local women, but by multinationals specialising in novelty food and genetically modified crops.

(Wichterich, 2000: viii)

Business process outsourcing

A rapidly growing sector of work has been the spreading of industries from high-income societies to lower-income societies: we have already seen this in the manufacturing of many commodities above, but we also find it now in the re-routing of telephone calls to call centres set up in poorer parts of the world where educated workers can be paid much less. In India, business process outsourcing (BPO) has grown by 60 per cent a year since 2000 and employs over a million people. It employs graduates for long hours, having trained them in English to answer calls. Workers make about £140 in a month, way below the UK or US salaries for equivalent work, but more than a farm worker in India would make in six months.

The spread of part-time and flexible work

Over the past decade, part-time work has become more common – especially for women. In the UK in 2009, there were some 7.5 million part-time jobs, of which 5.6 million were done by women. One consequence of this can be the undermining of job security. Several decades ago, workers could confidently assume that hard work and playing by the rules all but guaranteed that their jobs would be there until they were ready to retire. This is no longer the case.

In the short run, at least, the dislocation for workers is tremendous. Companies scrambling to ‘remain competitive’ in the global economy are ‘downsizing’ and decentralising to gain ‘flexibility’. These trends mean not only cutting the number of people on the payroll – managers as well as secretaries – but also...
replacing long-term employees with temporary workers. By hiring ‘temps’, companies no longer have to worry about providing insurance, paid vacations or pensions. And, if next month workers are no longer needed, they can be released without further cost.

Self-employment

Self-employment — earning a living without working for a large organisation — was once commonplace in Europe. Families owned and operated farms, and self-employed urban workers owned shops and other small businesses or sold their skills on the open market. With the onset of the Industrial Revolution, however, the economy became more centralised so that self-employment diminished. But more recently this has been changing. The number of self-employed people in the UK increased throughout the 1980s to peak at 3.6 million in 1990. In spring 1996 there were 3.3 million, three-quarters of whom were men. By 2009, the rate of self-employment was 13.7 per cent. In the European Union as a whole, 18.8 per cent of all employment was self-employment. Particularly high rates of self-employment were found in Greece and Romania, at more than 30 per cent. In contrast, in Sweden, Estonia, Luxembourg and Denmark, rates of self-employment lay below 10 per cent.

Most self-employed workers work in agriculture, fishing and construction, and are more likely to perform blue-collar than white-collar work. Society has always painted an appealing picture of working independently: no time clocks to punch, no one looking over your shoulder. For minorities who have long been excluded from particular kinds of work, self-employment has been an effective strategy for broadening economic opportunity. Further, self-employment holds the potential — though it is rarely realised — of earning a great deal of money. But for all its advantages, self-employment is vulnerable to fluctuations in the economy, which is one reason that only one-fifth of small businesses survive for more than ten years. Another common problem is that the self-employed generally lack pension and healthcare benefits provided for employees by large organisations.

The underground economy

Running parallel with the economic activity monitored and regulated by governments is the underground economy, economic activity generating income that is unreported to the government as required by law. On a small scale, most people participate in the underground economy on a regular basis. One family makes extra money from a car boot sale; another allows its teenage children to baby-sit for the neighbours without reporting the income received. Taken in total, such activities amount to millions of pounds in lost taxes annually. But much of the underground economy (or ‘black economy’), attributable to criminal activity, which can run into billions of pounds. We opened with the story of ‘people trafficking’, which may well be a hidden economy of many billions of pounds, but to this we can add the sale of illegal drugs and weapons, trafficking of stolen goods, bribery, extortion, illegal gambling and money laundering. Some countries, including parts of the Russian Federation and parts of Latin America, face larger problems with illicit activity than others. But the dimensions of this form of work are also clearly global: there is a globalised underground economy.

Non-work

In 2009, 72.7 per cent of the working-age population were employed. This means that nearly 1 in 5 of those of working age were unemployed. Some 37 per cent of working-age individuals in the UK (18 million people) were economically inactive: that is, not working because of being a student, having a disability, retirement, or having duties of care towards family members. The main reasons for economic inactivity were being a student and long-term sickness or disability. Together, these reasons covered nearly two in three of the economically inactive population.

In 2009, 16.9 per cent of UK households (3.3 million) were workless. According to the Office for National Statistics, this is the highest rate measured since 1999. About 4.8 million people lived in these households, among them 1.9 million children. Some sociologists have started to suggest that a future trend may well be the rise of the workless society, but others suggest that a main trend is rather towards increasingly fragmented and casual work patterns.

Recent trends are undoing workplace bonds with remarkable speed and at all levels of the labour force. Like workers at the dawn of the industrial era centuries ago, many of today’s secretaries, engineers, bank staff and even corporate executives are finding their job security vanishing before their eyes. For the foreseeable future, there is probably no going back to the traditional notion of lifetime employment with one company.
Changes in trade unions

The changing economy has been accompanied by a declining role for trade unions, organisations of workers collectively seeking to improve wages and working conditions through various strategies, including negotiations and strikes. Membership in trade unions increased rapidly in Europe through the earlier part of the twentieth century, peaking at 13 million people in the UK in 1979 (around 35 per cent). But by the mid-1990s it had dropped to 9 million (around 35 per cent); by 2000 it had fallen to 29 per cent. In 2009, there were 7.1 million trade union members in the UK (Social Trends, 2010). Figure 15.3 maps the rise and fall of the unions in the UK — a pattern repeated in many countries of the world.

During the 1980s, the British government under Margaret Thatcher was firmly committed to weakening the power of trade unions. Blaming unions for strikes and industrial unrest, the Thatcher government introduced much legislation (like the 1980 Employment Act and the 1984 Trade Union Act) which made secret ballots on industrial action compulsory, prohibited ‘secondary picketing’ by restricting union members to picket only at their own place of work, and made industrial action in support of workers employed elsewhere illegal. The Thatcher government also reduced consultation with union officials. Symbolically, too, this was the time of the 1985 miners’ strike, in which pit closures became a key issue and which was used by Thatcher as a key defining moment to bring the unions down. Add to this the increases in unemployment during this period and it is clear that the unions’ strength was considerably undermined. Hyman sees all this as a process of ‘coercive pacification’ in which employers and government suppress and weaken union activities (Hyman, 1989).

But the decline of unions is not an isolated British phenomenon. In the United States, in absolute numbers, union membership peaked during the 1970s at almost 25 million people. Since then, it has declined steadily. In 2009, 12.3 per cent of all wage and salary workers in the USA were union members.

While a similar trend has emerged throughout Europe, in a few countries, particularly Denmark, trade union membership has actually increased. Roughly 80 per cent of workers in the Scandinavian countries belong to unions, and employer–union cooperation is high. In Europe as a whole about 40 per cent belong to unions, while in Canada and Japan the proportion is about one-third (Western, 1993, 1995).

