

A Postmodern Market Society?

In *Arena* 98, John Hinkson wrote a stimulating and valuable analysis of the crisis in contemporary Australia.¹ Discussing the causes of the current depression and the socio-economic implications of Keating's 'One Nation' and Hewson's 'Fightback', Hinkson linked all these issues to the emergence of a new stage in Australian history — the development of a postmodern market. Although I agree with a number of important points in Hinkson's analysis of the contemporary crisis, the key issue is whether Australia now has a new 'postmodern' political economy. I would therefore like to discuss some of the following issues: what are the main features of this 'postmodern market' and in what way are they fundamentally different to the 'modern market'? Has Australia experienced the change from 'modernity' to 'postmodernity' during the past decade (like other leading capitalist countries), or is there a unique combination of historical and political economic features which sets the Australian crisis apart?

Main Features of Australia's Postmodern Market

According to Hinkson, the classical market of Adam Smith and Karl Marx has been superseded by new forms of production and social relations. Whereas formerly the market of 'modernity' was characterized by separate spheres of the economy on the one hand, and non-productive or non-market spheres such as the family, kinship and community structures on the other, the 'postmodern market' breaks down all such traditional divisions. Through new technologies, and especially through the emergence of the 'intellectually trained' as a new social grouping (the bearers and operators of high-tech and other postmodern information and cultural practices), all former non-market spheres of life are being commodified or marketized. As the old working class are displaced by the intellectually trained, so too are former non-market spheres increasingly subjected to new technical and market solutions.

The new communication and transport technologies not only radically enhance the flow of commodities, but together with the vital role of mass media, transform social relations and market settings. In Hinkson's words: 'At the leading edge of production and also now in many of its core processes, in a certain sense we no longer work with materials but play with images. To be more precise, the manipulation of image now sits at the centre of

material production'. As examples of the 'postmodern market', Hinkson cites the way mass media not only construct identity, image, meaning and social interaction, but involve a close link between new technologies, cultural lifestyle and commodification. Similarly *in vitro* fertilization technology makes possible the technical solution of problems which were formerly outside the production or market sphere. In other words, a person is no longer 'drawn into' the economy; rather the economy reaches into all family and private spheres as it increasingly shapes and reshapes self and commodity. Furthermore, the 'postmodern market' works on the notion of 'players' in the market and also gives new significance to 'numbers' — for example inflation, employment and current account numbers. Political comment is reduced to regular bouts of anxiety as good or bad economic figures are announced.

Analysing the current depression and preoccupation with economic rationality, Hinkson argues that the Hawke/Keating government policies reflected the general technological revolution and were designed to integrate Australia into the international 'postmodern market'. Dawkins' education reforms changed the relationship between an earlier notion of education as external to the market. Now both the education industry and the market are being redefined; technique, training and the products of intellectual research are being integrated or marketized. But, he observes, the critique of economic rationalism by social democrats, the anti-'dry' conservative Right and others, misses the 'deeper current' if it treats economic rationalism as merely the extension of old market values and practices. While Hinkson agrees that this is certainly part of economic rationalism, it is not the main agenda. Rather, the money boom, the expansion of the finance sector, the new forms of affluent consumption available to a minority, Button's car plan, deregulation and other market policies are part of the creation of a new 'postmodern market' which 'Fightback' and 'One Nation' are intentionally or unintentionally promoting. As a result, the old relations between state and market will provide few new leads.

If I read Hinkson correctly, the desire of anti-economic rationalists to turn the clock back to the old public sector/private sector relations (or modified versions of these) is historically obsolete, as the 'postmodern market' in Australia is creating new social relations and new political agendas. The lack of empathy of the intellectually trained strata for industrial forms of production reinforces, claims Hinkson, 'that tendency of free market ideology

1. 'Misreading the Deeper Current: The Limits of Economic Rationality', *Arena* no. 98, 1992, pp. 112-132.

to seek the "level playing field" and the collapse of tariff walls. The internationalized postmodern market de-industrializes production: it carries the productive logic of the emergent strata'. Thus, the 'deep current' of economic rationalism is, in fact, washing away the old market of 'modernity' and sweeping us into the global oceans of 'postmodernity'. Will we sink or swim, and what of the old political movements, traditions and modes of analysis?

One can identify within Hinkson's analysis familiar themes and concepts used in a mixture of post-Fordist/postmodernist and post-industrial theory, plus notions of 'constitutive abstraction' and the intellectually trained developed by *Arena* editors such as Geoff Sharp. As such, the application of these diverse theoretical traditions to the crisis in contemporary Australia has produced some excellent insights, but combined with a number of seriously flawed or highly dubious propositions. The following responses are provisional in that they are part of my own larger project — an attempt to answer some of the very same questions that John has raised.

