

Kersten Reich

## **Surplus Values –**

# **A New Theory of Forms of Capital in the Twenty-First Century**



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## Preface

The book explores in depth the impact of diverse forms of capital—economic, social, cultural, body capital and “learning capital” (educational training and learning)—on equity and equality of opportunities in today’s world. Four forms of the formation of surplus value are elaborated in theory and practice for all forms of capital, thus significantly expanding on Bourdieu’s theory. Equity is examined in respect to the forms of capital. A broad survey of social and individual risks within the vortex of intensifying capitalization is developed. The study also seeks to show why the state and society need to increase equity, and how and why individuals are called upon to achieve or resist capitalization based on their own efforts. A number of key questions are discussed, including:

- Is economic capital sufficient for a diverse array of opportunities? Or phrased differently: why are the more privileged in society far more successful in transferring better opportunities to their children?
- Are social connections and networks really decisive for achieving success? Or: how closed or open are elites for new arrivals?
- Is cultural education still important enough today or is it being supplanted by learning capital? Or: by their behavior, don’t the upper social strata specifically contribute to a lessening of the importance of cultural education?
- Why do our bodies cost ever more? Or: why do the rich always meet the beautiful?
- How does capitalization transform learning? Or: why is school success so heavily dependent on social position?

Fair equality of opportunity is a key concept many people use today. It points up the fact that the original democratic values of equality, human dignity, fair and equitable opportunity, and equal treatment irrespective of gender, skin color, or all forms of barriers in social participation remain a powerful presence in human consciousness. Such values need to be merged with education since that is the particular pathway enabling many to directly enhance the range of their opportunities. Yet, at the same time, we experience and are witness to an era in which the old ideals and illusions of modernity regarding what education can achieve are increasingly marked by a simultaneous process of capitalization of these same bearers of hope. This necessitates pause for reflection on fair equity and education and the need to redefine them anew.

Even if many, especially in the realm of education, do not have a keen interest in economic questions, today the technologies of culture demand that individuals come to see themselves and society under the heavy impress of the forms of capital this study seeks to illuminate, a situation perhaps more powerful today than at any point in the past. The topic is of course not new,

but it seems to well up, washing into consciousness in waves, spurred especially by the signs of intensifying economic crisis or exacerbating contradictions. It was thus no accident that in the 19th century, Karl Marx reacted to the immiseration of large groups of the working class, providing in his opus magnum “Capital” an answer for his time, an analysis and discourse from which a host of political movements sprang that have left a lasting mark on the 20th century and on a number of countries. The 1929 worldwide economic depression triggered numerous initiatives to regulate capitalism and bring the deepening pauperization of millions to a halt. An entire bundle of theories and conceptions arose from this conjuncture. They have remained a powerful element down to the present shaping the view that there must be a balance between individual engagement and action by the state if long-term success for both individuals and the society as a whole is to be ensured.

The huge levels of national debt that various countries have built up in the framework of such regimes of regulation have forced them to embrace a policy of economizing. Initially in neoliberalism, this spawned a radical destruction of social and cultural programs and their benefits by a mounting wave of cost-cutting, buoyed by a faith in the “purgative” power of the market. Today however, as a result of the financial crisis, it calls into question the very limits of societal growth, touching on questions of the fair and equitable sharing of burdens and benefits. It has become clear to all that given the dependence on key players in world markets, there are no longer simple or unilateral solutions. Yet there is great insecurity about what can be done at all given the raft of incalculable structures and risks.

All forms of social coexistence, in particular in the realm of education, are increasingly being swept up in the maelstrom of economic calculation in the face of a capitalization of all areas of life: money must either be pumped into or extracted from these spheres. All must maintain their ground and make their way in the markets: culture, social relations, personal qualities and appearance as well as levels of education and skills can either assist or prove to be an obstacle. It has thus become more imperative than ever before for all of us to gain more comprehensive information about and insight into this process of the capitalization of all spheres, to situate ourselves within the forms of capital active here, and to reflect on what they may portend. It would be better in this respect to evaluate one’s own starting position, interests and possible decisions.

But the reticulation of capitalizations remains opaque; it is difficult to grasp with clarity. And great is the yearning for life spaces and theories that can show us an alternative: a non-capitalized, more human world. I wish to argue that the oblivion this generates regarding a welter of dependencies incumbent on us, the lack of our ability to penetrate into the web of our entanglements in a multitude of capitalizations, and our tendency to avoid any fundamental theoretical reflection on this situation, serves to heighten both our

vulnerability and incapacity to act. The more opaque and impenetrable such structures appear to us, the less we develop individual or social strategies to deal actively and critically with them. In taking up this challenge to grapple with questions of capitalization on the one hand and the struggle for equity on the other, we cannot avoid the effort of serious reflection on the complex foundations of our actions, circumscribed within the frame conditions imposed by capitalism and its architectures of capitalization. To date, too many questions in the field of fair equity under the simultaneous imprint and influence of capitalization have remained unanswered. We have some general premonition of the huge determinative influence our economic point of departure has for our opportunities in life. But to grasp this more clearly in existential terms often remains but a conglomerate of superficial knowledge.

In the present study, I seek to present a number of more incisive answers that appear to me fundamental. But each reader must sift through what I present critically, squaring this with his or her own experience. I seek here to hold up a mirror to a society increasingly drained of solidarity, a society that seriously misses the mark in its purported aim of fair equality of opportunity in its agenda of democratic ideals and goals. But my attempt here is not conceived as mere critique devoid of consequences. In reflecting on individual opportunities and risks, I try to explore what would appear to be relevant for concrete action, and what decisions in these processes may be favorable or unfavorable.

Many have been of assistance in the preparation and writing of the present study. I wish to express especial thanks to Carl Richard Montag and his foundation "Youth and Society," which has provided me in recent years with generous support. Stefan Neubert, Jim Garrison, Karl-Heinz Imhäuser, and Caroline Eckmann have over the years furnished me with invaluable feedback in formulating my concerns in more precise ways. I wish to express a general debt of great gratitude to my students at the University of Cologne for their discussions and wealth of stimulating comment. I am deeply grateful to my family for the time they allowed me to complete this work. Any remaining errors and weaknesses are solely my own.

The German edition was published by Springer VS-Verlag in 2013. The English version has been revised but retains the same basic structure of argumentation. References to literature in German have largely been removed or replaced by corresponding references to sources in English. Statistics and illustrations have been updated.

# Introduction

## 1. Looking at Our World from the Outside

Imagine we have arrived as observers from outside the solar system on planet earth. Let us also assume that faithful to an approach based on rational decisions in economic behavior as commonly espoused by many economists, we come from a planet permeated by utilitarian thinking and free market economies that are actually functioning according to rational decision processes.

Our aim is to comprehend what makes humans on planet earth tick: what they do, how they live, what they think and feel. And in particular, what holds together their world in its innermost core, what they wish for and aspire to. How do humans manage to secure and develop their needs and lives? What ways of interaction and exchange are they shaped by? Given these preconditions, what conclusions, even after a short stay on the planet, would we come to?

Humans are busy, bustling creatures. They are highly active getting from one place to another, engaging in a diverse range of actions. It's not just that in and through these actions they seek to satisfy their basic human needs like eating and drinking, sleep, sexuality. At the same time—and this strikes every external observer from the very first glance—the exchange of objects plays a huge role in their lives. But what is the significance of this constant exchange? If we really want to understand human action, we are forced as observers to develop hypotheses about possible answers to the following question: what causes individuals to engage in all their manifold actions, and what holds together the diverse individual, communities and societies on a global human scale on the planet?

Very quickly we discover *money* in its material form as coins and paper bills, or in virtual modes as check cards or electronic cash. Money “becomes” capital, which is a special form of money that multiplies itself and aspires to increase. Money can be exchanged for all commodities that humans require to live and survive, but also for the multitude of all other possible things, whose utility is difficult to determine. Apparently, everything on the planet can be transformed into a commodity, and a whole lot into capital. And money takes on a panoply of very different forms, it is the virtual chameleon of human communication, as is evident to us even after just a small number of observations. Stocks, securities, checks, debentures, options, derivatives, foreign currency—all these are but a few forms through which money can be exchanged into other means of payment and profit. We quickly discover that humans without money are worth nothing, their very survival is endangered. But the more money they have, the more opportunities in life seem open to them. In their actions, humans describe this exchange not just by the term “money.” Rather, designations abound: they call it dough, moolah, wampum, brass, bread or cash. That's



in keeping with the swirling multiplicity of expectations, feelings and circumstances accompanying their exchange. This exchange involves lofty emotional values and expectations, but also entails cognitive effort to understand and implement the so varied and confusing options of exchange.

Money seems to constantly reproduce itself in its forms and modes of capital. But how does that happen? Wondrously it wanders to and from accounts in cyberspace. It grows heavier through interest, but inflation—the rise in the price of everything it is exchanged for—thins it down again. When people legally own it, money is property. As property it is something private, a personal possession. Yet people love to distinguish invidiously amongst themselves according to the type and volume of their external possessions. However, the actual owner of this property—the person who can and is entitled to fully dispose of it as he or she wishes—is sometimes not really recognized. That is because not everyone who claims to own something also has a legal right to it. People often value not talking about their actual possessions and true assets, whether an amount small or large, even though it's always on their mind. Here it strikes us as incomprehensible: why aren't humans more rational in dealing with their own preferences? Because on our fair planet, it is neither a problem to decide on maximizing utility nor to speak openly about the advantages of such thinking. We collect all economic facts in order to put together as complete a picture as possible of what is happening in the market, and then to decide objectively how utility can be improved. Earthlings also often assert that they do this, but they don't practice what they preach. That is because they do not collect information as complete and comprehensive as possible—and don't actually plan everything rationally, for the longer term and to be sustainable. Their world is incomplete.

How do humans obtain the money that so powerfully determines their lives? Is it clear from their actions why dealing with money makes sense, whether it is distributed in a comprehensible way, according to what rules it can be exchanged? And how it can be increased and multiplied in the most favorable way? What role does property play in all this?

As observers come from afar, it is difficult for us to understand this directly from the observed actions of humans. And when we ask them, we find they too have the very same experience. Not only does that involve how they deal with money and various different forms of property—it also pertains to everything we can observe in their behavior connected with monetary transactions. All of a sudden, money appears to morph for them, changing into capital or debts. And in the multiplicity of differing perspectives, expectations and evaluations, sometimes it appears to be absolutely vital, sometimes merely external, without any value. Now how can something that's so important for all humans be so ambiguous and often just plain inscrutable in their practices? Why don't humans have a comprehensive economic education that can make such processes readily understandable for them and can heighten the probability of conscious and rational action? And why don't their monetary transactions create a reasonable balance and level playing field, instead of

generating a fundamental inequality between humans, a condition that seems to increase over the time rather than decline?

Monetary transactions, their learned tomes tell us, have become so complicated over the course of human history that today it requires extensive study of several years in order to even begin to adequately understand such phenomena. But even such study is insufficient as a basis for completely and clearly discerning the laws of money according to which it is exchanged and can be securely multiplied. Because as safely as it can be readily exchanged once you have obtained some, its gain or loss is fraught with fully as much insecurity. At times humans admire the possession of money, at times they curse it. As a means of payment reigning over humankind, there are clear answers when it comes to the necessity of money, because without it groceries cannot be bought for daily survival. But as external observers who wish to collect all possible answers in order to grasp the whole situation directly on the spot, we are confronted by contradictions, ambivalences and ambiguities when we raise questions about its sense, the secure modes of its increase and distribution. However, we can clearly see that the planet possesses a huge multitude of commodities both material and virtual, and that humans spend much of their time allowing things they need (or think they need) to circulate and exchange amongst them. Money is connected with everything humans choose to do:

*Language:* Human communication about their life is under the powerful pressure of money and the proviso of property lying behind it. In order to understand events and take action in response to them, humans have always dealt ever more comprehensively with money and monetary transactions, whether in their own financial newspapers, parts of the mass media, special disciplines, regulatory bodies of the economic sector, or courses of study. In connection with all of this, proficiency in economic discourse and its vocabulary guarantees the best-paid jobs on the planet. Merely dealing with money promises money as tangible reward. Money is associated with happiness, satisfaction, security. It signifies, power, recognition, enhancement of all opportunities in one's life if it is sufficient, but even more so if it is available in plenty. Money more or less concealed is also termed capital; the global economic system is mainly called capitalism, although frequently paraphrases are also sought so as to avoid the word capital. Capital likewise would seem to designate something problematical. We often encounter the capitalist in his linguistic negation: not as a happy possessor of money but an exploiter who takes hard-earned money from the pockets of others in order to increase his own profit.

*Work:* Money is exchanged for work as wages or income, regulating in this form the existential needs of the greater part of humankind. "Workers" provide their labor time, receiving money for this effort. "Employers" pay for the work and hope for a profit, a surplus in money that remains for them. "Employers" appear in different culture areas termed more precisely as entrepreneurs or capitalists. Capitalism is the ubiquitous form of production and life in the global present. Within capitalism, labor in the form of wage-labor, that is labor-time exchanged for money, is an

observable backdrop of numerous exchange dealings. But we can also observe that a lack of work, unemployment, lead to an absence of money, that just like the failure of the capitalist to profit from his business dealings, inevitably leads to poverty and existential anxieties.

*Life:* Most people equate possession of money and/or capital with happiness and satisfaction. This determines their horizon of expectation in life, their communication and social relations. But on closer scrutiny we can also discern voices that negate the nexus between possession of money and satisfaction. These voices come as a rule from those who at least have a certain sum of money at their disposal. For the majority of humankind, there is no question about the importance of money: it secures their life and survival, and a larger amount is synonymous with happiness.

*Education:* Whoever does not have enough money or capital appears in capitalist society to have an opportunity through education to advance and be able to acquire more money than others by climbing up the ladder of paid labor or by taking the risk of establishing his or her own firm. But at the same time, we also see that those who already have money or capital have a clear advantage and do better in the struggle for these positions. In this way they strengthen the gradient along the economic pyramid, rendering it ever steeper.

Thus, as extraterrestrial observers, we probably have sufficiently shown with a quick glance at earthlings to what huge extent the present-day life of humans is regulated by money, exchange and property. Yet the rationality humans develop does not seem to exist in a consistent way. In particular, many seem to impute an irrational or even mythical power to money or capital, and this often makes it very difficult to predict their actions. Since we ETs have a totally different origin, it is hard for us to explain what they do. But the most bewildering aspect of human behavior appears to us to be the fact that they themselves have huge difficulties in reaching a comprehensive understanding of their own dance around money and capital. It is puzzling in this connection that they have even developed a theory of rational choice, although paradoxically in practice they do not behave so rationally at all. In particular, all their strategies for some sort of gain seem very short-term, not designed to last for the longer haul. They leave posterity a raft of staggering environmental burdens and debts that cannot be wiped out, events that appear to our extraterrestrial mind irrational. But that is evidently due to the high apparent degree of human emotionality. They are clearly far less rational than us.

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The construct here of external observers is not only meant to be associational. It is based on human experiences that I would like to term experienced capitalization. These “extraterrestrial” observations appear in an ironical light if we bear in mind that our visitors come from a planet according to which the “approach of rational choice” actually is their reality and some on earth claim

that as well. But in contrast with purely academic expectations, human actions demonstrate that we do not act solely in a rational and conscious manner when we deal with economic matters. Money and capital awaken associations that branch off spinning in very different directions. A rational understanding grounded on the hope of spelling out all decisions in terms of their utility may indeed function on other worlds, but not in ours. The extraterrestrials only took a superficial view and described phenomena. They have not properly focused on the fundamental problem: the inequality of economic means and their constant redistribution in certain directions. Such forgetfulness comes about quite quickly if we only take utility in a general sense into account. However, on closer scrutiny we do indeed discern such inequalities; yet often we do not necessarily see through and grasp their conditions of genesis. If we analyze the forms of capital we use, then it will become obvious that inequalities are a consequence of this utilization.

Let me state another working thesis: money and capital are so closely bound up with all our living conditions, with the way we grow up in the family, with learning and its costs, our behavior and desires, longings and emotions that we cannot ever just look to what is rational if we wish to understand events and their effects. Nonetheless, we also always employ rational thinking when we attempt to explain our partially irrational behavior in dealing with money and capital. Even if extraterrestrials or a few experts in the rationally ordered economic sciences may regard this as a misfortune, as a countermove it probably characterizes quite clearly the nature of our imperfect humanity.

## 2. Aims, Structure, and Recommended Reading

Just as the extraterrestrials questioned what the fundamental principles were underlying how earthlings organize their lives, where money and capitalization quickly moved to center stage, all individuals on our planet face a core question: how to get money, how to secure its acquisition and how capitalization can be combined with one's own goals in life. Perhaps only for those living in comfort and affluence does that question seem superfluous. In addition, the question differs depending on one's circumstances of birth and socio-economic background, and often appears in the form: toward what ends and how should a person orient his or her life? All must seek forms of self-realization, but seen realistically, this also entails having as few illusions as possible about the capital requisite for this. This book intends to stimulate readers to ponder the now pervasive capitalization of their lives, in the process looking critically at both social and individual perspectives on their life worlds. Today we are confronted in particular with a number of relations of dynamic tension springing from the history of capital:

- Every person in the capitalist system seems to be his or her own best friend. The positive sides of emancipation (the right to freedom) that were fought for down to the present are now confronted with economic rights that are lacking (right to employment, often also the right to a minimal livable wage). Given the fact that many human beings (about one seventh) do not live in dignity and can barely survive, and that even in affluent societies, mass numbers live pauperized, the permanent and recurrent question arises: how can human dignity in capitalism be better borne in mind, maintained, and developed?
- A right to a job still appears to be a utopian demand in present-day capitalism. But if you consider how much money the state coffers pay out for unemployment benefits or analogous social benefits, then it might be favorable for developing a common level of prosperity to anchor such a right in law: at the same time, it could function as a kind of obligation for advancing the shared joint concerns of society. But what is the extent to which the state can interfere in the original concerns of capitalism without changing the customary benefit that many people draw from the system or in the process, opening up other forms and modes of utilization?
- In the 21st century, high levels of unemployment coupled with simultaneous over-aging of the population in industrial societies is becoming a central dilemma. This is because on the one hand, there is an increasing tendency to employ the large number of social welfare recipients in some way or other at some form of employment useful for the well-being of the society as a whole. Yet on the other, the capitalists who provide employment cannot in this way remain free of specific obligations over the longer term—this in order to maintain a certain degree of common good. But how shall those at a disadvantage be brought to the realization that they should do something for the common good if they have been marginalized, forced to the bottom of the heap by their social situation? And how should those better off be convinced that they should surrender advantages in profit if their supreme goal in life is indeed to maximize profit?
- Since the Enlightenment, the goal exists in modernity to give people through education the opportunity to make something of their lives by their own effort. All are supposed to have an as equal range of opportunities as possible. Yet reality has shown in the past and continues to demonstrate that opportunities remain distributed in a highly inequitable and unfair manner. How can we develop criteria for fair equity of opportunity? How can this be developed in society; how can individuals strive for it?

The basic idea of this book is not only to explore and discuss the capitalization of all life spheres and the associated forms of capital that are utilized to this end, but also to critically examine the questions above. What can society and

individuals do in order to adequately unfold and develop their opportunities in life? In the wake of John Dewey (cf. Garrison/Neubert/Reich, 2012, 2016) and my social-constructivist approach, I am certain that this pathway can prove successful largely through the medium of education, and can be attained by augmenting fair equity of opportunity in education. But in particular economic capital as a basis of all forms of capital is already distributed. The gap between the poor and the rich is established and widening. There are apparently only but few windows of opportunity today to arrive at new perspectives. At the same time, it is necessary to discuss for all forms of capital where such windows of opportunity exist, and to what extent social and individual provisions can assist in combining hopes for enhanced democracy and human rights with the ongoing concrete processes of capitalization.

The German book's title "Fair Equity of Opportunity and Forms of Capital" thus signaled that I do not wish merely to make a descriptive analysis of capital in its current manifestations, even though such descriptive analyses must be a necessary part of the analyzes. The core idea is to connect surplus values with the forms of capital and this is more focused on in the English title. The basic question driving me is: to what extent, within a democratic orientation in which all have a right to equal, just, and free choice in their actions, can the associated human dignity be combined with the forms of capital in and with which we live under conditions where the surplus values are unequal distributed?

The fundamental thesis here is that in view of the relations of ownership in the forms of capital, it is in particular learning capital—to which I wish to give especial prominence as a special form in the realm of education—that can lend itself as a tool in striving for a better level of justice. The expansion of education would be favorable for the social development of democracy, because it could help people achieve more than they have from the start on. On the individual side, its outcome could be greater justice and satisfaction for larger groups of individuals. This idea also builds especially on the cultural theories and conception of education developed by Dewey. Already in 1916 in his fundamental work "Democracy and Education" (Dewey: MW 9), he called for and explained that democracy over the longer term can only succeed and function if we shape democratic principles in an experientially open manner through concrete implementation in society. A fundamental avenue of access equally valid for all is education. Developing Dewey's ideas further, I stress that education needs to be described likewise with an eye to the forms capital assumes. All such forms permeate our practices, routines, and institutions, and by facilitating as fair opportunities for education as equal as possible (learning capital), this lays the foundation for approaching a just culture, because the other modes of capital are from the outset already unequally distributed. Fair equity of opportunity and justice in education are thus central demands for the development of democracy.

Today many realize that these demands have to deal much more precisely with the question of forms of capital. That is because our ethical and pedagogical demands cannot elude an analysis and evaluation of the forms of capital that act to shape and determine life so pervasively today as resources and opportunities for action.

The aim of this book is, against this backdrop, to identify and explain various forms of capital. Why does this appear necessary?

The following explanatory frames that I wish to introduce here briefly, and which will be developed in a differentiated manner in the course of the book's argumentation, are of fundamental importance for my thinking:

*(1) Economic, social and cultural capital as forms of capital*

Pierre Bourdieu (1986) developed these forms of capital. I borrow them and seek to broaden their meaning. These forms of capital, already broadly discussed across the globe, appear as essential forms. Yet what comprises them in a given instance is subject at the same time to significant changes over the course of history.

*(2) The forms of capital should be augmented by two additional forms: body capital and learning capital*

Bourdieu's forms of capital no longer adequately describe the forms of capitalization customary today in our life worlds in order to better understand the individual and social actors in their capitalized actions. For that reason, I introduce the chapters on body capital and learning capital as new forms, presenting arguments for the need to posit such forms and discussing their practical relevance.

*(3) Commonalities and differences in the forms of capital need to be grasped as systematically as possible*

For reasons of ready comparability, all chapters have a similar structure in order to better grasp and present commonalities and differences in the forms of capital. I employ four steps in each chapter:

a) *Step 1*: What is this form of capital and its origin? This is discussed within an analysis of the material form and form of action for this category of capital. Based on observable actions by agents, I seek to describe the conditions for participation in action and to distinguish those that appear typically observable for the respective form of capital under discussion. The form of capital is thus defined more precisely.

b) *Step 2*: How is it increased? This is explored in the section on the surplus value of the respective form of capital. In analyzing economic capital, there are four characteristic strategies for profit that emerge. They are identified and on this basis discussed for each specific form of capital.

c) *Step 3*: What are the social scenarios in which the utility of the respective form of capital can be described? An analysis of the forms of action of the social utility of the respective form of capital points up that there are great differences across the globe. These can be put together to form simplified typical scenarios so as to gain an overview. Again and again, key perspectives appear in human capital-related actions. These basic perspectives associate people with a happy and successful or failed and unsuccessful life. It will be shown that both on the social and individual plane, there are basic reference points that cause people to feel satisfied or dissatisfied. The key exemplary data are intended to aid providing a basis for comparison. This can facilitate a better understanding of how thoroughly capitalized our lives are, even in spheres we may perhaps think are still free of such forms.

d) *Step 4*: What individual opportunities associated with the forms of capital appear essential? In the chapter on scenarios of the individual utility of the respective form of capital, risks, and opportunities that the forms of capital can generate from an individual viewpoint are examined. Here too, for purposes of clarity, several exemplary scenarios are selected from the endless number of possible scenarios and presented in terms of an individual perspective.

The complexity of our capitalized life world repeatedly prompts us to simplify and tend to look at things solely from a single perspective—this so as to retain some modicum of overview. I wish to break through that narrow prism by a conscious multi-perspectival approach, but at the same time I present a system with criteria that do not allow everything to decompose into a non-binding jumble.

*(4) The primary difference here with Bourdieu*

A basic question is: to what extent does it suffice to conceptualize the formation of capital in the main in accordance with constellations of interest and power, predominantly via the time expended, the differences achieved and the positioning in social space, as in Bourdieu's analysis? The four steps I have sketched already indicate that I have chosen a more systematic path, and this is my fundamental thesis. Initially I demonstrate that in regard to economic capital, the Marxian interpretation should and can be revised anew. This provides an expanded understanding of surplus value, which is then defined on a new basis in connection with each form of capital. Precisely in this connection it becomes evident that the more precise definition of surplus value in economic capital opens up new perspectives that are also important for other forms of capital. When we speak of social, cultural, body, and learning capital, we must be able in particular to consistently and logically grasp the dimensions of capital. My intention here is not to show in what ways the social and cultural realms, the body or learning impact on society and



individuals, likewise in economic spheres. Rather, I wish to demonstrate how they are expressly manifested as an economic relation and can as such so be measured.

#### *(5) Learning capital*

This is a key chapter. Learning capital can specifically offer opportunities for social and cultural advancement, and in a limited framework, economic advancement as well, or a favorable positioning in the spaces of power within society. This form of capital can assume a certain equalizing function given that the state, in a democratic culture, provides such capital—in as fair and equitable an armature of opportunity as possible—to all members of society. This can serve to halt, avoid, and consciously counter the current powerful drift in capitalist society toward a small number of wealthy capitalists and a growing mass of the poor or those undergoing disadvantages. I provide an especially detailed discussion of this form of capital.

#### *(6) Relation to action*

All the arguments and descriptions I present refer to observable human actions. I seek to avoid any imputation of a speculative theory about forms of capital and their potency and effectiveness. Rather, I wish to demonstrate the empirical relevance of such forms and encourage their further empirical investigation. In making statements about facts and circumstances that should be open to empirical grounding—that is, that correspond to facts that appear grounded and not arbitrarily invented—we tend both in the everyday world and in science to think in images. This prominent way of thought since the Enlightenment assumes that we can furnish precise conditions and facts for comprehending what reality “actually” is. In the case of capitalist markets, we would have to posit, if this should be correct, that we have complete information about such markets in order to achieve a “true” image of their reality. Indeed, precisely when it comes to economic behavior, we like to posit universal agents and modes of operation that appear eternal. But these assumptions, still also dominant in Marxist analyses, are, as practice repeatedly shows, not accurate. That is because there are no always valid and simple causal laws operative in capitalism; information on markets is always incomplete (cf. Greenwald/Stiglitz, 1986); and the agents often behave more based on emotion than reason. Thus, the extraterrestrials gave us an introducing picture of their rational view on our behavior that we apparently cannot understand ourselves, but we do not have the means for complete analysis as they do. Such rationality is pure fiction, and as thus it was given a voice.

Let us look at this with an eye to action. If we say a person has an alibi, then we know that he or she cannot be in two places at the same time. This provides us with a theory of action for alibis that tells us: the presupposition is that no person can be in two places at one and the same time. In this case,

that is clear and unambiguous. By contrast, in economic action, things are more complicated because there are many agents interacting. And the pre-suppositions cannot be presented in a simple equation like in the case of the alibi. Where does profit spring from in economic capital? In all the following chapters I will show that the analysis of action does not permit one single unequivocal answer. Several answers are possible, because in the complex actions, we can for various different cases reconstruct that capital multiplies in quite manifold ways, and in part in mixed circumstances and relations. Such a statement implies that when it comes to complex structures of action as are present in any economy or the capitalization of all conditions in life, we cannot arrive at simple answers or apposite universal formulae in keeping with the principle of scientific laws. That is already evident in the circumstance that human economic behavior is often guided by irrational elements. Such as when, driven by a kind of herd instinct, people participate in certain developments in the stock market or create real estate and other bubbles, even though much tangible data may speak against such trends. Observers must admit here that subjective and objective elements intermingle. In particular, the economic and financial crises in the form of “bubbles” (property or credit bubbles in the financial crisis since 2008, for example) show that such behavior is never just guided by rationality alone, or can be understood by applying only rational criteria of action. Rather, they always contain an excess of desire, of the incalculable, speculation, and irrationality whenever the prospect of huge fast profits is involved. This means that our analyses of actions must become more complex in order to do justice to the manifold diversity of these aspects. The sharply defined, unambiguous laws that economists and their schools repeatedly aspire to in vain vanish into thin air; but we remain in a more complex model nevertheless on solid ground with justified assertions that can be supported empirically and are comprehensible. This works against arbitrary assumptions even when we must examine complex behavior with contradictory or ambivalent actions.

In my view, there is no one single law of the generation of surplus value; rather, I identify at least four typical constellations, introduced in chapter 1. These then no longer lead to one single answer.

### *(7) Tips for readers*

In accordance with these basic aims, this book is structured with the following chapters:

Chapter 1 explains important basic concepts. They provide a concise introduction to the definition of capital, forms of capital, and surplus values. Building on this, it is then possible for the reader to directly move on to any one of the following chapters.

Chapter 2 explores economic capital. This chapter seeks to show that there are different forms of surplus value in capitalism that systematically complement one another. This chapter is especially interesting as an introductory portal for those readers who wish to grasp a grounded derivation of the forms of surplus value in economic capital. This is only possible if economic terminology is re- and deconstructed, and involves a certain effort of theoretical comprehension.

Chapter 3 focuses on social capital. It represents more than just collective binding forces in society; in today's capitalism, it also manifests forms of selection, demarcation and the realization of opportunity via networking. In particular, I discuss positionings in social space and mechanisms of the formation of social groups, with an eye to strategies of surplus value. I show that this form of capital has powerfully penetrated current life worlds and constitutes a linking element for all forms of capital.

Chapter 4 analyzes cultural capital. Cultural capital in capitalism is hugely multifaceted, but a glance at the surplus values of this form of capital also reveals that profits springing from cultural capital are not always easy to realize. In Bourdieu, education is still largely part of cultural capital, but there are in the meantime sufficient reasons to attribute only a portion of this to cultural capital, and for another segment to propose a new and relatively delimited field, what I term learning capital.

Chapter 5 introduces body capital as a new form of capital. It is becoming ever clearer that the body is increasingly assuming the form of a commodity that can be bought and sold. Investment in the body reveals expected surplus values that can be described. Conversely, the bodies of those persons who are excluded from capitalizable forms because they are deemed "worthless," ugly or handicapped show how powerfully capitalization still operates even among those who basically present a counter-image.

Chapter 6 centers on learning capital, for me a very important form of capital that today operates between the other forms to strengthen or equalize boundaries. Although learning capital overlaps significantly with cultural capital, in my argumentation it stands as the final form of capital in order to make interaction and reciprocal effects between these forms more comprehensible. With equalization through learning capital, so my thesis, the opportunities of all can be better ensured socially. This form of capital entails the possibility of intervention by the state, employing laws and regulations grounded on enhancing fair equity of opportunity in order to facilitate as great a level of adequate participation by all in democracy. A glance at the history of learning shows that the origin of this form of capital was always already burdened by the other capital forms and remains so today. It also points up that even under capitalism in different countries, the opportunities inherent to this form of

capital are utilized in very different ways. I discuss in special detail the resulting social and individual consequences of this.

Chapter 7 discusses briefly the various forms of capital in their interaction. Even if economic capital appears especially powerful in this web of interactions, the circular movements of other forms of capital point at the same time to relative spaces for possibility and degrees of freedom that arise by cooperation and through counter-movements, contradictions and ambivalences. The chapter concludes with thoughts on the relation between capital and democracy. I argue that in analogy to economic and financial markets, a deregulated completely liberalized market reduces rather than expands opportunities for democratic participation. Since by dint of unequal starting positions, the forms of capital over recent decades have not developed in an equally favorable way for all—because there are great differences and inequalities between individuals in the forms of actual conduct of life, life styles, and the degree to which a person is prepared to trust in the variegated diversity of forms of living and to actively struggle for them—it will become a key task for democratic societies to exercise an equalizing effect and to practice more fair equal opportunity if people are to adhere to the democratic model over the longer term. Part of the irony of history here is that those who clamor most loudly for liberalization in order to increase their profits, likewise need with neoliberalism the structures of democracy—this in order to have free markets and wage-labor at their disposal. On the other hand, in their boundless greed for ever greater surplus value of all forms of capital, through the increasingly unequal distribution of profits they undermine the very system they need to survive. To that extent, my analysis addresses both the great number of the relatively unpropertied masses, urging reflection on their own situation and the opportunities remaining to them, and also the property-owning strata, seeking to illuminate the meaning of solidarity as an opportunity for preserving and further developing democracy.

# 1. Capital, Forms of Capital, and Surplus Values – an Introduction

## 1. What is Capital? What are Forms of Capital?

### *Capital and its Forms*

Unfortunately, capital and its forms have the inconvenient characteristic of not been available in infinite amount and they are not equally at disposal for all. Rather they are characterized by scarcity and unequal distribution. Since their possession or absence directly impacts decisively on the life opportunities of individuals in societies, every person in capitalist society is faced with an unavoidable necessity: the need to comprehensively engage from a critical perspective with all its forms. In this chapter, I intend to anticipate a key outcome of my own work—this so as to provide readers with the option, given a certain basic knowledge, to move on directly to those chapters of particular interest to them.

I begin with a working definition of capital, and that definition will gradually be expanded. If we take the vantage once more of our external observers in the introduction, they would note that capital for earthlings down here is initially something endowed with a value (such as real estate, machines, objects, raw materials as means of production, or money). It is utilized to maintain and increase this value. As a rule, in order to increase capital on the basis of private property, capital requires labor, raw materials and a site of production or provision of service (no matter of what kind) to achieve this growth in value, and a market in which the increased value can be exchanged and converted into money. But it is not only labor that leads to the capitalization of private property; ownership of land or other entities can be exchanged against the backdrop of supply and demand. Indeed, in contemporary developed capitalism, even all forms of speculation and competition can be capitalized, where the concept of capital represents a multitude of strategies for winning. In rough terms, we can also categorize capital according to the types of application in order to indicate strategic fields of surplus value production: there is industrial capital, goods capital, commercial capital, real estate capital, and financial capital. Generalizing, we can say: if money is not spent for one's own consumption but rather is utilized in order to acquire more money, then it is transformed into capital. How this transformation comes about, changing a previous value into surplus value, cannot be directly deciphered from the actions involved; it occurs in a variety of very different forms.

This variety is already evident in the forms that money can assume: money has its price, extending historically across a range of different forms: cash, stock money, funds, money as credit, money for financing as deposited or

electronic currency; its current forms are often incomprehensible (see e.g., Ferguson, 2009). That incomprehensibility grows as we turn to look at capital.

Capital is a concept originally with no plural form in a number of languages. It is either possession, that is, someone has capital in form of money or material assets, or it is a value intended to generate new values, that is, an investment promising the investor a profit. The concept of capital contains knowledge based on experiences and reflected actions. Originally the Latin lexeme *caput* (= head) referred to herds of cattle, where the number of cattle head indicated to the owner his direct wealth. However, over the course of time, the scope of what capital designated in economic knowledge was increasingly enlarged. From head of cattle it came to designate all means of production employed in producing commodities and goods or services aimed at generating a profit. Such means of production are the property of the capitalist, of those who put their capital to use by utilization of tools, machines, plants, where (with the onset of capitalism) individuals are hired for wage-labor and produce or maintain something or offer a service. In the actions of an ever more complex capitalist society—that is, a society that is totally determined economically by the employment of capital—economic capital morphs into very different forms of capital in order to achieve a profit. In everyday commercial transactions, in turn, a large amount of money is already considered capital, since that sum represents possibilities for investment in means of production or services and in the classical way the hiring of wage-labor to extract a profit. Strictly speaking, only by such use does money become capital. Since in the form of stocks, equities and funds, it becomes ever more common for the investor or source of funds not to appear directly as entrepreneur or capitalist with his own wage-laborers, we can understand the ambiguous use of the concepts from the actions of owners of capital. In comparison today with the cattle herd of earlier times, it can no longer be readily determined in a simple way when a specific sum of money—and in what forms of utilization, even if only as a bank savings account—is being utilized as capital in the sense of money seeking to make a profit, such as by the use of wage-labor. Profits can derive from a range of different categories, such as bank savings, stocks and bonds, funds, entrepreneurial activity, provision of credit, etc.

In such a system, the large owners of money are the real capitalists since they pursue their profit strategies on a large scale. But the small saver as well, who wishes to supplement his minimal pension, for example, acts like a small-scale capitalist because he also expects his money to “work,” that is, to be increased through others or rather some hidden mechanism called surplus value.

What, in distinction to capital, are the forms of capital? In his “Forms of Capital” (1986), Pierre Bourdieu distinguished economic capital from social and cultural capital. He follows Marx fundamentally in his initial definition of

economic capital: here he recognizes that economic capital is ultimately the decisive form of capital determining the manner of production in capitalism, while also fundamentally structuring our ways of life.<sup>1</sup> Economic capital has such a defining power because in accumulated form it always expresses a private relation of ownership characterizing its unequal distribution in society. There are associated different positions here depending on volume, breadth, and distribution of capital. Although the upwardly mobile climbers like to imagine that by gambling in roulette or a lottery they can win a fortune in a one-time stroke of luck, leaping over the gap in economic capital, the improbability of such an event only goes to prove how great that gap actually is. By contrast, Bourdieu argues, economic capital has objectified forms embodying a longer-term process of accumulation that has the potential of generating profit and in this way proliferating itself; it has the potential to perpetuate itself and to maintain and increase inequality among individuals (a similar approach with more data gives Piketty, 2014). Economic capital has substantial effects because it provides a framework for the social world and for persons living together in history and culture, while generating various constraints on action. All human communication and cooperation is constantly under the constraints of such capital, because at the very least, without money and its growth forms in the modern world, in the long run nothing happens.