The relative decline of unions stems from a number of trends already noted. First, industrial countries have lost tens of thousands of jobs in the highly unionised factories as industrial jobs have been ‘exported’ overseas. Many plant managers have succeeded in forcing concessions from workers, including, in some
cases, the dissolution of trade unions. Moreover, most of the new service-sector jobs being created today are not unionised, and hardly any temporary workers belong to a trade union. Young people are much less likely to be unionised than older workers.

Falling job security may well make union membership a higher priority for workers in the years to come. But to expand their membership, unions will also have to adapt to the new global economy. Instead of seeing foreign workers as a threat to their interests, in short, union leadership will have to forge new international alliances.

The quality and experience of work: from dehumanisation to ‘decent work’

To conclude this section, it may be helpful for you to consider the nature of employment relations in the modern workplace, and to ponder the kind of work that you would like and the situation more generally of most people in the world. Among the issues to consider are:

- **Autonomy**: does the worker have some autonomy, or does management strictly control and regulate?
- **Training**: does the worker get training for specific skills, or is there no training and a presumption of no skill?
- **Wages**: does the worker get a reasonable wage? A good wage? A fair wage? An exploitative wage? A low wage?
- **Hours**: does the worker have fixed and limited hours, or are they long and variable?
- **Promotion**: good opportunities or no prospects?
- **Security**: permanence, fixed contracts, temporary or job insecurity?
- **Status**: full time or temporary?
- **Non-wage perks**: does the worker have access to a company pension (or a company car), or are there no non-wage perks?
- **Facilities**: just what is the work environment like - does it have good facilities, or are they poor?
- **Health support**: does the work environment provide 'health and safety' or not?
- **Worker representation**: does the worker have some kind of voice, a union, in which they can debate problems and grievances, or not?

Putting the questions as bluntly as this, we can see that the world is, and always has been, very divided. There are those for whom the experience of work is positive: they have autonomy, feel their work is valued, and work the hours they need. But for others (and this is probably most of the world's population), work overwhelmingly brings low skills, low wages, long hours, no autonomy and insecurity; it is short lived and has no supports or prospects. This work is often described as degraded and dehumanised - people become objects of work and lose their human dignity. It was a major theme of Marx's theory that under capitalism the condition of labourers and their work would become increasingly unbearable. Looking around the world today, there is plenty of evidence that much work is indeed dehumanised and degraded.

At the simplest level, consider yet more statistics. There are about 200 million children (below 15) who work. Some 12.3 million people endure 'forced labour'. Only 20 per cent of the world's population get any kind of social security. About 86 million people have to leave their home countries for work. And for around one in five of the world, the hours worked in a week are over 48, and many work a seven-day week.

In the light of all this, the idea of 'decent work' as a worldwide goal for labour systems has been introduced. The International Labour Organization (originally founded in 1919 and now a branch of the United Nations) comments:

Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives, and equality of opportunity and treatment for all women and men.

(www.ilo.org/global/Themes/Decentwork)
Ulrich Beck: a brave new world of work in a globalised risk society

German sociologist Ulrich Beck (1944–) is a Professor of Sociology at Munich University and the London School of Economics. Since 1985, when he published his key first book The Risk Society in German, he has produced a large volume of influential work around the new world order.

For Beck, old work society is going. The old order – first modernity – was characterised by ‘collective lifestyles, full employment, the national state and the welfare state, and an attitude of heedless exploitation of nature’ (Beck, 2000a: 18). The new world order sees the decline of paid employment, globalisation, and new crises around the environment, gender and technologies.

He characterises this newly emerging society variously as:

(a) A ‘second modernity’ which is replacing the age of simple modernity linked to capitalist industrialisation.

(b) A ‘global risk society’ which brings growing uncertainty. Risk now derives less from the natural dangers of the past (like earthquakes or floods) and more from the new technologies that we have created (from computer dependency to new genetic modification) (see Chapter 19). Life becomes insecure, uncertain and risky.

(c) A ‘reflexive modernity’, in which people become more and more aware of the problems inherent in the first modernity. Life becomes more aware of the problems of living. The idea of ‘sustainability’, discussed in Chapter 24, is an example.

(d) An ‘individualised society’. Whereas the safe structures of modernity had involved stable families, protected and stable jobs, strong local communities and class loyalty, now the world becomes much less stable and thoroughly individualised. The world becomes more individualised rather than collective, life now becomes a ‘do-it-yourself’ biography, work becomes more ‘chopped up’ and consumption becomes pervasive.

(e) A ‘cosmopolitan society’ is one which looks beyond the borders and boundaries of nation-states and fixed identities. Beck looks towards a future where ‘in a radically insecure world, all are equal and everyone is different’.

He has books on each of these themes.

Much of Beck’s writing anticipates the way experiences of work will change in this new society. Life in the ‘second modernity’ can be characterised by an increase of global capitalism, a decline of unions and a major shift in the flexibility of the labour process. In one book, The Brave New World of Work (2000a), he discusses eleven different scenarios of work, all of which flag the end of full employment as we have thought about it in the first modernity (see Beck, 2000: Chapter 4). This is a world where standard work is increasingly being replaced by non-standard forms of work. He suggests that the situation of work in Brazil anticipates much of what the rest of the Western world may soon come to experience. He sees such a society as having four main groups: the super-rich, the overworked middle class, the working poor and those with no work at all, who live in local poverty. This is the blueprint for relations in the future. A significant group will be the ‘super-rich’. But a huge group will have little work: they will have time in abundance – but no resources. Work is not available to them. They live in localised poverty. Many may well live in prisons. So Beck asks: What happens when the work society runs out of work? (2000: 62).

He suggests that with the decline of unionism, we can now look to the start of a new politics to emerge outside the formal realm of politics. Women’s perspectives will become increasingly important (as their experience of work is very different); and we could expect a move from paid work to what he calls ‘civil labour’ – forms of work that are self-organised and which develop art, culture and politics.

Unemployment

Every industrial society has some unemployment. Much of it is temporary. Few young people entering the labour force find a job right away; some workers temporarily leave the labour force while seeking a new job, to have children or because of a strike; others suffer from long-term illnesses; still others may lack skills to work.

But the economy itself also generates unemployment, often called structural unemployment. Jobs disappear as occupations become obsolete, as businesses close in the face of foreign competition and as recessions force layoffs and bankruptcies. Since 1980, for example, the 'downsizing' of US businesses has eliminated some 5 million jobs -- a quarter of the total -- in that country's 500 largest corporations.

