

“Wage/labor relations” in neoliberal cognitive capitalism

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I want to thank Danila Rascov for having invited me to this conference.

It's a great pleasure for me to accept this invitation.

Although I speak English very badly, as you have already noticed. I hope that the powerpoint will make my presentation clearer.

Four years ago, I was invited to a conference in Moscow to speak about research on cognitive capitalism.

At this time I had begun to reflect upon the links between cognitive capitalism and neoliberalism.

My aim today is to speak about further analysis of this link.

My presentation is organized around two questions:

1/What do we understand by cognitive capitalism?

2/What do we understand by neoliberal cognitive capitalism?

1/What do we understand by cognitive capitalism?

Firstly: what's capitalism? This question may seem commonplace, it is also essential to specify what “cognitive capitalism” is and to avoid any possible confusion with theories of the economy of knowledge.

Capitalism is a particular monetary economy, a system in which money is not an intermediary but its very aim.

The specific product of capitalist mode of production is thus abstract value, that is, money.

The logic of the capitalism is thus the valorization and accumulation of capital as money.

Then, to analyze transformations of capitalism means analyzing the transformations of its modes of valorization of capital-money

Unlike the theories of the “economy of knowledge”, the theories of the cognitive capitalism:

- Analyze, from an historical perspective, the process of production and valorization of knowledge in relation to the process of valorization of capital-money.
- They aim to seize differential power relations and the conflicts which engender the submission of the process of knowledge production to the process of capital-money accumulation.

Cognitive capitalism is just an interpretative hypothesis of the transformation of contemporary capitalism. This hypothesis opens a program of research rather than proclaiming a finished theory.

This hypothesis was initially put forward by a group of French and Italian researchers at the end of years nineties, based upon its analysis of the crisis of the so-called “fordist/keynesian” mode of development, that is, of an intensive scheme of accumulation and a mode of regulation characterized by keynesian forms of State interventionism.

Numerous researches working on the period of post-fordisme converged on one point: that capital/labor social relations, a fundamental social relation of production, was undergoing a

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metamorphosis as well as both its components, labor and capital. The mode of valorization of the capital-money appeared to us to be following an unknown path.

From then on, tools and categories of analysis built around the Adam Smith Pin Factory and developments leading to the fordist factory henceforth appeared to us unsuitable.

The crisis of the fordisme revealed a crisis of the categories and analytical schemes forged since the birth of industrial capitalism.

The hypothesis of the cognitive capitalism is then that of a major shift in the long-term dynamics of capitalism, comparable to the one which had driven from “mercantile and slavery” capitalism to “industrial capitalism”.

This shift prefigured the overcoming of industrial capitalism and the logics of valorization and accumulation that characterized it.

To characterize these three types of capitalism Moulrier-Boutang, Vercellone, Dieuaide and Paulré introduced a new analytical category, that of "system of accumulation" which indicates that is association of the mode of capitalist production with a logic of accumulation.

Cognitive capitalism would then become, according to Moulrier Boutang, the third type of capitalism:

- In industrial capitalism, the system of accumulation is based on the machine and on the organization of labor according to the social and technical division of the labor driven by the assignment of posts and functions within the factory. The factory is the main place of the process of valorisation.
- In cognitive capitalism, the system of accumulation is based on knowledge and creativity, that is, on forms of intangible investment. The empirical appearance of this new capitalism is the increasing importance of education, research, innovation, technical progress, systems of communication, circulation of information, organizational learning and the strategic management of organizations.

So, we have an initial definition of cognitive capitalism:

"Cognitive capitalism designates a system of accumulation whose main object of accumulation is constituted by knowledge, which becomes the main resource of value" (Moulrier-Boutang, 2007: 86).

In Moulrier Boutang's view, the transition towards cognitive capitalism is inseparable from the "new industrial revolution", that is digital technology, quite as the passage from mercantile capitalism to industrial capitalism is inseparable from the first industrial revolution. In this new capitalism the main source of value is knowledge.

