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CRITICAL APPROACHES TO WESTERN CAPITALISM IN SOCIAL THEORY AND THEIR OSCILLATIONS BETWEEN POLITICAL ECONOMY AND CULTURAL STUDIES

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Abstract

The aim of this article is to exhibit main critical approaches to western capitalism in social theory and their directions. This article begins with Marx as the major the critique of western capitalism and shows the major aspects of his critical approach. After Marx, in the 20th century, the direction of the critical approaches to capitalism shifted from political economy to cultural sphere in social theory. Therefore, I focus on Gramsci, the Frankfurt School and Baudrillard to show the main tenets of cultural critique of western capitalism. In the final quarter of 20th century, political economy comes into prominence because of the collapse of the welfare state and diminishing role of the state in the economy under the impact of the neoliberalization process. Thus, I examine David Harvey's critical approach to contemporary capitalism because of that he represents the return of political economy in the critical approaches to capitalism.

Keywords: Capitalism, Marx, Gramsci, Frankfurt School, Jean Baudrillard, David Harvey.

1. Introduction

In this article, I examine basic critical approaches to western capitalism in social theory and their directions. Karl Marx became the major source of critical approaches to western capitalism because of his highly influential critiques of capitalism; therefore, I begin with Marx's critical perspective on capitalism. He introduced many important concepts such as commodity, class conflict, mode of production, the means of production in understanding capitalism. However, he mostly focused on the political economy of capitalism and its harmful impact on human beings. Although Marxist critique of capitalism was very effective to tame predatory capitalism and mobilized millions against capitalism, capitalism has renewed itself and increased its impact and capacity all over the world. Depending on the changing dynamics of capitalism, the critiques of capitalism also changed their directions in social theory. In the 20th century, a large number of social theorists turned their directions to cultural spheres in understanding capitalism. In this context, the critique of Gramsci, the Frankfurt School, and Jean Baudrillard came into prominence because of their critical perspectives on western capitalism. However, in the late 20th century, the economy has become a favorite sphere of critiques of western capitalism because of the increasing impact of neoliberalism and the collapse of the welfare state. In order to show this shift, I examine David Harvey's critical approaches to contemporary capitalism. Of course, there are some other well-known figures (Althusser, 1969; Habermas, 1991; Jameson, 1991; Laclau & Mouffe, 2001; Polanyi, 1957; Wallerstein, 1974) in the critique of western capitalism in social theory. But, I have narrowed down them with the social theorists above to show the main direction of the critiques of capitalism and the shift between political-economy and culture. Here, my aim is not to examine their approaches in details, but to examine their main ideas and their main contributions to social theory in understanding capitalism.

2. Economic Critique of Western Capitalism: Karl Marx

According to Marx, the material needs of human beings are of paramount importance in their lives. People cannot maintain their lives without satisfying their own material needs such as food, shelter and clothing (Marx & Engels, 1947: 7-9); therefore, productive activities are the most important involvement of human beings (Marx & Engels, 1947: 16). In order to show how productive activities shape all aspects of life, Marx made a distinction between "the base" and "the superstructure" (Marx, 1977). While "the base" refers to all economic activities in society, "the superstructure" refers to others aspects of society including culture, politics, religion and so on. For Marx, the base is the determinant factor in shaping the superstructure. Social, cultural and political institutions are shaped in accordance with the modes of production or the dominant economic system.

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Each economic system produces different classes (lord and serf, bourgeoisie and proletariat) depending on the forms of ownership (Marx, 1964, 1982; Marx & Engels, 1947, 1978); however, there are two basic groups throughout history: the owners of the means of production and the non-owners of the means of production (Marx & Engels, 1947: 8-13). The owners as the dominant class exploit the labor of the non-owners because the non-owners of the means of production have to comply with the dictates of the owners to satisfy their economic needs. For example, in the feudal system, the means of production belonged to lords; serfs had to work for their lords to maintain their own lives. Although serfs were the real producers, they were not owners of products and determinant in the production process. So, the non-owners produce for the owners because the satisfaction of their basic needs depended on the subordination to the owners (Marx, 1978). However, as a result of the transition from the feudal system to capitalism, new classes emerge; while the owners of the means of production is the bourgeoisie, the non-owners are wage laborers or workers (Marx & Engels, 1947: 43-78). Although workers are the real producers, the product they produce belong to the bourgeoisie in the capitalist system. The source of the wealth of the capitalist thus depends on the exploitation of the class of wage laborers (Marx, 1976: 798).