Unemployment rates vary over time, as they do from country to country. The number of unemployed people worldwide reached 212 million in 2009, up 34 million or an unprecedented 19 per cent since 2007. The unemployment rate in the 27 countries of the European Union was 8.9 per cent, US unemployment stood at around 9.3 per cent and in Japan it was 5.1 per cent.

Unemployment in Europe

Unemployment rates and experiences both differ and fluctuate greatly across Europe, as Table 15.6 shows.

Overall, in 2009, the EU-27 had an average unemployment rate of 8.9 per cent, high in Slovakia, Estonia, Lithuania, Spain and Ireland, much lower in Denmark, Cyprus, Luxembourg, the Netherlands, Austria and Slovenia. The long-term unemployed are much more prominent in the eastern European countries. In absolute terms, Russia had a large rate of unemployment, at between 8 and 9 per cent in early 2010, while Norway has a much more modest 3.3 per cent. Figure 15.4 also shows the greater likelihood of women to be unemployed.

Unemployment in the UK

From the late 1940s to the 1970s in the UK, it was generally assumed that unemployment should never rise above 1 million. But since that time there have been quite dramatic swings: 3 million by 1985, down again to 1.5 million by the early 1990s, up again to 2.5 million people (8.5 per cent of the workforce) in 1994, and in 2001 the Blair government formally announced that it had fallen below the symbolic figure of 1 million. This figure crept up again so that in spring 2003 there were 1.48 million unemployed. Of course, this unemployment rate reflected large regional differences, with the lowest rate in the southeast and southwest (around 3.8 per cent) and the highest in the north of England (around 6.5 per cent) and Greater London (7 per cent) (Social Trends, 2003: 63). In 2009 and early 2010, the number of unemployed individuals in the UK continuously surpassed 2.3 million (at 7.6 per cent).

![Unemployment rates, 2007](image)

*Note: The figure is ranked on the average of male and female.*

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1 Break in series, 2001.
Who are the unemployed?

Writing of the UK (but the data are probably generalisable across Europe), Adrian Sinfield (1981) suggests that five major groups are more likely to become or remain unemployed:

- those who experience redundancies due to economic change
- unskilled youth trying to make the transition from school to work
- older workers who face enforced retirement
- unemployed women
- the long-term unemployed.

Experiencing unemployment

Unemployment can wreak havoc on lives and families. Many studies have suggested that there is an initial shock, followed for a short while by denial and optimism (in which there may be a sense of being on holiday for a little while), but this is soon followed by distress and anxiety. If the unemployment continues for a long time, it may lead to resignation and adjustment. It has also been linked to ill health, premature death, attempted and actual suicide, marriage breakdown, child battering, racial conflicts and football hooliganism. A subculture of despair can emerge, sometimes linked to the development of an underclass (see Chapter 10). For women who see work as an escape from the home, unemployment can be especially harsh (Jahoda et al., 1972; orig. 1933).

Generally, unemployment affects those with least resources most.

Problems of measuring unemployment

Measuring unemployment is no easy task. Although there are official figures, they can conceal the difficulties in recording practices and the major differences within countries. In many countries, but especially lower-income ones, it can be almost impossible to count the numbers out of work.

Government unemployment statistics, based on monthly national surveys, generally underestimate unemployment for three reasons. First, to be counted among the unemployed, a person must be actively seeking work; ‘discouraged workers’, those who have given up looking for a job, are omitted from the statistics. Second, many people unable to find jobs for which they are qualified settle, at least for a while, for ‘lesser’ employment: a secretary works as a ‘temp’ several days a week, or a former university lecturer drives a taxi while seeking a new teaching position. Such people are counted among the employed, though they might better be described as underemployed. Third, changes in policies towards the unemployed or in the procedures for measuring unemployment can conceal and distort the ‘true picture’. In the UK, for instance, between 1982 and 1996 there were at least 14 changes that tended towards lowering the figures.

For example, since 1982, only those eligible for benefits are included in the unemployment figures; and since 1988, most people in the UK under the age of 18 have been ineligible for benefits (income support), resulting in 90,000 being taken off the register. There are many tricks that can conceal unemployment — such as youth training schemes which conceal unemployment by taking young people out of the unemployment statistics. On the other hand, statistics also overlook the fact that many people officially out of work receive income ‘under the table’ from odd jobs or even from illegal activity. But, even considering off-the-books income, the actual level of unemployment is probably several percentage points above the official figure.
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1 Break in series, 2001.

consumers. Second, profits earned by corporations receive favourable treatment under the tax laws of Europe. The largest corporations are typically owned not by single families but by millions of stockholders, including other corporations. This dispersion of corporate ownership has spread wealth to some extent, making more people small-scale capitalists. Moreover, day-to-day operation of a corporation falls to white-collar executives, who may or may not be major stockholders themselves. Typically, however, a great deal of corporate stock is owned by a small number of the corporation’s top executives and directors (Dicken, 1998).

Capitalist markets

Capitalist economies can vary greatly in their approach to the market. In the purest form, the market is simply a situation where there is private ownership of companies competing freely and equally with other companies. But as many commentators have noted, such a fully free system is rare. There are many reasons for this. Among these are the facts that governments often intervene in markets; some companies can become so large that they dominate certain markets; and companies can become heavily bureaucratic so that they are not open to quick adjustment to market situations.

Economic concentration

While many companies are small, with assets worth less than £750,000, the largest corporations dominate the global economy (see Table 15.7). In 2010 for example, Wal-Mart employed well over 2 million people across the world, while the largest world corporation was car maker General Motors (GM), with more than £413 billion in revenue (Fortune, 2010). This one company has higher revenue than many countries. It may also have more influence!
The world of corporations

The capitalism of Wal-Mart

A number of mega-companies rival each other for top place in the world market. Wal-Mart is one of these. It is one of the largest companies in the USA, and is fast becoming one of the largest in the world (in the UK it trades as ASDA). It is seen by many as one 'template' for the modern capitalist organisation (Lichtenstein, 2006: 3).

Wal-Mart is today one of the largest profit-making enterprises in the world. It operates more than 5,000 stores worldwide, with sales of over $400 billion a year (with revenues larger than those of Switzerland), employs more than 2 million workers, has sales around $1 trillion a year, and its owners – the Walton family – own shares and assets of over $120 billion. It is to be found all over the US landscape, and it is now opening up stores everywhere around the world.

It can be found in Mexico City and Tokyo, China and Germany. Its biggest claim for success is that it provides low prices, cheap enough for poor families to survive on. But it also claims to serve its communities: revitalising the community, creating 'happy workers' and doing good philanthropic works. On the surface, it looks like a model of 'happy' capitalism – providing work and cheap goods for average and poor families.

