

Commodification: the essence of our time

Under advanced capitalism, commodification expands into all corners of social and political life, with devastating consequences. Finding a limit to this process is more urgent than ever.

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The dominant process underlying the transformation of life in all societies, since at least the mid-nineteenth century, is the conversion of things and activities into commodities, or commodification. In advanced capitalist countries this process is now outstripping our political and social capacity to adjust to it. Any useful economic analysis needs to foreground this process. Mainstream economics does not do this.

Commodities & commodification

Not everything useful is a commodity. What makes anything a commodity is the possibility of trading it for profit. Apples grown in someone's back yard are not commodities; apples become commodities only when they are grown for sale. Under capitalism, nothing is produced that can't be sold for profit, so the production of commodities is capitalism's *raison d'être*. The Italian economist [Piero Sraffa](#) even defined capitalism as 'the production of commodities by means of commodities' – meaning, by means of production that are also traded: i.e. not only raw materials and machinery, but also labour which under capitalism is sold by workers and bought by employers.

Competition forces employers to maximise profits or go under. They can maximise profits in various ways, many of which tend to convert things or services into new commodities. The conversion of independent farmers and craftsmen into wage labourers created a demand for 'wage goods' – i.e. everything from bread and beer to shoes, which were needed by workers who could no longer produce them for themselves - and for commodified services, such as transport. Each of these became fields of new capitalist production, with similar knock-on commodifying effects in other fields of activity.

Over time, everything that enters into capitalists' costs of production, whether it is a material good or an activity, becomes commodified, while more and more

things enter into capitalist production. A major driver of commodification is the need to cut labour costs, but it can also have knock-on effects: for example, the technology developed to cut labour costs in one field creates possibilities for creating new wants or needs in another. The internal combustion engine was invented and developed for a variety of industrial purposes before its widespread use for transportation was realistically envisaged. It took half a century before petrol-driven cars became a consumer good and a universal want, and eventually a universal need. Similar new wants that may become needs, from mobile phones to electronic books, have been and are constantly being created by the development of digital communication technology.

The logical outcome of this process is the commodification of everything, unless political or social barriers prevent it. Karl Polanyi famously proposed that there was a 'double movement' in history which repeatedly led to the reassertion of state control to bar the commodification of everything, but failed to identify a mechanism which assured this. With the advent of global capitalism, and in the absence of a global state, no such mechanism is in sight. Recent examples of such barriers are the intervention by the US government to prevent the human genome becoming a commodity belonging to Craig Venter's Celera company, and the public reaction which led to the abandonment of the British government's plan to privatise publicly-owned forests. But more often the obstacles are overcome, circumvented or removed, as in the successful patenting of individual genes and viruses by profit-oriented researchers, or the (often violent) privatisation of the Brazilian rain forest and common lands [\[pdf\]](#) in many parts of the world from Bangladesh to Colombia.

When the commodification of all of nature (including human nature – our dreams and fears, as well as our genes) becomes so familiar as to be seen as normal, few effective limits to commodification will remain. The process has already gone very far. Most of the world's agriculture and food production has already been commodified. So have many domestic activities, at least in middle-class households – keeping food fresh has been replaced by fridges, washing clothes by washing machines, cooking by buying pre-cooked food and restaurant meals. Not only have farmland and fresh water supplies been commodified, but also parts of the oceans (through the creation and sale of exclusive fishing and drilling rights), and even air itself (carbon trading is - in theory - a market for fresher air).

Even the functions of the state are being commodified: not just the provision of public goods and services, such as electricity and airport operations, but activities hitherto seen as quintessentially public, such as prisons and policing, and even including core responsibilities like policy. Policy-formulation is

contracted out to think tanks, foundations and management consultancies; publicly-collected data is entrusted to private companies to keep and sell.

Causes and consequences of commodification

While the general driver of commodification is capitalism's need for goods and services to sell profitably, the immediate causes of each individual instance of commodification vary very widely. The commodification of much house-work through the substitution of labour-saving household equipment was initially driven by the demand for married women to work in the wage labour force during two world wars. The commodification of leisure, in the form of film and TV, music and video games, is driven by the availability of technology that has allowed entrepreneurs to create new tastes and wants.

Understanding what has precipitated any particular case of commodification can be important for determining whether it is likely to be durable, or to have multiplier effects, or to be displaced by some other kind of commodity, or whether it can be modified through public policy. But such questions about causes are most likely to be prompted in the first place by the consequences – the impact that every instance of commodification has for social, cultural, economic and political life.

The feminist political economist of labour, Ursula Huws, has shown how commodification involves a cycle of job destruction and job replacement. The invention of motor cars displaced workers from coach-building but created jobs in car manufacture. As car manufacturers substituted mass production technology for manual labour, jobs were lost in car-making but created in the production of services needed for mass production – layers of management, design, research and development, accounting, record-keeping, advertising, marketing, finance and insurance, legal services. These in turn were industrialised and commodified, again displacing clerks, managers, accountants, etc, but creating new jobs in information technology, computer-assisted design, call centres, financial management.