Yet in Bourdieu's eyes, economic capital, which constantly seeks by formation of surplus value to grow, is today no longer sufficient for describing contemporary forms of capital. Exchange dealings in the present are no longer related solely to more narrowly defined economic actions; they are no longer bound up exclusively with economic markets and their processes of exchange or production of surplus value. The orientation to profit in capitalism leads us to see economic capital as central, but there are other forms of capital manifest in human action.

Cultural capital can be converted to economic capital, economic capital has always flowed into cultural capital; but cultural capital also has an independent effect. Bourdieu stumbled upon this form of capital in particular in empirical studies where he noticed the different levels of success achieved at school by children from different family backgrounds. He discovered that the equality so loudly proclaimed in capitalist society proved illusory in regard to the actually achieved level of schooling or a career in education (Bourdieu & Passeron, 1988). Cultural capital increases the differences between individuals and their opportunities. It is not enough to consider supposed natural abilities or state assistance to the educational system when we speak of "human capital" as an expression of the opportunities available to an individual.

<sup>1</sup> For an introduction to the relation of capital, interests and power in Bourdieu's thinking, see in particular Swartz (1997); see also Bourdieu & Wacquant (1992), Calhoun et al. (1993) and Shusterman (1999).

We also have to take into account his or her achievements within certain cultural backgrounds and their constituent factors (family, residential area, circles of friends and acquaintances, educational institutions) in relation to later benefits as a result of better employment or economic advancement. According to Bourdieu, social classes (upper, middle, lower)<sup>1</sup> differ significantly in cultural capital, for example, in what they eat and drink and how they party and celebrate. In his study on “Distinction” (1987a), he also describes empirically what different milieus with what forms of habitus appear in order for individuals to distinguish themselves *culturally* on different levels of economic wealth and property.<sup>2</sup>

To what extent cultural capital has an effect is totally dependent on the way the available resources and their modes of circulation are appropriated. The successful user of cultural capital can then acquire especially favorable starting positions if the person also has a large amount of economic capital at his or her disposal, which at the same time in an incorporated form as prosperity presents inclusive educational goods in order to develop a habitus identifying the individual as a member of the wealthy class (*stratum*, milieu). This is a key prerequisite for the maintenance, further acquisition or new acquisition of economic capital that other strata cannot achieve so quickly. In Bourdieu’s view, the invisible modes of operation in the formation of cultural capital lie in the long-term development and shaping of this capital; it cannot be acquired simply by money alone. According to his empirical studies, the mental attitude integral to the habitus of the individual knowledgeable in terms of cultural capital is already sufficiently expedient when it comes to positions of power in society.

Social capital becomes visible in particular as the expression of relation-oriented networks that are constructed in connection with economic and cultural capital. Social capital is a kind of investment strategy in the sphere of relations that sooner or later is meant to result in some benefit. In particular, this capital arises through membership in specific groups that can be more or less institutionalized; they can also consist of circles of friends and acquaintances who stand by, assisting themselves or their friends and acquaintances in mutual faith in the habitus they embody. Already at birth, each individual is positioned into such patterns of relations and networks in keeping with the position attained by the family. For this form of capital, the individual and

<sup>1</sup> Class or milieu theories categorize individuals here in very different ways. However, common to all is that a certain position is occupied in the cultural, social and economic field that is associated with certain privileges or disadvantages. On this, see in greater detail chapter 3.

<sup>2</sup> Habitus is a term for mechanisms of an individual’s behavior, demeanor, and manner to deal with entities and relations. It is a distinctive distinguishing feature between culturally different groups. According to Norbert Elias (2000), habitus encompasses the entire mien and demeanor of a person, according to Bourdieu (1987a) in particular dispositions in his life style, language, clothing and taste.



collective investment strategies depend significantly on the other forms of capital already present. The trend of modern institutionalization of cultural capital in particular within educational institutions is that families alone no longer suffice to build up and secure the social capital necessary. To that extent, it has become increasingly important in modernity to have a “good address” in the right neighborhood, to be a member of the right golf club or tennis association—this in order to create favorable basic prerequisites of social networks for oneself and one’s children. Access to the social networks cannot be arbitrary; rather, it is restricted by formal or informal types of access, such as procedures for acceptance, checking of financial background and credit history, being a member of certain groups, etc. Bourdieu points out the paradoxical circumstance that as a part of such a group, an individual represents its interests and views, but simultaneously as a result is also delegated in a limited way to pass this specific social way of life on to others. This strengthens group interests but in the individual case can also significantly limit the individual’s freedom.

Work on maintaining relations is necessary in order to keep these networks operating. Symbolic or real exchange work is performed, much time expended, in order to motivate all within the network to mutual support. Equally positioned and similarly minded individuals in particular come together in such networks; this in turn makes it more difficult for social climbers to access such networks. Like other forms of capital, social capital can also be inherited, where the name passed on can stand for a habitus, some level of success achieved, a complex of distinction in which others participate by virtue of their relation. The larger the network, the more resources it has at its disposal, the more effectively it can be used, and the greater is the output based on this network’s solidarity. Such an output can mean many things: access to lucrative positions, donors, to increased personal participation in better business deals, augmented cultural capital, opportunities for education and their effective utilization.

For Bourdieu, economic, cultural and social capital are forces that lead to relatively objective positions of power in society if individuals can succeed in implementing them materially in an objective manner. Persons make use of their habitus to this end, in which relatively lasting dispositions of thought, perception, feeling, and desire are activated. These function as both generative mechanisms and schemata of behavior. In practice, they always operate as the experiencing and action of the subjects who utilize the habitus and who, as a marker of distinction, also communicate immaterial symbolic differences in gesture and language. To the extent that all capital forms have not only a material side that can be exchanged externally visible but also an ideal, invisible side—that can exercise a symbolic effect as idea, statement, construction—symbolic capital is a form standing obliquely over against other forms of capital. It can express each individual form as well as its interaction

with others. As a rule, symbolic capital is translated in language, it introduces itself and is represented in constructions and statements that announce and articulate its possession or mark its non-possession. It is manifest in categories of perception that are observable and distinguishable, and are differentiated in order to parcel and partition social space. If, for example, an academic title is part of cultural capital, symbolically it is also a distinguishing feature between individuals and a powerful status symbol. All components embodied or contained in forms of capital always have a symbolic dimension as well, by means of which they can be expressed. Symbolic capital thus confers prestige, reputation, cachet: it serves as a badge of honor and recognition, it helps procure positions and privileges, if we take the side of success. But it also designates the negative side of life when characteristics such as poverty, neglect, social decline and the like are involved.

Yet we also encounter a difficulty arising from Bourdieu's definitions in connection with the concept of symbolic capital. As a rule, the symbolic runs the whole gamut of what is characterized by signs, words, statements in linguistic form. But why and under what more precise circumstances does the symbolic become a form of *capital*? Are the signs and statements in a book that expresses a specific linguistic code already symbolic or a form of linguistic capital, by dint of the fact that the book qua commodity also appears in a market and is exchanged for money? Or is the symbolic already capital because it mirrors certain interests and positions in the social field, thus embodying interest and power? For one's own positioning in society, such interest and power are after all closely bound up with the tendency to maximize one's own profit (through income, position, social status, etc.). These questions must be answered concretely for all forms of capital, because there is the danger of too readily designating everything as capitalized to the extent that it appears in a capitalist society symbolically together with certain interests in social positioning. The danger then is that what is symbolic can become too vague and ill-defined in regard to its capitalist and non-capitalist forms.

#### *Mutual relations between forms of capital*

The various forms of capital can always be derived from economic capital, but in Bourdieu's view, cultural and social capital in their symbolic forms cannot simply be acquired by means of money. The conversion of money into these forms of capital requires time, patience and effort, because even if money initially facilitates access to some forms of capital, follow-up costs arise that cannot only be met by money. Among these, for example, is the time invested in working on relations, the time and effort necessary for successful educational achievement, the long-term view of mutual obligations, social prestige, the construction of status and networks, the kind and scope of individual engagement, etc. It may even appear in this connection that money has receded into the background, but that often would seem to be but

an illusion, concealing an existent interaction among forms of capital. Against this background, those who rely solely on their economic capital quickly overlook that the other forms of capital cannot simply be reduced to economic capital but rather follow their own distinctive rules of the game. Yet perhaps the others who tend to invoke the freedom of the cultural and social forms of capital in order to see opportunities there for social advancement and discern here a high degree of freedom, may underestimate the persisting power of the economy, which necessarily is an integral component of any opportunity and freedom.

Bourdieu explores the general equivalent on which all forms of capital are based. Here he partially follows Marx in concluding that the time expended (labor time in the broadest sense) includes the universal equivalent that allows all forms of capital to be converted into a monetary use.<sup>1</sup> The preservation of social energy, through all its deformations into different forms of capital, appears to always be confirmed if the time expended per form of capital and the time required to change into other forms and to transform one capital into another receives a value and generates new value. In the process, in order to build up social capital, we require time for observation, care for resources, concern for others and work on developing and maintaining relations. These represent exchange for a claim on our effort that we mutually accept. Seen in economic terms, this may appear to be pure wastefulness, but from a long-term perspective, social capital is converted once again into economic capital if we can make successful use of our relations. The same holds for cultural capital, which in part consumes enormous sums in order to amass a quantity of such capital. But these amounts can in turn be converted once again into economic capital, such as when a valuable collection of paintings is auctioned off, or they serve to establish a powerful position in society. This improvement in position also takes time; especially salient here are the time required to acquire advanced education and its preservation or display.

All forms of capital can only be maintained if they are sufficiently reproduced. Bourdieu believes this can be seen as analogous to the expenditure of labor time, as in the production of commodities (see on this in greater detail chapter 2). According to this view, the value of a commodity is determined by the amount of average expended labor-time necessary for its production. However, one problem is that everything that cannot be transformed back into economic capital may be especially susceptible to loss. For that reason, cultural and social capital are clearly more uncertain in their management and handling than economic capital, especially because gratitude for social engagement is always confronted by the strategies of the more successful money-making in the markets. By contrast, successes in education, school

<sup>1</sup> See in particular Bourdieu (1986), where he describes economic capital as accumulated and its value equivalent calculable via the labor-time expended.

diplomas, degrees and academic titles appear to offer some protection, since they do not immediately result in losses, although they can also lead into dead-end streets should they fail to be implemented in economic terms. The markets offer a lot of dead ends. Thus, for example, a degree in art or music from a respected academy may be a worthwhile qualification for the educated middle class, but such degrees often bring individuals to the brink of poverty if they do not possess some money of their own, if and when their own hard-earned skill cannot establish itself in the highly competitive labor market at a livable level of income.

Basically speaking, it is very difficult to measure the successes of the expenditure of labor-time for cultural and social capital. As a rule, there is no direct exchange of commodities here; rather, exchange occurs behind the facades, hidden from view and always veiled. No one likes to boast they have their well-paid job thanks to their social connections or those of their parents—given the social and cultural background of the family. Rather, individuals project their success as their own exceptional personal achievement in competition with other candidates. Individuals like to point to the objective diplomas and degrees earned marking their own education. Each individual might appear to have equal chances, but on closer examination it is evident just how unequal the cultural, social, and economic opportunities were and remain, right from day one. Decisive for the forms of capital and their highest degree of just and fair distribution is the extent to which the state takes on the role of a trustee for all social and cultural interests, or whether it mainly protects and promotes the privileges of the better-off. In every case, the tendency of owners of capital is to secure and expand their privately amassed wealth, to defend their cultural and social capital, their properties and power relations, and to present them symbolically as necessary for human society in general.

With his theory of forms of capital, Bourdieu initially provides a description of a social space in which individuals are distributed with differing habitus and interests. This space can be studied empirically by forming subcategories and looking for subtle differences and distinctions between individuals, presenting this in milieu studies. The agents appear in a field of forces where they interact, using their habitus to occupy certain positions in social space and to secure these for their progeny. The initial thesis reads: no one in a totally capitalized society can be free of this. Even if we would like to be free of economic and capitalized constraints, in particular in social and cultural matters, on closer scrutiny from this perspective, we simply are not. That is particularly true for intellectuals, who ostensibly think they can look at everything in a value-free and objective manner; yet it is precisely members of the intelligentsia who always have a certain social rank and interest-linked positioning in society that guides the way they view the world. Those who already have a secure position can act most freely here.

Against this backdrop, it has become clear that it is not enough to place economic capital solely in the center of focus in order to appropriately describe current conditions of living, even if it always lies at the very core of capitalism. Other forms of capital supplement it and designate separate spheres of interest and power that we should not underestimate. This is all the truer because the other forms of capital often convert the power of economic capital into other spheres, thus helping either to strengthen or mask it.

### *The capitalization of human abilities*

Building on Max Weber, Bourdieu interprets all human actions as guided by interests. This also includes symbolic intentions—and the forms of capital he distinguishes—with the interests they express. They also mark certain positions together with and against one another that individuals occupy in the social, cultural, and economic field (cf. also Swartz, 1997, 66 f.). In Bourdieu's view (1977, 178), the logic of economic calculation that is essential for utilizing forms of capital extends to all material and symbolic commodities—independently of whether they appear but rarely or often in a specific social field. He is interested in designating conditions in which all practices are oriented to a maximizing of material or symbolic profit (1980, 209). Here he no longer has his eye solely on material exchange of goods but also includes personal characteristics and competencies as symbolic expressions of interest in the field of profit maximization. However, this gives rise to the problem of the extent to which all social or cultural characteristics and competencies, by the way they are performing and performed, are capitalized as an expression of a possible advantage that can be extracted from them. A general theory of economic practice always appears to include the narrower economic theories of maximization of profit in capitalism (see also Bourdieu, 1977).

Alain Caillé (1992) in particular has critiqued this generalization. Even if the effects of the individual forms of capital cannot be denied in most cases, generalizing that the human qualities and competencies that flow into them are fully capitalized is problematic. Should everything be seen as capitalized simply because a person has acquired certain qualifications by learning, for example, because behind everything there lurks (or could lurk) an always desired material or symbolic benefit geared to profit maximization by egoistic individuals? Or are there important key additional conditions under which such a benefit specifically first emerges as capitalized? Caillé maintains that Bourdieu, in analogy to the theory of “human capital” (see below) proceeds from a utilitarian approach, where human actions are geared primarily to utility and maximization of utility and benefit.<sup>1</sup> Caillé stresses three critical points

<sup>1</sup> Swartz (1997, 68 ff.) discusses this critique in detail. He proves that Bourdieu does not seek to be utilitarian, and is not in the sense of a “rational choice theory.” Yet nonetheless he exhibits

here (cf. 1992, 109 ff.): (1) it is unclear in Bourdieu what conscious or unconscious portion of socioeconomic actions is clearly oriented in economic terms, and what portion is not. (2) because this distinction is lacking, material interest dominates in Bourdieu's writings, and is generalized as something universal. (3) although Bourdieu initially vehemently rejects any kind of universalism, as a genetic structuralist and later social-constructivist author, such a universalism appears to have entered his theory by the backdoor of this strong generalization, so to speak.

When we think about social or cultural factors of either a material or symbolic nature, in my view they are quite often oriented in social or cultural terms, but not yet capitalized. Entry into capitalization must be clearly and very sharply distinguished from other qualities, modes of action, and functions lest we fall prey to the danger of imputing capitalizations in an imprecise manner, because everywhere the surrounding social field exhibits in some way the influence of money, power, interests, and the like. The danger of such a generalization actually exists in Bourdieu's thinking. He perceives in human actions a pervasive profit motive that is especially manifest in economic actions, but also has its prerequisites in social and cultural fields of action. Bourdieu does not focus there on a precise transition into a capitalized or non-capitalized form; rather he always sees the capitalization already manifest in the power and potency of interests, in the power structure that is generated by such effects in actions. In his thinking, we do not have to indicate when in a precise selective way, a given action is socially or culturally motivated, and then at some juncture suddenly changes into something economic, calculating, geared to the maximization of profit. His theory also tends to include the presupposition of such action in the actions themselves, to generalize it within a habitus. This is because along with stressing interests, it is at the same time a theory of the social field itself. Interests and power have led to positioning's in this field that always express conditions of the possibility of further actions. His is a theory of practice, and he focuses here on the social practice of capitalism, that with its tendency toward capitalization increasingly permeates all forms of human action. Characteristic for his theory is an approach where he argues as a sociological observer that individuals in their actions do not have sufficiently clear ideas about the consequences of their presuppositions regarding such action.<sup>1</sup>

common features with utilitarian thinking, because he appears to assume that human action is always based on striving to maximize profit.

<sup>1</sup> Bourdieu originally identified the meaning of exchange in a pre-capitalist model, the exchange of gifts in Algeria, which he also saw operating in capitalism. The de-historicizing and unintentional universalizing tendency springing from this appears problematic. However, the free and independent intellectual, looking through the faculty of reason at things "as they are," can no longer see any suitable counter-model, since all observers are already participants in capitalist structures.

The advantage of this position is that it allows one to better see the relationships of the field, to discern interdependencies and to better identify and grasp the diversity of capitalized actions in the present. Yet the concomitant disadvantage is that the discriminatory power of this prism to distinguish between types of action can easily be lost. This distorts an analytical focus on those elements that produce a narrower capitalization, as contrasted with other elements also containing social or cultural dimensions alongside what is capitalized, or perhaps relatively free from that. This is also bound up with the problem that in Bourdieu's view, habitus appears to function as a generating mechanism for all perceptions, schemata of thought, and actions. Except perhaps for the critical sociologist, that mechanism is difficult to penetrate and analyze. It is even doubtful if sociologists can manage to view their own habitus in a penetrant critical light, because they too are already part of the same field they seek to subject to interest-related analysis.<sup>1</sup> Nonetheless, Bourdieu's work specifically points up the possible successful potential of such critical examination.

Seen against this background, there is a certain tension in the thinking of all those analysts who talk about forms of capital. The aim of these capital forms is to overcome a narrow economic conception by opening up the economic interests (e.g. capital) toward universal human orientations (e.g. forms of capital). This opening unfolds in two directions:

- (1) It dissolves the old dualism between labor and capital, the exploited and the exploiters, by analyzing the far greater and more realistic positioning of different individuals in the contemporary fields of interest and power, unmasking as illusion ostensibly value-free and objective disinterest in such fields. By opening up capital toward forms of capital, it becomes possible to show how human qualities and competencies, including in particular human desire (Bourdieu & Wacquant, 1992), spring from unconscious motives in the complex interplay of human actions.
- (2) Yet at the same time, this also leads toward an imprecise view of capitalization itself. Where is the decisive point of transformation of a human quality, a competence, a desire, a social power position, into an economic interest, a material or symbolic profit, which then is also itself bound up with monetary advantages? This question is generally not given a precise answer by analysts who deal with forms of capital. Rather, it is answered bound up with the tendency to see the application of forms of capital in a very broad and open way. This is done by concluding on the basis of human behavior in retrospect how a cultural and social reproduction of acquired wealth can be identified and described.

<sup>1</sup> Such systematic interactions can be readily explained from a constructivist viewpoint. On my theory of observers, participants and actors, see Neubert & Reich (2006).

In my view, the deficiency connected with (2) can be easily remedied without having to negate the advantages accruing from (1).<sup>1</sup> A successful clear designation and identification of distinct and definite functions of the conversion of interests, personal qualities, etc. into the economic realm would sharpen a theory of social practice. We could then distinguish and reconstruct, for example, when and to what extent actions are more social or cultural in their anchorage, and where precisely they clearly begin to be capitalized. This would prevent us from the danger of seeing all actions as already grounded in terms of a specific proviso of utility (as in the theory of “human capital,” see comments below), or from stressing interests and power as general strategies (which Bourdieu tends to prefer), without properly focusing on the actual process of capitalization.

### 3. Surplus Value as the Key to Understanding Forms of Capital

Capital is increased by surplus value. The types of extraction of surplus value that I will describe in detail for all forms of capital can be derived from studies of economic capital in human actions and then be transposed to other forms of capital. Here it is important to understand that the production of surplus value always springs from a difference: there is an initial baseline value in the calculations of costs and profits, leading at the end in a process of appropriation to acquiring a plus, a surplus value over against the baseline or starting value. But how can this difference be precisely calculated? Chart 1 presents the four forms I suggest in a simple diagram. I see four principal strategies in the formation of surplus value. They can operate individually, but are for the most part in systematic interplay in producing surplus value:

- (1) One classic strategy is to employ an individual in wage-labor (no matter at what level of qualification) and then to remunerate his or her labor time in such a manner that in the end, in the production of goods or services, after the deduction of all further costs, a surplus of value remains that then is actually realized in the market as a monetary price and can be exchanged.
- (2) There is supply and demand in the market. The more by conscious direction I (in the tendency to be hopefully a temporary monopolist in the concurrence of the markets) can render supply scarcer or can

<sup>1</sup> Luc Boltanski, a student of Bourdieu, developed a pragmatically inspired turn in critical sociology that is also important for me. In looking at questions of inequality, the agents in their actions have to be brought more into the analysis. Boltanski asks, for example: how can a small number of agents succeed in exercising power over a multitude without the latter rebelling? Even if Boltanski’s (2007, 2011) answers go in a somewhat different direction from my own, there is nonetheless a significant overlap in argumentation.



control demand, the greater my success in achieving a surplus value on the basis of property law can be, either in addition to the wage-labor or largely independent of it. However, the competition makes this strategy more difficult. Nonetheless, contemporary speculation transactions point up in particular how successful one can be in achieving surplus values by practices such as short-selling, real estate bubbles or more-or-less fictive strategies.

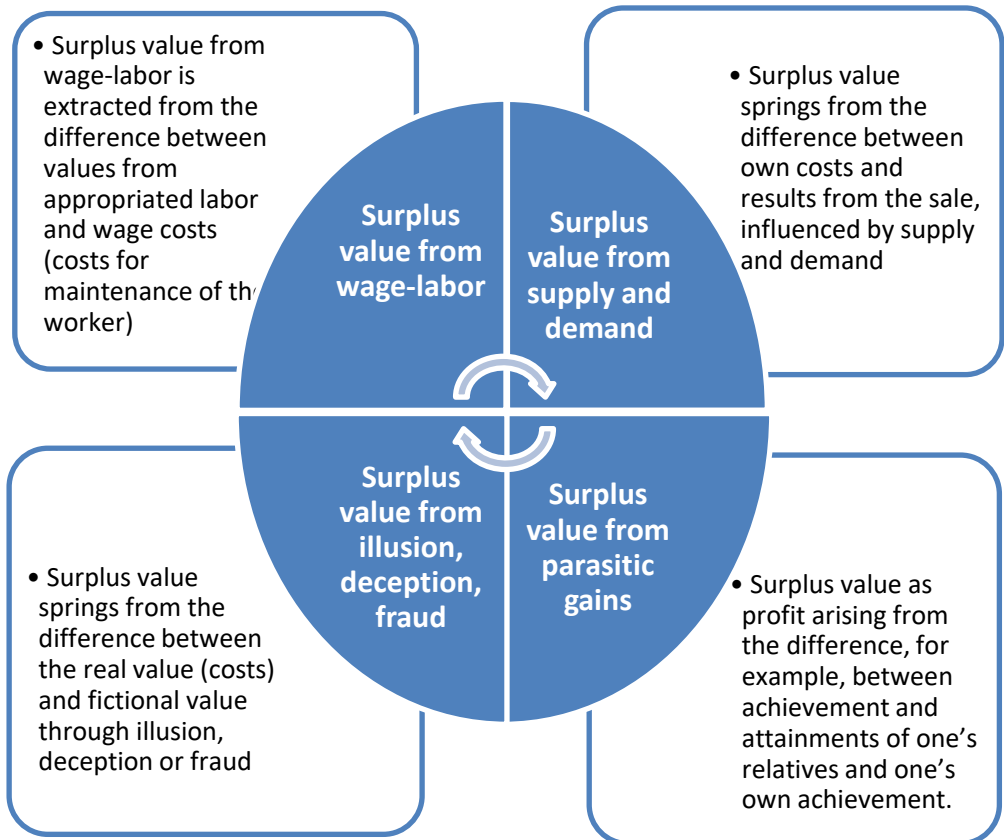


Chart 1: Four Forms of Surplus Value

- (3) Illusions, deceptions or fraud are always possible strategies to manipulate a value in such a way that it can generate surplus value. What in the past was only considered an exception and deviation from capitalist morality and market practice has today become the rule and a basic expectation associated with many transactions.

- (4) The more capital that is available, the greater the amount that can be passed on to those who participate in a parasitic manner especially by inheritance or marriage in the achievement and attainments of others.

Important for me is the fact that a difference is always centrally involved in looking at such surplus value. It is only this difference between invested costs (or in a given case non-costs, as in inheritance) and later profits gained that allows us to define surplus value, pointing at the same time to the conversion of money or monetary costs into *capital*. Money only becomes capital if increase is the aim, in accordance with one of the four differences. Personal qualities or competencies alone do not yet constitute capital. Only if costs can be determined that are measurable and lead to an increase in gains (for example as higher wages, income, and other such benefits) can we speak of a capitalization or a form of capital. This distinction is fundamental, because I only become a capitalist, on a small or larger scale, if I strive for and achieve such surplus value. That is why my qualifications and competencies, my human qualities, my habitus, etc. are not capital or “human capital,” because they would first have to be utilized in the sense of the production of surplus value before I can tally up costs over against gain and return. If I did not make this distinction, capital would be a very imprecise entity, because it would then have indeed been present at all times in all human actions. In my view, it is already powerful enough, but only in so far as we pay increasing attention to surplus value in our actions.

My definition of the four forms of the extraction of surplus value makes it possible not only to observe economic capital manifested in the shape of these four forms in a multitude of different actions, but also to extend this model to other fields, such as social, cultural, body, and learning capital; here, as in economic capital, costs against gains can actually be calculated. That is why it is meaningful to speak here of forms of *capital*, as will be shown in the chapters below.

*“Human capital” is not capital*

We have noted in connection with Bourdieu’s distinctions in describing forms of capital how quickly human qualities, social or cultural competencies, achievements or views can be capitalized by being converted as personal “wealth” into monetary advantages. But how are human qualities capitalized, what concrete processes are involved? In answering that central question, the present book seeks to ascertain, both for the realm of the individual and society, the extent to which we have become dependent on capital. It documents a sojourn in my own research down a long trail of inquiry, with many byways, detours and dead-ends. These gradually led me onto a clear track and were transformed into answers. In the process, certain things had to be left along the trail, some paths and territories remained unexplored. But an

explanatory approach increasingly crystallized as I progressed, although this initially was driven by a fundamental sense of discontent. This unease is expressed most sharply for me in connection with the concept of “human capital.”

In the theory of “human capital,” the individual is constructed as an agent who—endowed with his or her abilities and competencies, resources and personal qualities—operates like a small firm that enters into the market driven by a profit motive, seeking its gains there. What do these personal qualities supposedly constituting such capital include? They consist of experienced and certified education, training and the academic “credits” earned, all activities that can be utilized, personal competencies and social networks, relations and connections, preferences and attitudes, communication styles, etc. In the end, “human capital” consists basically of everything that comprises (or could comprise) an individual in his or her ways of behavior and knowledge. And the relation rendering it possible to convert this to capital is that everyone is also moving within a market and in capitalism (see esp. Becker, 1993). Here once again we can discern the notion of utility articulated by our fictive extra-terrestrial observers noted earlier in the introduction.

What is problematic about this point of view? The concept “human capital” initially frightens off many because it would seem reductive, diminishing the human being to a mere economic factor. That is why in Germany in 2005 it was deemed the ugliest word of the year. On the other hand, this concept represents a direction in economics that was awarded a Nobel Prize through the work of Gary S. Becker, and also points to two large areas of corporate policy and the profit economy:

- (1) it is becoming ever more important to make profits by means of qualified and motivated employees, and to successfully compete with other firms in the marketplace. That is why employees can no longer be seen simply as cost factors. Rather, the firm has to calculate how in employee selection it can strengthen its resources in a bid to maximize profits. A “humanization” of the world of work intends to express a new situation; important are not only an increase in productivity and labor intensity, not only better supervision and increases in efficiency, but also the correct selection and further training of the personnel. “Human resource management” is designed to help organize such processes.
- (2) Firms can add the individual human capital at their disposal to a firm’s total human capital and organize this in “human capital management.” This is considered essential for long-term company success. It includes skills and abilities, knowledge, experience, potentials for innovation, and motivation of the staff. The company must always weigh the option: can it achieve a short-term rise in profits by downsizing and dismissing employees, or will such a move have the opposite effect, worsening its

chances for profit over the long term. Particularly in short-term profitable transactions (“the Ant and the Grasshopper” debate), short-term strategies prevail, while the consequential costs are postponed to the longer term or shifted to the state treasury.

However, the science of economics has great difficulty calculating “human capital” in exact terms. One can list the costs for employing staff, their further costs in upgrading qualifications in the firm, and what always constitutes the main segment in expenses, labor costs. Yet by contrast, the actual initial costs (education and training, health and maintenance), are expected to be borne by the individual: payment of these costs is demanded from the employee’s family and/or the state with its institutions. Then desirable for the market is a differentiated “human capital” in order to satisfy the different need of firms. Other calculation models attempt to determine what increase in value the employees themselves could bring to the given firm (see also OECD, 1996, 1998).<sup>1</sup>

The problem in the prevailing discourse about “human capital” is that although it describes human factors such as knowledge, competencies, behavior, and the like, it cannot clearly and unambiguously explain why these factors can or should also be properties of *capital*. Consequently, critics consider the concept problematic and unsuitable (see, for example, Block, 1990). What is the strongest argument against “human capital”?

As a cost factor, “human capital” is often assigned to the category of means of production or material costs. The working assumption is that the entrepreneur will invest in “human capital” as long as he or she can count on higher revenue by increasing labor productivity, although such “human capital,” regulated by supply and demand on the side of the provider, can demand higher wages. Through this prism, all persons appear capitalized. All their personal qualities, even if these are in many aspects quite independent of monetary expectations or actions, appear potentially to have always been capitalized. In accordance with rational choice theory, the entrepreneur as well as the provider of labor power then decide about all these qualities, in terms of utility maximization, until what point they can increase profit and when the costs begin to devour too much of the profit. But should, for example, employee friendliness, a good communicative style, the readiness to cooperate, interactive skills, the ability to empathize and much more only be viewed and understood from the vantage of utility maximization? A basic question here is why a worker should represent an element of capital when it is only the entrepreneur alone who employs his or her economic capital. Evidently the capital model is here reversed and individualized. All now appear

<sup>1</sup> Keeley (2007) points up the way the concept of “human capital” is used in the publications of the OECD. Human labor is equated here in a very general way with capital as a production factor.

as owners of capital, simply by dint of the fact that they are individuals with specific skills, competencies and starting positions.

Just how difficult such a definition is can be illustrated, for example, by the economic explanation of unemployment from this perspective. In looking at joblessness, in the ensuing explanations it is not just that the entrepreneur has made a mistake in investment, because now that employer must resort to redundancies. No, the employees themselves have also grounded their existence on a “human capital” that they should have better planned in order to avoid the risk of such redundancy. Seen here from a rational standpoint, unemployment must blame itself. Such a perspective is not only quixotic but also takes a too one-sided view of the circumstances and factors at play. The risks in producing their supposed “human capital” are born solely by the workers. But it is the entrepreneur who in particular is driven by the desire to realize their use alongside the market-related wage as profit. Only when their risks do not work out or cannot be maximized do the bosses fire their “human capital.” It is easy here to see workers as resources and as their own capital qua individuals, and also to have workers perceive themselves as such, because this helps to mystify processes of capital, keeping workers from rising up critically against unjust distributions.

Nonetheless, many individuals often accept such an approach uncritically, because it also promises them a chance to independently achieve free opportunities for themselves and their investments, no matter how limited in the individual case such resources may be. The more generally such a perspective gains ground and is practiced in a society,<sup>1</sup> the greater becomes the social need for a stance to discount and excuse the levels of performance not achieved by disadvantaged segments of society. Politics should engage to help citizens whose resources are insufficient; the social need is to furnish them with adequate opportunities. But if we rely on the power of solidarity and put our hope in building solidaritarian attitudes, on the other hand we must critically examine the extent to which in a capitalized world such changes are in fact probable, and how fair and equitable opportunity can and should be augmented and expanded.

From this starting point, I interrogate the meaning of capitalization at our current conjuncture. It is an existential question for the development of democracy—and education as a key driving force for possible fair and equitable opportunity in human society—if now even in the economy, experts adhere to a discourse proceeding on the assumption that human qualities, which we generally see as independent of money and capital (even if indirectly there may be such a nexus), should be ascribed immediately and directly to the side of capital. We can argue here about the kinds of calculations employed.

<sup>1</sup> Members of the Tea Party movement within the ranks of the Republican Party in the U.S. espouse a radical version of this perspective.

But the fundamental question remains: what in our individual qualities and resources appears to be capitalized and why, and where are the boundaries of such capitalization, where does it end? In this connection, I did not find arguments for “human capital” in my research, but I came to the sobering conclusion that capitalization is far more extensive than I earlier had even surmised.

My basic focus here is the imperative need to describe in exacting and precise terms what the side of capital actually signifies concretely—this so as to avoid the gross simplification of declaring all human qualities to be a function of capital. To express it simply: we humans are not capital, but we perform actions that can assume certain forms of money, costs, and exchange, and via these our outcomes can be transformed into capital. My arguments in the following seek to show that it is not only the entrepreneurs who are capitalists—rather, all workers in a certain way have perforce to capitalize themselves. But in contrast with the theory of “human capital,” the worker does not become an entrepreneur in miniature, thus overlooking all the antagonisms in capitalist experiences and forms of appropriation. And the forms of capital the individual develops will also have to be more clearly differentiated and described in their specificity in order to adequately comprehend them.

## 2. Economic Capital

### 2.1 What is Economic Capital and Where Does it Come From?

#### *Capital from a historical perspective*

One can make the following assertion: in the history of economic relations in our world, capital not only constitutes the main social form of making profits for the agents involved in exchange and dealing with money and its increase. Rather, the associated pervasive capitalization of all living conditions today has actually come to be an inescapable social relation that has fundamentally encompassed all humans on the planet. In the process, capitalization has itself multiplied, it has expanded in various different spheres, and is permeating human life ever more intensively. For observers, capital has become a fascinating, sometimes propitious, sometimes cruel object. To understand its mechanism, it is a scientific object. For agents, it is a form of action in doing and undergoing.

For Karl Marx and the bourgeois economy that preceded him, capital, labor, and immovable property were still clearly distinguished one from the other. Marx demonstrated in particular how labor and capital were closely interwoven. Today, by contrast, capital is often pluralized: in everyday parlance, we distinguish economic capital, already multilayered, into a range of different forms of property and profit, but often contrast it with still other forms of capital, as introduced in chapter 1. In the present chapter, it is initially important to provide a rough sketch of the development of economic capital.

An essential precondition for this development is simple cooperation, which also existed already prior to the emergence of the capitalist form of production and action. It springs from small-scale production, manifest most particularly in handicraft. For Marx, “Apart from the new power that arises from the fusion of many forces into one single force, mere social contact begets in most industries an emulation and a stimulation of the animal spirits that heighten the efficiency of each individual workman.” (MECW 35, Ch. 13, Section 1). Moreover, a cooperative group of workers produces a social average quality of labor more easily than individual labor, which is more subject to individual deviation and variation. Cooperation makes possible serial labor. In particular, it combines three key advantages: an increase in labor productivity and a concomitant saving of time in the manufacture of a commodity; production within a compact space of a room or workshop, thus utilizing short pathways, and a perfected division of labor; concentration of the means of labor to produce the goods and their efficient utilization.

In accord with the emerging competition in capitalist markets, simple cooperation developed into larger and more complex manufactories and then

into large-scale industry. If the use of capital in cooperation was already aimed at producing commodities that yield a profit, it also showed already in embryonic form that it had need of wage laborers who performed sub-operations in accordance with the instructions of the entrepreneur in order to produce commodities in keeping with production demands. It is no accident that parallel with the development of cooperation on up to the level of large-scale industry, there was a total restructuring in society, which included the conscious and goal-oriented education of the broad masses, a strengthening of the justice system (courts and the police), and the establishment of administrative bureaucracies and further state agencies and offices. Cooperation is reflected in discipline, involving physical subjugation under a collective on the one hand and mental subjugation under an ideology of how to live on the other in order to develop this process. Cooperation is from the beginning of human history a form of work and pattern of life that ensures survival. It was transformed in the process of capitalization from a social collective toward being a “private” matter of the entrepreneur: the capitalist invests his personal (private) capital in production facilities in order to generate profit, the wage laborers provide their personal labor under conditions of contract in order to receive their wages and thus ensure their survival. Capitalist ideology says that this is the best form of living for all concerned, both capitalist and wage laborer. Since both prosperity and the levels of freedom continue to increase for individuals in the industrial countries in the historical development of capitalism, in particular from the 19th century down to the present, most individuals scarcely questioned capitalism in the framework of this development as a generally accepted form of life, albeit not without its contradictions.