It's true, nonetheless, that the importance of scientific knowledge for capitalist accumulation is not new in the history of capital:

the shift from mercantile capitalism to industrial capitalism is directly tied to the original bond, forged in the eighteenth Century, between scientific knowledge and the production of commodities.

Science and capital are at the very core of what historians have called the industrial revolution.

But then, can't it be said that capitalism has always been cognitive?

One answer is in Carlo Vercellone's work:

“The emergence of industrial capitalism corresponds to the opening of a very precise path of regulation of the knowledge economy based on three main trends: the social polarization of the knowledge, the separation of the intellectual labor and manual labor and a process of incorporation of knowledge as a fixed asset. This process leans on a logic of accumulation initially based on the

centrality of the big “manchester firm”, later on “fordiste firm” and on mass production of standardized durable goods.”

On the other hand, cognitive capitalism is an "Economy based on the driving force of the knowledge and its dissemination", but this knowledge is now incorporated into living labor rather than in machines, as he write:

"The knowledge incorporated into living labor occupies a dominant place with regards to knowledge incorporated into the fixed asset, by inciting a movement of reorganization of the tasks of conception and execution, activities of manufacturing and innovation; a scheme of permanent innovation succeeds the sequential scheme of industrial capitalism, this evolution keeping place with the implementation of a new international division of labor based on cognitive principles ". (Vercellone, 2004)

So, in this analytical perspective, although both capitalisms mobilize knowledge, in particular scientific, they draw the value from two different sources: industrial capitalism from the manual labor applied to the machine which incorporates the knowledge, cognitive capitalism from the knowledge incorporated in living labor.

Capitalism has always been cognitive: such is the thesis of Enzo Rullani, who was among the first, to refer to cognitive capitalism. His analysis brought us new light.

If the capitalism has always been cognitive, why speak only today about cognitive capitalism?

Because, thanks to new technologies, virtualisation allows the separation of the knowledge from its material medium and makes knowledge reproducible, exchangeable and usable independently of material capital as labor. Enzo Rullani show how the virtualisation allows to reveal and amplify the difficulties with which capitalism has always been confronted: reducing knowledge to capital-money.

As he explains, the valorization of capital claims to subsume not only living labor but also the value which it generates, it's the living labor which produces knowledge which allows the creation of value. But this subsumption is not easy because knowledge follows very particular laws:

- Knowledge has a use-value but has no reference cost-value to determine its exchange-value: the production cost is uncertain and radically different from the cost of reproduction which tends towards zero.
- Exchange-value exists only when knowledge is disseminated, but at the same time it tends towards zero when knowledge is socialized.
- The economy of the knowledge is an economy of speed: the value is not preserved over the time. The valorisation of knowledge involves accelerating its dissemination while preventing socialization. (Multiplier effect of dissemination and the de-multiplier effect of socialization).
- The process is always uncertain: there is no optimal way of using the knowledge to extract maximum profit.
- Cognitive processes originate from different contexts and proceed in experimental ways: they don't recognize just one answer but several and so lead to variable rates of profit.
- It's not possible to reduce knowledge to real abstraction , that is the reduction of labor to the time of labor, thanks to which Marxian capital realized the subsumption of living labor by reducing it to capital-money.

Thus a series of Mismatching highlighted by Enzo Rullani:

- Knowledge generates value if it is disseminated but its appropriation is reduced. To maintain its value means increasing its rarity, by the system of intellectual property rights, for exemple, a good exemple

- Valorization claims speed against slow time of creative process
- Given the uncertainty which weighs upon any process of creation, reducing risk means investing less in new knowledge. If, because of a lack of dissemination/socialisation there are no guarantees of the return on investment, new investments are not realized, and, it would follow, waste and sub-accumulation.

We then reach the first of two conclusions:

1/ Cognitive capitalism, far from being a scheme of permanent innovation, is counter-productive, in the sense of Gilles Deleuze and Felix Guattari: because it inhibits and limits the productive forces and, at the same time, filters into them to appropriate them.