But Wal-Mart is not without its critics. They ask: at what hidden costs do these 'cheap' prices come? The film Wal-Mart: The High Cost of Low Price (2005) (and the book that accompanies it by Gregg Spott (2006)) sets out to reveal the global problems of this mega transnational corporation. Indeed, it shows how Wal-Mart is at the centre of a number of court cases, legal conflicts and protest movements across the globe. If you look at the criteria for 'decent work' outlined in this chapter, Wal-Mart itself would claim that it meets these. But critics suggest that very few are met. They suggest there is a 'high cost' to pay for the 'low prices.' The critics claim, among other things, that 'associates' (workers) earn low wages for long working hours. Across the world, conditions of work can be particularly bad by Western standards. In China, for example, workers often work seven days a week for long hours and pay of $3 a day. They also live in 'dorms'. Both gender and race discrimination takes place in the workplace. Little (or no) health insurance is provided. And often Wal-Mart is claimed to lead to the breakdown of small communities (local shops inevitably close), while also creating dangerous areas (the car parks of the malls are not adequately monitored and can become the scenes of crimes).


Conglomerates and corporate linkages

Economic concentration has spawned conglomerates, giant corporations composed of many smaller corporations. Throughout much of the twentieth century, small companies were gobbled up by larger ones. Some industries, such as tobacco, came to be dominated by three or four major firms. Since the 1980s, however, there has been some shift in this process, as some companies have decided to downsize and shift some of their functions to other firms.

Conglomerates emerge as corporations, enter new markets, spin off new companies or carry out takeovers of existing companies. Forging a conglomerate is also a strategy to diversify a company, so that new products can provide a hedge against declining profits in the original market. Faced with declining sales of tobacco products, for example, R. J. Reynolds merged with Nabisco foods, forming a conglomerate called RJR–Nabisco. Coca-Cola's soft drinks market is still growing, but this company now produces fruit drinks, coffee and bottled water, as well as movies and television programmes. Besides conglomerates, corporations are also linked through mutual ownership, since these giant organisations own each other's stock. In today's global economy, many companies have invested heavily in other corporations commonly regarded as their competitors. Chapter 22 looks a little more at how big media corporations such as Disney and Time Warner link and diversify.

One more type of linkage among corporations is the interlocking directorate, a social network of people serving simultaneously on the boards of directors of many corporations. These connections give corporations access to valuable information about each other's products and marketing strategies. Laws forbid linkages of this kind among corporations that compete directly with one another. Yet beneficial linkages persist.
among non-competing corporations with common interests – for example, a corporation building tractors may share directors with one that manufactures tyres. Indirect linkages also occur when, for example, a member of General Motors’ board of directors and a director of Ford both sit on the board of Exxon/Eso (Weidenbaum, 1995).

Corporate linkages do not necessarily run counter to the public interest, but they certainly concentrate power and they may encourage illegal activity. Price fixing, for example, is legal in much of the world (the Organisation of Petroleum Exporting Countries (OPEC) meets regularly to try to set oil prices), but not in Europe. By their nature, however, corporate linkages invite price fixing, especially when only a few corporations control an entire market.

Corporations and competition

The capitalist model assumes that businesses operate independently in a competitive market. But while smaller businesses and self-employed people may indicate a competitive sector, they are usually at considerable disadvantage since the corporate core is largely non-competitive. Large corporations are not truly competitive because, first, their extensive linkages mean that they do not operate independently and, second, a small number of corporations come to dominate many large markets.

With the exception of some public utility providers (in the UK this used to include water), no large company can establish an actual monopoly, domination of a market by a single producer. The law does permit lesser economic concentration called oligopoly, domination of a market by a few producers. Oligopoly results from the vast investment needed to enter a new market such as the car industry. Certainly, the successful entry of foreign-owned corporations into the European car markets shows that new companies can successfully challenge the biggest corporations. But all large businesses strive to limit competition simply because it places profits at risk.

Although capitalism favours minimal government intervention in the economy, corporate power is now so great – and competition among corporations sometimes so limited – that government regulation may be the only way to protect the public interest. Yet, governments are also the corporate world’s single biggest customer, and national governments frequently intervene to bolster struggling corporations. In short, corporations and governments typically work together to make the entire economy more stable and profitable.

Corporations and the global economy

Corporations have grown in size and power so fast that they are now responsible for most of the world’s economic output. In the process, the largest corporations – centred in Europe, Japan and the United States – have spilled across national borders and now view the entire world as one vast marketplace. As noted in Chapter 9, multinationals are large corporations that produce and market products in many different nations.

Corporations become multinational in order to make more money, since most of the planet’s resources and three-quarters of the world’s people are found in less developed countries. Worldwide operations, then, offer access to plentiful materials and vast markets. In addition, labour costs are far lower in poor countries of the world. A manufacturing worker in Taiwan labours all week to earn what a German worker earns in a single day or less.

The impact of multinationals on poor societies is controversial, as Chapter 9 explained in detail. On one side of the argument, modernisation theorists argue that multinationals unleash the great productivity of the capitalist economic system, which will boost economic development (Rostow, 1978; Berger, 1986). Cadbury-Schweppes alone, for example, far out-produces any one of the least-productive nations in the world. Corporations offer poor societies tax revenues, capital investment, new jobs and advanced technology – taken together, what modernisation theorists call a certain recipe for economic growth.

On the other side of the argument, dependency theorists who favour a socialist economy claim that multinationals only intensify global inequality (Wallerstein, 1979). Multinational investment, as they see it, may create a few jobs in poor countries but it also stifles the development of local industries, which are a better source of employment. Further, critics charge, multinationals generally push developing countries to produce expensive consumer goods for export to rich nations rather than food and other necessities that would bolster the standard of living in local communities. From this standpoint, multinationals establish a system of neo-colonialism, making poor societies poorer and increasingly reliant on rich, capitalist societies.
While modernisation theory hails the virtues of an unregulated market as the key to a future of progress and affluence for all the world's people, advocates of dependency theory call for the replacement of market systems by government regulation of economic affairs.

**Consumption in modern economies**

Until very recently the dominant approach to the economy taken by sociologists has concerned the production of goods, with a focus on either businesses or workers and work. So far this has been the main focus of this chapter too. But sociologists have increasingly come to recognise the importance of not just what we produce, but what – and how – we consume. Indeed, as there has been a growing move in society from production to consumption, so there has been the growth of a sociology of consumption. Shopping and consuming has now become a major social practice of everyday life; and in some markets – such as the ‘youth market’ – it has become almost the number one social activity. ‘Going shopping’, ‘Born to shop’, ‘Shop till you drop’, ‘I am what I consume’ are common slogans.