In *Capital*, Marx began his critique of capitalism with the analysis of commodity, which is a thing (e.g., corn, iron, and paper) that supplies human needs (Marx, 1976: 125-126). For Marx, each commodity has a use-value and exchange-value. Use-value refers to a particular function and qualification of each commodity in the fulfilment of human needs (Marx, 1977: 28). However, people sell and buy commodities because of the emergence of the system of exchange after the development of modern capitalism (Marx, 1976: 128). As a result of the system of exchange, each commodity possesses its own exchange-value in the market. The system of exchange also leads to the separation of consumption from production. There was a blurry separation between consumption and production before the emergence of capitalism because of that people considerably produced commodities for their own needs and consumed them immediately. However, the emergence of capitalism gives rise to the predominance of exchange value. The exchange-value of a commodity is evaluated in comparison to another commodity in the system of exchange. For example, two tons of corn has the exchange value of a quarter ton of iron. However, for Marx, it is not possible to compare commodities in terms of quantity because each commodity has its own unique function in the satisfaction of human needs. Thus, in capitalism, quantity is more important than quality because of the system of exchange.

However, for Marx, in essence, commodities only have use value. The question is what makes a commodity value? For Marx, value is not a substance form of a commodity; it is out of a commodity or independent from a commodity. Value emerges when a commodity is compared with other commodities. Its value is the result of its relation with other commodities in capitalism (Marx, 1976: 139-140). Thus, a commodity does not have any value per se. For example, the value of linen cannot be measured by linen itself. But when we compare linen with other commodities, the exchange value of a commodity come into prominence. The value of a commodity is not inherent to the commodity. Its value is determined in relation to other commodities. The value of corn is compared to other commodities. Thus, commodities turned into independent beings in the system of exchange although the source of values is derived from their use.

For Marx, the system of exchange changed all of the social, cultural and economic dynamics of the modern world. People began to give enormous values and power to commodities. The power of commodities enforces people to believe that the value of commodities is inherent to a commodity. People wish to possess these commodities with a big desire and then behave as the owner of these commodities rather than as human beings. Thus, people begin to develop social relations based on their commodities. As a result of the system of exchange, the relations between people are shaped in accordance with commodities that people have because commodities show the place of an individual in a society. For example, a watch does not only show what time it is, but also shows the class of people in a society. Hence, the value of a person is shaped what he or she possesses. People attribute enormous power to commodities and worship them as a fetish. Therefore, Marx used the concept of commodity fetishism to emphasize that human beings are dominated by products that they produce and give values in the capitalist system (Marx, 1976: 163-170).

For Marx, there are two kinds of labor: useful labor and abstract labor (Marx, 1976: 132-138). Useful labor produces commodities to satisfy a particular human need, which is for use value, not for the market or sell it. On the other hand, abstract labor only focuses on the quantity of commodity and the time for labor, rather than quality. Therefore, labor was abstracted from its skills, reduced to simple and homogenous form, and began to create the exchange value of a commodity. For example, workers produce coats in a factory for the increase of the wealth of the capitalist. However, the wealth belongs to the capitalist, not the worker. Differences of the quality of labor and product are not important; but, the important thing is the production of the commodity for a specified amount in a specific time. In capitalism, workers get their wages in

accordance with the time of labor. However, it is not fair because the quality of labor can be different. For example, shoemakers and coat makers have different skills.

On the other hand, a capitalist invests his own money in an enterprise, but does not produce anything. Therefore, in essence, everything should belong to the proletariat, but a capitalist should have nothing. However, it is different in a capitalistic society. Therefore, for Marx, the bourgeoisie stays alive by exploiting the labor of workers. To be more successful or bigger, the bourgeoisie needs to exploit more labor. Although workers create the wealth of capitalists, they do not take their shares that they deserve. In a capitalistic society, therefore, the proletariat is subject to exploitation because profit requires the exploitation of labor.