Economic capital went through several stages in order to adapt its strategies for generating profit to different historical conditions, while at the same time creating the most optimal conditions possible for maximizing profit. One essential intermediate such stage was production in manufactories. “By decomposition of handicrafts, by specialisation of the instruments of labour, by the formation of detail labourers, and by grouping and combining the latter into a single mechanism, division of labour in manufacture creates a qualitative gradation, and a quantitative proportion in the social process of production; it consequently creates a definite organisation of the labour of society, and thereby develops at the same time new productive forces in the society.” (MECW 35, Ch. 14, Section 5). In the process, such manufactories developed internally an organization in which independently prefabricated individual parts were assembled or in which an object of labor went through several stages of production in order to increase the speed of labor so as raise the number of produced commodities per unit of time. The workers here are disciplined and drilled to perform one-sided physical and mental operations in order by increasing the operations to perfect the partial successive operations



entailed and in competition in the marketplace to thus produce commodities more cheaply.

In this system of increasing productivity, the weak point was the human being, because the labor tempo could not be arbitrarily raised. Efforts were made to improve the means of labor, but the human workers still played a decisive role in the machinery. They are functionalized according to their partial skills, apportioned, divided up. In one activity they require physical strength, in another dexterity, in still another mental attentiveness, etc.

“For a proper understanding of the division of labour in manufacture, it is essential that the following points be firmly grasped. First, the decomposition of a process of production into its various successive steps coincides, here, strictly with the resolution of a handicraft into its successive manual operations. Whether complex or simple, each operation has to be done by hand, retains the character of a handicraft, and is therefore dependent on the strength, skill, quickness, and sureness, of the individual workman in handling his tools. The handicraft continues to be the basis. This narrow technical basis excludes a really scientific analysis of any definite process of industrial production, since it is still a condition that each detail process gone through by the product must be capable of being done by hand and of forming, in its way, a separate handicraft. It is just because handicraft skill continues, in this way, to be the foundation of the process of production, that each workman becomes exclusively assigned to a partial function, and that for the rest of his life, his labour-power is turned into the organ of this detail function.” (MECW 35, Ch. 14, Section 1).

Marx still conceived of these functionally divided workmen as average labor power, because they create a concrete commodity and its value on average, but he did not sufficiently investigate how, already in the early forms of capitalism, workers distanced themselves from one another, becoming mutually alienated, in accord with differing interests and positions in the social field, divided up by better and worse types of labor, which increasingly corresponded likewise to better and worse wages, differing qualifications and attitudes. Even if all workers as a rule do not own any economic capital and do not participate directly in profit, as a result of different qualifications and wages they are nonetheless divided. Over the longer term, by no means will an average labor power emerge that can overcome their selective interests and be seen as one, not divided group, as Marx had still assumed. Today, as a result of historical experience, we see these forms of differentiation far more clearly than Marx was able to.

Elements of the manufactory also extend on into larger-scale industry that underlies classical modernity. Workers as a part of the machinery and later as an appendage to the machine led to rendering their activity ever more one-sided. Here it is being, not consciousness, that determines the living conditions, as Marx and Engels conclude: “It depends not on consciousness, but

on being; not on thought, but on life; it depends on the individual's empirical development and manifestation of life, which in turn depends on the conditions obtaining in the world. If the circumstances in which the individual lives allow him only the [one]-sided development of one quality at the expense of all the rest, [If] they give him the material and time to develop only that one quality, then this individual achieves only a one-sided, crippled development. No moral preaching avails here. And the manner in which this one, pre-eminently favoured quality develops depends again, on the one hand, on the material available for its development and, on the other hand, on the degree and manner in which the other qualities are suppressed." (MECW 5, 242 ff.) Elsewhere it is stated: "In principle, a porter differs less from a philosopher than a mastiff from a greyhound. It is the division of labour which has set a gulf between them" (MECW 6, 174 ff.).

Large-scale industry is characterized by a development of machinery connected with scientific-technological progress. Machine production makes possible even greater labor productivity than the lengthening of the working day or its intensification. The manufactory is transformed into a factory, the factories become complex industrial plants, combines, and corporations. Developments in science help to advance industry, and in the process, clearly different qualifications on the part of the workers are ever more needed. Detailed operations, oversight and control, invention and increase in quality, research and management are differentiated from each other and yet function together in ensemble.

"To work at a machine, the workman should be taught from childhood, in order that he may learn to adapt his own movements to the uniform and unceasing motion of an automaton. When the machinery, as a whole, forms a system of manifold machines, working simultaneously and in concert, the cooperation based upon it, requires the distribution of various groups of workmen among the different kinds of machines. But the employment of machinery does away with the necessity of crystallising this distribution after the manner of Manufacture, by the constant annexation of a particular man to a particular function." (MECW 35, Ch. 15, Section 4).

However, Marx could not foresee that these partial machines would constantly be changing as well, so that a new versatility becomes requisite in the sense of an always flexible, available, and also mobile deployment of workmen with differing degrees of skill and competence. What Marx in particular was unable to derive in a comprehensive manner from his own experience at the time were the effects on the workers. On the one hand, they had to become ever more qualified in order to keep pace with scientific-technical development; on the other, they also remained in significant measure with lowered qualifications, deskilled, so as to stand available as much as possible as cheap workers in the labor market. But Marx was an excellent observer of the historical development of capitalism leading to large-scale industry, because

in particular he also comprehensively analyzed and referred to the earlier developed theoretical reflections. His explanation of the profits gained by capital had a lasting determining impact on the discussions regarding relations of exploitation and dependence in capitalism.

### *Use value and exchange value*

Karl Marx begins his economic analysis in “Capital” with the following introduction: “The wealth of those societies in which the capitalist mode of production prevails, presents itself as ‘an immense accumulation of commodities,’ its unit being a single commodity” (MECW 35, Ch. 1, Section 1). The reference to how it presents itself points to the human actions in which commodities are used. For Marx, the social character of modern production is characterized by and in the commodity. Here the manner of its functioning is not directly observable; rather, these are abstract relations requiring a theoretical presupposition, what I would term a “construction,” about whose validity in my view there can certainly be controversy and debate. Even if Marx in other contexts appears to make quite absolute statements in the sense of the reflection of external reality in unambiguous laws of action, the descriptive, analytical, and yet quite relativizing definition of the commodity, observing the many and diverse actions by human beings, has, I would argue, remained down to the present highly suitable for designating and determining fundamental ways of economic capital’s manifestations and effects. Yet in my view, we must keep its character qua construction clearly in mind.

Let us look more closely at this elementary form on which Marx’s analysis of capitalism is based. A classic distinction here is that between use form and value form of the commodity.

As use value, the commodity is an external object, a thing that in some way satisfies human needs or wants. These needs can be both of a material nature and can also spring from the wish for symbolic realization, from fantasies and imagination. Services of all kinds as possible commodities are also use values. The utility of the use of a commodity or service can be endlessly diverse. A direct usefulness consists in its direct consumption, while an indirect utility, by contrast, leads to a situation where other objects can be produced, maintained, or changed by means of the commodity. Marx defines this: “In the use value of each commodity there is contained useful labour, *i.e.*, productive activity of a definite kind and exercised with a definite aim. Use values cannot confront each other as commodities, unless the useful labour embodied in them is qualitatively different in each of them. In a community, the produce of which in general takes the form of commodities, *i.e.*, in a community of commodity producers, this qualitative difference between the useful forms of labour that are carried on independently of individual producers, each on their own account, develops into a complex system, a social division of labour” (MECW 35, Ch. 1, Section 2).

Use values forms are direct and indirect wealth, they serve to satisfy and maintain human self-preservation, but they only become a commodity by exchange. Here Marx makes an essential distinction in order to differentiate the action of use from a possible social form of exchange as commodity. He observes:

“From the taste of wheat, it is not possible to tell who produced it, a Russian serf, a French peasant or an English capitalist. Although use values serve social needs and therefore exist within the social framework, they do not express the social relations of production. For instance, let us take as a use value a commodity such as a diamond. We cannot tell by looking at it that the diamond is a commodity. Where it serves as an aesthetic or mechanical use value, on the neck of a courtesan or in the hand of a glass-cutter, it is a diamond and not a commodity. To be a use value is evidently a necessary prerequisite of the commodity, but it is immaterial to the use value whether it is a commodity. Use value as such, since it is independent of the determinate economic form, lies outside the sphere of investigation of political economy. It belongs in this sphere only when it is itself a determinate form. Use value is the immediate physical entity in which a definite economic relationship–exchange value–is expressed” (MECW 29, 269).

If we want to define use values more precisely, that is easier done in accordance with their quantity, but poses certain difficulties based on a distinction that looks at their quality. Amount, weight, number of units can be quite simply distinguished, but the utility of their qualitative properties is far more indeterminate. Every use value has its own quality and utility, so that apples cannot simply be compared with pears. Some use values, such as foodstuffs, appear directly useful, but there are also foods considered harmful or poisonous, that satisfy an addiction or provide a sense of ecstasy. Producers of use values suggest to potential purchasers, particularly through advertising, that the unique quality of their commodity is of direct usefulness, although the truth value of such statements always also appears to be subjectively constructed. The utility of use values, as Marx stresses, is not by any means given by a natural object. Rather, the use form is realized in human actions, in the process always also exhibiting a social character.

In their socialization and education, human beings go to great expense in order initially to develop their own personal use values as abilities and competencies, attitudes and knowledge, ways of behaving and virtues. The value of all these qualities may initially be purely personal, their use private. But when a person enters the labor market in search of employment, then some of these use values are transformed into an exchange value that can be traded as an advantage vis-à-vis competitors in the marketplace.

Political economy or the economic sciences are not interested in the use value. That value can, in regard to its material form, forms of action or in terms of practical needs, be analyzed by all other various and sundry sciences. For

economics, all that is important is the social form in which use values circulate. And these use values realize this circulation as exchange values.

Initially, the exchange value means that someone who has produced or employed a use value, such as a service, cannot exclusively make use of this for him/herself. He offers the use value to someone else in order, in exchange for the item, to obtain something else. In earlier times, this other something was generally a use value as well when natural products or services were exchanged or bartered. Today, the act of exchange is regulated by socially constructed means of exchange, mainly money.

If we reconstruct the underlying actions that emerge during exchange, two things are important.

First, the human actions must take place in a division of labor. Different producers produce different use values solely in a form based on the division of labor; these use values are then ready for possible exchange. But a division of labor is not sufficient. Within it, exchange could still take place in the family circle or in the production unit. Some thus regard such direct production communities or communes as the salvation of a humanity liberated from exchange and money. Yet that presupposes that others distinctive features such as origin, age, status in this familial or group-related context are not valid for special modes of exchange—one receives more, the better item, etc. Yet we have no convincing proof for this in human history. Even in collectivist forms of society, principles of distribution based on preference, privilege, and disadvantage can operate if we are guided by exchange relations in the real world and not some utopian ideal.

But of far greater import is the fact that analyses of action down to the present show that private production—i.e. the production of various use values, springing more from egoistic and isolating motives vis-à-vis a community—produced all the commodities and assets that today, we consume in ever greater quantity and quality. Thus, along with the division of labor, property is a second important factor—today also always bound up with legal titles. Certainly, there were past models in human history where such private production was restricted and as a result, it was possible to generate a greater sense of community in certain cultures. But the story of material success goes hand in hand with a society producing goods and services and is based on a division of labor, private production and private property. Only through private labor with the right to ownership was it possible for goods production to unfold in its present scope.

The exchange of commodities as a form of action thus consists in the fact that use values that appear to be useful are not only valuable for the owner. Rather, in and through exchange, they also show their value for others. Only what can actually be exchanged proves to be a use value and is realized as an exchange value.

In the exchange, a two-sided value is exchanged: it has both a dimension of use and an exchange side. Only its mutual value must be comparable. However, the differences in the various use values make it very difficult to determine the proportions they can be exchanged in, if we presuppose that this exchange cannot simply come about only in accordance with accidental patterns. Can the exchange be just? Must it be? And how should a just exchange be measured?

In his studies, Marx concludes that a just exchange will not always occur, but as a rule there is a tendency not to allow the exchange to be merely accidental, arbitrary or unfair. That is the case when we can at least indicate a quantitative basis of comparability in the value of the commodity. But most often use values differ so substantially both quantitatively and qualitatively that it is difficult here to find a bond of commonality. But what is the situation when it comes to exchange values? What is contained in each and every commodity, no matter how much it otherwise may differ from another?

For Marx, that commonality is abstract human labor, i.e. the labor we measure in labor time, even if the quality of this labor produces in each instance quite different use values: “If then we leave out of consideration the use value of commodities, they have only one common property left, that of being products of labour. But even the product of labour itself has undergone a change in our hands. If we make abstraction from its use value, we make abstraction at the same time from the material elements and shapes that make the product a use value; we see in it no longer a table, a house, yarn, or any other useful thing. Its existence as a material thing is put out of sight” (MECW 35, Ch. 1, Section 1).

What then remains for Marx? “Let us now consider the residue of each of these products; it consists of the same unsubstantial reality in each, a mere congelation of homogeneous human labour, of labour power expended without regard to the mode of its expenditure. All that these things now tell us is, that human labour power has been expended in their production, that human labour is embodied in them. When looked at as crystals of this social substance, common to them all, they are—Values” (ibid.).

If use and exchange have a commonality, then it is this third element, the value, that unites the two. It is itself invisible, but it appears in the exchange value and becomes visible as a means of exchange, such as the money we spend on a commodity. How much do we have to give? As a rule, this seems to depend on the value produced by a certain quantity of expended labor time. And no matter how much the use values may differ, in the quantity of the labor time expended for their production they appear to form or constitute a value that is approximately comparable to the values of other commodities produced with an equal labor time so expended.

However, presupposed here is an average value for all labor, i.e. a labor time is presumed that only forms socially behind the back of the producers in

the competition between all producers, and that cannot be measured simply in individual labor time. Yet it can only be measured as an average. Otherwise the laziest workman, taking much time, would produce the highest commodity values.

*Determination of the value of goods and services*

Marx was already heavily criticized in regard to this point, because there are a great many commodities that have a more subjective value, such as luxury items, and others that are scarce and whose value increases especially in response to demand. Marx does not question that, but if the values of the commodities can have a comparable character at all, then that cannot be based on their quality as things, their material reality. Rather, a yardstick for comparison must be found, and the thesis is that this could only lie in the quantity of labor expended.

If we look at the creation of values from the forms of action that can be observed in economic activity, what initially strikes the eye is that even when it comes to simple commodity production, there are different calculations from those that Marx recommends. It is evident that all producers or service providers expend labor time, and it is also clear that the quality of life for a worker can be measured by how long a person has to work in a working day in order to earn a living. But no one keeps an account record in which the hours expended are added up in order then to use a comparative list to determine the produced value of a commodity. This can be illuminated looking at the following example, gold as a commodity.

Gold is a special commodity since it can also be presented directly as a means of exchange, and for a long time has served as a backup security, such as for money in the form of coins or bills. According to Marx, how is the value of gold determined? For example, a firm initially has to obtain rights for prospecting for gold. We have to consider the cost of these rights as already expended labor time, because the value paid to obtain the rights must already contain a high level of time expended, given the high value of the rights. However, this is already difficult to calculate in time units, because it is also a matter of ownership of land, and only the price paid is clear. After obtaining the property rights, the entrepreneur hires workers for wage labor, as well as engineers and others. According to their qualification, they receive different wages, but their contracts stipulate that they must in each case work a designated amount of time for the enterprise. These hours are determined and calculated. Added to this are material costs for machinery, transport, etc. These costs can in turn be conceived as prices, but they also contain a quantity of labor time of those who have contributed to its production and thus have created certain costs. Now what determines the value of this commodity gold? The common average expended labor time of all workers involved in the production of the use value of this commodity is what determines the

value. If we then sell the commodity gold in the market, we obtain a price, Marx says, that can deviate quite substantially in some cases from the actual value, as a result of fluctuations in supply and demand and other circumstances.

By contrast, in actual commodity production, calculations are handled differently. Both for the entrepreneur and the wage laborer, it is far too complicated to determine in each case the quantity of labor time that was already expended in the flow of production and is now included via the fluctuation of prices in the commodity value. The calculation is simpler: the entrepreneur has expenses, in our case the costs of acquisition, material costs and costs of wages for labor, and he has a produced commodity, the gold. In the end, this gold must when sold bring in more money than he originally expended, at least over the long term, if the entrepreneur does not wish to use up all his capital (the money invested so as to achieve a profit) and thus head for bankruptcy. Here the entrepreneur deploys resourceful individuals who attempt to reduce his costs and to jack up his price (by means of agreements, advertising, bribery, and other measures). His cost-benefit calculation does not require deduction of labor time as increment value, even if it possibly could be shown that the values of commodities increased by added labor time. However, for the entrepreneur, all that counts in terms of action is that in the end, there is a plus, a profit, and no lasting minus.

As unskilled workers, skilled specialists, engineers or managers, the wage laborers have expenses that differ quite clearly depending on their style of life. All calculate their labor time, but they are less interested here in to what extent they increase the value of a commodity. Rather, their prime interest is what value their own work achieves, its price as wages paid out, or as a bonus, a gratuity, etc. Here people calculate with a social quantity: the necessary expenses they require to produce, maintain and develop (i.e. reproduce) their labor power, and to support and develop their family or entertain a reasonable life. They calculate what they need to live and what they can and wish to afford over and beyond self-preservation, given a certain level of social prosperity. In the course of the development of capitalist society, they formed interest associations, trade unions, which fight for a “just wage.” But this does not mean that they actually receive the value that they add to the commodities during the time of production—but rather a value that corresponds as adequately as possible to the costs of the social living standards, or even better, exceeds this in comparison with others.

When people calculate in a different way in their actions—that is to say, they do not measure precisely the quantity of time added to the commodities in commodity production and what determines their value—then the question arises: why did Marx define the object form of the commodity in a way different from their form of action appearing openly in their way of life? The main reason for that is because Marx wished to show that values of commodities



are never formed solely in an arbitrary manner. Rather, they are formed by expended work time, independently from whether we in practical terms calculate it this way or not. If values of commodities were only formed subjectively, as many economists believe, then all values would be regulated more or less arbitrarily through the market. Then an entrepreneur would not likewise not make his profit through and on the backs of his workers, but only in the market. Capitalism then would not be characterized by exploitation, but solely by risk and the “accidental” profits accrued in the market.

If we return to the form of action here, we see that this reversed image of accidental profits would in fact be too simple. Of course, the market is a key component in price formation and acquisition of profit as a result of supply and demand, the guidance of the sale of goods, advertising, and efforts to eliminate competitors. But it is also indisputable that labor time expended is necessary for producing the commodity value, and is thus a precondition for realization of profit. Yet for the form of action, it is completely unimportant whether this actually has to be calculated or not. In the price obtained over against the costs entailed, one can always see much more clearly and directly from the result of all actions whether the actions of creating value and realizing a profit were successful or failed. But if even profit in the market were totally accidental, if the expenses in relation to profit could not be adequately calculated, then all of capitalism would have to be seen as some kind of grand game of chance akin to a casino. This may indeed occur in some individual cases, but it cannot explain the structuring of the total ensemble of action and its course. In this structure, the commodity labor power also evidently plays a decisive role for the capitalists, since its productivity in particular promises a higher profit, as all economic theories concur. That is because along with other costs, in daily practice the costs for wages in particular constitute a main target for economizing in order to increase profit.

Goods and services are use values. They become exchange values only when they enter the market and become part of consumption. But what is the situation with things available in or from nature, for example in their inherent properties? These appear as use values without value or exchange value. They are not gained through labor; thus, no labor time flows into them as an increase of value. Marx had to concede that this seems to hold for land, because it has a price without always possessing a value produced through labor. However, Marx stresses that a ground rent is created only by a capitalist relation of labor and exploitation (see MECW 37, Part 6). It becomes clear here that Marx utilizes a highly ideal-typical construction of labor and value. It would be simpler to say that in human actions, what can be constructed as respective value is what can be exchanged on the basis of property. Human labor may enter into numerous exchange objects as an increase in value. However, in others, it is supply and demand that lead to their own formation of value or price. Yet vice versa, it would not be helpful to derive all increases

in value from the dynamics of supply and demand, since that would clearly underestimate the role of labor.

We must take a fundamental aspect here into consideration. In human actions, something can be useful and a product of human labor without being a commodity, as Marx emphasizes in the first chapter of “Capital.” Simplifying, one can say that only those use values that are exchanged in the market and transformed there into goods and services—i.e. which can be transformed into money—assume a social form of value.

These distinctions can certainly be grasped looking at human action. Not all use values can be exchanged, transformed into money. Take for example domestic labor in contrast with wage labor. Although both are forms of labor, a person receives for one a wage and a certain degree of recognition through pay deductions that as a rule later are reflected in social benefits and pension payments. For the other, domestic labor, a person obtains at best some recognition in the family, but unfortunately that is problematic for economic subsistence and survival. To that extent then, there is a contradiction inscribed in the unity of use value and value: the use value of the commodity cannot be realized until the value of the commodity is traded in exchange, that is to say, when that value finds a social confirmation in some economic (trans)action in the market. For that reason, people know how in their decisions to distinguish between what brings them some economic benefit and what maybe be fine and good, but useless for their economic betterment and security. The economy of exchange does not intervene here, because for it, only the exchange itself as a form of socialization has validity. At all events, the state could also recognize a person’s domestic labor by allotting something as a social benefit for this labor. But this would have to be realized as redistribution beyond the compass of the customary market mechanisms.

If we turn once more to the question touched on in chapter 1—when and to what extent personal qualities and competencies are capitalized—then we can conclude here that such skills, properties, and capabilities of the individual such as social ties, relations and networks, cultural education, skills and competencies learned from special courses, etc. are initially, in regard to the marketplace, always use values. They only become economically relevant values, and thus are capitalized, when they can actually be realized in acts of exchange in a market, and are so utilized with the intention to gain a profit. This distinction will prove important for the further definition of the forms of capital. In regard to their own use values, people thus always initially fear the market in so far as economic action is involved. Their fear can be phrased along these lines: what will happen if we create use values, such as our own qualified labor power, which then confronts exchange in the marketplace, but no buyer can be found, because the use value at the time has no utility? One example of this is the overproduction of use values. Things then are not

realized as values, nor can labor power realize itself in wage labor or independent labor.

There is a popular discourse in capitalism about the high risks a capitalist assumes in his/her investment of economic capital. Because the capitalist has to trust that the commodities he or she produces actually will ultimately find a buyer. It is frequently overlooked that all workers also assume a risk: because despite all the qualifications they acquire by their own expense and effort, they cannot be certain they will subsequently find a job, even temporary, to say nothing of more permanent employment. They can live in precarity.

### *Concrete labor produces use values*

The economists who preceded Marx, particularly Adam Smith, were already aware of the distinction between use and exchange value. However, Smith (1904) still conceived of the difference as a natural one. In his view, the natural actions of the human being are definitive for explaining the difference. Marx, by contrast, constructs a social relation, where the exchange value only constitutes the external form of a value relation, which he describes as a concealed social relation. What is hidden is the respective social labor that contributes to value creation as average necessary labor time. That is why it becomes necessary for him to distinguish labor that concretely creates use values from the other side of labor: labor that produces abstract value. He terms this the dual character of labor. In order to grasp economic capital more deeply in a Marxian sense, this twofold nature or dual character as concrete and abstract labor must be investigated more carefully. Because it for Marx is pivotal for the central questions of political economy (cf. MECW 35, Ch. 1, Section 2).

The production of use values takes place in concrete labor. Concrete human labor is labor that occurs in a useful form with products produced in a specific quality. It differs from other labor by the element of differing quality, because and in so far as it creates different use values. The work done by a locksmith, a mechanical engineer or a teacher differs from that of a baker, warehouse worker or manager. The difference in such work is bound up with its purpose, the manner of production and the variety of different instruments employed.

Humanity is characterized by concrete labor right from the beginning, because use values were always important for humans in order to create and satisfy the needs of self-preservation and to distribute those needs. Concrete labor forms use values, it is useful labor, and such labor is a condition of human existence in all specific social forms in human history. It is necessary so humans can survive.

However, one can also critique this universal definition: namely that it springs totally from cultural-social contexts, which are seen as useful. And if

we go beyond self-preservation, we may discover very quickly that usefulness is always a construct of social contexts. It becomes very evident here that over the course of history, natural necessity developed and was differentiated ever more, over and beyond self-preservation, into a cultural history of differentiated conceptions of usefulness. That cultural history has to be thought of in a relation of dependence on the cultural forms of society. This can, for example, be documented for cultural labor taking place outside relations of exchange, or for activities in life and language that are initially not conceived at all as labor, even though indirectly they are associated with it. And how should we see discursively conveyed values and norms within the bosom of the family? How should we approach forms of cooperation that arise between family members, in school, in social relations and networks, etc.? Such activities appear to be without any exchange use, although they are always of indirect utility for creating an attitude toward work and the performance of various forms and tasks of labor. Generalization of utility oriented to exchange appears to be necessary in order to secure life and survival through labor, but the cultural differences of such safeguarding and such labor also evinces simultaneously a huge variability in its realizations. In this concretion, there are no universal definitions but only historically variable ones.

Nonetheless, the concrete forms of work manifest the respective material and technological, cultural and social prosperity that was and is historically achieved. We can point to a number of aspects here that help us in distinguishing concrete forms of labor in the development of capitalism:

- The development and differentiation of concrete labor through an increased division of labor also increases the material wealth of a society. This creates opportunities, both qualitatively and quantitatively, to satisfy more human needs. The prerequisite is the development of purposeful, organized, more or less methodical labor, which conditions on the part of the producer his or her own assessment, supervision, evaluation, and self-direction. This not only presupposes professional qualifications in regard to the various different types of work, but also attentiveness, concentration, staying power, time management, and much more, that in each case accompany concrete labor. The development and differentiation of concrete labor in the history of modernity proceed hand in hand down to the present with a constant increase in the levels of qualification of broad strata of the population. Here we can note a clear increase in higher-level qualifications, especially over the course of recent decades (for more precise data, see chapter 6). However, we can see that this concrete side of labor requires its abstract, exchange-based counterpart: forms of concrete labor differentiate most readily where they find a market for exchange and are remunerated by a counter value, in particular wages. Nonetheless, there can also be concrete labor in differentiated

forms not oriented to exchange. But then the prerequisite is that the expenditure of such labor should be secured by means of other kinds of available income. Thus, for example, artists who live only for their art must have an inheritance or be given support by others in order to be able to produce their works of art, creations that perhaps prove impossible to sell during their lifetime. In terms of the broader picture, such concrete labor remains the exception.

- Since the beginning of modernity, we observe that the operations involved in concrete work are carried out in a more variegated, complex and networked manner in production organized on the division of labor. This leads to an increase in diversity, complexity, and specialization. Where in the past narrowly limited professions were practiced over the course of a lifetime, today we emphasize for individuals more flexible, dynamic, and mobile profiles based on a broad fundamental education and a broad comprehensive range of personal skills and competencies. The demands for the suitable training that must precede a concrete labor in economic life rise correspondingly. On the side of skilled labor, these are purposeful, methodical, organized, systematic, and analytic activities, which must always be accompanied by elements of cooperation, communication, and self-reflection. The degrees of differentiation of concrete labor are also reflected in the various academic fields that, for example, already appear in an educational biography as school subjects in learners' qualifications at a young age. Concrete labor often demands subjugation under a specific labor process, a form of disciplining, just as in academic disciplines, certain standards are set that have to be maintained. Modes of disciplining mirror subjugations under material things, circumstances, procedures, and individuals. In an objectified form, such behavior appears as a form of commitment to perform and achieve in the framework of an achievement society. Economically, this means to actively conform to concrete labor and its demands (with diligence, orderliness, punctuality, and other such virtues) under conditions of exchange. The motivational prerequisite of a higher-level qualification with the necessary corresponding effort so invested lies in the anticipation of greater monetary compensation that goes with a better qualification.
- The objects of labor in concrete labor are changing. Natural materials are increasingly being supplanted by artificial, synthetic products, and the means of labor, the tools, machines, and processes of production undergo significant transformation. In "Capital," Marx also states that the economic eras are distinguished not by what is made but how it is made, with what means of labor. Various different revolutions in concrete labor become evident in industrialization. These extend from the conveyor belt to team work, from the Taylorization of individual labor via semi-automation leading on to full automation and digitization. Looming in the

background here is a scientification of labor, a process that has contributed substantially to a huge increase in labor productivity and to the creative development of new tools for labor and new procedures. However, this does not mean that the state of development of education and training as a qualification for concrete labor and for the forms and patterns of living can be derived directly from the state of development of the required concrete forms of labor. The conditions of education often appear to clearly lag behind scientific-technical progress and its demands for qualifications. But in all historical eras, certain specific necessary educational prerequisites correspond to a certain level of development of labor. However, those qualifications can be differentially distributed in their breadth and depth among the population. In this connection, concrete labor has an internal contradiction: on the one hand, a large number of concrete labor tasks requires an increasing level of qualification of the workers so as to comply with the associated greater speed, complexity, and technology, as well as forms of cooperation and communication. On the other, there is still a multitude of low-skill forms of concrete labor, which requires only a low level of professional training and knowledge. It is a striking contemporary fact that the industrial countries need ever more qualified personnel because the low-skills jobs are being shifted into the countries with low wages. But this leads in the industrial countries to new contradictions: where earlier on, qualified labor led to a secure income by application of a high level of “learning capital” (this will be discussed in chapter 6), nowadays it can also eventuate in unemployment because of excessive supply. By contrast, low-skill labor, based on under-qualification, is especially critical, because those with poorer grades and diplomas (or their lack) can, already at an early age, face the prospect of permanent unemployment if they never find a job or lose one.

### *Privacy and economy*

The private producer can produce commodities or services of any kind as he or she so chooses. But such producers must, if they don't want to work in vain, try to make sure that they can also realize this effort in the marketplace, i.e. can sell what they produce. Such producers can only work for their own interests if they find corresponding buyers. It is left up to them, if they can find no buyers directly, to advertise their commodity with promises or a certain quantity of illusion. And if that is to no avail, to sell the commodity or service by means of fraud or some ruse. There are many paths available for this in private production, because the disordered, anarchic character of goods production, guided by personal interests, is an integral part of the ways of production itself. It is a private matter whether I produce rolls and buns, shoes, cars or my own labor power with specific qualifications as a commodity. I only have to find a buyer who will offer me a counter value. However, the labor

power here is a certain special form. Private labor here is principally manifest as learning labor, it produces the competence of the worker, the learner, whose use value can be utilized later on by a capitalist or a later employer in a relation of wage labor in order to produce a commodity—as an object or a service—which then is offered in the market to find a buyer. The costs of producing use values in all forms of capital also make concrete forms of labor necessary.

If we wish to comprehend why so many theoreticians not only in economics, but in all the social sciences, believe that the economic sector has a decisive influence on how people live and think, we can find an important basis from which to derive this in the presentation above. Because private labor is part of the very core of the modern way of life and economy, it has become important for education, for learning, for our attitudes toward life that we now see happiness, prosperity, achievable satisfaction, and human self-preservation in significant measure both as a private matter and also as a matter of freedom of the individual. All individuals, from the outset, stand in a relation of obligation toward society, within a kind of imaginary social contract: they are obligated, in accordance with one's starting preconditions, to qualify themselves by means of labor, especially initially through one's education and learning labor, in such a way that, based on free decision, they can perform their own private labor or can hire themselves out as wage laborers. Society in modernity has liberated itself from the feudal fetters of personal dependencies in order to make such a "contract" possible for all human beings. That is to say, to grant them socially guaranteed possibilities for participation in order to lead a private and free life. Whoever does not succeed in this fails in the sense of the system and is regarded as a failure, a person in need of help, an outcast. The private character of a free market, where every person supposedly has an equal opportunity, has thus become the ideology of all capitalist societies. But although this ideology is grounded on the right to human dignity, freedom of speech, and free choice of one's style of living, lacking there is the right to work. The result is that those who despite all their efforts cannot gain any regular income—because their background situation for education and training was poor, or the labor market is at the time unfavorable for them, or they have qualifications not in demand or that are deficient—quickly find they enjoy no such "equal" opportunities. This possible threat leads to a situation where every person, from birth on, should be aware how very important as a use value it is to build up one's own competencies and qualifications, i.e. the investment in one's own education. That is essential in order to be able to offer oneself successfully in the labor market if a person does not have their own sizable economic capital. As will be shown in later chapters, personally acquired forms of such capital are necessary to this end. Along with division of labor, privacy, and freedom, all producers also need sociality, because no commodity can be sold alone for itself. Every commodity

producer also requires, along with their own commodity, a demand for the good produced. And persons who offer their own labor power as a commodity, that is to say, offer their labor in return for wages in some form or other, see this specifically as a precondition against their own potential unemployment.

The anarchy of production, that is necessarily bound up with the multiplicity of private forms of labor, tends here to endanger every producer. Only success in exchange in the market guarantees that the commodity was not produced in vain. “In vain” in capitalism means that the costs have to be borne by the person who is left stuck with the goods produced unsold, not exchanged in the marketplace. Thus, in the individual case, crises can repeatedly arise between the private and social character of commodity production, to phrase it more abstractly.

If this occurs on a massive scale, it appears as a crisis in commodity circulation, a crisis in the sale of goods in the market. That crisis initially can “destroy” the commodity values and subsequently the producers—the wage laborers on one side and the small to large-size firms on the other.

The Great Depression became the yardstick for such a crisis in the 20th century. One consequence of this global crisis was that the state gained power as a regulatory authority alongside the private businesspersons, endeavoring to limit the anarchy of production or to intervene to channel it in a certain direction. The aim was, at the very least, to avoid the domino effects of economic downturn or broad-scale destruction of capital. This because although capitalist production initially is based on private labor, the social character of exchange shows that it can become dangerous when certain spheres of commodities become impossible to sell and then drag other spheres—that actually are still in some demand—into the maelstrom of cyclical downturn and a subsequent major depression.

### *Production of surplus value*

When we speak of economic capital, today we think mainly of a large sum of money. Money is also a commodity, but this commodity has the specific use value of serving as a general equivalent for all acts of exchange. Money appears in various different money functions. It is the measure of the values that are negotiated in exchange and appear manifest in the price of commodities. At the same time, it is a general means of circulation, and this is especially facilitated by paper money, and was later virtualized by electronic administered money held in account form. Today people can thus possess money without always having it directly in hand and having to pass it on in person. The acts of exchange can be carried out accelerated and on a global scale. In circulation, money can be seen as both a means of payment and of savings, and can be converted into many other forms, such as stocks and bonds, funds, etc. As money, it is a global means to the extent that it can be converted into virtually any other currency.



For Marx, money as the final product of the circulation of commodities is also the first phenomenal manifestation of economic capital. “The commodity that functions as a measure of value, and, either in its own person or by a representative, as the medium of circulation, is money” (MECW 35, Ch.3, Section 3). This money must enter onto the stage of the market in order to allow for any capital to be created. Commodity production is originally oriented to producing a commodity (C), to selling it in the market in exchange for money (M), in order then to invest this money anew in new commodities (C) that in turn are to be sold. The C-M-C formula is typical for a production in which things are sold in order to buy something anew. But there is also a reverse sequence, the circuit M-C-M, i.e. the transformation of money into commodities in order then to make more money. “Now it is evident that the circuit M-C-M would be absurd and without meaning if the intention were to exchange by this means two equal sums of money” (ibid., Ch. 4). An exchange of money for money in the same amount is useless effort, because as a rule such an exchange is made in order to increase money. And this increase plays the decisive motivating role in commodity production and human economic behavior.

Marx explains that the decisive formula for circulation is thus M-C-M', where M' stands for an increased amount of money. Marx terms the increased part of the original sum of money surplus value.

Money that aims for surplus value is capital. Marx calls the movement of this capital boundless, because in his orientation to profit, the capitalist knows no limited measure: “As the conscious representative of this movement, the possessor of money becomes a capitalist. His person, or rather his pocket, is the point from which the money starts and to which it returns. The expansion of value, which is the objective basis or main-spring of the circulation M-C-M, becomes his subjective aim, and it is only in so far as the appropriation of ever more and more wealth in the abstract becomes the sole motive of his operations, that he functions as a capitalist, that is, as capital personified and endowed with consciousness and a will” (ibid.).

For Marx, there is a clear interconnection between commodity and money: “Buying in order to sell, or, more accurately, buying in order to sell dearer, M-C-M', appears certainly to be a form peculiar to one kind of capital alone, namely, merchants' capital. But industrial capital too is money, that is changed into commodities, and by the sale of these commodities, is re-converted into more money. The events that take place outside the sphere of circulation, in the interval between the buying and selling, do not affect the form of this movement. Lastly, in the case of interest-bearing capital, the circulation M-C-M' appears abridged. We have its result without the intermediate stage, in the form M-M', ... money that is worth more money, value that is greater than itself” (ibid.). And he goes on: “M-C-M' is therefore in reality the general

formula of capital as it appears *prima facie* within the sphere of circulation” (ibid.).

Alongside the sphere of circulation is production. How is surplus value, and thus additional wealth, created in the interplay of production and circulation?

In political economy, after Marx the thesis was advanced that this comes to pass through subjective value formation in the circulation of commodities. Depending on market situation, supply and demand, and subjective preferences, certain values are allotted to specific commodities, and these values lie above or below the costs that the capitalist producer incurs in production. The surplus gain between costs and sale return would then explain surplus value. Loss over the long term necessarily leads to the abandoning of production or to bankruptcy. This view has the advantage that we do not need to ponder in depth the origin of surplus value, because it represents only a subjective, arbitrary, accidental value that arises in the marketplace. However, this perspective is very unsatisfactory not only from a scientific point of view. For economists who follow Marx’s interpretation, surplus value does not arise at all from circulation, even if in the individual case such circulation has an impact again and again on the price of commodities, as for example through supply and demand. But these economists mistrust the purely subjective derivation, because economic actions contain recurrent elements that we should take into account.