Throughout most of history, the shop has been the ‘open air market’. In Hong Kong or in Thailand’s busy street markets today, there is a sense of historical continuity, of the bustle of the market. But with the arrival of the huge department store and the rise of advertising in the nineteenth century, new worlds of conspicuous consumption were slowly created. Goods moved from being merely functional commodities such as food to eat, and became instead major markers of lifestyles and identities. The question now posed concerns whether consumers are sovereigns or dupes – are we driven to consume through our needs and choices, or are we perhaps driven to consume through the manipulation of our needs?

**The branding of commodities**

The modern capitalist world is dominated by internationally known brand names such as Nike, Starbucks, Mitsubishi, Shell, Wal-Mart, Virgin, McDonald’s, Calvin Klein, Sony, IBM, Coca-Cola and Toshiba. What we find here is that brands, not products, become more and more central. Thus people no longer ask for a soft drink, they want a Coke; they do not want trainers but Nikes; they do not want underwear but Calvin Kleins. This branding depends on promotion and advertising: the growth in global advertising spending now outpaces the growth of the world economy by one-third (Klein, 2000: 9, 11). New markets are constantly being generated – Baby Gap for Kids, for example. Overall, however, many are strongly linked to the youth market, creating what has been called ‘The Global Teen’:

> Despite different cultures, middle class youth all over the world seem to live their lives as if in a parallel universe. They get up in the morning, put on their Levis and Nikes, grab their caps, backpacks and Sony personal CD players, and head for school. (Klein, 2000: 119)

The Branded World is organised through style, logos and image. Thus ‘Tommy Hilfiger pioneered a clothing style that transforms its faithful adherents into walking, talking, lifesized Tommy dolls, mummified into fully branded Tommy worlds’ (Klein, 2000: 28). Brands start to have their own superstores and sometimes even their own city space and ‘branded villages’ (e.g. Disney’s Celebration Town in Florida). They sponsor sports, arts, music, education – each time getting their brand identified with culture. And ‘stars’ are paid large sums to lend their names to the goods; Tiger Woods (with a $90 million contract with Nike over five years), Michael Jordan, Puff Daddy, Martha Stewart, Austin Powers, Michael Jackson.

There are major downsides to all this. Commodities become very predictable – it is a world of ‘theme park shopping’, and a kind of self-censorship creeps in to stop diversity. Major companies are merged till they regulate the markets, and goods are produced largely in the sweatshops of low-income countries. Here the labour force has no unions and is utterly temporary: lines of young women hunch over their hard work for a dollar a day and with no job security. There is a floating workforce where ‘temps’ develop an odd kind of loyalty to their ‘brand’.

Further, our identities – who we are – come to be shaped by everything we buy: designer clothes (or otherwise), the ‘latest’ film and music band (or ‘golden oldies’), the ‘coolest’ (or plain) food, the holiday, the car and so on. We are what we buy. And this has fuelled the worlds of logos. For some people, logos matter more than the quality of the goods (see the discussion of ‘Nike culture’ in Goldman and Papson, 1998). Advertising, logos and consumption serve up images of the good life to which we start to aspire.
‘Born to shop’: the growth of consumer societies

Many suggest, then, that Western societies are cultivating ‘consumer societies’. Indeed, shopping has become the second most popular leisure activity in Britain, after watching television (Social Trends, 2010). Think of your own life and how purchases – buying clothes, CDs, computers, tickets to sporting events and so forth – may play a part in it. Look at Figure 15.5. Consider the following:

- **The massive growth of shopping malls** with ‘megastores’ such as Virgin Records, hypermarkets like Tesco, chain stores such as Argos, retail parks and the endless proliferation of DIY stores across the country. Each Tesco store in Britain had a minimum area of 10,670 square metres in the 1990s (compared with 3,048 in the 1970s). In some parts of eastern Europe, such as Poland, there has been a massive expansion of ‘hyper malls’.

- **The arrival of shopping not as a merely functional activity** (for example, to buy the necessary food for a meal) but as a major leisure form in itself. Malls and shopping centres are key public spaces to ‘hang around’ in, and shops are designed for us to wander in voyeuristically, looking and enjoying the sights. Many people often go just to look, not to purchase, and can spend hours and hours doing this.

- **The growth of more and newer forms of commodities.** We now ‘need’ commodities that we could not even imagine some 50 years ago: sports clothes geared to every sport; new bathroom commodities such as shower gels, foot creams and electric toothbrushes; new electronic gadgets ranging from computer toys and video games to mobile phones and multimedia computers; new forms of entertainment such as multiplex cinemas and leisure complexes; new modes of eating out, from fast-food to up-market dining; holidays that take us to theme parks, on world cruises and to ‘resort hotels’; and cars owned individually.

- **The attachment of our identities to our shopping.** Especially in the major ‘youth markets’, our identities can be constructed around the kinds of shop we go to and the sorts of commodity we buy. Caught in early phrases such as ‘conspicuous consumption’ and in more recent phrases such as ‘I shop, therefore I am’, much consumption heralds the types of people we are.

- **The spread of credit cards.** In the UK, at least one-third of all consumption is based on credit; there were 25 million credit cards in the UK by 1998 and, in 2002, purchases of around £100 billion were made through credit cards. The figures are higher for many other countries, especially the United States (Ritzer, 1995).
Think and discuss
Debt and online shopping

We live with debt and credit cards
The volume of automated payments and debit card transactions in the UK in 2008 were both approximately nine times greater than they were in 1985. Debit card payments accounted for the largest volume of non-cash payments in 2008 with 5.3 billion transactions, followed by automated payments transactions (3.4 billion) and credit and charge card transactions (1.8 billion).

We are more and more shopping online
When interviewed in the UK between January and March 2009, 64 per cent of all recent internet users in the UK had purchased goods or services over the internet at least once. Of these, 83 per cent (26 million) had purchased items within the three months prior to interview. Men were more likely to have purchased goods and services over the internet in 2009 than women (69 per cent and 60 per cent respectively).


Mass consumption, cultural dopes and a shallow world

The rise of so much consumption has given sociologists much to discuss. In the first place, some argue that the ‘consumerist’ culture is having a deleterious effect on the quality of life. Socialist critic Jeremy Seabrook (1996) sees consumerism accelerating since 1945, and destroying traditional cultures and solidarities. The ‘loads-a-money’ culture promotes self-gratification, and with the market dominating, leads to a general flattening of life – destroying differences and communities. This is seen to lead to the weakening of creativity and the decline of participatory communities as people now go to the impersonal shopping mall and not ‘the corner shop’, and it generates a crass materialism. We have seen something of this in our earlier discussion of George Ritzer’s McDonaldisation thesis (Ritzer, 1993, and see Chapter 6). Indeed, in a later book, Ritzer has discussed more fully the dangers of what he calls ‘cathedrals of consumption’ (Ritzer, 2004a).