In capitalism, workers have to sell their labor in order for their daily needs such as food and clothing. Marx believed that there are two kinds of labor for a worker: necessary labor and surplus labor. Necessary labor provides a worker with his daily needs. For example, a few hours of labor are enough to continue for the survival of a worker. However, a capitalist enforces a worker to work more than necessary labor as if the laborer is paid for his/her all labor. Otherwise, a capitalist does not employ a worker. Therefore, the rest of the labor time does not belong to a worker, but belongs to a capitalist. Then, if a worker works only a few hours for himself or herself, the rest of labor hours will be unpaid. Thus, the rest of the labor is surplus labor, and surplus labor creates surplus value, which is the profit of the capitalist. So, workers work long hours, but do not produce any value for themselves. In contrast, they produce a value for a capitalist. Thus, in a capitalist system, unpaid labor is perceived as paid. The system of wages in the capitalist system is totally deceptive and exploitive system (Marx, 1976: 325).

According to Marx, capitalism also leads human beings, particularly workers, to alienate themselves from their laboring activities. Workers are alienated from the product of labor, productive activity, other human species and other human beings (Marx, 1964). Although workers produce commodities, their products belong to the capitalist class; therefore, they are alienated from the product. They are also alienated from the productive activity because they do not have any control over the production process. Capitalism also leads to the alienation of workers from the human species because they are treated like animals working in a farm used for production. Although humans are conscious beings, workers are treated like animals which have only physical being, which led to the alienation workers to human species. Also, the sole aim of people in a capitalistic society is to compete each other for more economic gain; they thus alienate to themselves. People cannot realize themselves in a capitalist society.

Another critique of Marx dealt with major historical events leading to the development of capitalism in its early stages. Marx calls this process as primitive accumulation (Marx, 1976: 873), which was the process of the transformation of the serf into wage laborers. Although Adam Smiths and David Ricardo believed that it was a peaceful process, Marx believed that it was a brutal process. Primitive accumulation refers to the process of coercion, which workers had to leave their rural places to sell their labor to the capitalist in the seventeenth and eighteenth centuries. While the first stage of this process was the transformation the means of production, the second stage was that serf laborer was expelled from the means of production and turned into wage laborer. For a capitalistic economy, labor must be free. While some people have to buy, some people have to sell their labor as if it was like a commodity. Therefore, in the early years of capitalism, capitalists enforced serfs to leave the lands. For Marx, during the period of feudalism, laborers could reach directly the means of production and produced for themselves. But in capitalism, they had to sell their labor for their livelihoods and produce for the bourgeoisie.

For Marx, periodic economic crises are one of basic characteristics of capitalism. As a result of the development of machinery production, many workers lose their jobs. Thus, while the rate of production increases, the number of customers decreases. Then, some companies are getting weaker because of the decrease of demand, and they need to fire workers in order to get rid of an economic crisis. The increasing rate of unemployment leads many capitalists to go bankrupt due to low demand. Then, big capitalists buy the factories and machines of the capitalists who go bankrupt and begin to hire new workers with low wages. At this point, consumption begins to increase again. For Marx, this is the circle which leads to periodic economic crises in capitalism. Thus, capitalism inherently establishes a monopoly over time. While big capitalists are getting bigger and bigger, small capitalists become workers. By this way, the proletariat increases its impact and size in capitalist societies. At the end, the ongoing economic crisis is going to prepare socialism and the proletarian revolution.

3. Cultural Critique of Western Capitalism: Gramsci, the Frankfurt Schools and Baudrillard

Gramsci, the Italian Marxist theorist, was a highly influential figure in the shift of the direction of critical approaches to western capitalism from economic forces to cultural sphere. Gramsci was skeptic toward Marxist determinism based on the distinction of the base and superstructure (Gramsci, 1971). For

Gramsci, the ownership of the means of production is not enough for the control of the masses. In a capitalist society, the bourgeoisie controls the superstructure in order to continue its domination. For him, culture is not a result of the base, but also an active and productive force in the domination of society. Therefore, he represents a radical break from Marxist determinism based on economic forces as the major factors of historical change and the construction of the superstructure.