First of all, the subjective theory neglects the fact that all producers of commodities rarely are in a position of monopoly in the market. Rather, they are in competition. This means that they are all endeavoring to reduce the costs in commodity production in order to be able to sell their products better and in massive number compared to their competitors. This market mechanism contributes to the objectivizing of the values or prices of commodities, since the profit (surplus value) is not determined solely subjectively, arbitrarily, haphazardly in the markets. If we look at capitalist practice as it appears to the agents in the process of value formation, then it is very evident to the capitalists that they attempt to secure their profit in particular via control of costs incurred and the strategies of marketing. Initially, the costs play here a decisive role. They can be divided into costs for raw materials necessary to produce the commodity, machines and means of labor, storage facilities and transport, as means of production on the one hand (Marx views this as constant capital), and costs for wages (for Marx, part of variable capital). In the case of the portion of constant capital, the capitalist can try in the market to make purchases as cheap or favorable as possible. That also holds for variable capital in the labor market.

In contrast with mere cost accounting, however, Marx analyzes the commodity labor power as variable capital quite differently than the capitalist. For him, it is not only a cost factor; rather, it also bears the use value that labor

adds value to this commodity in its production and the work of all labor involved simply form this value. The capitalist exploits this value-creating dimension of labor power, because the remuneration for the commodity labor is not calculated based on the value it creates, but rather on the costs accorded it in view of a certain historical-cultural development toward its own reproduction. Wages thus were and remain within capitalism a battleground for dispute and confrontation, because the more the prosperity in society grew and continues to grow through material wealth, the more wage laborers desire to take part in this growth. In addition, differing wages and difference in wage labor also arose (in particular in terms of workers and office personnel). Here the capitalist remains unperturbed by Marx's explanation that it is the wage laborers who largely create the value that the capitalist acquires as user of the labor time for this commodity. That is because the capitalist is interested solely in the costs in relation to the result achieved. And the capitalist does everything possible to help ensure that this simple view is also adopted by all in society, including his wage laborers, and is regarded as natural, becomes a "naturalized" view.

Analytically, Marx proceeds as follows in explaining the profit quite differently in its individual steps (see chart 2):

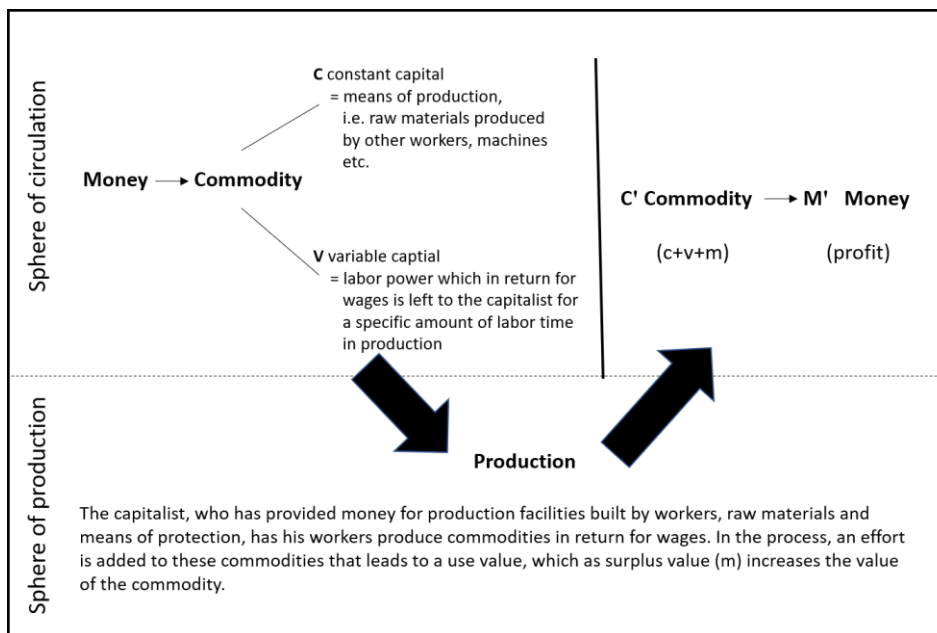


Chart 2. Capital and Surplus Value According to Marx

The owner of money qua capitalist purchases means of production in the sphere of circulation in the commodity market, and buys the commodity labor

power in the form of wages in the labor market. The means of production appear as constant capital ( $c$ ), where however constant designates only that relatively this capital is bound up over the longer term principally with raw materials, material assets, facilities, etc. Wages laborers are engaged with a portion of variable capital; here the relative aspect of this portion of capital consists in the fact that the capitalist, in the event of good sales, employs more workers, in the event of poor sales, fewer. He or she combines both portions of capital in the enterprise in order to produce commodities.

Commodities are produced in the sphere of production. The workers produce commodities on the basis of their respective specific qualifications, using means of production in production facilities. These commodities all belong to the capitalist. The capitalist also owns the production time that is agreed in the contractually regulated labor time of the workers. Use values are produced in this labor time; these are later converted in the market into exchange values and exchanged for money.

The aim of the capitalist is to gain surplus value, because for all the costs and risks he/she incurs, the capitalist expects a profit manifest in the increment value of the commodities produced. Once the commodity is produced, it can also be converted into an exchange value in the market, thus realizing the increment value ( $c + v + [m = \text{surplus value}]$ ). Since in capitalism exchange occurs in terms of money, the value and surplus value of the commodities or services appears in the price achieved. The money in excess of the costs incurred that is then obtained in the market in the price realized is termed profit.

As a result of the private relations of ownership, economic capital remains very strongly in the controlling hands of the respective owners. This offers them a greater freedom of movement and power in society to implement their own interests.

The commodity labor power is also tied to certain conditions. Its owner must, as possessor of this labor power, be able to decide personally on its deployment, so that a legal contractual relation can be established between the seller and buyer of the commodity labor power. Moreover, the owner of the commodity labor power sells that power solely for a specific limited time. This is because if he/she were to sell this labor power outright and completely, then the person qua seller would become a slave. The owner of the commodity labor power must also be free from the means of production, i.e. the individual has no economic capital of his/her own that a person could and might desire to utilize instead of their labor power in order to arrange one's life in economic terms. S/he must be dependent on selling the commodity labor power; at least the life circumstances of the individuals involved must compel them to do so, or serve as a stimulus to sell their labor for a wage in order to live in dignity. However, just how high such a salary can be, is shown by income of managers in current capitalism, because they head firms and can as

CEOs obtain very high incomes without themselves being the owners of these firms.

The commodity labor power has specific costs for production and reproduction. This includes its socialization, education and training, school and professional diplomas earned, as well as cultural, social and physical skills and competencies acquired. The reproduction costs include costs for living expenses, which should be viewed as relative to the achieved level of prosperity in a given society. Wage is a relatively open construction, because a great many factors, likewise variable, flow into it. Thus, for example, the expenses for children and their education must also be considered because they enable the possibility of future wage labor when the children will be adults. Along with historical factors, Marx also sees moral elements that determine the height of the level of the costs of production and reproduction. Here the value accorded to wages depends totally on the circumstances of many factors, like training and education, the cultural habits and what people demand of life. How well organized the workers are themselves (in trade unions, for example) has a strong influence on the wages they can achieve. For that reason, the circle of commodities that falls under these costs can expand or contract differentially depending on the country. The expenses for education and health, the taxes to be paid, facilities of transport, communication and social insurance are always reflected as part of these costs. Marx had to grant that wage labor also differs in the costs expended. But what he could not foresee was the range of differentiation that can develop here between the workers in different professions, and within a given profession—differences across a wide range in the functions of qualification and management—and depending on the country and the respective cultural-social background. Yet basically this changes nothing in the fundamental difference that constitutes the Marxian explanation of surplus value arising from wage costs as an exchange value for the commodity labor power and its utilization in production. That labor power has the use value of adding more (incremental) value to the commodities than it in itself costs. This surplus value is the basis for the profit of the capitalist, which can appear as a surplus after he has sold the produced commodity.

The use value of the commodity labor power is manifested in its real consumption. Even then, Marx argues, when the wage laborer receives a wage that totally covers his costs of reproduction and makes possible for the worker some latitude for life with a certain level of prosperity, he/she is nonetheless exploited by the capitalist because in the labor time involved, the worker produces greater values than he/she receives in wages. That is why Marx is also unconcerned about the question of a just or unjust wage in explaining exploitation. Rather, he stresses the circumstance that even in the case of a wage that appears to be just, a surplus value is still achieved and appropriated by the capitalist. And if one prefers not to explain this using Marx's theory of

surplus value, then modern bookkeeping provides a quite similar kind of accounting: all material expenses plus wage costs yield the sum of costs that must be subtracted from the price achieved in order to determine the profit as remainder. This procedure appears justified to the capitalist, since he/she has risked capital to achieve this profit. Yet if the capitalist thinks about it a bit, then it is nevertheless clear to the person that he/she can only make this profit if the workers (and the associated material costs) are kept low as a cost factor—this so as to be able to realize the capitalist's intentions for profit in the most comprehensive manner possible.

### *Costs and profits*

Although Marx's theory of surplus value is readily comprehensible, in economic practice people normally do not calculate in accordance with a notion of surplus value in the Marxian sense. There is a quantifiable expenditure of labor measured in labor time, but its value in exchange is not manifested and realized until it is exchanged as a commodity in the market. It is a commonplace: labor is measured in time, and time is money. But if we shift to an analysis of action, then it is difficult to observe the value produced. Entrepreneurs do not measure abstract labor, because they always want and can only see the costs that arise in actions, not abstractly. In regard to the workers, these are costs for the labor time expended, an expenditure principally manifested in wages. These wage costs differ not only depending on the qualification of the workers, but also additionally depending on the existing contexts. Thus, there are traditional practices in the labor market where even comparable labor in terms of difficulty entailed and labor time expended is nonetheless bound up with clear attributed differences in the wage costs. Prototypical of this is the continuing lower pay granted to female workers even with the same qualifications as their male counterparts. For the capitalist, in the end there are always concrete costs. By contrast, an accounting according to an abstract comparative value expressed in generally expended labor time would only constitute an ideal-typical model. Such a model cannot be employed in concrete analyses of action. That is because in reference to the actions, it is only possible to determine the respective concrete costs actually occurring.

Marx in his construction, calculates according to an abstract conceptual model. Rather, lurking behind the Marxian attempt to reduce abstract labor in its socially necessary form to a multiple common shared factor of simple labor is a philosophical problem. It involves the quest for a generally valid criterion that can indicate logically how in precise terms the value increment comes about. But the social law of exploitation discovered does not only remain on some abstract level. If we engage in an analysis of actions involved in economic processes, this law is also scarcely amenable to concrete calculation. If instead we approach the matter pragmatically, then we discover no social

immutable laws. Nonetheless, we do discern probabilities of appearance and specific sequences that embody their own respective types with differences. Let us look more closely at this: in no case did Marx wish to transpose the differences in qualitative labor to the abstract portion of value formation, because then he would have introduced a differing valency between the various workers not only in terms of strength (= complex work is merely simple work exponentially multiplied), but also in terms of difference. Yet precisely these differences between the workers appear in the actions observable, not only in the realm of mental and physical labor, but also, depending on the historical course of development, on a plane where supply and demand play a major role. If a great deal of steel is in demand in society and qualified steel workers are in short supply, then their wages rise. If there is an excess of steel available, or if there is an abundance of steel workers on hand, then initially it is not wages that decline; rather, the tendency is for innumerable workers to be made redundant. In countries everywhere, various different levels of wage compensation for respective professions have arisen. Due to a multitude of diverse influencing factors, these differing levels can scarcely be reduced to a common multiple denominator of simple labor. Thus, in many countries, the wages of public employees in particular have declined in comparison with other professional groups due to budgetary constraints in the public sphere. The costs for wage labor tend to drift rather than to follow clear regularities, a situation where along with hard facts of demand and supply, psychological interpretations regarding the difficulty of the labor or the associated qualification profile and the ascribed importance of living circumstances and style of living often play a role. For this reason, for example in the health sector, medical doctors are paid overproportionate, measured in terms of the costs for their training, while nurses and orderlies appear to be paid too little.

So, to what end should we impute a laboriously abstracted value of a general-abstract labor? This proved impossible in all practical attempts to derive conclusions from this economic explanation. The problem becomes evident through concrete analyses of action: people tend to assess more subjectively or qualitatively the value that a form of labor can produce in terms of exchange value as an “appropriate” wage or income. That is because there is no procedure for finding an actual objective point or index of comparison among different concrete forms of labor. This point of comparison is determined solely via the obtainable wage for labor in the labor market and the associated real labor costs arising from this. The rest remains a constructive fiction. To that extent, it makes sense to compare in particular the costs and return, or in the optimal case the profits, in order to determine surplus values in practical terms as well.

In Marx’s work, we have a conceptual model that seeks to describe and explain capitalism theoretically in a logical causal analysis. Down to the present, many economists have been unable to break free in their own models

from the claim for the need to provide a full explanation. My own approach is just the opposite: as I contend, in the actions taken by human beings in the economic sphere, surplus values and profits springing from the multiplicity of the actions themselves become visible. The anarchy of production and circulation, which Marx saw quite correctly, shows that there are different possibilities for gaining surplus value. For the conceptual model that attempts to reconstruct this, that means there will no longer be a complete causal model, but rather a hybrid, multilayered, contradictory model, as I spell out later below.

*Departure from a universal explanation of capitalism*

No one has done a more intensive historical and theoretical examination of capital as the fundamental form of capitalism than Karl Marx in the 19th century. From his analysis there also sprang at the same time a political movement that interrogated and challenged capitalism itself. Even if Marx was able to build on much previous work in political economy, his analysis was exceptionally far-reaching and novel. This was because he not only provided a comprehensive description and explanation for forms, causes, and modes of action in economy and politics, but also sought at the same time to discover why and to what extent capitalism was based on exploitation and appropriation of surplus value by the capitalist. The political movements that built on these insights, especially the socialist and communist parties, had a decisive influence on world history, particularly in the 20th century, although for their part, they proved unable to completely discard forms of capital in the socialist states they established. Even if in the course of the history of political economy, Marx was successful in plausibly reconstructing the development and unfolding of forms of capital from simple barter to the complex relations of exchange and production of the 19th century, his thesis of the socialization of the means of production, which would distribute all capital fairly and as equitably as possible among all workers, was, in its concrete attempts at “real world” realization, unable to overcome the status of a utopia. Even those states that through socialist revolution invoked such a socialization, and then sought to implement it in reality, failed de facto to establish it.

How did capital become so mighty and powerful that even in the face of its most penetrating critics and anti-capitalist political movements that believed they had grasped its modes of operation, it could not be eliminated?

Often given is a descriptive even if not explanatory answer to this question. It can be summed up as follows: since the experiences of the 20th century if not earlier, capitalism appears historically to be a form of economy and way of life that in any case is not in keeping with human needs in a “natural” universal fashion. On the contrary: this is a form of production of modernity, a specific era in human history, and does not represent any kind of human nature as such. Nevertheless, in social and economic terms, capitalism



established itself so broadly and comprehensively that it was not possible to simply eliminate it even by means of radical revolutions. The prospect of its overthrow had indeed appeared conceivable theoretically in the eyes of its critics. To that extent, capitalism and socialism should be seen as different political approaches that always have to take their economic basis into due consideration. In so far as commodity-money relations exist comprehensively, there will necessarily be struggles over distribution of the surplus value or profit gained, no matter whether this surplus value was and is distributed according to the rules of capitalist private property or “socialist” state bureaucracies. Why this is so will become clear when I expand the forms of surplus value in my analysis below, and show that appropriations and redistributions can take place in various different ways.

Before I explore that in the next section on the production of surplus value, I wish to emphasize that Marx’s theory, although it pursued intentions other than just a description of capitalism’s march of triumph, nonetheless is not without application. It contains important elements that help us to describe the progress of capitalism as well as the inevitable failure of the so-called “socialist” revolutions. But history can teach us that there is a decisive problem in Marx and Marxism, one that remains unsatisfactory in respect to an analysis of concrete action. Like economists before him and the Enlightenment as a whole, to which Marx was beholden, Marx proceeded on the assumption that by means of a profound analysis through research, we can discover the regularities of capitalism, like natural science discovers natural physical laws. This claim, if it could actually be realized, misleads us to political conclusions that would appear to be grounded on solid foundations, contending that they can safely predict what kind of better society founded on other regularities could follow in a life after capitalism. However, history has revealed a different picture, precisely the opposite, especially in the development and dissolution of the “socialist” countries. The analysis of the so-called laws of capitalism was not sufficiently far-reaching and free of contradiction. Nor was it possible to adequately foresee that even under socialism, the socialization of the means of production would not suffice to avoid new claims to power from emerging, hierarchies and forms of appropriation that would continue to be reproduced on the basis of relations of commodities and money. On the contrary: it also became evident that in addition in these experiments in socialization, basic democratic rights were denied, even though the system supposedly claimed to be implementing a full and complete democracy. For example, one of the main occupations of political economists in the former USSR or the GDR was to describe, with clever argumentation, the workings of capital in these societies as “natural” and “pure” (i.e. free from exploitation), even if they must have been well aware of the mechanisms of the new forms of appropriation engaged in by the new classes in these societies. Today in the People’s Republic of China, we witness a rigid capitalism

on the basis of a supposedly “socialist” state and party doctrine. That doctrine hardly accords people individual rights, although at the same time it is declared to be the ideology of a just society. It is, I would contend, a society in denial about the pressing need to clearly see its own fundamental principles and mechanisms of capitalist dependency, while simultaneously denying its citizens basic democratic rights. Whoever took Marx too seriously and tried to critically examine the purportedly “real existing socialism” in respect to relations of capital using Marx’s instruments was, and today still is, quickly silenced and often sent off to a camp or prison for “re-education.” Yet viewed from the mechanisms of operation of capitalism, these societies were also part of capitalist development, even if there is a sharp contrast between them and capitalist democracies by dint of their differing social orders. Current developments are leading to a globalized capitalism that has now conquered the planet, although, seen in historical terms, we know full well that this does not spell the “end of history.”

*Changes in economic capital from the advent of large-scale industry down to the present*

Marx viewed large-scale industry as the great opportunity for human beings to see through the employment of economic capital as the exploitation of their labor power, and then through revolution to socialize the means of production. He and Engels believed that this socialization could eliminate the classes of owners and the have-nots, moving toward a classless society. But to exclude the systems of enticement promising more profit or power than another might acquire, socializing the means of production, as history after Marx and Engels teaches, is evidently insufficient. To the extent that commodity-money relations and private property exist at all, we will always be faced with the question of their fair and equitable distribution. The “socialist” experiments had bitter experience here: if wages as equal as possible for all are provided by the state, the general work ethic declines, since there is no longer any reason to exert oneself and work harder than someone else. This can have a negative impact on the intensity and productivity of labor. If special privileges for certain groups deemed essential for maintaining the state are granted, as all such socialist experiments practiced, this leads to the emergence of a new class, which for its part seeks a redistribution in its own favor.

Compared with their beginnings, the industrial societies have achieved a huge level of prosperity. But in respect to the relative distance between the working masses and economic capital, the masses have remained poor; indeed, the gap between them and the rich has become ever greater (cf. Stiglitz, 2012). Nonetheless, for the majority today, capitalism as a universal mode of economy is not a matter open for discussion and debate. The free market guarantees people other freedoms as well. They take economic securities into the bargain. Intriguing here is to juxtapose Marx’s assessment of

the modes of operations of capital in the 19th century with a comparison in the 21st century:

<b>Economic Capital</b>	
<b>in large-scale industry</b>	<b>tendencies in the 21st century</b>
is concentrated in terms of profit performance on the production of commodities	in terms of profit-making, is split more heavily into three spheres: commodity production, the service industry, and financial speculation
is embodied in the capitalist as entrepreneur	is embodied ever more strongly by third parties who administer capital and employ it to generate profit for its owners
massive inclusion of child and female labor in production	views rising wages as the basis for freedom and system stability, engages in child and youth protection measures
requires the state and religion for the maintenance of order	principally requires the agency of the state in order to optimize the conditions for the economy and to organize social security/welfare state sectors (pensions, social welfare, education, health)
limits the opportunities for education of the workers in the framework of their labor activities and living conditions	grants differentially promoted opportunities for education according to country involved and the levels of cultural development
based on long hours in the working day and scant time for recreation	shortens the working day and provides longer periods for recreation
requires an army of workers (many children, migration to open up new labor markets) as a reserve force for economic upswings or downturns, colonializations	has an army of the long-term unemployed and potential migrants as a reserve for economic upswings and downturns, global migration
increases labor intensity and gradually increases labor productivity	increases labor intensity ever further, and most especially heightens labor productivity
differentiates between qualified and low-skilled forms of labor in the plant	differentiates between qualified and low-skilled forms of labor in all forms of working, increases the need for higher skills
reinvests profits in the development of the firm (more longer-term strategies)	is contradictory, strung between constant technological development with high levels of investment, and/or rapid realization of quick profit (medium-term or short-term strategies)
brings initial strategies for commodity marketing into the marketplace	provides very great scope for marketing strategies

*Chart 3: Modes of Operation of Economic Capital*

Informative in that comparison, which however can only serve to describe rough tendencies in the employment of capital, is that the effects and modes of deployment of economic capital are subject to numerous changes. Even if down to the present, commodity production has remained a core area in capitalism, we must at the same time note that the sectors of the service industry and finance have gained immense power.

### *“Heavy” capitalism*

The era of large-scale industry is described by sociologists such as Zygmunt Bauman (1993a) as a period of the search for order, in which progress must be continually reexamined (see also Neubert & Reich, 2011). This order is not a natural one, it is constructed and produced socially, and forms, as a matter of course, the background of our lives, which we fall back consciously and intentionally (see Bauman, 1993a, 4 ff.). Sociopolitical orders come into being by a process in which we lay down in language and in rules how we should live and evaluate the things in our lives. Instrumental here are the inclusions and exclusions through which we create such an order or system. As owners or have-nots, rich or poor, private or public: these are but a few of these understandings that establish, for example, what constitutes success or merit in a performance society, and what must be rejected as failure. In the age of industrialism and the conceptions of modernity, what is generally seen as successful are the following: clarity regarding one’s aims, transparency of the paths toward those aims, controllability of actions to be taken, predictability of envisioned results.

Fordism (derived from automobile manufacturer Henry Ford), heavy industry, and a “heavy” capitalism, in which costs and profits can clearly be checked and reviewed, in order to achieve lasting results, are prototypes of such modernity (see Bauman, 2000, 25 f.). However, in the development of modernity, both in production and in all markets, the incomplete nature of information became ever more evident, a lack of clear positions for observation with unambiguous results. This militates against the expectations of modernity and the hopes for ever more growth and general prosperity.

The upshot is that already in the era of modernity, ever more ambivalences arise, endangering the very project of modernity itself. In many of his works, Bauman makes clear that the more attempts were made in modernity to get all under control and make it “safe” for growth and profits, the more this led to ever stronger contrary phenomena: incompleteness, uncontrollability, and ambivalences that became clearly manifest in repeated crises. He expresses this in an image: modernity endeavors to collect all essential data that appear to provide order, stashed in a kind of filing cabinet. And it pursues the illusion of being safely able to calculate all costs and profits, particularly in the economic realm. But the economic crises point up the impossibility of this venture and the incompleteness of all filing cabinets, so that ambivalence becomes

unavoidable (see Bauman, 1993a, 2). And with this ambivalence, modernity turns liquid, fragmenting at the same time into confusing worlds. A discontent with modernity emerges, and with it the transition of this modernity into liquidity—a stage that some also term post-modernity (see Bauman, 1997).

In respect to capital, we can recognize its multiplication in diverse manifestations: in their matrix, people pursue the game of profit and loss across a spectrum of very different variants. Here the classic modern variant is heavy capitalism, where in my view at least five different factors are operative (modified based on Bauman, 2000, 25 ff.):

1) The *Fordist factory* produces in serial functions, creating a form of human labor oriented to simple activities, routines, and predetermined movements and actions, even if it requires qualified professional knowledge to produce these routines. Ford automobile manufacture is considered one of the prototypes of such fabrication, where various different partial workers produce a total end product in an effective division of labor. Spontaneity and creativity are suppressed in these routines, as well as critical thinking and individual initiatives. This side of modernity quickly reduces the human being to a recipient of orders who does his or her labor in the wheelwork of the factory, a small cog alongside others. At the same time, this separates the majority of workers caught up in their routine of labor from the engineers and managers at the factory, who run the show.

2) *Bureaucracy* is a further distinctive feature of modernity. It helps establish the order according to which everything is regulated so as to avoid any unrest, disruptions or delays—these only increase costs of production or circulation. Bureaucracy stands for a realm of constraint that must be internalized in order to operate as a set of rules and regulations governing the behavior of all right from the start, before—in the less favorable case—action must be taken by means of threats or penalties through external compulsion in response to violations of the array of self-imposed constraints. The more the division of labor advances, the more modernity administers itself institutionally, redistributing output achieved, the stronger this bureaucracy becomes in a bid to organize and control the procedures.

3) It is accompanied by a *panopticism* where each can be seen, and can in this way be observed, investigated, and described. Modernity seeks to observe and gather all information about people and events, surrendering to the lure and desire for completeness, even if that is precisely the cause of its failure. Completeness of information is the grand illusion of modernity. That is why Big Brother is the grand narrative fiction and often the frightening reality. Because in modernity, there were repeated attempts to push control and surveillance to an extreme, in a bid to anticipate and guide all processes.

4) Intensified panopticism became clearly visible in phenomena such as the *concentration camp* and Gulag. They carry the desired order in capitalism of control of profits and costs to the extreme, because they assume the most horrifying conceivable form of a “total” order. They discipline the subject, objectifying it as the object of an apparatus of power interested solely in implementing its conceptions of order against all that is human—an apparatus for which the freedom of the individual or deviation in behavior becomes a target for destruction. These are not the industrial accidents of modernity. Rather, they are the expressive forms of a capitalist way of life that dramatizes the human being as a cost factor, taking his or her availability for others to the extreme (see Bauman, 1989). In less extreme forms, capitalism drives much of the population into poverty or to the edge of poverty in order to maintain its schedules of costs.

5) However, heavy capitalism with its heavy industry was never an economic model that allows only or best for permanent *maximization of profit*. Thus, this perspective, even if repeatedly invoked down to the present, has often shown itself to be a major obstruction for capitalist development. Heavy capitalism has the disadvantage of being quite immobile, oriented in the main to long-term profit with high levels of investment. That renders it susceptible to all kinds of scenarios of disruption. The increase in service industries, commerce, real estate trade, and financial markets in particular clearly shows tendencies for overcoming and moving beyond heavy capitalism.

For Bauman, the heavy, solid, condensed capitalism of modernity always has a tendency to push people toward uniformity, exaggerated commonalities, extending all the way to totalitarianism, because it exercises a huge pressure toward homogeneity, functionality, and coercion in actions. The Fordist model represents industrialization, the accumulation of large economic capital and a high degree of regulation of life (see Bauman, 2000, 56). It uses machinery on a large scale to produce its profits. The machine age is considered stable but it is also clumsy, immobile. This capitalism occupies entire landscapes and cities, it transforms the world into industrial landscapes. It promotes an attitude that is fixated on laws, rules, set standards and aims, and it turns all operations into processes in order to make them ever more effective. It requires management personnel and teachers that can do everything better than others, and who should always tell people what they can do better (see *ibid.*, 63). This modernity is an adversary of fortuity and chance, of chaos, variation, anomalies, and ambivalences. It struggled with particular vehemence against individual freedom and autonomy (*ibid.*, 25). In the economic sphere, modernity also depends on wage labor that freely subjugates itself in labor contracts. But this freedom is significantly limited by the expectation of the calculation of costs and profits in the forms of factory labor and its orders. Even if this picture simplifies certain aspects and does not encompass all the

kinds of actions in modernity that can be differentiated on closer scrutiny, the five factors I have sketched following Bauman designate significant structural conditions regarding the origin of the forms of capital. Charlie Chaplin provided an impressive cinematic image of this world of Fordism in his movie *Modern Times* (1936).

*Cornerstones of a change in the social patterns and forms for living*

In the 19th and 20th century, industrial societies sought to assist in particular in evolving individual self-constraints. These to a certain degree do without constant control by an external, alien pressure or have objectified such pressure through the formation of routines and institutions. That is documented in the changes in behavioral standards that exhibit some of the following aspects (cf. Elias, 1996):

- An enormous increase in the gross national product of the leading advanced industrial nations, with a concomitant improvement in living standards, a mounting decrease in hard physical work in the later phases of the process of industrialization, leading to broader and more active possibilities of action for individuals. The increase in productivity in the process of industrialization, the expanding markets and the always incalculable and often unpredictable relations of exchange, competition, and profit serve to condition an active, independent mode of action in order to exist and survive in society.
- Depending on the perspective, industrial societies are interwoven with emancipatory or apocalyptic movements. Initially the bourgeoisie defeated the aristocracy. It proved possible to defuse the class struggle between the bourgeoisie and the proletariat by improving the material situation of the workers. New balances of power emerged against the backdrop of the scientific-technological revolutions. But the reconciliations achieved are always shaky when the material situation of the workers is unsettled and the prosperity of the masses is endangered. A consciousness has arisen that this process has not reached its endpoint and is continuing.
- The institutionalizing of the division of powers into the executive, legislature, and judiciary, where in particular a relatively independent legal system contributes to behavioral security, consolidates the powers of balance achieved. It also stabilizes relations of rule by means of a democracy-oriented objectification. Personal subjection is supplanted by objectified subordination. This leads to an increase in self-constraints as an insight into objective-rational external constraints, independent of the authority of specific individuals.
- Since the 20th century, the differentials in power between individuals have changed, particularly in the advanced industrial societies:

- between men and women, as women increasingly occupy professional roles, gaining more scope for action vis-à-vis the patriarchal structure of traditional families;
- between the older and younger generation as values are reoriented; the ideals of the older generation no longer are imbued with an unquestioned validity. The ideals of youth are espoused by numerous age groups as the appropriate expression of a way of life that is caught up in a vortex of constant change. Authoritarian dependencies are ruptured or at least rendered insecure. The right of the younger generation to self-determination comes to enjoy general social recognition;
- there are far-reaching changes between the European societies and their former colonies or the rest of the world, as dependencies are shaken off, in part replaced by the role of the world powers;
- between rulers and the ruled, as democratic customs, especially in the realm of legal bonds, lead to an objectification of power, to the extent that the democratic principles of free choice and division of powers are in place, these customs lead, with limitations, to the control of power.
- But changes in the differentials of power, which dissolved the strict hierarchical structure of feudal or early bourgeois patterns of life, go hand in hand with a growing sense of insecurity in regard to behavior and status. For dynamic industrial societies, the problem of means of socialization that guarantee finding one's identity represents to a far greater extent a complication in socialization than in largely agrarian societies. There, individuals are able to find their identity in the relatively clear and understandable framework of the family, and this process of identity formation can remain largely limited to this familial framework.
- A problem in consciousness also arises here, one that is typical for the loss of differentials of power: only as a result of the eroding of power were people in the industrial societies now able to recognize the problem of what power previously meant and why its use must be viewed critically. Only as a result of that decomposition of previous power structures could scientific investigations arise that not only question tradition but also recognize themselves, their own approach, as something relative within the unfolding process of civilization.

These developments are intensified in liquid modernity. Where self-constraint served to promote being as capable of action as possible in the sphere of production or enterprise in order to achieve a lasting and calculable success for a long-term perspective, it now appears increasingly fractured and ambivalent in human living conditions. This is because a marked degree of self-constraint may still seem to be essential for planning a career, but it no longer



guarantees that career trajectory as a matter of course. The mounting uncertainty and ambivalence that permeate all spheres of social and individual life have certain consequences here for individual attitudes. What appears solid and stable, in keeping with immovable values seemingly set in stone, can today no longer be sold. The new ideal for consumers is change, innovation, constant development, moving ever forward, an ambient of fluidity. For that reason, the image Norbert Elias presented of the advantages of a long-term perspective and the downsides of action geared to the short term and direct gratification of needs changes. Light capitalism and its twin partner, liquid modernity, undermine the traditional virtues (cf. Bauman, 2000). They promise gains in freedom that appear as gains for ever more, ever new consumption. New anxieties surface: “The most acute and stubborn worries that haunt such a life are the fears of being caught napping, of failing to catch up with fast-moving events, of being left behind, of overlooking ‘use by’ dates, of being saddled with possessions that are no longer desirable, of missing the moment that calls for a change of track before crossing the point of no return” (Bauman, 2005, 2).

### *Capitalism's dark sides*

Although there are still winners and losers in capitalism, the old story of exploitation or class struggle is no longer the only or even main narrative. Many stories are told. Capitalism here too has become “lighter.” These stories, like everything else, also become commodities. In consumption-oriented capitalism, there are de jure a great many forms of new freedoms; but de facto, these often for many individuals remain impossible to achieve (see Bauman, 2000, 31 ff.). That is because the antagonisms and contradictions, such as between rich and poor, between options for freedom and actual possibilities, the ambivalences between what people hope for deep down inside and what is done externally—all this is distributed unequally by the opportunities for freedom and life, the freedom of opportunity in individuals’ existential situations.

In his numerous books and essays, Zygmunt Bauman has repeatedly analyzed such problematic situations, illuminating in particular the dark recesses of economic and social development. For determining and better comprehending economic capital, they are very important, because they sketch a variegated image of the ruptures, contradictions, paradoxes, and ambivalences that today accompany the history of capitalism:

- Capitalist development furthers the emancipation of individuals to the extent that it secures their prosperity and provides them with resources and opportunities to live this emancipation and to experience greater freedom. But economic capital, particularly in its modes of unequal distribution, constantly repudiates such emancipation. It ensures that those

better off economically can defend and extend their privileges over against the economically weaker. Thus, the ideology that over the course of time all will be increasingly better off proves itself to be an illusion, in particular of liquid modernity, and also of the many stories we tell ourselves about this, narratives that form our image of the era.

- The unequal distribution of economic capital repeatedly leads to restrictions in emancipatory possibilities. That is particularly true for the increase in outsiders and outcasts (Bauman, 2004), the heroes and victims of liquid modernity (Bauman, 1997), the insecure positions of foreigners and aliens (Bauman, 1993 a, b), the fragility and uncertainty of relations as people experience them (Bauman, 2003, 2005, 2006), the contradictions and paradoxes of assimilation within migration (Bauman, 1997), and the risks and dangers of globalization (Bauman, 1998, 2007 a). The transformation of all needs into consumer experiences renders aspirations for life one-sided—and the opportunities in consumer society form a web of illusions (Bauman 2007 b).
- Capitalism requires free wage labor, free citizenship, free consumption in order to develop in a broad and comprehensive manner. Light and liquid capitalism is heavily oriented to consumption. Here it appears left to each individual to organize their life in such a manner so as to enable as high a level of participation in the opportunities for consumption as possible. Individualism here is marked by several distinctive features:
  - Initially, individualism itself is conceived of as dynamic. It is not limited solely to the human freedom of choice or decision for this or that. Individualism is always accompanied by structures and constraints in society that characterize the conditions for action, and that facilitate or hinder opportunity.
  - Individualism appears most successful where consumption succeeds. The possibilities to participate in consumption have become the principal criterion for social status and individual orientations. The degree of achievable consumption defines the barriers between the haves and the have-nots or those whose who have less, between winners and losers, the heroes and victims of liquid modernity. Abbreviated, this is what Bauman calls “Divided, we shop” (2000, 89).
  - Increase in the degree of individual freedom went hand in hand with an expansion of social security, hard fought for by the trade unions in their extended struggles. Yet the shift from vocation, from a calling to a job that allows a person to participate in consumption today, shifts the burden of responsibility ever more onto the shoulders of the individual for organizing his or her own life, career and possible un- or underemployment. “To put it in a nutshell, ‘individualization’ consists of transforming human ‘identity’ from a ‘given’ into a ‘task’ and

charging the actors with the responsibility for performing that task and for the consequences (also the side-effects) of their performance. In other words, it consists in the establishment of a *de jure* autonomy (whether or not the *de facto* autonomy has been established as well)” (Bauman, 2000, 31f.).

- The constraint of developing one’s own individual biography is operative not only in the sphere of labor. It extends its tentacles into all social relations, in particular in the family and in the matrix of partnerships. No longer can anything be created to last; everything must be sacrificed to the individual’s status and his or her expectations of freedom, even if the freedoms prove illusory.
- Individualization here has morphed into a complicated and complex game, what Bauman (1996) illustrates using the metaphors of the flaneur, the tourist, the gambler, and the vagabond. There he points up the liquid character of human affairs, and the ubiquitous element of ambivalence inherent everywhere in individualization. Thus, for example, the tourist is a prototype of enhanced mobility, flexible forms of consumption, the appropriation and occasional reinterpretation of what is Other and alien, and of different cultures, according to the pattern of taking possession of something and then leaving it. At the same time, in a mode of individualistic aggrandizement, this pattern of behavior gives scant regard to human relations in the country of temporary stay and the consequences for others of his or her being there.
- In individualism, humans cast aside the bonds to tradition and the subjection to authority. Yet conversely, for that very reason, they must constantly seek examples, advice from and guidance by others—this although they continuously think they are acting on the basis of self-determination. In any event, individuals know that if they fail, the responsibility is solely their own, because this appears to be their essential increment of freedom gained.