We have also seen the dangers inherent in what we could call the ‘brand name society’, where what is on sale is not so much a commodity as a logo. The importance of the sign – the Nike swoosh, the Virgin ‘V’, the Tommy Hilfiger colours – turns shoppers into walking advertising systems.

Consumption: a sovereign world of choice, distinctiveness and creativity?

Others, by contrast, argue that the new consumerism has been a major advance for most. It has become the means for a higher standard of living, as well as a chance not to be deaden culture but to enhance it. Goods and brands may spread through the world, but they are used differently and become different things. With the packaging of CDs in vast megastores, for instance, global music has developed – and the sheer range of music available now has increased dramatically. The same is true of food, with supermarkets now making available ingredients and recipes unheard of 20 years ago. Far from flattening culture, consumerism has enriched it, giving us a greater choice and a better control of our lives. There has been a growing mass participation in creative activities, from DIY to music, from cooking to reading, and from painting to all kinds of ‘hobby’.

Inequalities and consumption

Many years ago the sociologist Thorstein Veblen recognised what he called conspicuous consumption, through which people (usually elites) can enhance their status through commodities, from clothes and houses to cars and other material symbols of wealth (Veblen, 1953; orig. 1899). Consumption and display are not available to all and thus a marker of inequality.

In Veblen’s view, consumption ways of excluding people. The f
many people simply cannot afford to purchase new or high-quality goods and services, and suffer ‘economic exclusion’ as a result. Others may be excluded spatially: without a car or good public transport they cannot easily get to shopping centres and other places of consumption. Often, indeed, if restricted to using small local shops, they will find they pay more and have less choice. Finally, some people will be excluded because they lack the knowledge and skills to consume. Being a skilful consumer these days may well require knowledge of the metric system, computing or international food, for example.

Of course, many people resist these pervasive forms of consumption: they do not want to be part of a ‘high’-consumption world and may actively prefer to shop in local shops, while being indifferent, or in some around’ in, a, towards international brand names. in voyeuristically is what the new worldwide Many people offers, are about (for example, and can spend hours, me, not being able to shop and consume in this way can be experienced as a form of social exclusion.

The new consumption patterns may make life difficult for many. Elderly people, for instance, may find small local shops closing, while the new megastores – should they want to use them – are inaccessible. The elderly are less likely to drive and their state of health may make time and travel hard; and even the design of stores, with high shelves, big trolleys, masses of people and constant commotion, makes them seem very inhospitable places.

**Disneyisation**

One recent and useful lens through which to understand the way contemporary consumption works has been provided by an analysis of the marketing strategies of Walt Disney. Most people have some idea of what a Disney theme park is like, and indeed large numbers of people have visited one.
Alan Bryman, taking his lead from Ritzer’s discussion of McDonaldisation (see Chapter 6), has suggested that Disneyisation is the process by which the principles of the Disney theme parks are coming to dominate more and more sectors of American society as well as the rest of the world (Bryman, 2004: 1). Disneyisation lies at the heart of modern consumption (and capitalism?), in that it has started to shape many shopping experiences, providing a platform for purchases. In his book, Bryman suggests that four main principles lie behind Disneyisation. These are:

- **Theming**, putting the sales object into a story line to which it is not necessarily related. Thus a restaurant takes on the theme of rock music (for example, Hard Rock Café) or movies (Planet Hollywood), a hotel takes on the theme of a place (New York, Venice, ancient Rome or Egypt in Las Vegas) or shopping takes on a historical theme (Liverpool’s Albert Docks, London’s Tobacco Dock, and Barcelona’s Port Vell).

- **Hybrid consumption**, in which one type of shopping becomes linked in with another very different kind, making them increasingly hard to distinguish. Airports and sports stadia, for example, become shopping malls too.

- **Merchandising**, the promotion and sale of goods which bear copyrighted images and logos. Thus films such as *Pirates of the Caribbean*, *Shrek*, *Star Wars* and *Spider-Man* also generate not just DVDs, CDs and videos but T-shirts, greeting cards, toys, books, video games and tie-ins with food and clothing markets. Often the merchandise makes much more money than the original product!

- **Performative or emotional labour**, in which the frontline service industry is seen less as a job and more as a performance. Often this involves ‘dressing up’ and performing a role in line with the attire; usually it involves smiling and being friendly – acting as if the tasks being done are fun and friendly and not really work at all.

When you next go shopping, remember this is the most popular leisure activity, and ponder if any of this fits.

### Looking ahead

This chapter has suggested that although industrial capitalism may have become the dominant economic form throughout most of the world over the past 200 years, it continues to change. The chapter has looked at the rise of fragmentation in both work and production (post-Fordism); the flow of companies across the world (globalisation); the increasing use of women’s labour; the changing patterns of service work; the rise of major markets of mass consumption, which seem to be generating ever-increasing demand for consumer goods; and the ever fluctuating nature of capitalism’s unstable market which led to the credit crunch of 2008–9.

Sociologists are not fortune-tellers and cannot predict the future. It would have been hard for them to predict, in the late eighteenth century, the rise of the new information economy that appears to be emerging in the early twenty-first. But this chapter does at least suggest that, just as capitalism has been flexible in the past, so it may well continue to adjust to the changes of the future.
SUMMARY

1. The economy is the major social institution by which a society produces, distributes and consumes goods and services. It is not just economic, but social.

2. In technologically simple societies, the economy is subsumed within the family. In agrarian societies, most economic activity takes place outside the home. Industrialisation sparks significant economic expansion built around new energy sources, large factories, mass production and worker specialisation. The post-industrial economy is characterised by a productive shift from tangible goods to services. Just as the technology of the Industrial Revolution propelled the industrial economy of the past, so the Information Revolution is now advancing the post-industrial economy.

3. The primary sector of the economy generates raw materials; the secondary sector manufactures various goods; the tertiary sector focuses on providing services. In pre-industrial societies, the primary sector predominates; the secondary sector is of greatest importance in industrial societies; the tertiary sector prevails in post-industrial societies.

4. Social scientists describe the economies of today’s industrial and post-industrial societies in terms of two models. Capitalism is based on private ownership of productive property and the pursuit of personal profit in a competitive marketplace. Socialism is based on collective ownership of productive property and the pursuit of collective well-being through government control of the economy. Although most European economies are predominantly capitalist, the European community and national governments are broadly involved in economic life. Governments play an even greater role in the ‘democratic socialist’ economies of some western European nations and the ‘state capitalism’ of Japan. The Russian Federation has gradually introduced some market elements into its formerly centralised economy; the nations of eastern Europe are making similar changes.