According to Gramsci (1971), the bourgeoisie maintains its domination over society through the construction of "hegemony," which is the ideological and moral leadership in civil society. In particular, hegemony refers to the creation of the consent of the masses in accordance with the values and interest of the ruling class in a society through cultural institutions such as religion, education, intellectuals, and the media (Bocock, 1986). Hegemony is different from coercion. The state apparatus such as the police and army uses coercion; however, hegemony exercises intellectually through social and cultural institutions within civil society. After constructing hegemony in civil society, the ruling class controls popular beliefs and worldviews, and make people believe that it is not necessary to resist against the ruling authorities. Thus, the ruling class maintains its domination through hegemony without violence and coercion.

For Gramsci, ideology is more important than the economic structure to maintain status quo. Particularly, the role of intellectuals is highly important in the construction of consent. In capitalism, intellectuals work for the maintenance of the domination of the bourgeoisie and consent people on behalf of the capitalist class. Thus, the continuum of capitalist domination depends on intellectuals and the media. For Gramsci, there are two kinds of intellectuals: organic and traditional. While traditional intellectuals work for hegemony by supporting ruling ideas throughout society, organic intellectuals within the masses produce counter-hegemonic ideas and challenge the dominant class.

According to Gramsci, it is necessary to make people free from the bourgeois ideology and to establish a realistic counter-hegemonic movement aiming to overthrow the ruling class. For a counter revolution, a revolutionary ideology is necessary. Ideas are produced by intellectuals and reach the masses through civil society and the media. Therefore, for Gramsci, the key role in the counter-hegemonic opposition to capitalism should belong to intellectuals. He believed that organic intellectuals could break the hegemonic relations and led to the increase of the class-consciousness of working class. Without invading civil society, it is not possible to materialize revolution. Therefore, for a revolution, Gramsci believed that it is necessary to consent people for a counter-hegemony in the cultural sphere.

Similar to Gramsci's stance, the prominent members (T. W. Adorno, Max Hoerkeheimer, Walter Benjamin, and Herbert Marcuse) of the Frankfurt School also focused on cultural spheres of capitalism and produced highly valuable critiques of western capitalism. They particularly examined the relationship between culture and modern technology, the role of modern technology in the construction of totalitarian capitalism and the decline of democracy and critical thinking. Here I firstly give major directions of the critiques of Adorno, Benjamin and Horkheimer briefly, and then I examine Marcuse in details.

Horkheimer and Adorno, in their study of *Dialectic of Enlightenment* (2002), point out that the elements of culture became a commodity in order to make money from art through mass production and consumption; hence, culture turned into an industry. They coined the term "culture industry," which refers to the industrialization and mass production process of culture and its consumption for commercial activities. Similar to other products, cultural things became subject to commodification, standardization, and massification like commodities. As a result of culture industry, a mass culture developed through films, photography, magazines, newspapers, and so on and became part of the center of leisure activity. Culture industry expects individuals to do the same things and buy the same kind of happiness through the same cultural commodities. Thus, the dominant ideology of the ruling class has spread and legitimized through the culture industry.

Benjamin in his study of *The Work of Art in the Age of Mechanical Reproduction* (2008) had also a critical stance toward culture industry. He believes that new technologies of cultural production such as photography, film, and radio developed, and mass media and culture replaced traditional forms of culture. For him, the development of mass photography, film, and so on, and the reproduction of work of arts led to the destruction of uniqueness or the aura of the work of art. Although the work of art belonged to the elite culture, the work of art was used for the masses as a political and ideological means. However, for Benjamin, the impact of culture industry is highly complex because ordinary people are becoming more critical by learning to judge and evaluate cultural products.

The Frankfurt school was known for their theories of "the totally administered society" in the capitalist world. This approach can be seen in Marcuse's work of *One Dimensional Man* (2012), which shows that all aspects of life were shaped by the increasing impact of capitalism. New forms of social control are produced through false needs in capitalism. Marcuse examined the new forms of social control and

domination in advanced industrial societies and argues that the development of technology and capitalism leads to the emergence of one dimensional man, society and thought. In these societies, it is expected people to follow majority without critical thinking. Thus, this situation leads to the decline of autonomous individuality, opposition, and negative and radical thinking, which are the instruments of creativity and freedom. Marcuse believes that in advanced industrial societies, consumption is the engine of capitalism, and advertising creates mass consumers and a consumer society. In these societies, people cannot determine their own true needs, but modern capitalism creates false and endless needs in order to make the masses a part of consumption machine. Mass media encourages people to love or hate what other people love and hate. This is a kind of enslavement process of man in industrial societies. Thus, consumerism is an important tool in the form of social control.