Bauman’s analysis would appear to apply not only to observable human action but also to reflect changes in the social and individual utilization of economic capital or to accurately describe exploitation by such capital. In traditional, solid modernity, heavy capitalism, with its orientation to production—also often termed production capitalism—still required a multitude of rules and institutions in solid channels and calculable ramifications and consequences. But liquid modernity and light capitalism evince a distinct relativizing, likewise of the dependencies associated with economic, social, and cultural relations—and thus a fluidity of the rules and regulations as well. A circulation capitalism emerges, associated to a greater or lesser degree of intensity with very different forms of production. The consequences appear in

particular in a liquidity of the features of order. These features impact especially on wage workers: “No jobs are guaranteed, no positions are foolproof, no skills are of lasting utility, experience and know-how turn into liability as soon as they become assets, seductive careers all too often prove to be suicide tracks. In their present rendering, human rights do not entail the acquisition of a right to a job, however well performed, or—more generally—the right to care and consideration for the sake of past merits. Livelihood, social position, acknowledgement of usefulness and the entitlement to self-dignity may all vanish together, overnight and without notice” (Bauman, 1997, 22).

### *The paradox of industrial production*

In regard to economic capital, we can repeatedly observe that just about everyone idealizes it but only few possess it in large quantity. This idealization occurs especially in respect to forms of money. Here, for example, few now consider it an ideal to run a firm, entailing strenuous work on the basis of a strong sense of responsibility toward its employees, because this restricts one’s freedom. Liquid capitalism has become contradictory. It wishes to preserve property as a fundamental right while seeking—where possible—to minimize the responsibilities and obligations of property.

Today economists, quite independently of Marx, also speak about the “paradox of industrial production,” which represents a key dimension of this contradictory character. Joseph Stiglitz (2010, 2012), whose argumentation I repeat here, sees this contradictory element, for example, in the following chain of development. For a long period, industry constituted the high point of a specific stage of development. For the developing countries, it held forth the possibility to overcome the traditional dependency on agriculture, which promised relatively little wealth to the nation. Jobs in industry were paid better than in agriculture and formed the prerequisite for the genesis of a broad middle class in Europe and North America in the 20th century. However, over the course of recent decades, substantial progress in productivity has led to a situation where the number of workers in the manufacturing sector declined while at the same time the GDP<sup>1</sup> rose, and this trend will probably continue. The greater degree of qualification and automation occurring through scientific-technological advance, the more the old job categories are come under threat, because ever fewer workers are needed in production. The smaller the number of available jobs, the less is the amount of commodities that can be consumed more broadly across the economy, since the wages of broad masses to purchase goods are reduced. Capitalism appears to be able to

<sup>1</sup> The Gross domestic product (GDP) is a monetary measure of the market value of all final goods and services produced. It is measured quarterly or yearly. It is commonly used to measure the performance of a whole country and to compare countries in the international markets.

solve this dilemma only by means of innovations in goods and services, i.e., it must reinvent itself anew again and again on a higher level in a spiral that is on the constant rise, resulting in ever new commodities and services that are produced and consumed by sufficient numbers of workers.

Some of Marx's predictions, in particular the "law of the tendency of the rate of profit to fall" (cf. MECW 37, Part III), could not be substantiated. Here we should experience an increasing difficulty of capital to realize a better return and to achieve over the longer term real profits against the rising costs of the machinery at a plant. But this "law" is not working because of counter-strategies as the increasing productivity shows. In addition, the global movements of capital are highly dynamic and ridden with contradictions that accompany capitalist development. Thus, for example, particularly in connection with developments in the People's Republic of China, we can observe that within the course of a few short decades, its industry became a major supplier for the formerly rich industrial countries. The cheaper labor costs led to an upsurge in the number of industrial firms relocating to China, while state regulation sought to ensure that the country was not simply taken over by Western capital. Today, along with China, other countries such as India and states from the now dissolved Eastern socialist bloc have opened up in significant measure to the West. The increase in productivity in the West on the one hand, and the global migration of capital into countries with cheaper production costs on the other, intensify the paradox of industrialization. Given innovations and general scientific-technical progress, we no longer can readily expect a predictable upsurge in all industrial economies. Rather, we can always observe a built-in economic decline with increased unemployment in different regions under the impress of global competition. In the classic industrial economies, given the presence of highly qualified workers and high wage levels, new jobs can only be created by means of top-quality innovations.

Developing countries in particular have become the losers in this system of fierce competition for industrial sites. Here live the poorest of the poor, earning less than a dollar a day, struggle for sheer survival. According to one estimate, they constitute more than a billion human beings, currently approximately one seventh of humanity.

### *Productive and unproductive labor reassessed*

For Marx, the distinction between productive and unproductive labor is decisive in pointing to a dilemma within capitalism. Thus, there are many types of labor that are remunerated or go unpaid. Unpaid labor produces use value, but it has no use of capital and profit, and for that reason is likewise not exchanged with a surplus value in the marketplace. Household labor is a typical example, as well as all forms of work that are paid for directly by the state or by NGOs. They provide no profit for the capitalist in terms of production capital, but they generate costs for society or the individual. Thus, the work of a

teacher may be useful for society but is unproductive for direct profit. That is because it generates only costs if remunerated by the state. These costs must be covered by taxes, and they reduce the wages of the workers and the profit of the capitalists, even if the teachers, seen in economic terms, are also an important economic factor by dint of their consumption. This looks quite different if these teachers work at a private school seeking to make a profit. Regarding this, Marx says: “If we may take an example from outside the sphere of production of material objects, a schoolmaster is a productive labourer when, in addition to belabouring the heads of his scholars, he works like a horse to enrich the school proprietor. That the latter has laid out his capital in a teaching factory, instead of in a sausage factory, does not alter the relation” (MECW 35, Ch. 16).

In today’s capitalism, such unproductive forms of labor have increased significantly in the context of profit making: the upshot is that a complicated structure of financing of labor and profit in capitalism has arisen. Ultimately, the teachers paid by the state are also asked to contribute to the state coffers through their taxes, and it makes no direct difference to the workers in their concrete actions how their wages are earned. Nonetheless, the state must always also utilize external sources in order to be able to hire its employees for the purpose of social tasks. Current indebtedness of the government in many countries shows that often more is spent than is taken in, generating huge deficits. This easily leads to a tendency to live far beyond one’s means and to burden subsequent generations with huge debts.

Most current economic theories have abandoned the distinction between productive and unproductive labor. This distinction by Marx only makes sense if a distinction is to be made in strict fashion between capital that derives from productive labor and is oriented to profit, and further costs that arise due to various kinds of unproductive labor. However, contemporary capitalism can no longer be adequately grasped by means of such differences. That is especially because the unproductive forms of labor have long since become an integral component of the production and ensuring of productive forms of labor as well. As a result, it has become ever harder or even meaningless to differentiate between these two prototypes of labor in the individual case. At the same time, there are increasingly other forms of profit making different from the exploitation of productive labor. For that reason, current economic theories stress reciprocal effects and connections between resources, workers, investments in these and output generated (for example, as social and cultural capital discussed in the chapters below). In the process, such theories have become so special in order to emphasize individual aspects that they tend, on the other hand, to repeatedly overlook the basic structure of capitalist economy. Central in this basic structure is always the question as to what costs someone invests, i.e. what capital is used in order to make a profit, surplus value. A central thesis of the present study is that this basic structure

is valid not only for the so-called capitalists but for all human beings, since no one can elude or break free from the capitalization of their own person. However, the benefits, profits and risks are distributed in very different ways.

*Shareholder value as a departure from entrepreneurial responsibility*

In regard to economic capital, there has been a further huge major change from the 19th to the 21<sup>st</sup> century. Private ownership has transformed fundamentally. Large corporations no longer have only one owner but numerous shareholders. In turn, there are individuals who have substantial economic capital at their disposal and others who (must) invest smaller amounts in pension funds, life insurance, and other shares, for example, to ensure an income in old age in order to protect themselves from social risks. States also appear as shareholders intent to secure a profit. This renders the ways in which the deployment of capital operates more complicated and less transparent. The firm's leadership becomes an action in proxy, as third parties act as managers and administrators of capital. They strive for deregulated markets and the least possible degree of surveillance and control.

The problems arising from this, which are very clearly evident likewise in recurrent speculative bubbles and a profit strategy oriented to short-term gains in global markets without any consideration for longer-term economic effects—especially exemplified in the financial crisis since 2008—call upon the state as a regulator of the capitalist market to maintain the system and avoid economic collapse. Nonetheless, as I discuss in section 2.3, this can under the given conditions only occur in limited fashion with any prospect for success.

Generally, it is unimportant for the capitalist in connection with his or her deployment of capital for profit in what spheres profit is achieved and extracted. That holds particularly for the speculative deals that can be realized in stock markets and elsewhere. In the meantime, speculation comprises a growing segment of profit generation. Stiglitz (2010, 27-57) emphasized that the bloated financial markets in 2007 constituted some 41 percent of corporate profits in this sector. Until today, this has increased even more. This is bound up with the fact that the classic capitalist as a private entrepreneur in his or her own firm increasingly has become an obsolescent model.

Let us examine some key prerequisites. In “big capital” today, there is increasingly a separation between owner and executive power. The concentration of economic capital in large firms and corporations, manifest in stock markets as shares, leads to a situation where capital is administered by third parties, managers, as shareholder value. For their part, these managers no longer have to be owners of this capital. A great deal of economic capital is also generated via a large number of individual investors, for example, who seek to ensure their pensions or revenues. Consequently, a board that has no substantial ownership in the firm can run the firm in its interest. This

strengthens the tendency to have short-term success and to neglect the longer-term consolidation of the company. In shareholder value, by means of proxy regulation and corresponding stimuli by premiums, short-term success is strengthened over against lasting and secure investments, even though rating agencies are designed to assist in better evaluating larger-scale risks and thus avoiding them. But personal entrepreneurial responsibility toward the employees has clearly declined. The managers are to be motivated by huge salaries and bonuses to realize a maximum profit. In this connection, a sense of alienation over against direct responsibility for the workforce has also emerged; it can now only be viewed and dealt with exclusively as a factor of cost. Since in some industrial countries the state has also assumed provision of security for joblessness, at least in part, so as to avoid absolute social immiseration, there is at the same time always a moral excuse for action based purely on the profit motive, because the capitalist firm does not have to deal directly with the social consequences.

The state, which is supposed to organize its support for pensions, social welfare, education, health, etc., finances this through tax revenues, especially employment tax, generally clearly less proportionately than the incomes of the owners of capital. The capitalist countries differ in this respect enormously, as I spell out in detail in chap. 2.3.

### *Contradictions in capitalist action*

As we have seen, a special form in the economic system is the commodity labor power, which the state also partially regulates. The more private labor is organized and managed for profit by entrepreneurs (capitalists), the more workers are needed who, more or less qualified, perform such wage labor. But on the one hand, the entrepreneur with his invested capital is not available to pay the costs for qualification of his workers on the free market—that is a private matter of the commodity labor (of the wage laborers themselves). Nor is the entrepreneur willing to cover the costs arising when this worker leaves his firm, is made redundant, falls sick or retires. Due to the private and free constitution of labor in modernity, superordinate organizations are available for this, structures that have emerged in part from the struggles of the workers through trade unions and political parties, differing from country to country. These structures include the state with its range of diverse institutions, such as the labor office, pension schemes, social welfare programs, etc., or private insurance firms to which workers pay in a part of their income. The state then retrieves a portion of its money legally through imposition of taxes in the market, and as a whole through taxation of its citizens—meaning all individuals in a state for the most part, independently of their role in the market. However, entrepreneurs often in turn obtain special tax concessions, since they appear to be the single driving force spurring the economy. Capitalist countries differ in this respect substantially. Some extract more from the



profits of the private business people and entrepreneurs in particular, while others take more from the great mass of the working population, and acquire another portion by taxing the inheritance of private property (cf. Piketty, 2014, 471-570).

In earlier times, the bond of classical entrepreneurship to a specific site and the employees there was very strong. The workers could see the prosperity of the boss entrepreneur as it rose or fell, and were able to place their own social situation in relation to this. That was a key comprehensible basis for labor struggles and the trade union organization of the dependent employees. In the transition to shareholder value, the capitalist now offers his or her capital via third parties rather than directly, in order to appear anonymously as stockholder, fund or stock options owner, or makes use of another of the many diverse forms to realize a profit (cf. for example Reich, 2016). Here the process of surplus value generation and formation of profit is disguised through depersonalization. The shareholder value is stockholder value that can be exchanged as market value, corresponding to the equity capital of the investor. Put simply, the combined share values of the investors then correspond to the company value. Money “in itself” appears to go to work and yield profits, depending on the market situation. What recedes into the background and remains incomprehensible is that at the end of chains of commodity production and service industry products, there are always working people who maintain and create value. Actions bound up with earning money appear to be connected ever more tightly to virtual markets at stock exchanges and within funds. In their multiplicity, the non-transparency of the transactions and events involved leads to a situation where it becomes increasingly harder to comprehend the generation of profit, which appears ever more as an ineluctable fate.

In present-day capitalism, the situation seen against this backdrop is already complicated by the fact that there is not just capitalist wage labor. Rather, along with commodity production, which also includes service products oriented to making a profit, there are activities for a wage that are paid for especially by fees and taxes. That was distinguished above as productive and unproductive labor. This wage labor is also paid by the workers in accordance with the historical-cultural and social costs for production and reproduction, but such labor does not contribute directly to profit (non-profit sphere). These modes of labor are paid for by redistribution via taxes or from private funds. The contradictory character inherent in all these movements described is of decisive importance for economic capital in regard to its framing by the state—for example, the creation of favorable frame-conditions by means of infrastructures, education and training, legal system, system of order, etc.—and in the acceptance by individuals—for example, their determination to function as workers, to pay taxes, to undergo further education and to adapt

to existing rules. I will now sum up some key contradictions observable in relevant human actions.

- 1) The private character of commodity production presupposes first that that every private producer's main interest is to satisfy his or her own needs. The baker is primarily interested in a necessary set of qualifications for hiring a good baker. The service provider is interested in having his or her personnel provide satisfactory services. The agency wants its staff members to function in accordance with regulations. Those persons who do not inherit a company or large sum of money and who must sell their labor in the market in return for a wage also have private needs. But as a rule, such needs have to be broad, since they must at least be wisely oriented so to maintain one's prospects for productive activity in uncertain markets as great as possible—through a broad level of qualifications and thus the opportunity to leave one job and find another. The first contradiction, arising from the free and private form of production and property, consists in the fact that the capitalist initially has his own interest in a specific sphere of commodity production or other forms of gaining profits. This interest is often contradictory to interests of others or to a general human interest—such as in decent working conditions, comprehensive education and training for all, a high level of prosperity, etc. In people's actions, this contradiction is manifest in particular in a very different interpretation of the necessary general tasks of the state (or those thought necessary to avoid from the view of the capitalist) for distributing profits from the production of commodities, wage labor and ownership (regulated by taxation in all forms). Democratic tasks are necessary for ensuring that people receive a proper education that increases their range of opportunities, especially for the economically less privileged; and tasks for provision of social security: to deal with unemployment, illness and old age; as well as activities designed to maintain the general conditions of law, life and commerce. As a consequence, different interest and lobby groups arise in the state, and the political parties available to choose from serve their clientele at least in part. This contradiction is evident in the power-games between a furthering of democratic approaches or capitalist gains.
- 2) From the onset of modernity down to today, the second basic contradiction arising from the modern economy consists in the fact that the private character of interests cannot be harmonized in a neat and simple manner with an increase in the range and level of opportunity for all, or not even as many as possible, in order to be able to participate in the development of social prosperity equally or with social justice. Capitalist development in the advanced industrial countries has led to a situation where the general prosperity levels have risen, but at the same time, the gap between

rich and poor has widened rather than narrowed. The gulf is basically very wide between the poor and rich in all capitalist's countries and then also between poor and rich countries. In actions of individuals, it is marked by the fact that the solidarity of the propertied with those generally without any property, whether voluntary or in part redistributed by a welfare state, is always controversial and a matter of struggle. A democracy that stands against the widening of the gap, calls for a global tax on capital in all forms (Piketty, 2014, 515) to overcome solutions in this area that are inevitably only partial, temporary, ridden with contradiction.

- 3) The third contradiction is bound up with the fact that the market always generates opposed interests that clash, and are directly connected with the different interests of the entrepreneurs. Some look for highly qualified workers, whose process of qualification over many years is supposed to be managed and financed by the state. These better qualified employees earn more than the average workers, since they produce greater values in production or service. By contrast, others prefer unqualified personnel, making earnings far below the average, hired on more to carry out simple, low-skilled work that is labor-intensive. In an era of the globalization of capital, these contradictory interests are complicated even more as capital seeks to migrate to those countries that practice both conditions at even lower wage levels, thus producing commodities or services that cost less in order to sell them at a greater profit in world markets. In this arena of competition, with all against all, we find a core contradiction: in economic terms, both a high value placed on qualification as a result of education and training, and a certain value placed on quite the opposite, namely de-qualification (unskilled and semi-skilled workforce). Both can appear to be rational and meaningful. In political action, this contradiction is manifested by a situation where some strive for as broad and comprehensive an education for the population as possible, while others suffice with a highly stratified education and training system in various types of schools, vocational and other, or a poorly equipped public-school system, as long as there is sufficient cheap labor available. However, since this contradiction must always be seen against the backdrop of the level of prosperity already achieved through struggle, and thus a certain level of wages, larger firms in particular seek to migrate to countries with low wage levels, and which still employ a large number of low-skilled workers. The upshot is that even in countries that have already reached a high overall level of qualification, jobs are not secure. This even though a highly educated workforce is a favorable prerequisite for workers moving from one job to another, gaining more training, maintaining lower medical costs and lessening costs for social welfare and social expenses due to deviant social behavior (see, for example, Wilkinson/Pickett,

- 2010). However, economic capital does not suffice simply with high-quality labor and high productivity if it can garner better profits elsewhere.
- 4) This generates a further, highly problematic contradiction: the less people working in an industrialized country are paid, the more consumption declines or stays flat. As a result, buyers also are lacking for the goods that can be produced more cheaply abroad but must be sold in the country. In economic terms, the state is in an awkward situation. On the one hand, the state, depending on levels of culture and prosperity (also in the framework of social welfare systems), is supposed to facilitate a general education that assures workers their jobs while ensuring future workers an opportunity for obtaining an adequate level of qualification and corresponding jobs. On the other, all efforts do not protect the state from being hard hit by global crises, even if there is a high level of education. Iceland in 2008 is a good illustrative example of this. Although at that time Iceland had the world's highest number of students qualified to study at university and highest number of university graduates proportional to the (small) population, it was especially hard hit in the financial crisis by shifts in global capital. Although the country has best results in school leaving certificates in the OECD, and a disproportionately well-educated population, it was driven to the economic brink by financial speculation, because invested capital exceeded the total GDP by more than factor 11. As a result, the profits were ultimately only speculative and were impossible to realize concretely. After the crash, a bubble in real estate and bank savings was to be paid for by the population, more here a dismayed onlooker than actor, by debt cancellation for the banks that were at great risk. The resolution of the 2008 financial crisis proceeded according to this pattern. Later the attempts to deal with state debts, for example in the U.S. and EU, also followed this pattern (for concrete data see Stiglitz, 2010).

All the contradictions mentioned show that a liberal or neoliberal view, where ultimately the market always regulates everything and over the long term will lead to higher levels of prosperity, principally only describes the economic interest of the already propertied strata—relying here arbitrarily on highly risky market laws, as the neoliberal phase down to the financial crisis of 2008 showed. In more democratic countries the capitalists have at least to come to terms with necessary skills and competencies of their workers. Based on their own interests, entrepreneurs, who require an environment for the private character of production and services, came to understand this: initially they need workers who have not only the necessary professional and technical knowledge, but also possess methodological and social skills in order to be able to participate effectively in the cooperative, communicative, and technical processes in the firm. This also includes behavior aware of aspects of

health and hygiene, virtues such as diligence, punctuality, and being well organized, as well as a sense of loyalty to the firm. Then every private production or provision of a service also requires a social space for interaction and legality—a space in which it can take action that is calculable. Needed are health care and pension arrangements that offer protection in case of illness or problems of ageing. A combination of further private and state or organization-related firms and agencies, associations, etc. is necessary: firms, etc. that adhere strictly to the model of private property while seeking to ensure that its anarchic tendencies do not get the upper hand. All these measures are connected to the contradictions mentioned above.

*Surplus value based on commodity labor or property?*

Not only in Marx but also in the modern economy, the paradigm of exchange plays a decisive role. In very different forms and demarcations, it has a fundamental shaping impact on the mainstream of economic science. That holds less so for the model of the exploitation of the commodity labor as developed by Marx and more for the stress on supply and demand in the market. According to Heinsohn & Steiger (2012), there are always goods with prices in terms of money in the exchange paradigm. A somehow equivalent exchange is presumed in which a human being strives for his own advantage, seeking rationally to achieve that. In this process, money becomes a general means of exchange. Initially it merely facilitates the exchange of goods by lowering the costs of the transaction. But since money also yields interest, the problem arises that the origin of this extra element must be explained. For Marx, this is the surplus value that he derives principally from the appropriation of the commodity labor. By contrast, for mainstream economics, it is a process that appears more or less open and is measured solely in terms of the result. Heinsohn & Steiger chose a different approach: “Ownership economics argues that the existence of interest cannot be explained by the temporary loss of profit (classical economics), the temporary loss of consumption (neoclassical economics) or the temporary loss of money (Keynesian economics).” (Heinsohn & Steiger, 2013, 1) Rather than in exchange, they regard property, which can be debited and mortgaged, as the origin and background, the immaterial basis for the genesis of interest and money. This because the blocking of property by lending is recompensed with a property premium. They argue “that the rate of interest results from the temporary loss that is suffered when the *owner* imposes a burden on his property as part of the money-creation process. This loss is not a temporary loss of *possession* but a loss resulting from the sacrifice of an immaterial yield arising from ownership—the *ownership premium*.” (Ibid.)

This paradigm of property challenges both the exchange paradigm of classic economics (production as the cause of purchase, sale, loan, credit, and profit) and neoclassic economics (exchange in a balanced market with supply

and demand as the driving cause). The paradigm of property, be it private or related to a group or of a state form, means the full freedom of disposition that finds its expression in debiting, mortgaging, and sale; this property is simultaneously secured in legal terms. Beyond the production of goods, property appears profitable by means of premiums.

Let us take as an illustration the owner of real estate who builds a house or apartment and then receives a rent from the renter. In this case, we recognize a premium in the form of rent, which arises from the blocking of the property by use by another. Or an existing property is debited by credit, and thus mortgaged and blocked in order to invest the money received as capital with an eye to profit. Since all economic activity in capitalism is based on the property of free individuals acting freely, which includes all rights for disposition of this property, it can be extended likewise to all spheres of economic activity. These are (a) holding of property, (b) debiting of property for monetary creation, (c) demand for interest from the money so created in credit agreement, (d) mortgaging of property in credit agreement, (e) sale of property. To such profits, we can add risk premiums (higher yield during a period of loan on the basis of risks) and liquidity premiums (higher yield during a period of loan on the basis of increased trust) (cf. *ibid.*, 57 ff.).

A key point in the explanation of surplus value or profits is the question: how does interest arise from economic activity? For Marx as well, the formation of interest occurs in the exchange paradigm on the basis of property. Along with private property, this does not exclude that collective forms of property (for example, cooperatives) or the state operate in a capitalistic manner against the backdrop of a property. Regularly, capitalists who rely on the use of means of production (machines and workers) borrow money from a bank for this, repaying this money plus interest—in exchange for the capital loaned. Interest is a necessary part of this exchange process. Only by means of value increase in production or service industries and generation of profit in the market can a profit be achieved that can also service the interest. For Marx, the commodity worker, who produces surplus value, is also the cause for the possibility of formation of interest, which on the side of exchange can take on all possible forms. For Heinsohn & Steiger, by contrast, it is not exchange but the property that counts as the cause of interest. With reference to action, we could argue here that those who have property at their disposal and can debit and mortgage it, receive money for it, and the creditors receive this money plus interest in return. The amount of interest depends mainly on the associated risks. The theory formulated by Heinsohn & Steiger appears to be especially applicable where rent and credits are imposed. Particularly in the case of rental, an exchange process occurs, where for example the commodity apartment was produced at some time or other in the past, but once created then appears as property. It is secured in law in such a way that it can generate an interest as rent. However, for Marx this would not be so easy to

construct, since he would regard every apartment as a commodity with a use and exchange value that only must be realized when offered for sale or rental in a market. Consequently, the property without exchange initially would create nothing at all. That indeed is a major weakness of the theory of property, which has excluded to a great extent exchange from its economic model, even though exchange cannot be excluded in the actions of individuals. Conversely, Marx never denied property, but also was unable to imagine that property in the field of supply and demand, stock market speculation, financial transactions, bubbles of all sorts can yield large profits even if it is only available as a virtual property like derivatives. Here Marx today seems one-sided in regard to economic practice, because real estate, for example, can, even if it lies fallow, increase substantially in value in keeping with supply and demand. Marx focuses in his theory on labor value, since in his eyes labor and labor alone can create lasting values. He regards supply and demand as secondary, and for that reason they do not create surplus value. But precisely through supply and demand, as I will argue in the following chapter 2.2, we can observe that surplus values are created, which is why I will propose different forms of surplus value.

Heinsohn & Steiger transpose another one-sided view to the Marxian one: in their view, property alone creates everything out of itself, because it can be debited and mortgaged and thus only then can bring forth money or interest at all. The one-sided aspect here is that it is solely a matter of this creation, a causal theoretical explanation. For Marx as well, property is necessary, which both the owner of capital has in order to employ his means of production for use, and also the wage laborer, who sells his commodity labor. But only when such contracts and economic acts have occurred does property act as capital. In Heinsohn & Steiger, a creditor/debtor contract emerges from the surplus value created through wage labor. As creditor, the wage laborer transposes the rights of use of his labor, which constitutes his property, to the entrepreneur for a specific agreed period of time; the entrepreneur gives money for this. He or she must provide this money in advance or as credit; for that he or she has to pay interest. And he or she has to obtain his or her capital or credit plus interest with his or her labor in order not to incur losses. With such a game of ideas, the authors no longer designate the difference between costs and yields as surplus value. Rather, this appears to be merely a credit transaction; only that here, the wage laborer cannot raise a claim to an interest fictively assumed for a service or product. Interest only belongs to the lender of capital.

Such argumentation is not only circuitous but is also at some distance from the imaginable economic actions involved. Labor contracts and credit transactions are two very different actions with different consequences. If the worker is viewed under rights to property and thus a narrow legal title, this clashes with the breadth of human rights, personal civil rights, and also labor

and social rights more broadly. To that extent, to declare labor contracts to be some sort of credit transactions is quite odd if only to prove the omnipotence of a theory of property. But in economic practice, economic management in my view means concretely more something else: that I either have sufficient economic capital at least as a possession and invest it, or that I hire myself out in the labor market as a wage laborer. The nub here may be that as an investment banker, I gamble away the funds of investors, and do not even guarantee this with my property. No one in this case will talk about rights of property, but rather will look at the profitable or disastrous exchange involved. In practice, exchange cannot be avoided: supply and demand in particular regulates the actually achievable occupations and incomes in the markets. In order to make profits, actions of buying and selling of all kinds are necessary. Thus, if Heinsohn & Steiger would relate property to actions, it would also always be bound up with activities of exchange. When, for example, they assert that the central banks must always necessarily have property of the borrowers at their disposal when creating cash—property they can debit—this very often does not correspond to economic action in the vortex of supply and demand, with short-term strategies of profit maximization, as appears, for example, in real estate bubbles. Property itself has become a fluid construct and the papers of possession not always hold the market reality. Such bubbles nowadays are no longer some sort of accident. Rather, they appear cyclically, because the possibilities for exchange also render the property relations more fluid. Nonetheless, argumentations like Heinsohn's and Steiger's and many others, have helped to deconstruct the Marxian theory of labor value and to reflect anew in depth on where the profits or interest or surplus values (however this surplus is to be termed) arise from. Marx's model grasps only one side of surplus value, the supply-demand paradigm in economics another side. Property by means of crediting is another phenomenon that at least forces us to expand the Marxian model in certain specific cases. Therefore, I will now expand the theory of surplus value and show that at least four forms of surplus value generation are practiced.

## 2.2 Surplus Value of Economic Capital

In the following, I will examine the conditions of construction for formation of economic capital, using an 'action analysis' of the use of economic capital and its increase, and will develop a more expanded description of this. Such a description is lacking in Bourdieu's well-wrought description of the forms of capital; as a result, it was relatively easy to repeatedly attack his extension of the concept of capital to apply to other forms. Such critiques were launched mainly from two directions. From one viewpoint, it was not plausible why a shift in the distribution of profits generated in particular should be better than



initially establishing in precise terms the function of exploitation through the production of surplus value. In the eyes of these critics, Bourdieu appeared to be too open, he abandoned the dualism of wage labor and capital, because in his expansion, he introduced forms of capital for all human beings, not just the capitalists. On the other hand, economists criticized that he was softening and generalizing the whole concept of capital to an excessive degree. They see the danger that economic laws in the process could be undermined too much by subjective factors and appear arbitrary.

I wish to approach this here in the opposite way, exploring how surplus value can be produced in various different ways. To that extent, it is necessary to look at this more closely in regard to economic capital, and then, in a second step, to utilize my findings for the construction of surplus value in the other different forms of capital as well.

### *2.2.1 Production of Surplus Value by Wage Labor*

In human economic behavior, the production of commodities and surplus value, as Marx conceived it, is basically still comprehensible. Even if modern economics calculates in ways different from Marx, we can see that the difference between wages and the value of labor time that a dependent laborer produces contributes fundamentally to a higher value of the commodity (= surplus value). In the practice of cost accounting, the costs of reproduction of the commodity labor are not retained; they arise, for example, principally from the social context of wages, certain minimum limits of income for survival in dignity, the qualification of the worker and aspects of supply and demand that vary substantially depending on the country and culture circle. But it is clear for the capitalist that no matter where he or she lives, the costs of wages have to be kept as low as possible so as to extract as great a profit as possible through wage labor and worker productivity. If further production costs arise dependent on the market, it is labor power and its utilization in comparison to wages paid that can be entered into the books as economic profit that is readily calculable. That is also clear to the capitalist, even without having to follow Marx. But the capitalist does not like to state this openly, because the difference points up a form of appropriation. By contrast, the capitalist emphasizes his or her risk in uncertain markets and the investment of private wealth at stake, for which any profit appears justified.

The Marxian model for surplus value springing from wage labor is a construction that can assist us in explaining surplus value as a difference. But we can also derive this difference more simply from the actions themselves, within an analysis of action. Then at least four key aspects are necessary in an action analysis of utilizing this difference by appropriation of wage labor in order to grasp essential action elements in dealing with economic capital:

- 1) Workers can be produced at a specific level of (re)production and are held available socially, with different standards of training and qualification, for production/service industry and other employment based on a division of labor. Necessary is a general market for qualifications and labor.
- 2) Wage labor is a fundamental condition underlying social action: in the context of large-scale division of labor, there are enough persons available to hire out in wage labor in various different occupations/associated qualifications; these individuals have the freedom and also the necessity for the purpose of earning a livelihood to enter into contracts and to make their labor available.
- 3) There are laws and rules according to which labor time is exchanged for wages. In this process, the buyer of labor is also the owner of the commodities/service products. Here private property is protected by law and wage labor changes nothing in regard to property relations.
- 4) Wages are struggled over in a respective historical-cultural context. On the one hand, the amount of such wages must suffice for a minimal social standard of subsistence and (re)production (likewise of future workers), since otherwise the capitalist over the long term also loses employable workers. On the other, wages can rise over time maximally to the level where a profit for the capitalist still appears possible to realize. This is complicated by the fact that wage labor also exists external to direct relations of profit; in this connection, the state or NGOs can also contribute to support and maintenance of the total economic process. The costs arising here play an implicit role in all achievable profits.

These four aspects do not directly reflect the manner of cost accounting in modern economies, but they constitute action-oriented prerequisites for any cost-benefit analyses in capitalist structures. Lurking in this analysis of action are in particular two relations of tension that must always at least be taken into account in generating surplus value:

- a) The wage costs for the commodity labor and its various subtypes can fluctuate to a great degree both historically and culturally. In the framework of the globalization of world markets, this generates conditions of competition likewise within wage labor between various labor markets and economies, both locally and globally. These can impact on conditions for capital migration and labor. In capitalist terms, the constant improvement in living conditions of the broad masses as well pursued in modernity cannot be permanently guaranteed equally for all. In the wealthy economies, poverty consequently is always calculated relative to the total remaining wealth of the entire society (see, for example, Stiglitz, 2006).

- b) It is true that the capitalist can control value creation in his production/service product creation. But he cannot in equal measure consciously steer and control the realization of the value as a price actually achieved in the market, even if he can undertake all sorts of activities through marketing and advertising to this end. However, here in globalized capitalism, he is subject not only to competition with others, but is at the same time also involved in a constant social struggle for distribution shaped by state and international regulations.

Marx understood his theory of surplus value as a social law for which he worked out clear constant elements and rules. But on the basis of an analysis of action, these do not appear to be universal causal laws. Rather, they are ideal-typical (re)constructions: these posit a difference theoretically that is observable in the actions, and which at least helps to render explainable a large proportion of the actions and their outcomes that we can observe empirically. However, surplus value from wage labor cannot simply be limited to a productive job in capitalist production, since given the interdependence of the economic system, forms of work that may appear unproductive also always make an implicit contribution to the total system and sum of profits. To that extent, for example, teachers indirectly assist generation of profit even if they do not produce this directly. So, it is clear that in my eyes, within an analysis of action, there is no longer any sense in juxtaposing a productive working class over against the capitalists and the additional unproductive workers. The cost-benefit accounting can be radically simplified. In capitalist structures, all people engage in investments (costs) in economic action. Initially these are investments in their own qualifications in order to form a personal use value as a commodity labor for the potential market. Others possess sufficient economic capital in order to hire and employ others, who then as wage labor allow them to achieve profits. To make it simple: the difference between costs and profits is the surplus value from wage labor.

Both sides gain something from the production of surplus value: the wage laborers receive with their wages costs for the (re)production of their way of life and a possible level of prosperity. The capitalists make profits that as a rule are far greater than wages and can be extracted and accumulated as economic capital. But the present-day distribution of economic capital points up just how much the gap between the very rich and relatively poor has widened. That is over the long term and more broadly, the capitalist pocket far more of this difference than all the others. That is true in a double sense:

- a) The economic capital in the hands of very few becomes ever larger. “The wealth of high net worth individuals (HNWI)—which Capgemini defines as those with investable assets of \$1 million or more, excluding the primary residence, collectibles and consumables—rose 8.2 percent on the year in 2016 and is on track to surpass \$100 trillion by 2025.”

(worldwealthreport.com) The super-rich display an even more extreme disparity. In Forbes annual list of billionaires for 2017 they say: “It was a record year for the richest people on earth, as the number of billionaires jumped 13% to 2,043 from 1,810 last year, the first time ever that Forbes has pinned down more than 2,000 ten-figure-fortunes. Their total net worth rose by 18% to \$7.67 trillion, also a record. The change in the number of billionaires—up 233 since the 2016 list—was the biggest in the 31 years that Forbes has been tracking billionaires globally. Gainers since last year’s list outnumbered losers by more than three to one.” (forbes.com) And Oxfam reports in 2017: “Eight men own the same wealth as the 3.6 billion people who make up the poorest half of humanity ... Oxfam’s report shows how our broken economies are funneling wealth to a rich elite at the expense of the poorest in society, the majority of whom are women. The richest are accumulating wealth at such an astonishing rate that the world could see its first trillionaire in just 25 years. To put this figure in perspective—you would need to spend \$1 million every day for 2738 years to spend \$1 trillion.” (oxfam.org).

- b) Those who manage supervision of economic capital earn over-proportionately greater amounts than the others and thus rise up into the league of the rich and super-rich. The income of the top managers increased from some 4x the average wages of an employee in the 1970th up to 1000x and more that average salary today.

In capitalism, the produced and appropriated wealth is heavily veiled and disguised. This is especially evident in the standard measured value of the average per capita GDP. The GDP includes all expenses, including even the less productive ones, such as for prisons, the military, real estate bubbles, etc. In all its products and sales, a society can become ever wealthier, but the greater majority of its population may have no benefit from this. For example, Stiglitz (2010, 330-31) notes: “America may have built the mightiest armed forces in the world, but the \$4.7 trillion spent on defense during the past decade is money that could have been used to create a stronger economy.” The cake has become bigger, but only small thin slices have remained for the broad masses. Thus, according to calculations by Stiglitz (2010, 284), the median household income in 2008 in the U.S., adjusted for inflation, was some four percent lower than in 2000, even though the GDP had risen by ten percent. Up to today this tendency is even getting stronger. We can also calculate along different lines: a shrinking percentage in a society have ever more, while the greater mass has no increment or must even absorb a decline. “The uppermost 20 percent of society,” in an affluent society like Germany, “—even taking into account all transfer benefits such as unemployment insurance and social welfare—have today an income 5x as great as the lowest 20 percent” (Hartmann, 2007, 8). A statistically significant increase in

income is limited solely to the top 20 percent. “In the EU (and also in Germany),” according to a study in 2004, “16 percent of the population is classified as poor” (ibid., 9). There are similar data for the U.S.: “Another 2.6 million people slipped into poverty in the United States last year, the Census Bureau reported ..., and the number of Americans living below the official poverty line, 46.2 million people, was the highest number in the 52 years the bureau has been publishing figures on it ... The report said the percentage of Americans living below the poverty line last year, 15.1 percent, was the highest level since 1993. (The poverty line in 2010 for a family of four was \$22,314.)” (New York Times, 13 Nov. 2011). We can look every year for new statistics, the percentage of the poor is continuously growing in the rich economies. That is likewise reflected in the subjective feelings and narratives of the citizens. In contrast, the GDP continues to rise.