The social consequences of this process are destabilising. New jobs are created in new industries called into existence by the commodification of older ones, but the people displaced from the old jobs don't necessarily get the new jobs, and they may be less well paid or secure. Often there is a gender impact (in Europe work done by men has often been replaced by other kinds of work done by women), or an impact on income distribution and social solidarity (secure jobs with benefits are replaced by precarious work without them) and so on. Some of the work involved in buying and selling consumer goods and services, which is not readily substitutable by machinery, is transferred to the consumer:

examples range from ATMs and self-service supermarket checkouts and petrol pumps, to DIY emporia, IKEA's flat-pack furniture and Formule 1's unstaffed hotels in France. Huws calls this 'consumption work'.

But employment effects are far from being the only important ones. The commodification of agriculture leads to factory farming, extreme concentration of livestock and an increased risk of epidemics. The commodification of fishing leads to the exhaustion of stocks. The commodification of eating involves a big increase in the consumption of take-away meals, fewer family meals, and children often no longer learning how to cook, or knowing what constitutes a healthy diet, leading in turn to obesity and other serious health problems. One result of the commodification of entertainment transforms creative leisure activity into passive and private consumption - solitary hours spent playing computer games, with complex social and cultural consequences.

The public sphere

The consequences of commodification in the public sphere are critical for our time. David Marquand defines the public sphere as 'a dimension of social life, with its own norms and decision rules, cutting across sectoral boundaries ... It is symbiotically linked to the notion of a public interest, in principle distinct from private interests; central to it are the values of citizenship, equity and service. In it goods are distributed on the basis of need...'. These norms are supposed to be embodied above all in the state and its agencies.

The commodification of the public sphere thus involves a change from one set of norms and incentives to another. For example, when state-provided health care is commodified, instead of being distributed on the basis of who needs it, it is distributed on the basis of who can pay for it (with or without financial help from the state). And instead of being delivered by staff trained to provide the best possible service to patients, and with an ethos of service to match, it is delivered by staff whose numbers, qualification levels and terms of service have been reduced as far as possible to save costs, lowering the quality of service they can provide. In addition, because they are paid to deliver value to shareholders, they have an incentive to over-treat - to do unnecessary tests, scans, and even operations, because it pays. In other words, quality of service - even patient safety - is subordinated to profitability,

But the effects of commodification go beyond shifting health care towards the better off, and reducing its quality. It also involves a change in the nature of the service itself, from health care conceived of as looking after the health of every individual patient over time, to care conceived of as a set of saleable treatments - 'finished consultant episodes', or GP visits, or inoculations, and so on - each

with an average cost and a set price. Otherwise health care cannot be made into a commodity capable of being bought and sold in a market. The treatment of mental disability or complex co-morbidities can't be industrialised in this way, so the effect of commodification is to leave such conditions under-provided for, or even unprovided (e.g. the current closure in England of 'drop-in' centres for isolated old people, and of 'day hospitals' for people with dementia).

Similar effects – a change in the principles of distribution, loss of quality, and a reconceptualization of the very nature of the service – can be observed in any service in the public sphere which is commodified. While market advocates argue that competition cuts costs, in health care and other personal services, costs actually tend to rise for several reasons. One is the limited substitutability of capital for labour. Another is that the fragmentation of provision loses economies of scale. The transaction costs of operating a market are much higher than those of running a unified service. Then when an activity continues to be publicly funded, the scope for fraud outstrips the capacity of the state to prevent and punish it: millions of private transactions become commercially confidential and prohibitively costly to monitor adequately. In the US, ten per cent of the government's spending on medicare is estimated to be lost to fraud.

The state

When commodification or its consequences penetrate the core administrative, regulatory and even policy making functions of the state, the pathological effects become more serious still. When personnel administration is out-sourced, the data leak. Staff of 'independent' bodies established to regulate commodified activity are frequently drawn from the field to be regulated and are narrowly focused on competition rather than addressing a larger notion of the public interest. The outsourcing of major sectors of policy development to management consultancy firms such as McKinsey and Co. leads to the loss of public scrutiny and accountability, and drains democracy of its meaning. Expertise oriented towards the public interest disappears along with what was once considered indispensable institutional memory. Joined-up policy goes too – if it was ever there.

The notion that there is a conflict between public and private interests disappears in the blur of the revolving door [pdf] between business and government.

Total capitalism: capital shoots itself in the foot

The logical end of neoliberalism is the commodification of everything – everything from speculating on the future prices of staple foods [pdf] and

housing to making profits from prisons. As capital is pushed to extremes, pathological effects become painfully clear.

The political agenda comes to exclude all possible futures that would be incompatible with commodification. The loss of a brake on the process delivers irrational and self-defeating consequences. When the state has relinquished the capacity to regulate capital, capital itself starts to suffer from the lack of stable long-term frameworks needed for investment. The contemporary incoherence of energy, transport and climate change policy in the UK has become a notorious obstacle to investment. When society's capacity to define and plan for its collective interests has been surrendered to the pursuit of the private interests of a few hundred global companies, then its – our – very future is at risk.

Further Reading

- Ursula Huws, 2003, *The Making of the Cybertariat*, London, Merlin
- Colin Leys, 2001, *Market Driven Politics*, London, Verso
- David Marquand, 2004, *Decline of the Public: The Hollowing Out of Citizenship*, Cambridge, Polity Press.
- Leo Panitch, Colin Leys with Barbara Harriss-White, Elmar Altvater and Greg Albo, 2006, *Coming to Terms with Nature: Socialist Register 2007*, London, Merlin
- Arundhati Roy, 2012, Capitalism: A Ghost Story, *Outlook*, vol 52, no 12, March 26th, pp12-34
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