5. The emergence of a global economy means that nations no longer produce and consume products and services within national boundaries. Moreover, the 600 largest corporations, operating internationally, now account for most of the earth’s economic output.

6. The nature of work is changing. Agricultural work is generally in decline and there is a move from factory work to service work. There is a spread of part-time and flexible work, a relative decline in trade union activity, and the growth of international labour markets which bring about ‘sweatshop’ labour. New forms of work, such as ‘teleworking’, are growing rapidly.

7. Unemployment has many causes, including the operation of the economy itself. The European unemployment rate is generally at least 5 per cent.

8. Transnational corporations (TNCs) form the core of the world’s economies. They produce and distribute products in most nations of the world, although the distribution of wealth resulting from this activity is hugely unequal.

9. The consumer society has become crucial to the working of modern capitalism. The Western world is increasingly buying goods and services in large, centralised establishments, a pattern that has sapped the strength of small, locally based industries.

10. Disneyisation suggests four principles that help shape contemporary consumption: theming, hybrid consumption, merchandising and performative labour.
Ten suggestions for going further

1. Connect up with Part Six and the Sociology Web Resources

As you work through ideas and think about the issues raised in this chapter, look at the accompanying website and the resource centre at the end of this book which connects to it. There is a lot here to help you move on. To link up, see: www.pearson.co.uk/plummer.

2. Review the chapter

Briefly summarise (in a paragraph) just what this chapter has been about. Consider: (a) What have you learned? (b) What do you disagree with? Be critical. And (c) How would you develop all this? How could you get more detail on matters that interest you?

3. Pose questions

(a) Make a critical analysis of your last 'shopping expedition'. Drawing from ideas in this chapter, discuss what you bought, the processes by which those items were produced, the people and agencies that benefited from your purchases, and why you felt motivated to purchase those goods and services. Consider whether you were involved in the process described in the chapter as 'Disneyisation' and, if so, in what ways.

(b) Look at the people who work on your campus. What are their official designations - cleaners, teaching assistants, secretaries, professors, etc? From the tables in the text, guess how much they earn. What sort of contracts do they have? How much autonomy do they have over their working day?

(c) Identify several ways in which the Industrial Revolution reshaped the economies of Europe. How is the Information Revolution transforming these economies once again?

(d) What key characteristics distinguish capitalism, socialism and democratic socialism? Compare these systems in terms of productivity, economic inequality and support for civil liberties.

4. Explore key words

Many concepts have been introduced in this chapter. You can review them from the website or from the listing at the back of this book. You might like to give special attention to just five words and think them through - how would you define them, what are they dealing with, and do they help you see the social world more clearly or not?

For this chapter, a dictionary of economics would be useful. See:

John Black, A Dictionary of Economics (2nd edn, 2009)

5. Search the Web

Be critical when you look at websites - see the box on p. 940 in the Resources section. For this chapter look at the following:

Statistics on work patterns, unemployment, consumption and the economy generally can be found in sources already mentioned: search under

- Social Trends (UK)
- Eurostats (Europe)
- World Bank Fact Book (World)

See also:

United Nations Conference on Trade and Development (UNCTAD)
www.unctad.org
Useful for all kinds of data about global trade.
International Labour Organization (ILO)  
www.iolo.org  
A UN organisation devoted to advancing opportunities for women and men to obtain decent and productive work. A useful statistical resource and offers many new stories of work around the world.

International Monetary Fund  
www.imf.org  

New Economics Foundation (NEF)  
www.neweconomics.org/about  
An independent think-and-do tank that inspires and demonstrates real economic well-being and is developing the new economics.

Institute for Economic Affairs  
www.iae.org.uk  
The IEA's goal is to explain free-market ideas to the public, including politicians, students, journalists, business people, academics and anyone interested in public policy.

The Work Foundation  
http://theworkfoundation.com  
The Work Foundation is a not-for-profit organisation that brings all sides of working organisations together to find the best ways of improving both economic performance and the quality of working life.

Trades Union Congress  
www.tuc.org  
Information on unions in the UK.

Two useful magazines are:

Fortune Magazine  
www.fortune.com  
One of the world's leading business magazines. Among many other things, you can access lists of the top companies, lists of some of the best companies to work for, and a list of the 40 richest under-forties in the USA.

The Economist  
www.economist.com/index.html  
A weekly magazine focusing on international news and business affairs.

See also:

Interbrand  
www.interbrand.com/books_papers.asp  
A website devoted to discussion and details on brand names.

See also the websites of:

Naomi Klein, www.naomiklein.org/main  

6 Watch a DVD

- Park Kwang-Su’s A Single Spark (1998): a tale of trying to improve working conditions in South Korea’s garment shops, with powerful images of the sweatshops (world distribution: Fortisimo Films, Rotterdam).
- Charlie Chaplin’s Modern Times (1936): classic silent comedy, which shows the Fordist production line.
- Joseph Santley’s Rosie the Riveter (1944): five women who work during the Second World War.
- Ken Loach’s Bread and Roses (2001): illegal immigrant Hispanic janitors work in Los Angeles to send money back home. On very low incomes and poor work conditions, they unionise. Strong stuff.
- Ghosts (2007): Chinese immigrants to the UK die on Morecombe Bay while working. A harrowing tale, which we introduced in the opening to this chapter.

7 Think and read

Geoffrey Ingham, Capitalism (2008) and David Harvey, A Brief History of Neoliberalism (2005) are good at setting the background economic scene. On the 1990s economic crisis, see Andrew Gamble, The Spectre at the Feast (2009).


Peter Dicken, Global Shift: Transforming of the World Economy (6th edn, 2010). A major study of the world economy, now in its fifth edition. The classic. It is stuffed full of diagrams and charts and is very comprehensive, although it is not an easy or introductory read!


Ulrich Beck, The Brave New World of Work (2000a). This comes from one of the world’s leading contemporary sociologists and is a polemic about where work may be heading in the future – what he calls the ‘Brazilianization of work’.

Finally:

Benjamin R. Barber, Consumed (2007), George Ritzer, Cathedrals of Consumption (2004a) and Alan Bryman,
**The Disneyization of Society** (2004) are three useful books on consumption.

8 Relax with a novel
See: *The Ragged Trousered Philanthropists* by Robert Tressel and Peter Miles.

9 Connect to other chapters
- Link to chapters on social divisions in Part Three, How do class, gender and ethnicity link to work? What might happen if you are disabled? Or gay?
- For more on women and work, see gender in Chapter 12 and families in Chapter 18.
- For more on consumption and identity, see Chapter 5.