The analysis of action compels us here to describe the developments in capitalism differently in order to avoid presenting illusionary statistics. If we want to look realistically at income relations, the GDP is insufficient as a criterion. Like Stiglitz, I also think that one measure alone cannot suffice to grasp the mass of complexities in a modern society. But the familiar GDP proves in this respect particularly unsuitable. Better if we had measuring criteria that can grasp the individual level of prosperity like measures of medium income. They are far more salient than measures of average income. It would be even better if there were indices for sustainability that would also serve to grasp the exhaustion level of resources, the worsening state of the environment and the increase in indebtedness. In addition, health and education also have to be handled separately. The United Nations Development Program (2009) contains a list of countries that also includes such additional aspects. In 2011, Norway, Australia, and the Netherlands ranked in first place. The life quality becomes clearly more critical as a result of other factors than those measured by GDP (especially inclusion of education, unemployment, and poverty).

The production of surplus value through wage labor shows that the economic form includes objective economic costs, clearly definable, as well as amplifying costs, i.e. costs that can be determined only indirectly or implicitly. But it should be kept in mind that production of surplus value is accompanied by the following co-constructions, and is thus further relativized. In the main, I see here three forms of surplus value that will be described in the following sub-chapters.

### *2.2.2 Production of Surplus Value through Supply and Demand*

The difference between ordinary or existing and unusual or rare commodities/services impairs the attainable price to such an extent that this price can also stand in a space beyond value formation by labor. Even if the

entrepreneur employs certain costs that does not mean that he can realize or surpass the costs in every instance. For example, if there are firms that can offer the very same commodity or service more cheaply and can provide it in sufficient quantity, then the entrepreneur producing or selling more expensively is unable, in certain circumstances, to sell any good or service. The greater the competition, the more the price war will reduce the return; the less the competition, the higher the possible prices and returns.

There are economists who believe this aspect is so important that they totally reject the theory of surplus value as developed by Marx and other economists. Instead, each and every profit is due to the more subjective circumstance of the ascription of a value. The rare or special commodity/service is then seen as favorable, good, high quality etc.—and can be sold at a price that provides more profit or less loss. The longer the commodity/service can be sold in a situation devoid of competition, the greater the amount of profits that can be made.

But the generalization of this perspective would lead to a situation where every formation of value would be totally arbitrary, which speaks against all the experience of a capitalistic market. To be sure, there are always commodities or services, from the work of art to the high-class prostitute, which cannot be compared due to their unique character. But due to the competitive pressure of capital, the greater mass of commodities is subject to a comparability as well as a cost-benefit calculation that must contain and surpass the value of the means of production and costs of wage labor comprising it. If very high profits can be made anywhere, capital gravitates to this sphere, intensifying competition as long as there is no situation of monopoly operative over a relatively longer term. And if no profits were left, then no invested capital would any longer be prepared over the longer term to cover the costs. Nonetheless, there are strategies such as formation of monopolies, displacements in competition as a result of patents, establishment of power structures, etc., which shape the mechanism of supply and demand intentionally, also through excluding competition.

Supply and demand always rest on rights of property. The producer as owner of a commodity or service sells his or her product. Through prior sales, further profits can be realized in the circulation of property right in the sense of apportionment of profits. In basic terms, a privately used property, such as an owner-occupied dwelling, has a surplus value when a person offers it in the rental market and rents it out. Here the owner can juxtapose costs and yields. The rent appears like a premium on the property. A great many capital transactions nowadays appear to follow this pattern.

For purposes of simplification, I classify all capital gains based and realized on rights of property together with profits from supply and demand, since they are clearly situated here in order to be able to be actually realized in actions as profits. This is abundantly evident, for example, in the high level of

profits manifest in the vortex of supply and demand in market competition with the sale of rental of property or through granting of all sorts and manner of credit. It is important to recognize that supply and demand play a role not only in sales of commodities or services grounded on wage labor; they have also developed their own very distinctive forms on the basis of rights of private property.

In the analysis of action applied to the utilization of difference through supply and demand, at least four aspects are especially significant in looking at economic behavior in the marketplace:

- 1) There is a market in which needs exist or are generated for commodities or services. There is a demand for the exchange of specific goods or services. And there are clear rights of property grounding a claim to sale, rental, crediting, and payment of interest, etc.
- 2) There is a supply that can be inspected and assessed by participants in the market. There are options for choice. If none existed, this would be a monopolistic market position that could determine prices arbitrarily. Over the long term, the market acts to dissolve such monopolies.
- 3) There are means of exchange permitting exchange to be arranged in as simple a way as possible. And there are sufficient quantities of these means of exchange available to buyers, renters, debtors, etc. This makes it necessary for the broader mass of wage earners to possess sufficient means for consumption, i.e. the necessity that wages are not reduced so as to maximize profit, or limited by taxes and social burdens to a point where exchange or the capacity of the market are significantly reduced and restricted (= internal contradictory nature of capitalist individual interests of maximizing profits contra interests of well-being of the whole society).
- 4) In the competition of the marketplace, trade-offs are actually realized and the market mechanisms are maintained, i.e. prices of commodities fall with a high level of supply and rise with a limited level of supply in relation to demand. If there are external regulations, the mechanism of supply and demand itself is regulated. This becomes necessary in particular when the market fails (for example, in the impoverishment of broad masses) in the hope to overcome contradictions in the markets (here the free market itself may be in danger in the long run).

Modern economists have developed numerous theories about these aspects. Such theories view each of the points mentioned differently in their dynamic interaction. Exchange occurs as a process and is circular, i.e. one's own action in the field of supply and demand necessary for capitalism changes one's own original conditions. Thus, supply and demand relativize the previously described production of surplus value from wage labor. In the individual case, they can even render this inoperative. This is compounded by surplus values

springing from the rights to private property, which on average may also include socially expended labor time (for example, in building an apartment). But precisely the example of an apartment shows that the rent very often depends more on supply and demand instead of on the actual costs of production. Speculation with prices of real estate can be grasped against this backdrop. Yet since the precise moment of sale, rental or interest payment is decisive for the capitalist, he calculates his costs here over against the profits. And s/he is fascinated by what can be gained in the market in surplus values or extra profits in excess of previously imagined average profits.

In seeking to find a theoretical explanation for competition, Joseph A. Schumpeter (1942) added an analysis of innovation as a motor of competition to the already existing theories at the time. He proceeded from the observation that the market at certain times is dominated by monopolists who produce in an especially favorable manner. Such a monopolist can be pushed aside only by innovation, which increases productivity, reduces costs, or creates new products. Innovation in scientific-technical progress appears as a major driving force, a spur for continuing further development of the markets. Since Schumpeter, this aspect has long been deemed very important, because a growing struggle over markets is indeed very evident within capitalism. The constantly new waves of goods produced in capitalism and based on innovation appear to confirm Schumpeter. However, in the course of capitalism's development, we can see that both the production of surplus value from wage labor and also from supply and demand were closely interwoven with the state sector. The relation between the state and the market has become essential, as reflected both by periods of prosperity and crises in capitalist development. Ideally, the state, which is supposed to ensure the well-being of society and effectively accompany the functioning of economic development in order to strengthen prosperity in a society, should do justice to various factors:

- It must provide an adequate infrastructure for capitalistic goods production and the service industries (markets, transport, legal security, etc.).
- It must regulate administration and the guidance of the polity both internally and externally (internal law and order, peace, alliances, etc.).
- It must ensure that sufficient qualified workers are educated and trained.
- It must develop a social system responsible for health, old age security, and social welfare, in order to avoid social conflict and unrest and facilitate a life in dignity for all.

The state assumes tasks that are also in the interest of the capitalists but which will not result in direct costs for them. On the other hand, the workers cannot resolve these tasks by themselves. To this end, the state collects tax revenues levied both on the circulating streams of goods and services (VAT) and also especially on profits and wages. The income revenues of the state,



which are redistributed in material costs and wages for administration, health, education, etc., are directly dependent on the effectiveness of capitalism. The greater the level of employment and profits, the larger the sum of revenues flowing into the state's coffers. In times of crisis, by contrast, high taxes can be counterproductive, because they reduce demand for goods and services. Yet in globalized capitalism, this classic starting position has become very "complex" and difficult, as I will show in greater detail below (2.3).

### *2.2.3 Creation of Surplus Value through Illusion, Deception, and Fraud*

The two strategies to gain surplus value thus far can be influenced, channeled, and manipulated in at least three different ways in creation and provision of services:

#### *Illusions*

Engineered illusions have become so numerous in economic behavior that they appear ubiquitous, present in connection with every commodity and service. Best quality is always the promise, huge amounts are spent on advertising, and tricks are employed based on advertising psychology in order to market virtually all goods and services. All the associated costs are included in the formation of value and seek to stimulate and increase sales.

The commodity labor must also sell itself as an illusionary entity in the labor market. Alongside optimal qualification, it must be sufficiently mobile, flexible, and available in order to stand its ground under conditions of competition. There are, for example, numerous mechanisms to utilize illusions in order to spur demand and realize a profit:

- Projections are the basis of the engineered illusions. In such projections, wishes are awakened or touched on, introduced by suggestion, emotionally linked with stimuli in order to imbue even banal goods or services with a positive element.
- The aesthetics of commodities helps here by means of psychological transference to transform the goods or services into human needs, turning their possession into desire. This and more: it also provides an aesthetic context designed to appeal to specific groups of buyers, demographics, and market segments (including niche markets).
- In the process, status symbols also help to market and sell especially expensive or seemingly unique goods and services: they produce a socially expected form of possession to distinguish an individual from others, they provide forms of "desirable or conspicuous consumption."
- Goods or services then become an object of identification when the name of the firm at the same time becomes a recognized brand name.

Coca Cola or McDonalds, for example, are brand names that designate more clearly the goods or services offered than other descriptors; the name itself says it all.

- A special form of engineered illusion is the suggestion that a customer supposedly has need of a commodity or service that he or she basically does not appear to need at all. The more the commodity or service is shown, mentioned, and offered for sale in public, the more it seems that no one can elude its lure of utility—even if that utility is only first constructed by an engineered illusion. Here it is generally quite difficult for observers to distinguish engineered illusions from “real” needs.
- Goods or services are consumed successfully if sold in large quantities. Part of the illusion is to lead a consumer to believe in the unique character of its possession. For that reason, individualizations are repeatedly typical advertising strategies that offer the buyers their supposed free and individual decision, even against the current of mass taste—this although the target is in fact mass taste and its manipulation.

Against this background, ownership of a multitude of goods or services in capitalism is regarded as wealth and happiness. This happiness is centrally concentrated on the possession of money, which is quite hard to accumulate in larger amounts by labor in a normal working life. Thus, the illusion of happiness as wish becomes a powerful factor: a win in the lottery can lead to the total income of several lifetimes for a worker in one fell swoop. But big capital operates in a space beyond these wishes with far greater, indeed gigantic sums of money. Are those people the happiest who have won by chance, or those who always have stood on the winners’ side? Even the winners’ side is itself an illusion, since human satisfaction beyond the scourge of poverty is not absolutely dependent on the amount of possessions, even if greater wealth tends perhaps to lead to some forms of greater satisfaction. Thus, for example, richer individuals (the upper 10 percent) are more satisfied with their provisions, opportunities for participation in society, their workplace, income, security, standard of living. But by some surveys, they are by contrast less satisfied than others with their family life, social justice, and the conflicts between the poor and the rich. Here already evident in the mentality of the wealthy is a tendency to disunity and a lack of solidarity, since they often perceive levies on their wealth as conflict and injustice, and thus as misfortune, “unhappiness.”

### *Deceptions*

Deceptions are an intentional form of engineered illusion that can be associated with all the above-mentioned aspects. However, deception goes hand in hand with mechanisms that also promise more, objectively, and measurably, than is actually provided. Thus, for example, in order to feign a larger quantity

of goods, a big container is offered, inside a disproportionately small content greets the buyer upon opening the package. These are the deceptions of packaging. Or a special promotional offer is alluded to, but it turns out to be a cheating if you later read the small print. Or figures are given claiming an especially favorable promotional price, but if you actually calculate the amount you find you have been deceived. Since such deceptions have in the meantime become part of “good business practice” in capitalism, consumer protection associations have formed in order to counter the phenomenon, in what is always an unequal struggle. A consumer must have a stock of special knowledge in order to be ready and armed against such deceptions in the marketplace. Yet the consumer is never able to be certain whether he or she is sufficiently protected.

The commodity labor likewise tries in competition to appear more than it actually is. Appearances are deceiving. Thus, grades, diplomas, and professional biographies as well as academic theses can be embellished or falsified; what is negative can be excluded, what is positive can be highlighted. Copy & paste as a standard procedure in learning at school is already much overemphasized, and is then transposed to the acquisition of someone’s else’s intellectual property (plagiarism)—and extended on into one’s own term papers, theses, dissertations, and certifications. The transition from deception to fraud has become sweeping and universal.

### *Fraud*

The greater the possible gain, the more is risked. The conscious violation of contracts, regulations, laws or common decency is making inroads where this is not regulated, limited, or prevented by strong counteracting forces. The more economic capital stands on the side of the swindlers, the stronger the attraction to engage in this risky business. An instructive lesson on this was the recent bank and financial crisis. Like in a fraudulent chain letter, for example, home loans were issued in the hope that prices for the property would rise and the loans could thus be paid off in that way. When the bubble burst, the governments jumped in to “bail out” the “drowning” banks with taxpayers’ money in order to intercept the fraud involved. The fraudster made a double profit: initially he gained extra profits through risky deals, and then his risks when materialized were in fact redistributed to the entire population.

Four aspects are likewise essential in the action analysis of the utilization of engineered illusions, deceptions and fraud in order to render these effective in action:

- 1) There is an at least fictional (often partially also real) production of a good or service involving certain costs, i.e. there is an offer in accordance with manufactured or suggested (and in part also responding) desires that are promoted in an illusionary fashion.

- 2) The fictionalization of this good or service on offer is described and demonstrated in a manner plausible for “common sense” in order to be credible so as to actually find buyers (employment of fictional strategies and advertising psychology).
- 3) The exchange is carried out in actions and thus successfully proven via sale, barter, contract, obligation, bonuses, etc.
- 4) The surplus profit is realized either in addition to an actually existing value or in a purely fraudulent manner, i.e. it increases the already existing normal realization of value and surplus value and strengthens demand, equalizes disadvantages in these two spheres, or generates a profit without any return service.

Economists from all camps have repeatedly asked whether capitalism can build in particular utilizing deception and fraud. Over the longer term, no value and surplus value can be derived solely from deception and fraud. That is the conclusion of most economists. But such mechanisms are always good for extraction of a surplus profit. Many still regard these mechanisms today as occasional deviations of the economic system, which (as observers must increasingly admit) are becoming repeated and lasting phenomena that people in fact expect. Part of the irony of this is that these very expectations increase the likelihood that such mechanisms will appear.

#### *2.2.4 Production of Surplus Value through Parasitic Profits*

Inheritances, favorable marriages, and other parasitic gains (such as from gambling, luck in the lottery, or speculative dealings similar to a game of chance) form economic capital but do not spring directly from labor, production, or commerce. The profit is the difference between external accomplishment (often by a relative) and one’s own non-accomplishment or performance, which is paid out in the transition of generations or as a result of sheer chance and good fortune. In the case of gambling and games of chance, the difference between what is bet by many and the winnings of the very few (minus the profit of the lottery society, the casino, or other institutions) is so improbable statistically that here too, it is only illusory to believe in such parasitic participation as a genuine chance for gain. In speculation, there will also be losers along with the winner. A special form is when, for example, banks gamble away the money and then cover the loss by funds from the taxpayers via the state, so-called “bail-outs,” as will be discussed below.

In my view, it is important that the parasitic participation here is not be seen as a moral category. Rather, it is only an expression that serves solely to designate the capitalized effects of the realization or prevention of formation of surplus value. For example, quite aside from love or personal conceptions

of value and desire, a marriage is always simply also, at a material level, an expression of participation in the forms of capital of another person. And likewise analyzed here from the perspective of capitalization is an instance of unemployment, a situation that may result more from a social situation than any personal lack or failure. That is because precisely the capitalization of all living conditions defines the social situations of human beings in an essential way. In every social situation, therefore, we can ask about the implications of capitalization. Here, it seems to me that the parasitic surplus value strategies are very genuine to our present living. We often don't like them but live them as well.

The testator and the heir generally do not regard the passing on of an estate as parasitic gain but rather as something quite natural, a matter of course in families. It provides economic security to families and family traditions, and this would seem to appear as a good and natural right. Nonetheless, inheritance has long been a matter of controversy. Jean Jacques Rousseau regarded socializing all inheritances as the only chance for actually making one and all in society eventually equal. But the dominance of handed on property in capitalism went precisely in the opposite direction. Today, amongst the regulatory tasks of the state is to introduce a form of taxation that avoids allowing the gap in society between the propertied with ever greater wealth and the poor with no wealth whatsoever to become bigger and bigger, preventing the starting conditions of people from becoming ever less equal over time. Even in economic terms and beyond moral considerations, inherited wealth appears as parasitic participation. And many a testator might also share the same feeling if they could but behold what occurs after their death.

Favorable marriages strengthen the effect of inheritances because most such marriages occur in the same economic stratum. In chapter 3, I will talk about educational homogamy; it consists in the fact that the wealthier strata tend to gather in those expensive educational establishments, and establish bonds there, which are not accessible at all to the poorer strata (see esp. Blossfeld and Timm 2003).

Under primitive (previous, original) accumulation, Marx discusses the aggregation of capital that can serve to kick start capitalism. In historical terms, that was the phase of transition to modernity in which wealth was initially accumulated in order then to have a subsequent impact on the crystallization and formation of capitalism. For example, Werner Sombart (1967) tried to reconstruct how this primitive accumulation, in particular through the profligate court in France before the Revolution 1789 was promoted by luxury goods. In this way, capital was able to penetrate into the producing artisan crafts, and from there it led to the creation of so-called manufactories and later factories. In various countries, different forms of primitive accumulation arose, i.e. larger sums of monetary assets were played into the hands of small

numbers of persons, who were able then to use this wealth as the starting capital for their investments. Down to the present, we can reconstruct the family histories of very rich families that go back to such original or primitive profits. But decisive as a whole was the victory of bourgeois modernity and Europe in its phase of external expansion, thus exporting an economy based on property to the world beyond its shores (cf. Piketty, 2014, 140 ff.). To the extent that an economic system was possible to be established across the world by emigration and colonization, and based on property relations, capitalist accumulation proved possible to promote everywhere. This is bound up with the fact that property, when it appears socially as an economic relation, can be exchanged, debited, pledged, and mortgaged in order to gain capital with which further profits are achieved. Once set in motion, accumulation begins to have an effect, and within its success story, it always divides people again into rich and poor (cf. Atkinson, 2015, 45-81).

In the change of generations, such an accumulation must be carried out anew. Seen in economic terms, inheritances serve to consolidate unequal economic conditions and prerequisites for starting positions on a grand scale. The private property accumulated in this manner is an essential prerequisite in order to be able to act as a lender of capital. The claim still often found in capitalism of rising from rags to riches is highly improbable statistically. Part of the recurrent myths of capitalism is to claim that anyone can achieve everything. By contrast, the great majority shows that the socioeconomic starting position in most cases cannot be significantly surmounted and overcome. For the disadvantaged, the myth even becomes a curse, because it suggests to them that they are the ones responsible for their poverty, their misfortune, they are to blame for their inability to advance up the ladder.

The myth is clearly evident in concrete form in the theme of inheritance. The bequeathing of a large amount of economic capital to the following generation is restricted to a small number of the rich and super-rich. On the one hand, there is the difference between rich and poor countries, on the other hand the growing gap between the moneyed and the poor especially in the rich economies. In respect to the role of inheritances, Piketty argues: "Whenever the rate of return on capital is significantly and durably higher than the growth rate of the economy, it is all but inevitable that the inheritance (of fortunes accumulated in the past) predominates over saving (wealth in the present)." (Piketty, 2014, 377 f.) Against this background, parasitic gains are essential: "wealth originating in the past automatically grows more rapidly, even without labor, than wealth stemming from work, which can be saved." (Ibid, 378) Piketty shows well informed that the gap between the rich and the poor has a long history and cannot be fought again if we neglect what I call the parasitic gains provided.

Evident as a whole is that the wealthy not only become ever richer but that wealth increasingly is shifting to a small group of the super-rich with super

inheritances. In international comparison, all industrial countries have quite similar distributions; although the gap between rich and poor and the general distribution of real estate and possession of capital differ from country to country, the growing gulf between poor and wealthy/super-wealthy evinces a similar pattern everywhere. From this spring different inheritances with different parasitic gains.

Who are the winners of parasitic gains? For some, even support for unemployment or for pensioners appear as a kind of parasitic participation. But such support is as a rule rooted in longer periods of gainful employment and payments previously contributed into pension and welfare funds by the workers as part of normal costs of reproduction. A different situation prevails when it comes to social benefits paid out without a corresponding value of accumulated years of work, such as immediately after finishing school, as support for youth unemployment, and are then continued. Here, depending on the particular benefits paid out in the respective country, we may observe a parasitic participation in the social systems. Generally, in such cases, the parasitic participation also occurs in the familial system, which is obligated to cover the costs or pay a portion. This often leads to negative closed loops of such a participation, which can have disastrous consequences for families. The state frequently withdraws from its obligatory measures to avoid costs. In the process, the capitalistic market, with its tendency to maintain a surplus of workers, strengthens a parasitic participation, which does not record profits and surplus values but rather loss and destruction of value as a result of the lasting exclusion from work and qualification. Just as every surplus value intends to have positive effects, if such intentions are not fulfilled, that can result in the exact opposite. The resulting social costs in the realm of social welfare and health are substantial and are in turn socialized via the state expenses paid for by taxes; and they are levied far too little on those who otherwise extract special profit from the value creation of labor. Here the term of parasitic gains is wrong because these costs handle contradictions of the capitalist markets. They are surviving tools and not even real gains. The real winners of parasitic gains are always people who are better off, the rich at different levels who even become richer by two main strategies: inheritance and marriage.

### 2.2.5 Summary

If we look at all four cases of profit-generation and the circulation of economic capital—production of value/surplus value, supply and demand including rights of property, engineered illusions, deception and fraud, and parasitic participation—it becomes clear in the analysis of action that surplus is always appropriated from a difference. That is shown in simplified form in chart 4:

	Form of economic capital	Surplus value arises from difference	Realization of profit in action
1	commodity production or services while employing means of production and wage labor	value creation of wage labor in concrete labor on the basis of private property versus paid wages in keeping with the historical-cultural conditions	the value of the goods or services is appropriated over and beyond the costs for producing the commodity or giving services in the market
2	supply and demand	ordinary/available and unusual/rare goods with invested costs/existing property versus yields actually achieved in the market	the market relates the costs involved and the realizable surplus value through competition and fluctuation in prices
3	illusion deception fraud	the “real” value of the good through its costs versus the “fictional” value through illusion, deceit or fraud	action is taken to affect the market in order to ensure profit and obtain extra profit through overcharging
4	parasitic participation	participation in the money or capital of others versus one’s own “minimal” expenditure	relations (for example of inheritance or marriage) ensure relations of possession and profit from the performance by others

*Chart 4: Surplus Value of Economic Capital*

In contrast with Marx, I have expanded surplus value and softened up the rigid economic construction of capital and labor as only source of surplus value. In economic terms, value also remains a construct even in this softer form. Through this construct, something is considered useful, meaningful, profitable, successful in the chains of action and exchange between human beings. In this context, value is both use value and exchange value. A surplus arises as compared with an original value if there is an increment in elements, aspects, parts of this value (a concrete more or something else in the use value, a monetary more or increment in the exchange value), and if at the same time, the previous value appears to be preserved, maintained, continued, etc.

The growth in the size of the exchange value in the economic capital of the propertied has become an expression for wealth in the history of capitalism. That wealth appears to have no upper limit. But it does still have a lower limit. For orthodox Marxists, money cannot automatically be capital, and



external to a propertied class of persons who own the means of production, it would appear that no capital can be earned. This has served to nourish the illusion that exploitation really appears capitalistic only on a grand scale in big industry. That illusion fails to recognize that capitalization has come to pass in all human actions—that capitalization generates surplus value in actions extending into the microsphere of the production of surplus value toward the four sides I have sketched. Money as a means of payment here is not yet capital. But even the small saver who wishes to put something aside for an old-age pension becomes here a capitalist where he earns interest and thus surplus value, even on the smallest scale. For the actions here, it makes no difference where I invest the money if a “more,” an increment or profit is yielded over and beyond my costs. The direct and immediately visible limitation of the concept of capital to those investments that purchase the commodity labor for a specific wage in order to siphon off surplus value no longer suffices today to characterize the variety of surplus value produced.

In order to determine what this surplus value is, we form in any case a difference, compare what was before and now after, costs and yields, debt and credit, which are observable in actions and thus can justifiably be asserted. Surplus value is no arbitrary construct; rather, it can describe actions in their effects. It is necessary here to recognize that the process of producing and distributing such capital in developed capitalism occurs today in a far more entangled form than previously. Now for a long period, many capitalists have been making their profits over and beyond wage labor in the sector of distribution or in financial transactions and insurance deals. The transition from hard or heavy industry—with its high constant portions of capital manifest in plots of land, buildings, and machines—to a soft and light capitalism, which makes its profits with a laptop and speculative deals, is so obvious that the theory of surplus value also has to open up and expand. Since I assume that we are dealing here in any event with a construction, a justified assertion in a hybrid explanatory model, it is easy to refer explanations back to observable actions and to reconstitute the model itself. It should be assessed by how plausible it can appear, to what extent it can be justified by observable actions and effects. And its validity can be maintained for as long as this justification is accepted in specific communities of discourse and understanding.

If we look more carefully at the different actions of human beings, then the distribution of the extraction of surplus value in each concrete case (of the four main types described here) may look different. Even if in the previous history of capitalism, most surplus value may well have arisen as a rule through wage labor, the other factors are always likewise involved and at times may even be dominant. But even the capitalist must calculate realistically, which is why he repeatedly will trust in surplus value from the field of labor in order to generate profits in a relatively secure way (see also again chart 1 on page 42).

Since very different interests exist in society, it is not surprising that it is the propertied who will specifically attack an explanatory theory of surplus value, because it raises questions regarding distributive justice. If we want to examine empirically in order to determine exactly how this surplus, this “more,” comes into being and who appropriates it, then in addition we also have methodological problems about how we can precisely measure these events. It is particularly not in the interest of those who wish to extract profits and succeed in doing so to determine precisely where the profits come from. The calculations undertaken serve in everyday capitalism to demonstrate the existing system’s efficiency of costs and utility (profits). Those calculations are not developed to determine, for example, the degrees of appropriation of the values created by wage labor or any further profits that accrue. Nonetheless, precisely this expansion of perspective appears necessary if we want to better understand the social and individual effects of forms of capital. To gain a better and more accurate picture of surplus value protects us from excessive expectations, while sharpening our sights for the opportunities and possibilities that can be taken advantage of from the side of the state and the individual.

However, it is especially difficult to calculate the indirect or implicit costs of the economic system, concealed in particular in the costs of reproduction of the commodity labor. These costs stand in relation to the costs for wages and the general social costs, which also have an impact on profits but never can be unambiguously calculated.

In fundamental terms, my reflections suggest that the dualism of capitalist and proletariat as Marx conceived it simply cannot be maintained in a pure form today. A pure form would be to derive classes and a necessary class character from that, which could indicate a clear direction for action. But unfortunately, history after Marx showed again and again that all attempts of this kind remained superficial and illusionary. Under a purported communism, such as under Stalin or Mao, they produced great misery and suffering, which in many places even exceeded the woes caused by capitalist exploitation. By contrast, when it comes to contemporary globalized capitalism, we can observe that capitalization has penetrated and taken hold of all societies with a breadth and depth that even the exploited worker with his hard-earned money can the next moment transform into someone who wishes and is able to extract a surplus value for himself and against others—for example, even the poorer in low-income countries. A dualism of haves and have-nots appears not only in rich countries but also between rich and poor countries and both can only be mitigated by redistribution of the gains and global taxing (cf. Piketty, 2014, 515 ff.). But it becomes evident to what extent capitalism has also capitalized itself toward the strata below. And proceeding on this insight, it also makes sense, as the present study argues, to distinguish and

investigate additional forms of capital that express such capitalization in different forms of action.

Since everyone is confronted everywhere on a daily basis with economic capital, I think it should be part of general economic education to grapple with the four sides of surplus value as described. That is also important in regard to economic knowledge, since economic capital has a repeated shaping impact on the circulation of all forms. It should be part of basic economic knowledge today to reflect on one's own place and opportunities for development in the economic field in order to gain a realistic picture not just of one's own starting position—but also to examine the political options available which a person might wish to espouse or struggle against. In particular, for a society with as great as possible a degree of opportunities for participation of all members and a deep democratic orientation, the question arises: how can the wealth of the owners of capital on the one side and the relative poverty of the greater masses on the other be leveled out and compensated for so that the mutual gap stops widening, and the one-sided power of the wealthy does not become ever greater vis-à-vis all the rest of the people? I also wish to look in depth at another key topic: what can or should the individual in the capitalist system do in order to obtain a sufficient array and spread of opportunities? For that reason, I will also look below in greater depth and detail at the social and individual sides of the possibilities for utilizing economic capital.

### 2.3 Social Utilization of Economic Capital

The history of the economic sciences is an interesting history of the deployment, opportunities for profit-making, and difficulties of utilizing economic capital. In this connection, it is striking, as is often assumed, that the success of economic capital and the markets can at the same time improve prosperity and generate a social utility for the benefit of all. However, this is clearly not the case everywhere. That is pointed up starkly by various crises. (1) I will discuss some of these for the recent period. (2) They bring us to the very fundamental question pertaining to the relation between the state and the market. This is because in capitalist crises, the state—which otherwise is supposed to keep its distance from the market—as some leading liberal and neoliberal ideologies of capitalism contend, is supposed to assist. The question as to regulation and deregulation clearly permeates the practices in action of economic capital. (3) Finally, I will also look at the basic phenomena of the capitalizing of social opportunities. Here it is decided whether and how the state might contribute to reversing the trend where equity of opportunity, with a growing gap between poor and rich, becomes ever greater.

*Crisis phenomena*

The Great Depression of the 1930s was a nightmare for economics, because according to the prevailing theory, this could and should not have happened. The market, which with its mechanisms of competition and supply and demand was supposed to be efficient and self-regulating had suddenly failed. First, there was a recession, then a massive depression followed. The trigger was a speculation bubble. Illusions, deceptions, fraud, and parasitic profits through speculation comprehensively engulfed the efforts to extract profits. Chain stores, falsification of balance sheets, frauds—these were some features of the crisis. As a result of the stock market crash, all values plummeted. What could be done? Wait for the market to recover? But what about the multitudes of the jobless, what about state expenditures, far higher than income revenues?

John Maynard Keynes, whose theories remain authoritative down to today, gave different advice. He suggested that the state should go into deeper debt and raise expenditures in order to stimulate the economy. Stiglitz (2010) notes that for those who had a basically skeptical view of the state, that proposal was a red rag. In the U.S., people liked to see this as a kind of socialism that seems especially threatening. But Keynes only wanted to save capitalism from itself. His basic assumption was that capitalism and the free market economy can only survive if it creates jobs.

In this context, Franklin D. Roosevelt tried in the “New Deal” to gain the upper hand over unemployment by a package of economic and social reforms, especially with large-scale investments by the state, coupled with a progressive taxation and a system of social insurance. Adolf Hitler’s response was quite different. He took the role of the state as a pillar of capitalism to such extremes that the upshot was war and mass annihilation. World War II put an end to both developments, and after the war’s end totally new starting conditions for economic upsurge emerged. The concept of a “New Deal” remained, in everyday language meaning something like a reshuffling of the cards so that the masses could also have some part in prosperity. What remained after the economic crisis was the historical insight that capitalism can assume many political faces. Many came to believe that only a democratic constitution could offer protection against its extremely brutal and inhumane forms.

In the era marked by Keynesian approaches, the state was to employ macro-economic interventions in order to ensure that the markets functioned in a regulated manner so that firms could sell their products in a free and stable market. Turnover was to be stimulated, the economy spurred, and as high a level of employment as possible was to be achieved. That would in turn drive mass consumption. This perspective, however, entered its own crisis when in the 1970s the taxation instruments of the state appeared to be too weak or ineffective due to high inflation. Scientific-technological progress

spurred innovations in the industrialized economies, and a mounting global competitive struggle emerged. Over and beyond the local macro-economic interventions, the markets appeared to be able to regulate themselves. At the same time, the link of money to gold and thus the Bretton Woods agreement (the last attempt to introduce a gold standard to ensure monetary stability) was unilaterally abandoned by President Richard Nixon. This was the entry into a new monetary policy that freed the volume of currency from its limitations. It made it possible with government bonds for states to incur great indebtedness on the basis of trust in the markets. This was a fateful development: it led, right down to the present, to a huge volume of money in the hands of the owners of capital and staggeringly high state debts and deficits, coupled with a crisis-ridden monetary policy. This initiated a radical turn to a so-called neoliberal economic policy that gave priority to the market.

Since then the economy has exercised an enormous pressure on politics in order to rigidly achieve its chief objective: as highly profitable a development of capital as possible (see esp. Crouch, 2004). Economic capital liquifies in its forms of deployment, it migrates from less profitable regions or companies into more promising areas or commodities. But on the whole, it also distances itself from its workforces and local sites, reducing solidarity with staff and community. Nonetheless, despite this surge of liquefaction, two constants remain in the development of capital (cf. *ibid.*):

- 1) The important investors of economic capital are a small group of the heavily propertied, real owners of capital who continue to increase the volume of their capital in ever new constellations, invested to generate maximum profit. In a drastic manner, this increases the widening gap between the unpropertied masses, the slightly better off income groups that also possess relatively little and the truly rich.
- 2) Even if capital becomes ever more fugitive in its strategies of maximizing profit, on the other hand it concentrates in global corporations, transnationals (TNCs) that seek as institutions to exert strong political influence.

In the neoliberal conjuncture, the state comes under extreme pressure. On the one hand, it has to continue to finance its long-standing functions and services in administration, law, social welfare, education and training, etc., which yield no direct profit. On the other, its expenses rise when it is expected to do ever more in these spheres, although economic capital is not asked to cover the added costs, since this contradicts the neoliberal conception of the market. In part, the state covers its increased expenses by privatizing a substantial segment of its responsibilities. Yet over the longer term, this also deprives the state of opportunities for revenue (especially in connection with nationalization of energy, the railroads, communication). Or in the ideology of the market, the state incurs ever greater debt. That is in keeping with the market's desire for safe returns, but over the longer terms leads to a debt

spiral that is unending. Crouch concludes correctly that against this backdrop, the governments descend into a crisis of self-confidence. Politics and especially governments think that nothing ultimately can succeed unless the private sector is involved as a compass. They thus become the victims of the market, because their previously much vaunted function of raising the general well-being of the society and democracy (in the neoliberal sense), over and beyond the narrower economic interests, is now integrated into calculations wedded to economic dependency. Governments previously marked by Keynesian thinking or a social-democratic outlook, increasingly bid adieu to investment in non-profit NGOs and their projects; increasingly they privatize activities designed for cultural and social ends. Non-profit organizations in particular are dependent on private support and sponsorship, because the state is withdrawing from its own projects and no longer allocates sufficient support for such organizations. Such sponsors, who represent economic power and its elites, obtain even greater influence in society. This is very significant for the compensatory function of the state in leveling out inequalities, because this process lends support to an attitude that seeks to strengthen relations of possession and wealth in all social spheres—instead of embarking on a broad offensive for comprehensive programs to promote the interests of the underprivileged and marginalized. In the realm of higher education, for example, ranking positions in the economy have lasting impacts on the development of research, where we can observe shifts from critical thinking about fundamental problems toward research that is largely applied, market-oriented (see chapter 6).

The crises in the financial markets have not only shaken the neoliberal model to its foundations but have also unmasked the sheer absurdity of its simplistic conceptions. The crisis in the financial markets, which has rocked the capitalist world in particular since 2008, and is still ongoing, reminds many economists of the Great Depression of the 1930s. Even if Charles Kindleberger and Aliber (2005) argue that over the last 400 years of capitalism, there has been a crisis roughly every 10 years, it is on the other hand striking how different these crises actually are. Allen and Gale (2009) show that after World War II, there were hardly any crises, this because the economy was more strictly regulated than later on. Stiglitz (2010) argues that market deregulation down to the present has led to a situation where the danger of economic crisis has increased. He stresses that the day that Lehmann Bros. collapsed, 15 September 2009, was for adherents of market fundamentalism (the view that markets themselves secure economic prosperity and growth) akin to what the fall of the Berlin Wall meant for the communist bloc, an iconic watershed. Moreover, the mechanisms operating in the background between the crises are nowhere near as different as they may externally appear.