2/The laws of knowledge valorization are inflexible in any theory of value (utility, labor, rarity), so, cognitive capitalism obliges us to question the validity of these theories from a new angle.

It's the approach followed by Maurizio Lazzarato through Gabriel Tarde's work.

In very broad terms and for what interests us here:

1/The political economy identified production of wealth and capitalist value.

Marxian criticism of political economy maintained this confusion, so the subjects of capitalist valorization coincide with the subjects of the production of wealth.

Although marxists recognize the existence of wealth, like use-value, outside the dynamics of capital, they don't recognize its power of innovation and valorization of capitalist production.

For Tarde, it's not a question of coming back to primitive forms of production or a economy of *don contre don* (barter), he accepts radical novelty of modernity and social force dynamics, but Tarde refuses to analyze them as a product and according to the logic of capital.

The production of the wealth for Tarde is above all a theory of valorisation of the immanent forces of invention and the cooperation.

2/ The science of economics and its theories of value built from the "Pin factory", for Tarde it is necessary to start from "book factory".

In the "book factory", the source of the wealth is in the invention and constitution of the values depend on imitation.

What is at the heart of the productive process of books is a force that political economy neglects: knowledge.

It's not only about scientific knowledge, the production of knowledge is also the production of public opinion, of information, of aesthetics, etc.

3 / The socialization of inventions , which transforms invention/knowledge into value presupposes the homogeneity of faiths and desires.

Any activity which contributes to dissemination- imitation participates in the constitution of the value of invention. The manufacturing labor process participates then in the constitution of this value, but it's a reproductive activity and which is not the exclusive source of this value.

We can reach the following conclusion:

The immanent forces of invention and cooperation theorized by Tarde are inflexible in capital and labor and precede capital and capitalist valorisation.

In a way, this conclusion is written into the theory of Braudel when he wrote: "we often presented capitalism as the motor of the economic progress. In reality, everything is built on the enormous back of the material life " (Braudel, 1985: 67

By paraphrasing Braudel we could then say that the capitalism did not invent the forces of invention and cooperation but adapted them to its logic. But this adaptation/ appropriation is counter-productive, as I tried to demonstrate it before.

Now, we have to explain how the capitalism appropriates the immanent forces of invention and cooperation -which are constitutive of society- to submit them to its economic logic of accumulation of capital-money.

Which leads us to deal with the second big question:

2/What do we understand by neoliberal cognitive capitalism?

Industrial capitalism was only able to emerge due to the institutional innovations introduced by the liberal State.

Also, the transition towards the cognitive capitalism is inseparable from the "great transformation" which established the neoliberal conceptions of relations between economy, society and the State.

In the "Great transformation" Karl Polany shows how throughout the nineteenth century implementing the auto-regulating market requires excessive interventionism.

The State legislates on property, establishes rules so that the market can exist and function.

The State creates the institutions of society "based on the law of the market" and of society based on wage-labor, against all the social forces which resist it.

Polany had already very well grasped what many seem to ignore even today, namely, that liberalism is not equivalent to *laissez-faire* and is not the opposite of interventionism.

Liberalism, as explained by Michel Foucault, is a "mode of government" of society, not a mode of economic regulation.

So, historical capitalism, cannot be understood just in relation to capital and its logic of valorization.

It is necessary to take into account the institutional transformations which open to capitalism its full potential

During the thirties, the development of the market economy engenders social and political consequences, in particular the rise of the fascism, which led Polany to announce the death of liberalism, that is, the "great transformation".

But liberalism had not died.

In the thirties and forties it was reinvented with Keynes (The New Liberalism) on the one hand and the ordo-liberals (Neo-Liberalism) on the other hand. The perspectives were divergent but the enemy was common: the October Revolution and fascism.

Both envisaged the intervention of the State, but the form was different.