However, people have to work in order to satisfy their false needs. Capitalism provides people with freedom of consumption, but consumption requires the necessity of labor. So there is a never ending cycle in the advanced industrialist societies: mass media creates false needs, people want to satisfy their false needs, therefore; they have to work factories for long hours, then, they make money and go shopping in order to satisfy their false needs. Capitalism always creates false needs through advertising, and people always have to work. Marcuse believes that rationalism is one of the basic characteristics of advanced industrialized societies, but people behave irrationally and do not think critically because people need to work more than their needs in order to satisfy their false needs. Thus, they become a cog of the machine of consumerism and a means of control. Marcuse believes that if people satisfy their basic needs such as housing, nourishment, and clothing without labor, they have more freedom than anyone. Thus, the core of the advanced industrialist societies is more consumption, more slavery.

In this context, for Marcuse the realm of freedom is different from leisure. In the early form of capitalism, it was enough to control labor for domination; thus, there was a physical coercion. However, contemporary capitalism controls each minutes of people including their leisure time because leisure is also an important source of profit in these societies. Leisure industry controls people's leisure through mass media such as radio, television, and newspapers. Then, people feel that they need to satisfy their false needs due to media and advertisements. They spend their free time with consumption at weekends. Through leisure, people are controlled and absorbed by capitalism. For Marcuse, this led to the increase of unfreedom and conformity.

Marcuse also suggests that technology is not neutral. It is a means for the domination of capitalism over the masses and creation of one dimensionality within society although people are happy with the progress of science and technology. Although people create technology for the happiness of people and a better society, technology is controlled by capitalism and used for the expansion of capitalism. The needs of people are not created by their own conscious decisions, but they are the result of technological developments and advertisements. All opposition has been evaporated through creating conformity and "happy consciousness" by means of technology. Thus, individuals satisfied with limited freedoms and the status qua. The result is one-dimensional man, society and thought. People lose their ability to think critically, or negative thinking. Marcuse aimed to save people from being a cog in the machine and encourage negative and critical thinking in order to get rid of repression and domination.

Marcuse believed that advanced industrialist societies are not democratic but totalitarian societies because it is not possible to flourish alternative ideas, and only a few people determine people's happiness and needs. There is also no diversity, therefore, there is no sense of being difference, and thus, opposition does not develop in this kind of society. People enjoy with consumption. They believe that they are free because there are a large variety of goods and services and they can reach everything that they want. The distinction between the bourgeois and proletariat is also not clear in these societies because they read the same newspaper, watch the same program, and so on. However, false needs, media, and advertisements control people. The desire for the satisfaction of false needs shape the life of people. Marcuse believed that people have an illusion about freedom, equality, and happiness, and false needs and their satisfaction leads to "euphoria in unhappiness." However, although people believe that their liberty is increasing, the control mechanism within the society is increasing. As a result, one dimensionality is everywhere in all forms

According to Marcuse, revolutionary potential has declined in the advanced industrial society under the impact of capitalism due to the decline of negative thinking and opposition and the rise of conformity by the new forms of social control such as mass media, advertisements, industrial management, because advanced industrial societies create false needs and people have to integrate into capitalism. People have to work hard in order to make money for the satisfaction of their false needs. So, there is no time and energy for revolution. Marcuse believed that the proletariat, which is the source of revolution for Marx, integrated into capitalism. Therefore, he did not expect a revolutionary activism from the proletariat, but he believes

that those who do not integrate into capitalism can be a source of opposition. Therefore, Marcuse focused on the non-integrated groups such as minorities, outsiders, and radical intellectuals, for opposition rather than the working class.

Jean Baudrillard (Baudrillard, 1994, 2016) is another highly important figure in the critique of capitalism in contemporary social theory. He is also considered one of the major theorists of postmodern theory. He focuses on the relationship between capitalism, technology, the mass media and culture. His main emphasis-similar to the critiques of the Frankfurt School basically is that capitalism produces a homogeneous and standardized society based on consumption and hyperreality.