What is the nature of such crises? According to Stiglitz (2010) and Harvey (2010, 1 ff.), several characteristics of the financial crisis are the following:

A financial bubble forms, promoted by foolish, non-solid granting of credit by the banks. A deregulated market with a flood of liquidity and low interest, a global property bubble, and the surging volume of second-class home loans are a poisonous cocktail. The security offered are objects that have only emerged as wealth assets through the bubble (in the real estate crisis, through the continuously rising value of houses, which at some point became unrealistic). Rating agencies fail because they themselves are a part of the system geared to profits. Credit default swaps generate a system of the packaging and transfer of credits; even for the banks that take them over, they are hardly transparent in their real value. The massive securitizing of home mortgages proved particularly problematic: second-class mortgages were transformed into first-class products, advertised and sold. This initially increased bank profits, but then led to ruin for the users. Ultimately the state had to step in and bail out the banks. The extension of credit does not entail a lasting security for the borrower but rather as high as possible short-term profit. Credit default swaps lessen risks, but the incomplete information ultimately leads to far greater risks based on false judgments. Securitizing of loans leads to a situation where the banks grant fewer loans to medium-sized enterprises in order to generate more jobs; instead they concentrate on home mortgages. There were big bets worth billions on redemption of the loans in order to generate extra profits. There is no full employment and the mounting economic inequality leads to a situation where the consumption of broad masses is restricted. On the basis of their size (“too big to fail”), banks enjoy systematic protection; this permits them to take greater risks, since the state must always bail them out; if they were to go bankrupt, then as a result of the meshing with goods production, other spheres would collapse; in this manner, the risks are thus redistributed to all citizens. In order to rescue bankrupt firms, the state wastes its funds, which are then lacking when it comes to innovations. Many of the banks use the state loans in order to continue to gamble away funds, because this promises short-term high profits. Once the state steps in, this impacts on further crises, because the expectation arises that the state will always spring in. If the state must make ever more debts in order to overcome the crises in the private economic sector and to spur consumption, then a much greater crisis looms in the background, namely the state declaring itself bankrupt. The existing state indebtedness in almost all industrial countries indicates that the debts are so immense that paying back interests on these debts has become problematic, to say nothing of paying back the loans.

The crisis impacts on all four of the forms of surplus value I have sketched. It mixes them together, and it is striking that in particular, engineered illusions, deceptions, fraud, and parasitic profits at the expense of others increase significantly. But there are also difficulties in global capitalism in firm management and corporate governance. Stiglitz (2010) makes the system of corporate governance especially responsible for the circumstance that the

executive echelon down to the present has not developed any awareness of the need for longer-term economic activity. American corporations (and those in many other countries) are managed nominally in the interest of their shareholders. But in practice the management often runs the firm in a manner that prioritizes their own interests oriented to short-term gain. In many corporations with broadly distributed capital, management appoints most members of the Board of Directors, understandably appointing individuals whom it perceives to be most useful to its interests. The Board decides on salaries for management, and the firm is very generous in this regard. One hand washes the other. In practical terms, this is tantamount to a partial expropriation of the owner who only nominally are in possession of economic capital and pass on some portion of profits to the management.

Global crisis management is difficult. In economic terms, it is characterized principally by five phenomena forming a framework ridden with contradictions:

- 1) Rising productivity—here unemployment will increase when fewer workers can maintain the production—can only by innovation and more consumption create new jobs.
- 2) Neoliberal deregulation with global competitive pressure is leading to financial crises in local areas, producing social problems in all industrial countries (high levels of unemployment and the drift of part of the middle class into poverty, increasing the gap between poor and rich).
- 3) A rise in state debt in order for the state to function and fulfill necessary tasks is observable. It must use social expenditures not only for administration, transport, the justice system, education, etc., but most also expend huge sums to secure the banks and economy as well. From a certain point on, the debts force the states toward austerity and budgetary constraints which significantly restrict their ability to act.
- 4) A discernible redistribution of wealth from below to above becomes obvious because the taxation policy in relation to income takes far more from the working class and lower-income earners than from the wealthier strata.
- 5) A hardly sustainable policy in dealing with natural resources and ecological standards is—even against the objective data of climate change—maintained, geared to maximizing short-term profits.

These starting positions in the last decade in all developed capitalist countries cannot simply be left over to the market (see Stiglitz, 2012, 2015), but they are difficult to regulate, because the capitalist markets have become highly complex and the lobbies of the economic elites strongly influential.

For example, one point is that the course of the economy in different regions varies. This gives rise to problems of balance. If Germany with its high level of exports and quite high level of state debt is to balance its export



excess with the rest of the world by agreement, as other countries demand, then it would have to import more, only possible via increased consumption. If at the same time savings are necessary, then this is contradictory. Evidently the country spends too much on things that do not adequately promote the consumption of the masses. If the world community were to operate with special duties levied on countries with high export excesses, this would be a lasting catastrophe for Germany. If, on the other hand, state debt reaches ever higher levels in order to stimulate the economy, this can also have negative effects because the state has to pay the interests and loses money for societal growth. The latitude for action is difficult to determine. And economic policy consists of opinions and some crises are based more and more on hysteria in the market. That is connected with the fact that standing over against the extremely high debt of countries worldwide is a sum of donor capital that is in dire need of such debt for possible investment. The enormous sums of money in the hands of a relative small group of capitalists causes exponential growth in supply and demand.

A fundamental associated problem of capitalism is that the interest rate—that must be covered by some form of profit—always leads to an increase in the amount of money. If that money is not spent and no longer can be spent, it in turn calls for a new interest rate. It could be expended if spent in solidarity for that portion of humanity living in distress or poverty, i.e. if expended for concrete human use rather than being constantly invested in its own growth. Or it could be expended in luxury goods, but the rich have a lot of these anyway. Solidarity could only come about if states recover large segments of the profit for the benefit of people at large through taxation, deploying it longer-term for the good of the entire society. Why would this be necessary?

Lomborg (2004) stresses the ten central crisis phenomena of globalization awaiting a solution at the present time: climate change, infectious diseases, conflicts, access to education, financial instability, corruption by governments, malnourishment and hunger, migration, sanitary conditions and clean water, subsidies and barriers to trade. Money would be well invested in all these areas.

The constantly rising search for profit or interest also produces economic bubbles and ever greater state debt that grow exponentially with the amount of money if the profits cannot be generated any longer through surplus value production from labor. Only inflation or taxing the wealthy could reduce this spiral. But inflation has not sufficed to reduce speculation as the most recent economic crises show.

Some authors regard the exponential rise in interest rates, in naked sales, and the different forms of gambling in the markets as the most important risk for capitalist development as such, since at some point there must be a total collapse in the utilization of money, similar to going back to zero to start over again. Or it must lead to a currency reform suitable for the markets in order

to destroy the gigantic amount of capital no longer flanked by any real values, which leads us astray into living far beyond our means. If the taxation is low, like the Trump politic introduced this in the United States at an unbelievable reduction for the rich in 2017, then the national deficit will rise and has to be paid by the population later. The irony is: when the income of the state decreases by low taxation it has to borrow back the lost money at high interest rates in order to attend to its public tasks and duties. In the process, those who have to pay less taxes also provide the money, they get richer and richer. The enormous amount of money borrowed may also benefit the poorer strata for a short time. Yet over the long term, it is also to be paid back again by them, if indeed it can be paid back at all. We should be disturbed that the enormous sums invested as capital in global capitalism are on the constant rise. As they increase, they either lead to ever more powerful bubbles and thus crises, or they aggravate the state debt to such a point that these debts ultimately lead to state bankruptcy.

If we try to describe economic growth in capitalism, then we find a slowly rising curve over an extended period of time due to an increment in productivity. But critics argue that this looks quite different with private capital. Initially the curve rises slowly, but then ever more quickly and strongly upward, i.e. the moneyed wealth grows disproportionately. In the early phase of capitalism, it grows through interest and compound interest, but that is insufficient in established capitalism. Money must be made from things that in real terms only experience a small increment but which in the market in exaggerated fashion are ranked much higher. Hedge funds, private equity, derivatives, stock options, and the like spur this market to extract profits from company takeovers that after a short time are sold at inflated prices, from bank bets, gambling of funds. Parasitic profits appear to be more profitable and quicker to achieve than surplus value from labor. But if capitalism constructs its economy more and more based on the method of covert chain letters, then a collapse appears unavoidable at some non-specifiable future point. If we want to save capitalism, Robert Reich (2016) argues, then we have to save it for the many and not the few.

If opposed to this critical view, other economists try to discuss the situation in less dramatic terms, but they, too, cannot deny that powerful speculative and also psychological factors rule the markets in the form of mass hysteria, increasingly driven by a mania for short-term profits. Nor can they deny that the intentional deployment of large amounts of capital has become a hugely effective weapon in the struggle of the markets. Yet that weapon cannot protect markets from self-destruction when the markets through such operations on a large scale are pushed to their limits and to the point of collapse, as some fear now after the financial crisis in 2008. Some look for radical reconstruction, when Harvey for example suggests: "Capitalism will never fall on its own. It will have to be pushed. The accumulation of capital will never cease.

It will have to be stopped.” (Harvey, 2010, 260) But this radical view neglects that the majority of people still hope to be part of the game. Further on, there is not only economic capital as I will show in the next chapters. And even if the markets collapse, there seems to be no real alternative to capitalism so far. All we can think about in this case is some kind of reset like in the Depression of 1929.

At best, in future the state will have to regulate the markets more forcefully. That is a consequence of the crisis phenomena described here. There are profound suggestions given by Stiglitz (2015), Piketty (2015, 100 ff.), and others. Yet at the same time, due to different developments in various countries, it is highly unlikely that overarching concepts can be developed. The struggle for a global tax on financial transactions, which would represent a good beginning for regulation of the overheated financial markets, shows that regulation itself has to date foundered on the rocks of the superficial interests of the markets and of various countries profiting from these interests among one another. In the orientation to short-term profits, economic reason is manifest as human unreason.

### *State and market*

In “The Wealth of Nations” (Book IV, chap. II, § IX), Adam Smith used the metaphor of the “invisible hand” to show that individuals in every society also employ their capital in commercial dealings with more distant regions or countries if they can extract higher profits than are available in local commerce. Smith argues that if this is the case and yields a profit, then it is better for every society to do the same. If the state only shields the local firms through protectionism, then it erects commercial and market barriers that over the long term can harm all.

Later on, this insight was generalized for capitalism and applied to local and foreign commerce. In looking to the market, we must have faith in the egoistic motives of every individual, because the well-being of the whole arises from the sum of all egoistic or private actions. As if guided by an “invisible hand,” the individual, through the result of his action, achieves something that goes against his own egoistic nature—he produces, against his or her own will so to speak, wealth for all.

The logic of action that this is based on reads as follows: if every consumer is free to consume what s/he wants and how, and every producer is free to produce what s/he wants and how, and is free to sell it, then the market regulates a sensible circulation and distribution, appropriate prices through competition—and in the end, all this benefits all members of society and society itself. People’s own interest stimulates them to contribute to the general prosperity. Liberalism as an older ideology, and neoliberalism as the more recent ideology of economic action, both trust to a high degree in this invisible hand, and they mistrust state intervention aimed at regulation in particular.

Joseph E. Stiglitz sees this metaphor quite differently. For him, the invisible hand is invisible because it cannot be made visible in human action. In his “Making Globalization Work” (2006), he relates the metaphor of the invisible hand to the actual realities of globalized capitalism. Developments here are not some sort of fateful events, but the product of implementing specific economic theories and political management. How the political direction is laid out results in various economic effects. But a liberalized market grounded on egoism does not lead to general prosperity. Here his assessment of liberal or neoliberal economic policy, in which the state does not intervene in the market, is highly critical. In recent decades, the demonstrable effect has been the widening gulf between the rich, growing ever richer, and the poor, their poverty increasing. The research on inequality worldwide shows an enormous amount of data how this gulf is rising in detail (see e.g., Piketty, 2015, Atkinson, 2015, Stiglitz, 2012 and 2015, Milanovic, 2011 and 2016, Bourguignon, 2015). Although in the globalized world, India and China in particular have experienced an upturn in prosperity, globalization otherwise has not brought the hoped for rise in living standards for the great majority. Although the percentage of people in poverty has declined worldwide, the absolute number of the poor has increased across the planet. In the industrial countries as well, we can see the impoverishment of broad strata of the population in relation to the total income. One way to measure this, is to compare the Gini coefficient of disposable income per adult equivalent which shows the rise in inequality (a coefficient of zero expresses perfect equality, 1 (or 100%) expresses maximal inequality among values:

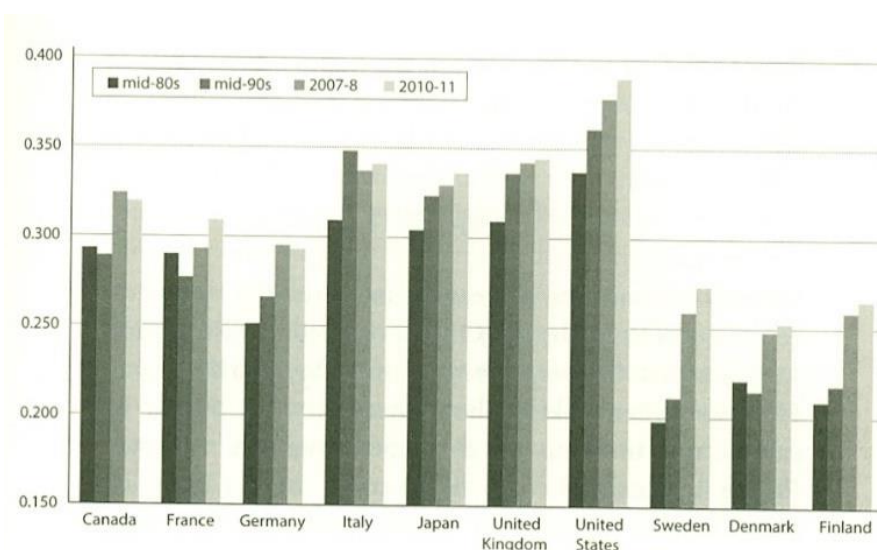


Chart 5: The Increase in Inequality in Selected OECD Countries. Bourguignon, 2015, 51.

Remarkable in chart 5 is that inequality is a rising problem in all countries even if some show more inequality than others. In this connection, economists distinguish between absolute and relative poverty. Absolute poverty is people living at the existential minimum, with too little for subsistence and survival, hardly able to meet their basic needs. Relative poverty is defined in relation to the overall level of prosperity in the society, where average social values of income or social welfare benefits for all are compared in relation to the individual.

Stiglitz (2010) stresses that the more the state as a regulating body withdraws from the economy in the framework of market fundamentalism and its ideologies, the stronger the negative effects. This is because the markets cannot by themselves solve the problem of poverty; on the contrary, they often exacerbate it. They also help too little to create full employment, as a glance at the prevailing realities in markets worldwide quickly reveals. He identifies at least two active mechanisms structurally generating unjust distribution of values:

On the one hand, the global commercial and financial order is unjust, because it always channels money to flow from the bottom up, from a multitude of the poor to the small number of the rich. A casebook example was the 2008 financial crisis. Because the banks and their financial backers engaged in gross speculation in the drive for ever greater profits, all citizens are subsequently called upon through taxes to cover this. In this scenario, the state, even for the market fundamentalist, should react if the total economy is threatened with collapse. What occurs here is a redistribution of entrepreneurial risks to the broad population.

On the other hand, there is also a struggle between the rich countries and the poor ones. Although development aid is given to the poor countries, commercial barriers are erected at the same time; these place a burden on their exports three times greater than the aid granted. Stiglitz also regards the policies of the IMF as problematic, because it mainly gives those who already have something. He mentions the example of Indonesia. There the IMF provided funds to cover bank demands but not to subsidize food for the needy. Market fundamentalism, which likes to tout the “invisible hand,” is referring to a fiction. The counter-thesis holds that the state is necessary in order to facilitate secure conditions for banks and enterprises to act in the market; so, it must regulate a multitude of tasks. Contracts and property laws have to be respected. This and more: deception, bogus transactions, and huge speculation at the expense of the broader population in particular—a population that by means of taxes is responsible for covering risks where the few wish to profit—ought to be regulated better by the state even against the markets. In Stiglitz’s view, it is necessary, based on the experiences of capitalist development, to create a balance between the market, state and non-governmental,

non-profit organizations. That view is not grounded on the faith in a problem-free prosperity for all. But underpinning it is the conviction

- that the gulf between rich and poor on both the individual level and between countries should not continue to widen,
- that the double moral standards of the West—with its promise of democracy and money, invested even in the most shameful manner as long as profit can be extracted—can be limited,
- that the neo-colonialism of a small number of propertied capitalists and corporations imposed on the young democracies must not bring them to early ruin.

To make this possible, states globally would have to work together, regulating by taxation those currents of capital that in the rank growth of the markets seek to utilize every gap to increase their profits, independent from its actual impact on ordinary people's lives. This attitude, anchored in the anarchy of the market and the egoism of capital owners, cannot be left to its own devices without endangering democracy itself. Persons who wish to further democracy should keep in full mind and espouse these points forcefully.

Stiglitz sees the state as an institution that must provide rules; for purposes of control, it must deploy arbitrators, umpires who ensure that the rules of the game are adhered to, such as courts, supervisory agencies and regulatory offices. He stresses that we must trust in the fairness of the rules and the objectivity of the umpires. But the question of the actual property relations, the widening gulf between rich and poor, remains: to what extent can a mere administration of the ever more unequal game suffice? Or must the state provide incentives and stimuli in order to make the rules of the game more just and lasting? This can only come to pass if politics is also shaped by the working and voting masses, acting in the sense of a new enlightened economic rationality.

The regulators who trust that capitalism can surmount its recurrent crises in the sense of this new rationality by means of positive cooperation between the state and the market have faith, as Stiglitz shows, building on Keynes, in the following program (see for further detail also Group of Thirty 2009):

- interventions and regulations in the market must be timely in order to be effective; in the financial crisis, he recommends dampening the banks' readiness to take risks and to force them toward more transparency in their transactions, increasing their capital reserves, decreasing the intake of foreign capital, levying a fee in order to secure deposits against risks, limiting risky products;
- such interventions only are effective if they increase employment and actually strengthen economic output;

- they should be geared to having long-term effects by promoting in particular the following: increasing the savings ratio, equalizing the balances of trade, securing old age welfare, expanding infrastructure, combating global warming;
- economic stimulus packages should concentrate on investments that help over the longer term to reduce the debt associated with them; this should be done by consumption financed by debt;
- income inequality is important: the gap between rich and poor is steadily widening; that has to be taken into account in taxing the wealthy, who have made huge profit in the phase of deregulation; higher taxes on the higher incomes can make a redistribution possible, which strengthens the breadth of demand with simultaneous excess capacity in production;
- economic programs must combat short-term emergencies in order to avoid hardship and prevent further downturn with even more unemployed workers;
- this is why it is necessary to strengthen those sectors where occupational retraining is being done, retraining the jobless for future jobs in demand;
- to strengthen global demand, developing countries have to spend more; that is only possible through greater amounts of aid;
- a higher carbon price to pay for the greenhouse gas emissions can promote the modernizing of many spheres of the economy while having a lasting effect for the future.

The list shows how difficult the state of affairs is, because a number of goals sometimes conflict while others supplement each other. The inventiveness of the financial markets in engaging in ever new forms of speculation to generate profits knows no bounds. A prime example are derivatives, the pride of the jugglers of finance. What are derivatives? Their value is “derived” from another object of wealth. That can also be a speculative value. A wager that the share price of some stock next Friday will be above \$20 is a derivative. A bet that the market value of a bet that the share price of a stock next Friday will be over \$20 will itself (qua wager) be over a certain amount is a derivative on the basis of a derivative. There are no bounds set to this game. Even if it initially may make sense to secure a specific share price in order to reduce one’s own risks (for example, when a company wishes to purchase certain raw materials at a certain price and not more), such dealings also seduce people to engage in comprehensive gambling. The crisis of many countries in the framework of the financial crisis and state deficit crisis shows just how these gamblers can bet a country down the drain. In the process, it is sucked into the maelstrom of ever sinking credit ratings and thus more expensive loans, until a rescue fund bails it out for a specific period of time. More and more countries with high indebtedness are being pulled into the vortex of such

crises. Warren Buffet called derivatives financial “weapons of mass destruction,” because they can destroy both firms and countries.

The financial crisis 2008 scarcely weakened neoliberalism; on the contrary, it tended to strengthen it, as Crouch (2011) in particular has argued. Although neoliberalism was basically responsible for the crisis as the doctrine lurking in the background, in order to deal with the crisis, the various governments basically did not operate in a dualism of state versus the market. Rather, by bailing out the banks and supporting the large corporations, they redistributed the money of the citizens of their lands. Crouch argues that it is not a situation of state against the market— but rather of a triangular relation between the state, the market, and the large corporations. While rescuing the financial sector and the banks, the state at the same time imposes austerity measures on the public service and other branches of government. Neoliberalism is strengthened in the process, because through the unconditional securing of the banks, neither their mentality nor their casino gambling is changed. By contrast, in other spheres, rigid state interventions become necessary, especially in the debt relief strategies of heavily indebted nations. The intertwining of the state and large corporations is increasing in this connection, so that it is hardly possible to speak of a real adjustment or comprehensive crisis management. The influence and power of the so-called system-relevant corporations were even strengthened in the crisis. Now, in the knowledge of possible rescue at the expense of the taxpayers and public service, they take even greater risks than before in order to maximize their profits, this contrary to all the market principles of an earlier time. According to Crouch, because this is hard to predict, it remains an open question as to what consequences this will have for democracy and society, and the long-term relation between the state and the market. But it appears almost impossible to apply the brakes to the profit-oriented forces since they have accumulated so much economic capital at their disposal.

In addition, it is necessary to pay attention to the gigantic state indebtedness that has to be accepted in order to realize such state programs. It is a debt that can hardly be liquidated because the state cannot introduce a radical increase in taxes, since that would weaken the economy as a whole (due to reduced consumption). Here there is another “constraint” that has spread in the policy of the industrial countries: the turn to living continuing beyond one’s means in the affluent societies. Shapiro (2007) notes that liberals and neoliberals, communitarians and egalitarians in particular claim to support the welfare society and welfare state. But given their radical bond with the market, de facto they propagate precisely the opposite. The market orientation of action is also the grand illusion of a general state of prosperity. Yet concretely, the welfare state exists only through redistribution. If redistribution by higher taxes on the wealthy is not sufficiently aspired to as a policy aim, then ever greater state indebtedness and deficits loom as a threat. Over against the



gigantic state debts and deficits of the present stands an unbelievably huge sum of capital that services these debts, extracting hefty profits in the process.

How can states reduce their debts? They could hope for an inflation that would eliminate a substantial proportion of their indebtedness. That in turn would drive up interest rates. Yet at the same time, there is too much money in the market, because the owners of capital have accumulated staggering quantities of economic capital. Their private interest is in increment, seeing their capital increase. And they bet solely on that path, even if by so doing they themselves undermine options for a long-term state management of the crisis. Capitalism will long be trapped in this economic paradox. That will not ease its crises, but presupposes a constant crisis management in order to stabilize the situation and maintain the system. One cannot predict how long that will prove successful, but the frame conditions hardly allow for any hope of crisis-free solutions. The accumulated debts are always also confessions of guilt because someone cannot pay. Conversely, as one of the activists and analysts of the Occupy movement, Graeber (2011) concludes, in the current financial and debt crisis, and in regard to debts in general, there is an opportunity to liberate oneself from old ballast and unequal relations. Freedom from debt is then synonymous with freedom as such. And that is a path often necessarily taken in times of upheaval in human history, even if the respective economically powerful have always described this as a scenario of downfall. Upheavals and revolutions, Graeber suspects, always begin with debts that a society no longer can or wishes to pay back.

### *State and regulation and the question of economic justice*

In democracies, the government of a country is generally considered an executive elected for a limited time. It is supposed to reflect and articulate the majoritarian-representative views of the citizenry. As executive, the government manages the affairs of the state, limited (a) by the legislative branch, which can be directed by the government majorities themselves, and (b) by the judicial (legal) prerequisites, i.e. the already existing laws that provide a framework for the conditions and possibilities of governmental action. In regard to economic capital, the state has several tasks that are also regulated by law. In the form of different governments, the state takes on different forms, associated with different ways of interpreting economic, historical, cultural and social preferences:

- As a *control state*, it regulates key tasks of the polity (manifest in the ministries and the tasks assigned them). In economic terms, it levies taxes to finance these tasks. It seeks particularly to ensure that capitalist private business can operate in as smooth a fashion as possible. It protects private property and also the possibilities of free wage labor, and is

always in this capacity under the strong influence in particular of economically powerful groups, as evident from the history of capitalism.

- As a state under the *rule of constitutional law*, it seeks to ensure that the acts of all citizens unfold according to clear rules and laws in a framework that can be legally checked, with sanctions for violations. Especially important in a democracy is that all have equal rights and can exercise those rights, and that the state rests on principles of equality. Here capitalist development shows that rights to freedom are quite compatible with capitalism, although in their concrete forms in lived reality they are at the same time heavily shaped by one's economic status.
- As a *social state*, it equalizes social disadvantages, seeking to accord all the greatest and equal opportunities in life. But economically speaking, capitalist development has been unable to prevent a widening gulf between rich and poor in the industrial nations, a gap that has also increased between advanced industrialized and developing countries.
- As a state grounded on *law and order*, it has a police force and army at its disposal in order to implement existing rights and obligations domestically and externally.

In regard to the economic markets and mechanisms, the state always appears in a field of dynamic tension between regulation (planned interventions) and deregulation (free interplay of forces). Capitalist development shows that the state and its politics always depend heavily on the capitalist markets. Particularly in times of crisis, there is more regulation, although a lasting long-term regulation often is missing, especially in order to ensure equitable opportunity for all, on a continuous, longer-term basis.

In regard to the foundations of democracy, rooted in democratic basic rights for all and the equality of opportunity for all individuals, at least basically intended, the state must intervene heavily with regulatory measures, because very different economic relations and conditions under which individuals live determine to a large degree their options and opportunities. In this connection, the state's conception of the goal (and the democratic conception) is less an illusory equality of opportunity for all, which in any case must appear unattainable under capitalism (see Bourdieu & Passeron, 1990). Rather, it is an extensive as possible securing of equity of opportunity, of opportunity justice. In particular, this means that individuals must be in a position, by their own effort, to achieve a certain level of prosperity and improve their chances in life. But this prosperity and these opportunities in various different countries are distributed in very unequal ways, manifested in particular in social welfare benefits and education.

Jürgen Habermas has made an important aspect of such modes of action very clear in his work. Democracy and the bourgeois constitutional state are closely interconnected, because only through law can the political

participation of all citizens be ensured (see Habermas 1998). For Habermas, participation is realized when mature citizens, under the conditions of a politically functioning civil public sphere, through wise delegation of their will and effective control of its implementation, take over arranging their social lives themselves, transposing personal authority into rational authority. He sees democracy as a political form of society that could increase the freedom of man and perhaps achieve it completely. In his eyes, such democracy is fundamentally linked to the “self-determination of humanity” and communicative action (cf. Habermas 1984, 1987). As he makes clear in his philosophy of law, law is essential for bringing about social integration when the actors do not act communicatively in ideal-typical fashion (as he demands ideal-typically), but rather act strategically. Law here must on the one hand limit the actors; on the other, however, they must also desire to subject themselves to the law, which presupposes a certain insight (cf. Habermas 1998). Laws for him are only legitimate if they are created in a discursive process of legislation that requires the democratic agreement of a representative democracy. In this connection, he underscores four main principles of the constitutional state that work today:

- (1) the principle of popular sovereignty,
- (2) the principle of the guarantee of comprehensive individual legal protection,
- (3) the principle of the lawful nature of administration,
- (4) the principle of the separation of state and society.

In regard to the capitalizing of all social spheres, the fourth principle is especially problematic. Habermas proceeds ideal-typically on the assumption that in human social relations, there should be no insurmountable class structures in the political culture, since otherwise the state in its actions could become dependent on such structures. If it did, then despite the mechanisms of representative democracy, it could proceed to interpret this constitutionality or rule of law to the advantage of certain groups and the disadvantage of others. In view of the economic and financial crisis and the engagement of the state to serve the interests mainly of the wealthier strata and thus largely a minority, the question of present-day democracies we have to ask how realistic this ideal-typical distinction really is. Has not the state placed itself too firmly in the camp of economic capital, thus long since abandoning this separation hoped for? Or put a different way: don't we recognize in the measures of the state, taken or not taken, the extent to which this separation is still successful? How does the state limit extreme wealth on the one hand, in order to prevent the formation of a separate and political influential economic elite, and invest in education or systems of social security on the other, in order to be able to preserve equity of opportunity and relative equality in the society as a whole? This is a central question that in the present is not answered to the benefits

of the many. If Habermas until today can help us to understand the wishes of a critical theory and ideal-typical democracy, the capitalist reality draws quite a different picture. We would be happy if the state would at least start to regulate a little more in the direction of equal opportunities.

*Income, poverty, and the role of the middle class*

Against the backdrop of the previous analysis, I now turn to analyzing several essential basic phenomena of the current style of life that are important for economic capital and social intercourse as well as for their effects on society. Several studies have shown just how important these basic phenomena are. For example, Bruno Frey and Alois Stutzer, in their work “Happiness and Economics” (2002), distinguish income, employment and unemployment and inflation as especially relevant categories for characterizing the satisfaction of people in regard to their economic conditions. In other studies, residence is deemed an important factor for satisfaction in life, as well as the opportunities for social mobility (upward/downward scenarios) in their relations and education (which I examine separately in chapter 6). However, opportunities for consumption should be especially mentioned as measurable indicators of well-being. Deriving from this are also opportunities for freedom (choice of education, occupation, job, provisions for health and old age, security for the family, legal security, etc.), viewed by individuals as especially important in liquid modernity, and which on the social side point up the entire tendency of development and economic justice of a given society. Although all capitalist societies today display similar basic tendencies of development, the differences between countries when it comes to details are quite substantial. These are heavily dependent on the scope and success of state regulations. Arguably, one basic thesis is that societies oriented more to equality than inequality (bound up with deregulation of the actions of free market forces) offer the majority of their citizens greater and more just opportunities (see Wilkinson/Pickett, 2010).

In 1930, Siegfried Kracauer published a kind of report on white-collar employees (cf. Kracauer, 1998), in which along with the proletariat (low-income stratum) and entrepreneurs (high-income stratum), he described a new and spreading type of work and dependency, the middle class. He gives a construction that seeks to evaluate data in a plausible way; it does not regard reality as a static reflection of relations that are naturally so or must remain as they are. As observers of economic realities, we combine empirical studies with our interpretations, and that is how Kracauer began his novel narrative on the changes in work within capitalism, a study arguably still relevant today. With great foresight, he described the individual deployment of economic capital of the middle class. Based on his observations, in the splitting of society into those who accumulate economic capital, and those who only hire themselves out as wage laborers, a group arises in the middle, possessing modest

basic property, shops, or a trade. Only in rare instances can this stratum accumulate economic capital in greater amounts and thus shift to the side of the entrepreneur, its members often live more in self-exploitation, and under the constant threat of descent into the proletariat or into poverty (see Castel 2003). Some become white-collar employees, who sell their labor for wages, and appear in a better position than factory workers, although in so-called “employee halls” they work in a rationalized form of the assembly line, as Kracauer thought. The seemingly better positioning than the factory workers is the constant illusion of the white-collar employees, and they gratefully put up with exams for advancement or to demonstrate qualifications in order to ensure their status. They see themselves as part of the middle class, and although they do not accumulate their own economic capital, they take over the mentality of a “just-minded” capitalism, in that they have faith in chances for advancement. However, Kracauer underestimated the power of differentiation operative here, because he ascribed rather exclusively a false and illusionary consciousness to the white-collar employees. Thus, he was able to discern how the employees, especially executives, gradually emancipated themselves from the other workers. In particular, in many such white-collar employees, he saw numerous forms of the formation of cultural capital in the sense as it will be differentiated in chapter 4 below.

Using vivid examples, Kracauer also illustrated the new world of the white-collar employee, and allowed their voice to be heard in documentary montages: the disillusioned salesgirl, the cynical employee representative, the department head removed from reality, or the melancholy judge. His view can be generalized: the white-collar employees frequent the cinema, museums, participate in cultural life, and develop a bourgeois habitus. They seek the sparkle of the upper class, but they reflect too little on their own situation. The absurdity of the white-collar employees consists principally in the fact that by their own actions, they bring forth that technocracy that not only controls other workers but also transforms themselves qua employees into victims of a rationalized and functionalized system. Even if one day they may be so positioned to intervene with power in the structuring of work processes or can advance to manage entire plants, they may find themselves the next day jobless, as Kracauer observed, standing in fear and trembling before the consequences of a system that they themselves had a clear and active hand in creating.

In contrast with this classic analysis from 1930, today we must recognize that these white-collar employees have now become a far more heterogeneous group. The great mass of this middle class tends to be relatively impoverished vis-à-vis groups becoming ever richer. Nonetheless, a limited number of managers, although they are not capital investors, earn a fortune that permits them to shift to the side of accumulated economic capital. Seen realistically, the masses must recognize that their relative position (measured

against relations of possession as a whole) has worsened in recent decades. But this differs in industrial countries. In the U.S. for example, the average income is far greater than 30 years ago if the possession of money as a whole is divided by the number of residents; yet if the uppermost stratum of the super-rich is left out, then it is evident that the income of the demographic of 30-year-olds today is clearly lower than that of their parents 30 years ago. As argued above, the gulf between rich and poor has become typical for capitalism.

Most people in the OECD countries are in the middle-income group, but the size of the group has decreased and the share in income has fallen recently:

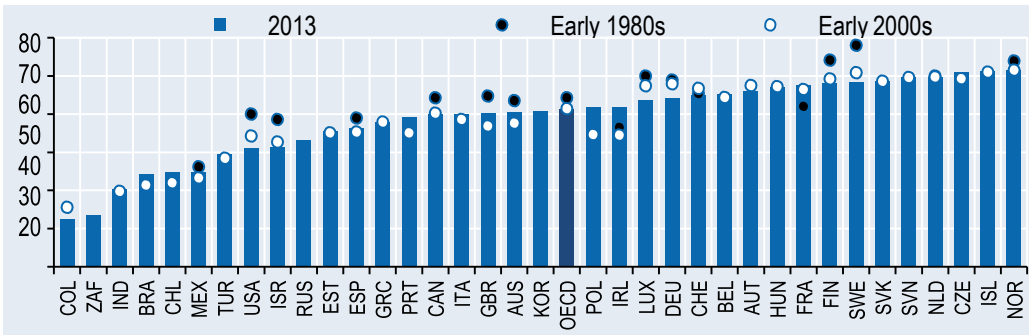


Chart 6: Most People are in the Middle-Income Group in OECD Countries (but share has fallen in many countries), OECD (2016, 4)<sup>1</sup>

Poverty is an especially big topic in the industrial countries because the increase in relative poverty has occurred simultaneous with an increase in the breath of employment, especially as a result of a change in gendered employment patterns: far more women in the workforce. This actually should have led to an opposite effect. The inequality in pay between high income, middle income, and low-income levels is quite substantial. Many find one fact incomprehensible: even households with double earners can scarcely build up a savings reserve. Yet at the same time, gigantic sums of capital circulate around the globe, appearing to increase their amount even beyond labor through speculation, derivatives, short selling, stock options and other opaque transactions.

<sup>1</sup> "Note: Incomes groups are defined by population share with equivalized household disposable income of below 50% of the median (Lower), 50- 75% of the median (Lower middle), 75-200% of the median (Middle), 200-300% of the median (Upper middle), and above 300% of the median (Upper). Source: OECD Secretariat's calculations."