Surmounting Theoretical Difficulties

If we are to agree with Hinkson about the emergence of a 'post-modern market', several problems are in need of clarification. First, in what sense does the 'postmodern market' alter, if at all, the fundamental relations of production and the process of capital accumulation? For one could agree with the way new technologies and media have, for example, extended the market into family and other spheres without, at the same time, arguing that the accumulation process of the 'modern market' has been rendered obsolete. A theory of production, exchange, profit, variable and constant capital, labour power, surplus value and so forth — whatever one thinks of these concepts — must have their new equivalents or superseded forms if a 'postmodern market' is to be more than a descriptive label. Any new theory of the market must, in other words, have a corresponding economic theory and not just a list of new technologies, new products and new occupations. It is the systemic combination of production, consumption, administrative, monetary, fiscal, labour, trade and dozens of other elements which distinguished, say, the Australian economy from the old Soviet economy. That is, the Australian economy is essentially based on a dominant, but not exclusive, private market sector, while the Soviet economy was reproduced by a dominant state sector.

But to argue that a new 'postmodern market' has replaced an old market system is not the same as comparing a capitalist and a Soviet economy. For, according to Hinkson, both the 'modern market' and the 'postmodern market' are capitalist economies. So how can we tell the difference? How can we know whether the

'postmodern market' is actually working to quite a different 'logic' or set of dynamic relations compared with the 'modern market'? It is easy to confuse trends in certain areas with fundamental changes. Post-Fordism, for example, is one such over-generalized and inadequate term which is often promoted as a new economy. Yet, one finds flexible accumulation methods of production in political cultural systems as diverse as Sweden, Japan, Italy, Brazil and Australia. For a new economy to emerge, one also needs a theory of state institutions and social relations which enable this 'economy' to reproduce itself. This is because no contemporary economy is viable without integral state structures. Hence, I fear that the concept 'postmodern market' is equally vague and lacks an elaborate political economic theory to give it more than a half-plausible, impressionistic quality.

Second, the distinction which Hinkson makes between the market in 'modernity' and the 'postmodern market' is based on an idealized model which lacks historical basis. This is a recycled version of the ideal types 'the state', 'the economy' and 'civil society'; each is seen as a separate sphere. Yet, to give one example, the Australian experience was never one where the capitalist economy was a separate sphere from non-market forms of life and activity. The heavy involvement of colonial and, later, federal, state and local governments and statutory authorities — from gas, railways, water, the ABC, through to airlines, telecommunications and the CSIRO — in the accumulation process, the reproduction of key socio-economic relations, not to mention the public sector's role as mass employer, contradicts all pure-type market models.

A decade ago I also criticized Marx's crisis theory based on the relations between Department One (those industries which produce the means of production, for example steel) and Department Two (those firms which produce commodities that are the means of consumption, for example consumer goods).² I argued that certain key industries such as telecommunications, electricity, gas or oil were simultaneously part of Department One and Department Two, in that they were both the means of production and mass-consumed commodities (petrol, phones, *et cetera*). Thus, some of the characteristics which Hinkson attributes to a new stage of history — the 'postmodern market' — were already evident a century ago. What is new is the further extension of technology, media and marketing forms into what is called the non-economic sphere. But it would be wrong to see these trends as signifying a break with the actual, as opposed to fictitious, ideal-type 'modern market'.

2. See *Beyond the State?*, London, Macmillan, 1983, ch. 3.

Third, what if we agree with Hinkson and argue that the 'post-modern market' signifies a new development, just like monopoly capitalism marked the break with earlier forms of capitalism in the nineteenth century? I have no objection to accepting the possible development of a new stage of capitalist society if, and this is a big 'if', it can be shown that comparable changes to production, as well as political, judicial and cultural processes have also undergone fundamental transformations. After all, the change from early forms of commercial and industrial capital to what is variously called monopoly capitalism, late capitalism, advanced capitalism or whatever, was also accompanied by revolutions, the welfare state, transnational corporations, mass education systems and so forth. What, if any, are the comparable institutional changes in the 'postmodern market' — apart from new technologies, products and cultural forms — which are not merely variations or modifications of the 'modern market'?