10 Engage with THE BIG DEBATE
The crisis and the crash: will capitalism survive?
The 2007–8 'credit crunch' was one of the more serious financial crises faced by the world. It stemmed from an unstable mortgage market in America whereby mortgage lenders approved high-risk mortgage loans to people with poor credit records. Problems ensued. When it just involved poor people, it passed relatively unnoticed. But by 2007, it was found to be a problem for major banks like Bear Stearns in the United States, and Northern Rock in England. Bit by bit, a major world financial crisis ensued, which will now shape the world for the next decade or longer. Here we suggest a full-scale debate on the nature of contemporary capitalism.

The rise of Thatcherism, Reaganism and the neoliberal model
Neoliberalism has dominated the world economic order now for over 30 years. When Margaret Thatcher came to power as Prime Minister in the UK in 1979, she started to revolutionise the way in which both the economy and the government were to be run. So influential was she that a whole ideology—Thatcherism—was named after her. Broadly, this is a system of political beliefs based on free markets, individualism and minimum state intervention. Her ideas are also known as neoliberalism, and were shaped particularly by the libertarian Milton Friedman (1912–2006), famed for the saying that 'there was no such thing as a free lunch'. (A libertarian is someone who takes individual freedom as the prime political value.) In the USA, Thatcher's leadership coincided with the presidency of Ronald Reagan (1911–2004, presidency 1981–9) and Reaganism. What they both achieved was to radically shift the grounds of government debate to a focus on the importance of market mechanisms and reduced government intervention. Between 1946 and 1979, for example, very few people in the UK discussed health or education provision through market models (though in the USA, they did). But it is a sign of Thatcher's influence that nowadays many countries across the world, and not just the UK, have come to stress the importance of markets in many areas of life.

The debate is not a new one, however. Thatcher just 'modernised' it, 30 years ago, for the UK. Historically, most European societies have had a mix of market and government intervention—hence, mixed economies. From 1946, and with the exception of the Thatcher years (1979–90), the British government has regularly intervened in the economy, both through the welfare state and for a while with its extensive programme of nationalisation (now ceased). The Scandinavian countries also had a pronounced 'welfare' and interventionist background. By contrast, US society has relied on 'the market' for most economic decisions: the market sets prices, as potential buyers and sellers bid for goods and services upwards or downwards in a changing balance of supply and demand.

The march of the neoliberal model
With Thatcherism all the previously nationalised industries (including telephones, water, gas, electricity and rail) were privatised, and a programme of internal markets was introduced into the welfare state (especially in healthcare and schools).

Defenders praise the market for encouraging choice, diversity and flexibility: in so doing, the market coordinates the efforts of countless people, each of whom—to return to Adam Smith's crucial insight—is motivated only by self-interest. Economists like Milton Friedman (revised edn, 1990) argue that a more or less freely operating market system has provided many members of capitalist societies with an unprecedented economic standard of living.

They also claim that virtually any task that government undertakes, it performs inefficiently. They claim that the products we enjoy—such as computers,
### Table 15.8 Capitalism: for and against

<table>
<thead>
<tr>
<th>Capitalism is a good force</th>
<th>Capitalism is a problem</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free markets are crucial.</td>
<td>There is no such thing as a free market.</td>
</tr>
<tr>
<td>Governments should not intervene in the market.</td>
<td>Implicitly, they always intervene - regulating international trade, fostering migration policies, passing factory and workplace Acts. When the credit crunch happened, ultimately governments bailed banks out for billions.</td>
</tr>
<tr>
<td>Free markets mean freedom of individuals to choose.</td>
<td>Freedom to choose is only for a few. Many and especially the poor have little choice.</td>
</tr>
<tr>
<td>Free markets generate wealth.</td>
<td>But the wealth is unevenly distributed and the system favours the rich getting richer and the poor getting poorer.</td>
</tr>
<tr>
<td>Everybody gets richer – as wealth trickles down to the poor.</td>
<td>The rich are made richer, but there is no guarantee for the poor. In fact, the poor often get poorer and inequalities increase. Why do we have so many people across the world living in abject poverty?</td>
</tr>
<tr>
<td>Markets serve personal and private interests – people get what they want.</td>
<td>But public goods are not private interests: the needs of all - the collective good - is not fostered under capitalism (e.g. good environment, safety and protection, travel, education, health and security).</td>
</tr>
</tbody>
</table>

Household appliances and the myriad offerings of supermarkets and shopping centres - are primarily products of the market. By contrast, the least-satisfying goods and services available today, and Friedman places schools, public transport and health services among these, are those operated by governments. Thus, while some government presence in the economy is necessary, supporters of free markets maintain that an economy that operates with minimal state regulation serves the public interest well.

**Critics of the neoliberal model**

Other analysts, however, all but dismiss the market and see it as a negative force. For one thing, critics point out, the market has little incentive to produce goods and services that generate little profit, which include just about everything consumed by poor people. Government-directed public housing, for example, stands as a vital resource that no profit-seeking developer would offer independently.

Second, critics look to government to curb what they see as the market system’s self-destructive tendencies. The formation of economic monopolies, for example, can threaten the public interest. Government can perform a host of regulatory functions, intervening in the market to control inflation, to enhance the well-being of workers (by creating workplace health and safety standards) and to benefit consumers (through product quality controls). Indeed, the power of global corporations is so great, conclude the critics, that even government cannot effectively defend the public interest. And as we shall see in Chapter 25, with increasing environmental degradation being heaped upon the planet, often through self-interested corporations, surely there is a need for international governments to provide regulation?

Finally, critics support government’s role in curbing what they see as another market flaw: magnifying social stratification. As we have seen, capitalist economies characteristically concentrate income and wealth; a government system of taxation (which typically would apply higher rates to the rich) counters this tendency in the name of social justice. For a number of reasons, then, the market operating alone does not serve the public interest.

Does the market’s ‘invisible hand’ feed us well or pick our pockets? Although many – perhaps most – people view the market as good, they also support some government role in economic life to benefit the public.
Indeed, government assists not only citizens but business itself by providing investment capital, constructing roads and other infrastructure, and shielding companies from foreign competition. Yet the precise balance struck between market forces and government decision-making continues to underlie much of the political debate around the world.

Look now at Table 15.8, which debates the case for and against capitalism.

Continue the debate

1 Why do defenders of the free market assert that ‘the government that governs best is the government that governs least’?
2 Does a market system meet the needs of all? Does it serve some better than others?
3 What is your impression of the successes and failures of Thatcherism? Compare it with socialist economic systems.
4 Will capitalism remain the dominant economic system in the twenty-first century? What are the alternatives to capitalism?

Source: Gray (2002).

If you are interested in contemporary social-economic debate, look at:

Andrew Gamble, *The Spectre at the Gate* (2009)
David Harvey, *The Enigma of Capital* (2009)