Baudrillard argues that the classical Marxist critique of western capitalism, particularly Marxist theory of commodity based on the distinction between use-value and exchange-value, is not enough to understand contemporary societies and capitalism because we live in a postmodern world or a consumer society. In the consumer society, the main element of capitalism is no longer production, but consumption; therefore, the form of competition is also shifted from production to consumption. The main unit is not the proletariat, but the consumer.

In the postmodern world, signs are much more determinants in the mechanism of contemporary capitalist societies. Consumers do not consume for the use-values or exchange-values of commodities; but, commodities are evaluated in accordance with their own sign-values. Advertising encourages emotional and unconscious desires of customers instead of focusing on the price and quality of a particular product. It also creates a language of signs which can be understood by consumers. Then people consume goods through imaginary competition of signs. It also creates a system of classification and a kind of hierarchy based on social standing and status in the consumer society. In this system, there are categories of objects, and the categorization of objects manufactures the categorization of people. Thus, competition not only provides self-fulfillment, but also distinguishes those who possess from those who do not possess because people define themselves in accordance with what they consume and their signs. For example, people do not use luxury brands (e.g., BMW, Audi, Lacoste) for their use or exchange values, but consume them for their sign-values such as prestige, power, and status.

Similar to the Frankfurt School, Baudrillard argues that capitalism in contemporary societies destroy otherness and differences. People spend their time to consume under the impact of mass media and advertising. This situation reduces the possibility of individuality, social resistance and opposition. Thus, capitalism maintains its domination through signs and consumption in the contemporary era.

4. Economic Turn in the Critique of Western Capitalism: David Harvey

David Harvey is a well-known social theorist with his commitment to classical Marxism. Harvey tries to understand contemporary capitalism from the perspective Marx's major study of *Capital*. As an Orthodox Marxist, Harvey believes that the superstructure depends on the base and therefore explains recent changes in social, cultural, and political spheres through the economic changes. In his study of *the Condition of Postmodernity* (1990), he examines the transition from modernity to postmodernity from an economic perspective and argues that postmodernity should be examined in the context of the political and economic transformation of the late twentieth century capitalism from fordist mode of production to postfordist mode of production (or a flexible mode of accumulation). Particularly, he argues that the emergence of a postmodern culture is the result of the shift in the mode of production in capitalism. Although there are big changes in the transition from modernity to postmodernity, Harvey believes that postmodernism is a continuum of modernism (Harvey, 1990: 116) because capitalism is still dominant all over the world. The surface of capitalism changed but the deep of capitalism is the same. In his words, "There has certainly been a sea-change in the surface appearance of capitalism since 1973, even though the underlying logic of capitalist accumulation and its crisis-tendencies remain the same" (Harvey, 1990: 189).

Postmodernity is not a radical shift from modernity; but, it is a result of a new form of capitalism in the late 20th century. While modernity was based on fordist capitalism, the condition of postmodernity is based on postfordism or a flexible mode of accumulation. Fordism is an economic system based on industrialization and the mass production of products in the early 20th century. In this system, similar or the same products were produced over years based on inflexible technologies, standardization, and labor stability with the aim of the production of more commodities with lower cost. In fordism, workers had to work very much, and thus the exploitation of workers was an important characteristic of this system. The job of workers was very repetitive and did not require any creative activity. Labor requires high level of concentration and physical power; therefore, there was a demand for unskilled labors. Workers had to work in the workplace under strict control through repression and habituation (Harvey, 1990: 123-124). Workers have a regular time shifts, sufficient income, and leisure time to consume the mass produced products with their income at weekends (Harvey, 1990: 126).

However, in the 1970s, this system began to decline and a flexible mode of production, or postfordism, developed because of rapid technological developments. Postfordism is based on flexible accumulation and the intensification of commerce and technology. In postfordism, there are a large array of products, instead of similar and the same products. In the postfordist capitalism, information technologies, logistic, communication, and financial markets expand their networks all over the globe. Thus, there is no sooner a strong link between real commodities, the financial system, and geography. For the workers, the flexible mode of accumulation also produces more flexible work conditions. Instead of repetitive and physical labor, innovative, skilled and professional laborers come into prominence.