Very importantly, left analysts were unanimous in their acceptance of the existence of a working class as part of the new stage of monopoly capitalism — even though the proletariat were found in new occupations, consumed vastly more processed goods and services, or were better educated than their working class predecessors in the earlier stage of capitalist societies. But Hinkson is reluctant to call the 'intellectually trained' the working class. Instead, he calls them a new strata or grouping. Does this mean we have a new 'postmodern market' capitalism without a mass working class? Is Hinkson really imagining a situation where a 'postmodern market' can be based on only one class — the capitalist class? If the 'intellectually trained' are replacing the old working class but are not the new working class themselves, then what kind of economy is this? What is labour (mental and physical) and its relationship to capital? These are just a few of the major questions which desperately need persuasive answers before I am prepared to accept the concept 'postmodern market'.

Explaining the Current Australian Crisis

While this is not the place for a detailed analysis of the causes and implications of the current Australian depression, I will endeavour to sketch out a significantly different interpretation to the one offered by Hinkson. It seems to me that the extent and nature of many of the socio-economic changes in the past decade, while by no means all unique to Australia, have a great deal to do with specific Australian historical conditions. They also have much to do with the particular conjuncture — a combination of domestic and international developments and pressures — which few other OECD countries experienced during the 1980s. These peculiar

factors, rather than the emergence of a 'postmodern market', forced political parties and the private sector to adopt economic rationalist policies during the 1980s. The 'deep current' experienced in Australia — the cause of so much social misery, confusion, anxiety and restructuring — has more to do with delayed capitalist modernization than with 'creeping postmodernism'.³

Hinkson's analysis of Australia in the 1980s reminds me of debates in Germany during the late 1960s. Well before all the fashionable discussions of postmodernism, Habermas, Wellmer and other German theorists argued that Marx's concept of class and the theory of value had lost their usefulness as science and technology had become the decisive productive force.⁴ Moreover, new techniques and drugs for personality change, surveillance, genetic engineering, sex and mood change were transforming political and cultural relations. While many of these changes did occur and have affected the labour movement and the role of science in ideology, as well as cultural relations, they did not produce the 'post-industrial' society that Touraine and other European left theorists imagined. Instead, we witnessed the modernization of West European manufacturing industries, making Germany, France, Italy (alongside Japan and the United States) the largest producers of manufactured goods. Some of the key political, economic and technological changes that countries such as Germany, Austria, Sweden or France underwent in the 1960s and 1970s were belatedly implemented in Australia during the 1980s. What were these changes and why were they mainly introduced into Australia so late?

Of the approximately twenty-four OECD countries in the past three decades, Australia and New Zealand are almost unique in their exclusion from either formal or 'natural' regional trading pacts or their inability to use their economic muscle in world trade markets. The Japanese have used their mass industrial and financial power to compensate for their isolation, whereas Australia has always depended very heavily on foreign investment and other capital inflows. The United States and Canada form a 'natural' market which has shaped the Canadian political economy well before a formal free trade pact. Even Austria, Switzerland,

3. For a detailed analysis of socio-cultural changes during the past two decades, see my new book *From the Prophets Deserts Come: The Struggle to Reshape Australian Political Culture* (to be published later this year).

4. See J. Habermas, 'Technology and Science as "Ideology"' (1968) English edition in *Towards a Rational Society*, Boston, Beacon Press, 1971 and A. Wellmer, *Critical Theory of Society* (1969) English edition, New York, Herder and Herder, 1971.

Sweden and other EFTA countries outside the European Community were strongly affected by capitalist developments in the Common Market countries. The remaining OECD countries such as Spain, Greece, Portugal and Turkey are now being forced to modernize their whole political economies as they enter (or conform to) EC structural imperatives. While Australia has certainly oriented its external relations away from Britain and towards Japan and Asia, this is not equivalent to being part of a formal regional political economic community.

In Western Europe during the 1960s and 1970s, most nation states were forced to undergo industry rationalization, monetary reforms, public sector planning and administrative overhauls, regional development strategies for depressed areas, labour re-training schemes, modernization of educational systems and so forth. The demands of European capitalist businesses crossing national borders required the removal of more and more tariff, monetary, tax and general marketing barriers. The Maastricht treaty is merely a proposal for an advanced stage of formal supranational monetary and economic union — a process which has been going on at national levels for decades. Consequently, the deregulation of the Australian financial system in the 1980s had already been implemented in de facto form in Europe much earlier. Similarly, the massive Euro-Dollar market, balance of payments crisis (for example Harold Wilson worrying about monthly 'numbers') and French and other indicative planning structures (like Button's industry plans) were decades old in Europe. So were corporatist relations, as a number of countries witnessed strong union, government and business links well before the ALP/ACTU Accord. Finally, the Dawkins' reforms in education, as also VCE-type curriculum disputes over 'high culture' and 'popular culture', had occurred in Germany and other countries well before the late 1980s. Thus, many of the EC reforms were designed to strengthen European manufacturing and finance capital — in competition with Japanese and US business — rather than to create a 'postmodern market'.