Both conceptions diverge essentially on one point: competition. .

Neoliberalism, according to Michel Foucault, prefigures the reversal of relations between economy and society, and by so doing, radically reconfigures the role, the place and the very nature of the State.

Society has to be produced in function of the logic of the economy.

In other words, society as a whole must be subjected to criteria of economic rationality (and profitability). Still, Foucault adds, what is important is not really a market society but a society "subjected to the dynamics of competition".

Society must be formatted according to the model of the enterprise. Finally, Foucault writes, it is “the multiplication of the form-enterprise within the social body that is at the core of neoliberal politics”.

Since the end of the seventies, neoliberalism has superseded new liberalism.

We are going to consider here only two major forms of these politics: the loss of autonomy of institutions and the implosion of the wage/labor relationship

1/ The loss of autonomy of institutions

Following Foucault, Wendy Brown coins the neologism of “de-democratisation”, that is, the progressive loss of relative autonomy of certain institutions in their reciprocal relations and also in their relation to the market, under the neoliberal rationality.

The first concerned institution is certainly that of money:

Since the seventies, institutional reforms have led to a " privatization of money ".

The trend was established by the so-called "independence of the central banks" which allowed to remove monetary creation from social pressure and put it in the service of the market.

The development of financial markets, the inflating debts of States resulting in the crisis of sovereign debts constitute the "economic" product of this process, the loss of autonomy of monetary financial institutions its "political" product.

But we can also say the same of the other institutions: universities, schools, research centers, cultural institutions. The formal autonomy of these institutions, promoted by modernization reforms, relegate these institutions towards their dependence upon markets. But more important, all these institutions, even when they are not privatized, are summoned to behave like enterprise to respond to criteria of profitability, to submit themselves to competitive dynamics.

2/ The implosion of the wage/labor relationship

If we follow neoliberal logic, as Michel Foucault said, “social policy will have to aim not at the redistribution of income, but at the increasingly generalized capitalization of all social classes”(MF; 149).

Reforming the social welfare system went exactly to this direction: individual capitalization is taking the place of the mutualization of risk and of the socialization of wage.

From the neoliberal perspective, growth alone can guarantee that each and everyone of us be protected from risk. Growth depends on the individual’s effort to constitute and valorize his own “human capital”.

The deregulation labor markets and the individualization of remunerations reflect this logic. The consequence is drastically growing disparities, but, more important still, that credit takes the place of the salary for some, stock options take the place of the salary for others.

We see here how global finance is not exogenous of wage/labor relations but an essential device for a new configuration of wage/labor relations.

Neoliberalism is not an ideology. The notion of ideology, explained Felix Guattari, does not help to understand the productive function of subjectivity.

So, the political viability of the neoliberal project doesn’t depend solely on the production of power, it also rests on new machines for producing subjectivities because, as Félix Guattari used to say, “the production of subjectivity is at the basis of any production whatsoever”.

Global finance is a very important machine in the factory of subjectivity, it works towards the implosion of the wage/ labor relationship. At the same time, it creates a new subject: the

“entrepreneur of the self” was mobilized in the valorization of its capital, human capital, that is, a metamorphosis of living labor.

In conclusion, we can advance the hypothesis that in neoliberal cognitive capitalism, understood as the arrangement of a mode of capital valorization and a mode of government, society based on wage/labor relations is condemned to disappear, giving way to an entrepreneurial society.

In the same time, the social forces which resist are not missing, they express themselves on at least two planes, macro and micro-political.

On the macro-political plane, I’m thinking of all movements which defend welfare institutions and fight for the independence of institutions of education, culture, research, public health, etc.

On the micro-political plane, I’m thinking of these concrete utopias which are being invented all around the world in the shape of fablabs and hackerspace, and which, by take into account the principles of free soft, extended it to the domain of the hard, to collectively re-appropriate the knowledge, to create new use-value, to invent cooperation *versus* competitive logics, to create and recreate society.