What are the social-political and economic consequences of the shift from fordism to postfordism? In this era, unskilled labors or traditional working class lost their importance in the economy. This led to the decrease of the impact of the labor and union movements. The rich and educated middle class became the most important actor in the economy. Therefore, a large number of unskilled and uneducated workers lost their jobs. Unemployment rates increased as a result of deindustrialization. Unskilled workers began to get insecure and temporary jobs in the service sector. As a result, social inequalities have been increasing in the world. Harvey states that "Between 1979 and 1986, the number of poor families with children increased by 35 percent, and in some large metropolitan areas, such as New York, Chicago, Baltimore, and New Orleans, more than half the children were living in families with incomes below the poverty line" (Harvey, 1990: 331).

David Harvey in his highly critical study of *Neoliberalism* (2007) examines the origin, rise, and implications of neoliberalism. He believes that neoliberalism is a revolutionary turning point in capitalism and a new world order constructed through the Bretton Woods agreements and various institutions, such as the WB and the IMF. The term neoliberal covers liberty as a value of classical liberalism and the understanding of free market and opposition to state intervention in neoclassical economics. According to Harvey, the definition of neoliberalism is that "Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices" (Harvey, 2007: 2). Thus, one can say that neoliberalism requires minimum state intervention, deregulation in industry, agriculture, and liberation of finance. Neoliberals believe that the market must be free to solve social and economic problems, and the free market economy not only leads economic growth but also protects freedom of people.

Before neoliberal policies, "embedded liberalism" based on Keynesian economics was dominant in the world. It was embedded because the market and bourgeoisie were constrained in a "web of social and political constraints and a regulative environment that sometimes restrained but in other instances led the way in economic and industrial strategy" (Harvey, 2007: 11). The basic characteristics of this period were redistributive policies, control over the free mobility of capital, expanded public expenditures, welfare state building, and active state interventions in the economy. During the period of embedded neoliberalism, Harvey argues that social and economic policies were an obstacle to capital accumulation, high inflation rates was threat to profits, and the share of the upper class in long term had declined. Thus, this period constituted a potential political threat to ruling class privilege. The embedded liberalism, which delivered high rates of economic growth in the 1950s and 1960s after World War II, was begun to collapse in the late 1960s. It was left in the 1970s due a crisis of capital accumulation, the rise of high unemployment and inflation, and fiscal crisis. Some alternatives were called in order to overcome rising unemployment and inflation. Communist and socialist parties were also increasing in Europe, even in the US and many people wanted state interventions and widespread reforms. But, this was a clear political threat to economic elites and ruling classes everywhere both in advanced capitalist countries and in many developing countries.

In this context, the question of Harvey is "How and why neoliberalism emerged victorious as the single answer to this question is the crux of the problem we have to solve" (Harvey, 2007: 13). He provides us with a very persuasive argument. His main thesis is that big business class in the US and UK worked with some liberal intellectuals and international organizations in order to minimize state intervention and showed that the enemy of economy is state intervention. Thus, he agrees with Dumenil and Levy that neoliberalism is "a project to reestablish the conditions for capital accumulation and to restore the power of economic elites" (Harvey, 2007: 19). Harvey gives some data that shows how the gap between the upper class and the working class increased after the implementation of neoliberal policies at the expense of the working class in order to prove the argument. According to Harvey, the results show that the neoliberal turn is connected with the restoration of the power of economic elites.

According to Harvey, the intellectual dimension of neoliberalism was very crucial in the construction of the neoliberal world. Hayek and some of his friends, including Milton Friedman, Ludwig

Von Moses, and Karl Popper established the Mont Pelerin Society in order to “disassemble capital from these constraints” (Harvey, 2007: 11) in 1947. Some of these intellectuals were also very active in the implementation of neoliberal policies. For example, Milton Friedman and the Chicago Boys were very active in the development of neoliberal ideas in the US and played very important role in the construction of Chilean Economy in accordance with neoliberal policies after the military coup of Pinochet in 1973. The founding fathers of neoliberalism, such as Hayek, believe that individual freedom is the central value of civilization. According to them, freedom was not only threatened by fascism, dictatorship, and communism, but also all forms of state intervention was an obstacle to individual freedom. Therefore, they believe that free market economy is a guarantee for individual freedom. However, for Harvey, neoliberal understanding of freedom reflects the interest of private property owners, businesses, multinational corporations, and financial capital.