So what is peculiar about Australia? First, a bi-partisan agreement emerged in Australia during the 1980s that the internal tariff barriers had to be removed in Australia if manufacturing and other industries were to be modernized. Second, the education, finance, service sector and labour markets had to be reformed and deregulated where possible. On all these issues, except deregulation of the labour market, there was broad political agreement — even if the details and methods were disputed. Just as the colonial economies had to be integrated into the internal post-1901 national Australian market, so too the major parties now wish to integrate

all aspects of our political economy and society into global markets.

However, the major differences between Australian and especially West European attempts at modernization has much to do with historical timing and levels of private and public sector development. Whereas in EC-member countries tax averaged out at over forty per cent of GDP, in Australia the proportion of tax revenue and size of the public sector was much lower. Even in Britain, where the public sector is larger than in Australia, Major or Kinnock would have had to significantly increase tax revenue in order to match the quality of public services, social conditions and industry development already in existence in Germany, France, Holland, Sweden and Denmark. Yet in Australia, the 'historical compromise' of protectionism and arbitration was unfortunately matched by a small, neglected public sector from 1949 until the present day. Only the brief attempt by the Whitlam Government to raise public sector services and infrastructure to comparable OECD levels departed from the Menzies through to Fraser, Hawke and Keating anti-public sector policies. What differed in the 1980s is that Hawke and Keating set about simultaneously to reduce public sector outlays back to 1951 GDP levels as they deregulated the economy and pursued 'dry' policies.

Not only was Australian society ill equipped to modernize its public and private sectors during the 1980s, but the flagrant debt-creating, indulgent excesses of market cowboys and yuppies combined with new technology, postmodern media style and the general celebration of greed and narcissism to create the impression that we had entered a new epoch. And at one level we certainly had. But most of the old 'modern market' conditions still operated. Prominent among these structural constraints was the fiscal crisis of the state. Keating converted the large deficit he inherited from Howard into a budget surplus by squeezing state government budgets and cutting the federal public sector. The brief boom in the second half of the 1980s increased revenue flow, permitting tax cuts for the private sector and affluent Australians. So long as the frenzied property boom and financial speculation kept up stamp duty and other receipts, plus employment and investment in commercial building projects, the fiscal crisis could be papered over.

The recession/depression in property and shares from 1990 on has resulted in a 1930s-style bust rather than a postmodern crisis. State governments are near bankrupt, private investment has slumped, and mass unemployment will inhibit postmodern forms of extravagant consumption. Hewson's solution to the fiscal crisis is the old pro-market remedy — slash direct tax rates (company and personal taxes), increase indirect tax rates (GST) and, very

importantly, reduce the public sector by \$10 billion through cuts and privatization. The 'deep current' is still the battle between the size of the public and private sectors, incentives for private accumulation and pre-1930s solutions to wages — for example trying to abolish central wage fixing like Prime Minister Bruce. Political struggles will still centre on what kind of socio-economic policies will be necessary to resolve massive debt problems, attract new industry investment, maintain public services and prevent the decline in popularity of the ALP and the Liberals. Because the modernization of Australian industry, education and political culture is now also significantly determined by global market forces, the options facing federal, let alone state governments, will be fairly restricted.

Whether a new 'postmodern market' dominated by 'the play of images', or a modernized manufacturing industry based on material products (like in Western Europe) emerges in Australia depends on political struggles and not just on technological developments. Hinkson's preoccupation with the 'intellectually trained' is in need of much more clarification and analysis. I feel that he essentializes this 'new professional class' grouping by assuming that they are pro-free market. Only a small proportion of the 'intellectually trained' work in those sectors of the Australian economy which are oriented to global markets. All those 'intellectually trained' in the public sector, education, private media and other parts of Australian society affected by closures, cuts and deregulated competitive pressures are more likely to oppose rather than support 'dry' policies. However, this does not mean that old labour movement politics can be revived. The inability of left and social movement forces to agree on alternative economic, environmental and social policy agendas is certainly related to the emergence of new occupational groupings, new modes of cultural expression and substantial depoliticization of the public sphere.

But in order to counter the economic rationalist 'deep current' and develop an alternative politics, it is very important that we have some initial agreement as to what has occurred in the past decade. In a climate where there is so little oppositional theory and practice, I share John's concern that we develop our understanding of the relationship between new technologies, cultural forms and market and government policies. For regardless of whether one calls the current economy 'postmodern' or not, there is no doubt that the old forms of politics are not very effective in either combating the Right or promoting desperately needed new political cultural agendas.

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