Harvey explains the expansion of neoliberal policies with the concept of consent rather than hegemony. This concept is very useful in order to understand how an ideology penetrates into a society or the world. He depicts the penetration of neoliberal ideas into British and American society. Neoliberal policies could not have been implemented without the collaboration of government, dominant classes, intellectuals, and media. The upper class used the think tanks, media, and universities for neoliberal policies, and all these elements manipulate public perceptions and promoted neoliberal arguments by using some positive values such as freedom and liberty all over the world.

Harvey also provides us with the development of neoliberalism all over the world, in particular the UK, the US, Chile and China. There are some key junctures in the development of neoliberalism. Chile was the first neoliberal experiment. After the military coup, which was supported by the US, in Chile, a group of neoliberal economists, the Chicago boys, constructed the Chilean economy under the observation of the IMF and the World Bank. In Chile, national industry was privatized, the market deregulated, and barriers to foreign investment were abolished. Neoliberalism was successful in the increase of the profit of the rich, and the distribution of wealth from the poor to the rich. Ronald Reagan in the US and Margaret Thatcher in the UK were very active leaders implementing neoliberal policies. Then, in the 1980s and 1990s, structural adjustment programs were imposed on many countries by the international financial institutions. Thus, many brutal experiments in the periphery were taken place.

For Harvey, although the penetration of neoliberal policies varies from society to society, the results of neoliberal policies are similar all over the world. Neoliberal policies, such as privatization, tax cuts, deregulation, cuts in social services, the rise of unemployment, and some privileges of finance, led to the increase the wealth of the upper class at the expense of the poor through “the accumulation by dispossession.” The gap between the poor and the upper level class increased very sharply and income distribution has worsened not only at the level of national but also at the level of global. Declining wages, reducing services, such as health care, have devastating social effects on the poor. Harvey also shows that global growth rates have declined after neoliberal policies. For example, it was 3.5% and 2.4 % in the 1960s and 1970s. However, it was 1.4% and %1.1 in the 1980s and 1990s. In addition to these, neoliberal policies produced many financial crises in many countries. According to Harvey, neoliberalism was also harmful for the environment.

Harvey believes that neoliberalism and democracy oppose each other in a long term. According to him, the emergence of neoliberal authoritarian regimes (Pinochet’s Chile and Putin’s Russia) proves that there is no a necessary link between neoliberalism and democracy. According to Harvey, the statement of President Bush, “as the greatest power in earth we have an obligation to help the spread of freedom,” shows the authoritarian, forceful, and anti-democratic nature of neoliberalism. For Karl Polanyi, there are two kinds of freedom; good and bad. While bad freedom covers “the freedom to exploit one’s fellows, or the freedom to make inordinate gains without commensurable service to the community, the freedom to keep technological inventions from being used for public benefit, or freedom to profit from public calamities secretly engineered for private advantage,” good freedom refers to freedom of conscious, speech, meeting, association and so on (Harvey, 2007: 37). For Polanyi, the market economy under which these freedoms thrive also produced freedoms we prize highly. According to Harvey, “the good freedoms are lost and the bad ones take over” under the market economy (Harvey, 2007: 37).

5. Conclusion

In this article, I examine critical approaches to western capitalism in social theory. The beginning point was Marx’s concentration on the economic impact of capitalism because of its enduring impact on social theory in the critique of capitalism. However, I then focus on the cultural turn in the critique of western capitalism in the 20th century. Particularly I examine Gramsci, the Frankfurt School, and Baudrillard. Finally, I focus on David Harvey’s critical perspectives on western capitalism to show the return of the

economic perspectives in the critique of capitalism because of the decline of welfare state and the increase of neoliberal policies. All of these are important critiques of western capitalism which provide important perspectives in understanding capitalism and its shifts over time. Of course, there are serious differences between these social theorists in terms of their emphasis; however, the articulation of their positions with each other provide a better understanding of capitalism.

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