If we take a closer look on the middle and low incomes in OECD, differences between countries are very big:

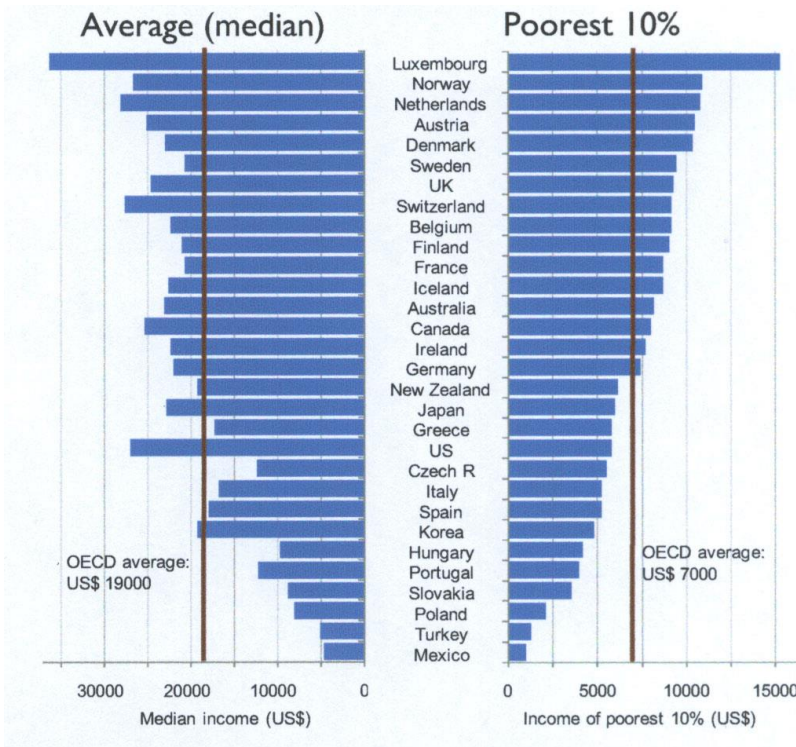


Chart 7: Low and Middle Incomes 2005 in OECD (2008)

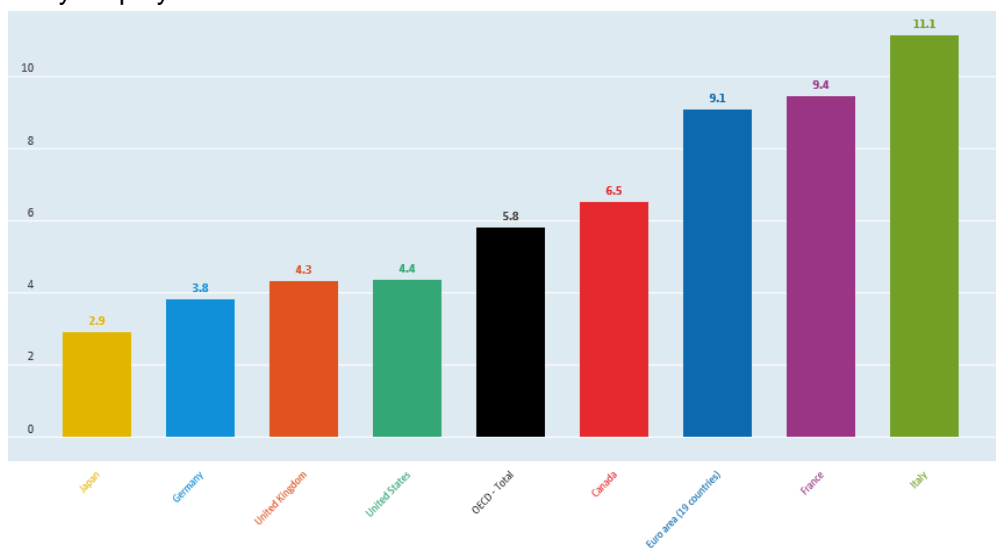
The poorest 10 percent have an average of US \$7,000 or less, with Turkey and Mexico far below that, and Poland not much better off. But it is also evident that the poor in rich countries are not always better off. If you compare the United States with Sweden, the poorest 10 percent in Sweden have an average income 1.5 times x larger than the poor Americans. New and actual data are provided by <http://wid.world/>, the world inequality lab initiated by Piketty and others.

Capital appears to have become independent and taken on a life of its own, circling around itself, circling in supply and demand, increasing as if in a chain letter scheme, until the last in line has to pay the bill. Since states through their tax revenues bear responsibility for keeping their economies running, it is certain that the broad masses always belong among these last ones in line, in the metaphor of the chain letter. At the same time, it is becoming ever more difficult to fathom the processes underway. Here the discourse of economics has drifted into incomprehensible jargon, seeking to name the

always new speculative transactions of mutual expropriation, cheating, and veritable daytime robbery (grasshopper, bubble, selling short, currency risks, subprime crisis, rating agency crisis, etc.). The structural conditions of this new capitalism appear like a kind of fate impossible to change, and the interventions by the state seem barely transparent in recent crisis interventions with their local and transnational bail-outs. On the other hand, one may observe that the middle class remains quite satisfied with its situation, to the extent that large segments of this stratum enjoy a similar consumption status, and can still see some distance between themselves and the poorer strata on down below. That is how relativism in economy works, looking at the gap between rich and poor you realize that you become less and less, looking at the strata below it seems to be enough.

### *Unemployment and concern about jobs*

For all those dependent on wage labor in order to earn a livelihood, finding and maintaining a job are quintessential. The rate of the unemployed is a social indicator of the prosperity and dynamism of a market economy. This rate designates the percentage of the unemployed in the total number of civilian working population, i.e. individuals who were already at some time gainfully employed.



*Chart 8: Unemployment-rate 2017 in G 7. OECD (2017)*

That rate is a statistical construct and we must look carefully to see what groups of persons not working fail to be included here, even though they are out looking for a job: such as youth who have never been employed, pensioners who need to earn something extra to supplement meager pensions, and many others that fall out of statistics. For example, the jobs figures in



Germany are especially deceptive since there is a substantial hidden unemployment. This includes, for example, jobless individuals who are older than 58, work less than 15 hours a week, people who have one-Euro jobs—the state helps them to get self-employed—or just can no longer be handled by government labor placement bureaus. With unemployment in 2017 believed to have been more than 2,76 million, the size of this group is estimated to have been some 1,0 million at the same time. The unemployment rate in Europe is on average 9,1 percent, very high, a rate that has held fairly steady over a very long period with slight fluctuations. This rate contains an oversupply of workers, leading to a situation where wages are under constant pressure. In addition, in capitalist societies, there are more and more low-paid part-time and temporary jobs, which on the whole indicate a drift among larger groups of the population toward the poverty level.

Corresponding with this development is a certain mentality among workers, marked by great concern about losing their job (in all wage groups). Even among the employed over the age of 60, many fear they could lose their job, with associated economic and social consequences. That is conditioned by relatively low pensions among many who have to retire early or have opted earlier on for problematic private pension schemes. Even harder hit are the young who must first enter the labor market. Repeatedly discussed is the question: could or should the government influence employment, and if so, to what extent?

The gap between rich and poor, if it continues to widen, will lead to a serious problem not only of increasing differences in society and associated conflicts over issues of justice, but also in regard to the lack of consumer demand in the broad masses, and thus a problem for the sales markets. One instrument for counteraction would be the minimum wage so as to forestall a downward drift of wages that can decline to the very threshold of social welfare benefits, since then those who work under certain circumstances receive the same or less than people on social welfare. Another instrument would be integration aid to return to the labor market. Such aid is especially useful if it can be linked with an increment in qualifications in demand in the marketplace. Those industrial countries grappling with a seemingly unavoidable unemployment of several percentage points (in the current state of capitalism this has long been a common feature) could take steps early on through expenditures on education to ensure that as many young people as possible gain good broad qualifications. They could take better preventive action than those who put their trust in free and non-regulated markets. Investments especially in education and training also pay off over the long run. That is described in more detail in the chapter on learning capital as a successful strategy.

*Minimum income and satisfaction*

If we summarize the possibilities open to the state in regard to the social utilization of economic capital, we see a requirements profile reflecting a contradictory position that is not easy to resolve. The profile is marked by a multitude of factors, including variables from capitalist private production of goods and services, local differences, and simultaneous global pressure on economic activity. Moreover, we know from numerous studies on satisfaction and people's desires for a happy life in recent decades that no one has to be millionaire in order to be happy. Satisfaction depends on several factors; in questionnaire surveys it clearly rises with level of income. But happiness as the emotional experiencing of joy, good social relations, and a fulfilled life is not associated with an especially high income. There is no such thing as a happiness that you can buy with cash and thus a level of joy that is totally capitalized. But people need a minimum of income and legal certainties in order to be satisfied and happy in the broad mass. Kahnemann and Deaton (2010) proposed the thesis that a household income of approximately 60,000 Euros (then equivalent to US\$75,000) marks a level that can show a relevant nexus between satisfaction and happiness. Above that level there is scarcely an increment in happiness, as questionnaires reflect, but below that level significant restrictions in one's sense of well-being can emerge. That is particularly true when there are negative contexts in regard to family, health, or joblessness. Then people may feel something is far more serious or damaging to health than when there is a higher income or existing savings in the bank. By contrast, the researchers found empirical evidence suggesting that poverty substantially intensifies the negative effects in all spheres. It leads not only to more powerful feelings of unhappiness than in comparison groups but actually also eventuates in poorer health and shorter life expectancy, as well as less recreation on weekends and higher levels of stress on the whole.

*Participation in consumption versus maximizing of profits*

In a capitalist system, the topic of equity of opportunity will always find difficulties of realization on the economic side. That is because economic opportunities are already always (pre)distributed to an extent, and have a fundamental link with property rights. Nonetheless, the majority in democracies can seek distributive justice that they can implement politically. That holds especially for the broad middle class. Many workers have advanced into this stratum. But in the last decade the stratum below is growing, too. Even if people live in relative prosperity, they remain without larger amounts of economic capital. Very often the middle class is threatened by unemployment, perceived by the great majority as individual bad luck or individual failure in the job market. Whoever has a job in developed capitalism can insist on fewer hours and more free time compared with the earlier situation 50 years ago, but that is bound up with more intensive work during working hours. It is

recommended that all persons make use of an individual precautionary measure: namely to increase their learning from early infancy on in order to find the best possible qualified places in the competitive struggle. Yet that does not protect a person from companies that go out on global treks in search of cheaper qualified or the cheapest unqualified workers, wage laborers who increase their profits. To that extent, concern about keeping one's job has been heavily individualized and shifted in the main onto the shoulders of the workers themselves. If someone loses their job or never finds one in the first place, the short path into poverty looms. The state is burdened here with additional expenses which it recovers from the taxpayers, who in the majority are workers, by means of redistribution. But the factual situation is quite complicated. In its orientation to profit, capitalism requires mass consumption in order to sell its goods and services. Such consumption only appears achievable if large masses earn sufficient money to spend. To that extent, there is a delicate balance involving the interest in profit of economic capital, which wishes to lower its costs for labor (and everything else), while at the same time—by means of ever more costly expenses for marketing and advertising—it attempts to sell its goods to those whose wages (in their own area) are to be pared down as much as possible in order to economize. This balance can only succeed (see Stiglitz 2010) if

- full employment (to the degree possible) is reached with economic stability in market functioning in order to keep consumption demand at a high level,
- innovations are constantly promoted so as to spur demand for new products and thereby to create new jobs and extract new profits (further rise in the prosperity of as many as possible, increase in environmental protection, ensuring a secure future),
- social security and comprehensive insurance protection are guaranteed in order to protect the sphere of the workers and be able to provide qualified workers available for the labor market,
- rigid forms of exploitation with socially unacceptable consequences are avoided, such as cheap wages, part-time work or firms for temporary jobs that have increasingly appeared on the scene; that is because otherwise itself, capitalism renders its possibilities for utilization (sale of goods) more difficult or impossible.

If we see this overview as a summary of important aspects of the social relevance of economic capital, we can say that the state in particular is called upon as a regulatory agency to introduce measures that effectively combat the dangers. The greater the proportion of people whose economic situation in comparison with others leads to their exclusion from large areas of consumption and patterns of living regarded as decent and humane in their culture, and the greater their satisfaction is also endangered, the more critical

this may become for social development. That is because the division of society in this way can eventuate in damage to all. This always holds for the economic consequences, because the more people are excluded from active consumption, the more difficult this becomes for the total capitalist market, which is dependent on buyers in order to be able to realize its profits at all. A regulatory state appears necessary, at the very least, in order to keep open future options for those who by accident of birth found themselves, in the very unequal circumstances prevailing in their society, in milieus that were precarious or distant from education. Such regulation can come about through instruments such as minimum wage, an adapted regulation of labor markets, legal securing of educational opportunities and their concrete practical implementation through promotion and inclusion, and through well-functioning social security systems under state control. But this will not occur on its own, since the economic interests will regard the associated costs as a reduction of their profits. So, the type of regulatory mechanisms is dependent on political factors: namely how people as voters behave, in solidarity with one another or in disagreement.

In democracies, there is a primacy of politics over against the state; it must be struggled over and fought for by the majority (see Mouffe, 1994). Here the essential task is to interest as many as possible in the forms of capital so that they act and become engaged in their own interest. Only through this politicization and political movements can there be success in setting into motion the state measures and regulations geared to increasing equity of opportunity.

## 2.4 Individual Use of Economic Capital

### *Capitalizing of individual action*

People like to see themselves as individual and unique; in capitalizations they are always in comparison with others. Only the person who possesses capital individually will obtain initially the opportunity to produce goods and services in exchange for wage labor, or provide products according to supply and demand, to create one's own surplus value strategies and to acquire surplus value. Whoever owns capital individually also possesses potential social power in order to represent and implement his or her interests over against others by means of money. People in capitalist societies know how that functions in everyday action, because dependent employees have always understood that their hard labor is an essential foundation stone for the wealth of the capitalist employer. If they are jobless and forced, for example, to launch some small-scale business, then they quickly learn that entrepreneurship pays off only on a larger scale: namely if a firm can employ as many wage laborers as possible and appropriate their surplus value (beyond the self-

exploitation of one's own labor). Or they see that their activity has to show a special use value in order to succeed in the marketplace within the competitive struggle of supply and demand and the other surplus value strategies. However, most also see that there are big differences in wages and incomes, determining what their competition is. If we take the functions of surplus value as earlier described in connection with economic capital and its increase, these can also be related to the special forms of wage labor. Chart 9 points up the prerequisites for extracting individual profits:

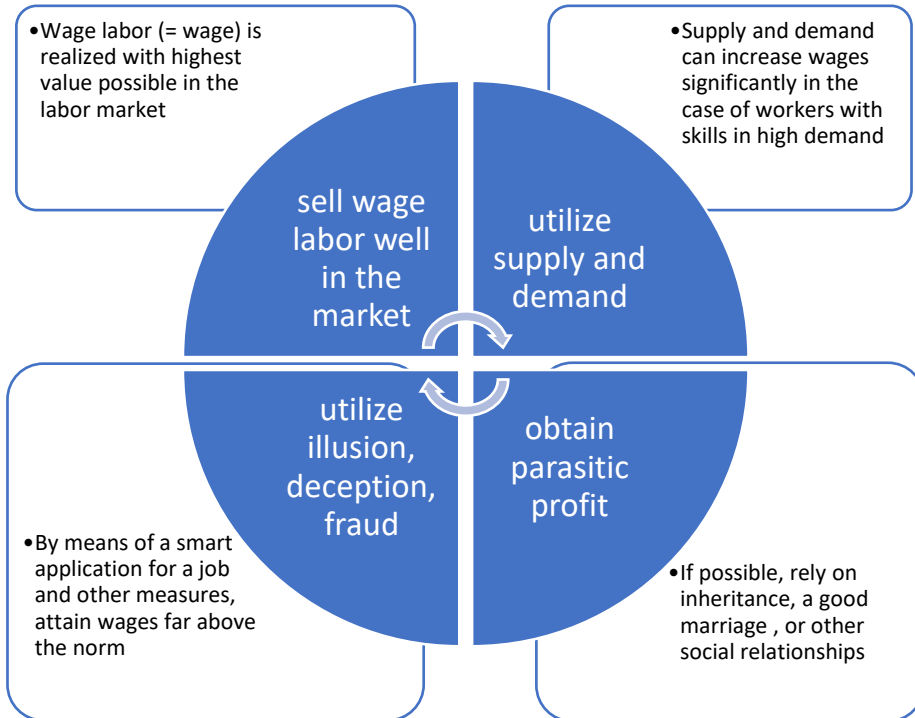


Chart 9: Forms of Surplus Value through Wage Labor

First of all, it must be in every worker's interest to get the highest possible value for the labor time expended. As a rule, this requires a high level of preliminary expenses in order to develop favorable prerequisites in competition for jobs or positions and to increase one's own wages or income. Such preliminary expenses involve education and training (learning capital) as well as social, cultural, and also body capital (see the next chapters). In a situation of competition, the market decides on opportunities. Even if in capitalism it is generally argued that capitalists in particular face a high level of risk through the deployment of their capital—which, if successful, is rewarded by special profits—the risks of the workers are also quite significant. To be sure, every

kind of qualification is initially an opportunity to gain a special job with a higher salary or wage or one's own income more independently. But at the same time, many different occupations prove now and then to be one-way or dead-end streets, this despite people's hard-earned qualifications. Along with possible advance and upward mobility, they can often lead to decline or even eventuate in redundancy, leaving a person jobless.

Wages and income are heavily dependent on market-related use values. With regard to economic capital, capitalism demands that competencies or specific use values be developed in concrete labor qualifications. Even the wage laborer who creates surplus value for a firm while working for a low wage must invest beforehand in her or his labor in order to be able to obtain a low-level wage through a certain level of skills in communication and cooperation. Consequently, the wage laborer has to employ professional skills and qualifications in order to hold her or his own in the market in the struggle and competition with others. In independent professions as well, people must offer goods or services of a specific quality in the market—and with corresponding preliminary expenses—in order to achieve an income that provides something more, a surplus, over the costs invested. The capitalist also expects gains, profits, but his point of departure is capital that already exists. Important for every individual in capitalism is the fact that in economic actions, there is always a difference between costs and use in the framework of competition. Capitalism draws its high level of effectiveness from thinking in terms of this difference. It is elementary—and evident to people in their actions—that they are acting, standing in comparison and competition with everyone else, under the canopy of such differences (that can be described by means of the four forms of surplus value).

For Marx, a special problem in describing the capitalist process of production and use was to adequately analyze the hierarchical stratification with different wages of ordinary, higher-skilled and senior management-level workers within the binary of capitalist and proletariat. This has been intensified in contemporary capitalism to a point where in shareholder value, the higher-level capitalists are generally themselves only employees of the firm, and thus working for a wage, even if their salaried income is 40x, 100x, or even more that of the wage laborers in the company. The kind of analysis of action that I suggest makes it easier to comprehend these forms of capitalization. In other words: surplus value is not only generated according to the pattern in chart 2 (p. 68); rather, it is so deeply rooted in the economic actions in capitalism that it is also present in many intermediate positions. As I have described, this becomes immediately evident when the concept of surplus value is seen as a difference between various forms of surplus value. Even if people do not talk much about surplus value, they are quite aware of the difference between expenditures and returns or proceeds. In everyday descriptions, this difference is measured in terms of the wage/income obtained, and such wages or

incomes are heavily stratified. With their actions, individuals have more or less influence on the position and rung upon which they stand in the economic pyramid. After all, capitalism also means behaving in a capitalist manner—and this extends down into the lowest strata of society—by taking preliminary measures, investing in costs in order to extract respective personal gains in competition with others. It is the struggle of all against all, which Marx wished to eliminate through his binary of work and capital that should be transformed into a class struggle to overcome capitalism. But down to the present day, the development of capitalism itself has shown that even given the widening gulf between rich and poor, this image did not suffice to mobilize the masses over the longer term to think in terms of such a dualism. This is bound up with an evident fact: down to today, at least in the advanced capitalist economies, it is clear to individuals that they can acquire and accumulate and bundle their own forms of capital (not just in the economic sphere), which allow them the possibility of living at a certain level of prosperity, with a latitude of freedom for planning their own lives. Acquisition of their own forms of capital (economic, social, cultural, body, learning capital) is recognized and construed as freedom to be able to orient oneself and move in the market as an individual, to have a hand and say in determining their own income. The feeling of freedom they achieve is often more important than the economic realities in the objectified comparison with others.

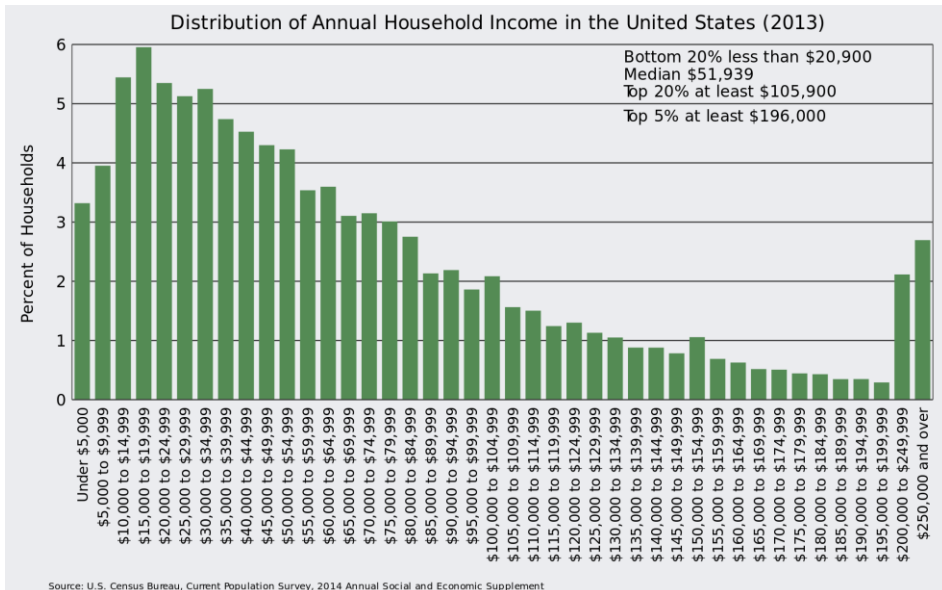
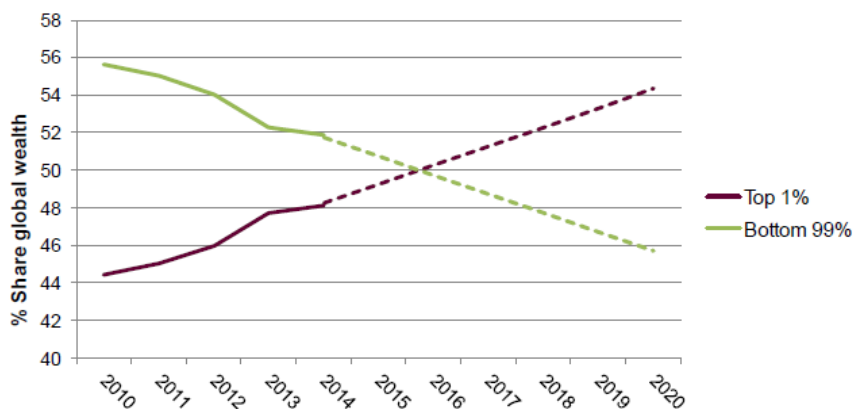


Chart 10: Distribution of Annual Household Income in the US (2013)

The chart does not show how the very rich get richer. Here the group of Piketty and others provide actual data that prove that the richest 1 percent already nearly owns the half of the global wealth. Oxfam analysis in a report: “Since 2015, the richest 1% has owned more wealth than the rest of the planet. Eight men now own the same amount of wealth as the poorest half of the world. Over the next 20 years, 500 people will hand over \$2.1 trillion to their heirs—a sum larger than the GDP of India, a country of 1.3 billion people. The incomes of the poorest 10% of people increased by less than \$3 a year between 1988 and 2011, while the incomes of the richest 1% increased 182 times as much.” (Oxfam, 2017,2)



*Chart 11: “Share of global wealth of the top 1% and bottom 99% respectively; the dashed lines project the 2010–2014 trend. By 2016, the top 1% will have more than 50% of total global wealth. Share of global wealth of the top 1% and bottom 99% respectively; the dashed lines project the 2010–2014 trend. By 2016, the top 1% will have more than 50% of total global wealth.” Oxfam (2015, 2)*

If we look at net income in connection with social position as illustrated by the example of Germany in 2008, we see in chart 12 that such income is highly stratified in terms of professional groups. It is clear from the example of net household income that along with those who have no occupation and have for the most part disappeared from the labor market, factory workers in particular and lower-level white-collar employees, have fewer opportunities for earning a living. This is quite similar for distributions up to today and in other countries. If measured in terms of a satisfaction potential of ca. €75,000 annually in household income, the greater masses are far below this aim. In the affluent societies, it is true that in phases of boom, there are increased opportunities for the masses as well. But such periods are limited, because global



capitalism distributes prosperity under conditions of competition. What sufficed yesterday is not enough today in order to secure profits and maintain jobs.

Monthly household income in €				
Occupational position of the main wage earner	under 900	900-1,500	1,500-2,600	over 2,600
	proportion of households in %			
self-employment	7,7	14,7	26,0	51,6
civil service worker	0,7	4,4	26,4	68,6
white-collar employees	6,4	20,2	34,8	38,5
factory worker	9,3	24,1	44,3	22,3
no occupation	21,3	36,1	31,8	10,8
Total	14,7	26,0	33,1	26,2

*Chart 12: Household Income (net) According to Social Stratification in Germany (based on Statistical Federal Agency, 2008, 146)*

What we will learn from the chapters following, whoever wants to plan his situation with economic capital individually is advised to initially accumulate sufficient learning capital in the form of education and training, as well as social capital in the form of networks or connections, in order to open up basic opportunities for personal advancement. Especially those individuals who want to achieve a higher income must switch to areas of qualified professional activity. That insight has always been presupposed in the capitalization of society. It has indeed entered everyday consciousness. No one doubts that it is sensible to acquire one's own forms of capital. At best, some have doubts whether this can actually succeed, i.e. they view with skepticism the individual obligation to perform. There is always the tension between what I can and what I should do.

In this connection, distribution is highly differential. Decisive first of all for one's economic position is participation in the labor market, because whoever departs from wage labor often ends up through joblessness or old age in a difficult situation and can no longer participate sufficiently in consumption in

the affluent society. Furthermore, in capitalism all learn that it is sensible first to achieve a job, where possible, in more highly qualified professions. Then, at higher levels of income, to start saving: for the children’s education, for eventual bouts of unemployment, for illness and old age. At the same time, one and all are caught up in a struggle of comparison, arrayed one against the other. In keeping with cultural expectations, they strive for a suitable standard of living. Saving is quite ambivalent as a need in such a vortex of competition. In capitalism all also have to know that expenditures to spur a thriving economy are more important than savings. To that extent, the messages directed to individuals in capitalism are always ambivalent: save as much as possible yet go out and spend even more!

Capitalism is to the core oriented to goods, a materialistic society in which a person always appears at a disadvantage relative to others in comparison of possessions, income and expenditures, and looks for some equalizer. Individual satisfaction cannot relate solely to individual consumption, what you can spend—but must always take what the others can spend into account. To that extent, one’s individual position is always determined in relation to others.

The population can be readily stratified in terms of levels of income. For example, the figures for the United States indicate the growing gap between the many with less and the few with more:

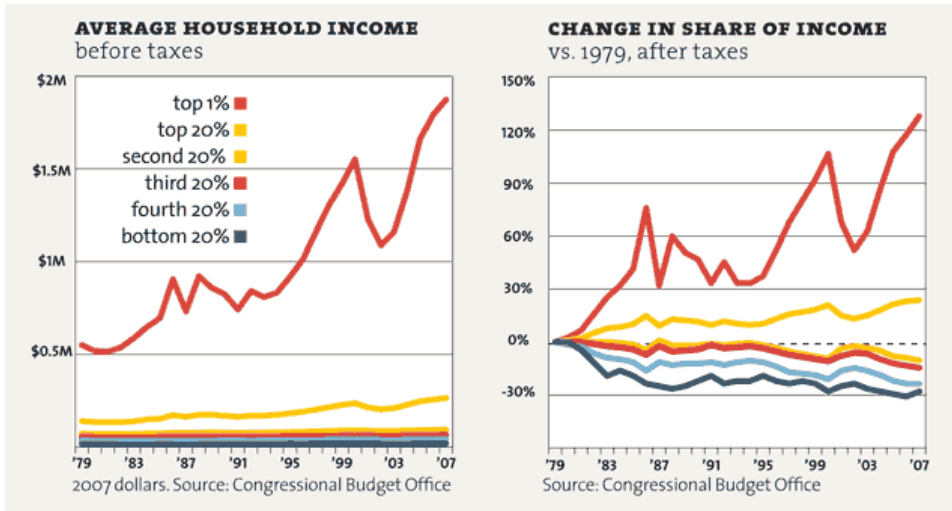


Chart 13: Average Household Income in the US 1979-2007 (CBO)<sup>1</sup>

<sup>1</sup> Timothy Noah: Mind the Income Gap. Source: <http://www.motherjones.com/media/2012/04/timothy-noah-great-divergence-interview/>.

In regard to economic capital, every individual must situate himself in his own biography. Actually, he would have to seek out the occupation that has the best prospect for a good salary and workplace security, over and beyond individual personal inclinations and interest. But precisely that has become difficult, since capitalism has become ever more dynamic. Today scientific-technological progress is moving forward by ever anew leaps and bounds. Consequently, the individual needs at least a very good basic qualification in order to cope with these challenges adequately, even in an initial approach.

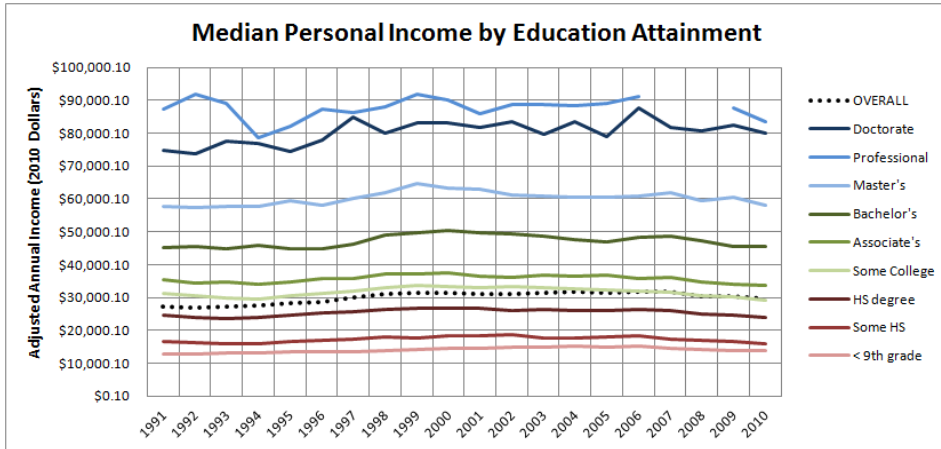


Chart 14: “Historical median personal income by education, from 1991 - 2010, using Census Data P-16, Educational Attainment—People 25 Years Old and Over by Median Income and Sex. Wages are adjusted for inflation in 2010 dollars.” Source: [https://en.wikipedia.org/wiki/Personal\\_income\\_in\\_the\\_United\\_States](https://en.wikipedia.org/wiki/Personal_income_in_the_United_States)

Internationally countries differ: in Scandinavia, there are fewer poor and more higher-level strata, in the United States poorer than in Germany, but also more of the very wealthy. Worldwide, the figures show that higher levels of affluence are reserved only for a very small group. Nonetheless, scenarios of upward mobility are specifically integral to the myth of the middle class. If Germans are asked, for example, how one achieves wealth, the following factors are mentioned, given in chart 15.

What are the salient factors for acquiring wealth?				
Factors in %	very often	often	sometimes	rarely/never
relationships/ connections	35	47	13	5
starting positions	28	52	14	6
abilities	18	50	22	11
economic system	18	36	26	21
dishonesty	16	36	27	21
hard work	15	38	24	24
luck	7	22	33	39

*Chart 15: Perceived Reasons for Acquisition of Wealth in Germany. Data from German Government (2008, 29)*

The key reason, namely the already existing possession of economic capital, is excluded here, even if it is indirectly contained under the categories “relationships/connections” and “starting conditions.” The categories “abilities” and “hard work” are assessed quite highly, even if engineered illusions (“dishonesty” and “luck”) also are deemed fairly influential. A study by Hertz (2006) shows that for the U.S., the probability of a child from a poor family rising to the upper 5 percent of the society lies under 1%. By contrast, a child from a wealthy family lower than the 5 percent has a chance reckoned at some 22%.

*Unequal starting positions determine the realization of use values*

Along with income, a decisive role in being able to advance up the ladder at all is played by factors such as place of residence, education, migration background, and ethno-cultural origin. African-American children have fewer opportunities than white children from the same income groups, and this with double probability. In addition, education is also decisive, but it is likewise heavily dependent on level of income.

A longitudinal study by Bernhardt et al. (2001) had the following findings: At the beginning of the 21<sup>st</sup> century, the dream to be able to rise through hard work has come to an end. In comparing the job situation of 5,200 males aged 16 and older, they found that the greater majority face job uncertainty. Especially as workers grow older, the risk of losing one’s job is a major risk factor in all capitalist countries. It was also found that staying at one’s job longer-term in an initially secure position was a dangerous strategy and remains so, because almost no enterprise can guarantee long-term employment. But frequent changing of jobs with associated hikes in pay can also prove a path of trial and tribulation by no means guaranteeing more secure success. In comparison with the American middle class of the 1970s, the study found that by workers were in their mid-30s, job instability had nearly doubled. At the same

time, the prospect of rising to a level of comfort and prosperity among those just setting out on a career had dropped to 40% of the successful. When people lose a job, even those well qualified often land up working in a retail shop or in the service industry where wages are regularly quite low.

College degrees likewise are no longer a safe guarantee for getting a better job. Only certain branches profit for a limited time from an economic boom. The gap between small incomes and large ones is huge, but high-income levels also have no guarantee that they will last. The study at university of certain subjects, such as fields in the humanities and social sciences, often lead to the low-income sector.

Even if on the whole inequality is rising, double incomes in many families served to compensate and prevent decline into poverty. But this added burden necessarily led to changes in family structures and a heavy burden in particular on households with children.

This study is representative of many with similar findings. Despite the development of relative prosperity in capitalism, for a large number of the upwardly mobile, it is hardly possible to amass adequate economic capital. By contrast, it is necessary to build up sufficient savings for one's own security in the case of job loss or illness in order to offset economic risks with their impacts on one's job situation. Yet even such savings, for many a dream unattainable, can be endangered as a result of financial crises.

Given the real relations in income and subjective ascriptions, we may well ask: to what extent are economic models of stratification at all realistic in regard to the individual reflection of economic capital? How can such models help a person to clarify their own economic position in the society? As stressed, the classic contrasting of proletariat and capitalist has shown itself to be too simple in the recent development of capitalism. But this does not mean we should conclude that there are no longer social differences or class relations. Crouch (2011), for example, notes critically: many are convinced today that social classes no longer exist, but that is not in keeping with the actual relations in society. He argues that whereas in earlier eras in non-democratic societies, class privileges were openly displayed with pride and arrogance, today there is a simple exaggerated denial that those better off enjoy privileges or that social hierarchies (which appear very solid) really exist. Social analyses continue to show that on the one hand, there is a liquefaction of social relations, a more fluid society, which are harder to describe in terms of clear classes and strata. On the other hand, over against this fluidity there stands a stable social inequality, leading to a constant relation of tension. In this field of tension, a new economic question has arisen regarding who belongs (inclusion = people having a job) and who is excluded (exclusion = individuals who find no access to gainful employment). Another question involves the validity of the concept of the allegedly middle class—because economic stratification today, i.e. the gap between rich and poor, is continuing to

widen, this earlier large group is downscaled as can be readily observed. The masses here struggle for internal differentiation, with low, middle, upper middle and high levels of income, and yet are still far removed from an economic capital that represents “real” wealth.

The variety of categories suggested to help describe the stratification of society, often stress constructions oriented more to social, cultural, body, and learning capital, because economic capital as a line of differentiation no longer suffices to give a broad enough description of the differences between people. The subsequent chapters will examine this in greater detail.

In regard to income as an economic relation, I wish here also to discuss the theory of Robert Erikson und John Goldthorpe on service classes and class mobility. They determine characteristic features interesting for an individual perspective on economic capital on the basis of a description of the social class position of individuals according market position and labor situation (Erikson/Goldthorpe, 1992).

In fundamental terms, the authors identify three fields of activity in capitalism: 1) employers with means of production, who purchase labor, 2) independently employed, 3) workers who sell their wage labor to employers. But these three basic groups need to be differentiated. Thus, for example, employers are distinguished by the size of their firm and perceived functions. It must be clear here that the property of employer as a function does not necessarily have to include ownership of a firm. In the case of workers, it is important to recognize that the type of regulation of the employment relation leads to a differentiation by means of work contract and expected behavioral outputs achieved. In the classic labor contract, sufficient for normal jobs, a person is employed to work x number of hours. A specific and generally concretely describable work product is expected and controlled, and exchanged for wages. In a service sector job relation, however, this looks different. Here there is stress on individual initiative, engagement, and a high level of responsibility (executive employees, senior civil servants); the worker, not supervised by a system of control as in the classic labor contract, can function himself as employer-employee or assume other forms of delegated authority. The employment relation of the upper-level service classes is shaped by a relation of loyalty, associated with opportunities for advancement, higher salaries, advanced training, etc. The service classes are in a hierarchy based on accorded and given functions. This is interesting for an economic analysis of action, because whether or not one follows the schema of Erikson and Goldthorpe, de facto every worker is inscribed in a wage table according to cost category when they enter upon employment. In this connection, the specifically expected respective activity and function is interpreted in line with criteria that determine more or less precisely the expected work performance, but, in every case, designate concretely the economically achieved remuneration. Here it is always favorable already at a preparatory stage—i.e. before

training to work in specific areas—to look at the existing tables and remunerations, since they are not only assessed after the expenditure of the preliminary expenses of those seeking employment (in line with high level of education = high pay), but are always also dependent on other factors, especially supply and demand. One can conclude from the diversity of the very different groups of independently employed, civil servants, executive employees, workers in profit and non-profit areas with very different set objectives and tasks, that this variety, diversity of interests and contradictory nature of expectations at the same time also condition the possibilities for reflection on one's own economic situation. All these groups press for inclusion in the labor market. When failing, they do not experience this as a structural power but rather often subjectively, as their individual fate and personal ill fortune (see also Crouch, 2004).

If we return to chart 9, then attention should be given specially to supply and demand along with qualification for wage labor. What is true for commodities in the market also has salient importance for the commodity labor that is dependent on wage labor or independent income. Earlier, people could learn a profession or trade in their younger years and hope to stick with it. Nowadays it is becoming ever more necessary to work out a basic occupational profile that can open up high-quality possibilities for job change. Basically, what becomes evident is that a very narrow training for an occupation can be highly restrictive if economic conditions and job market realities change. Before engaging in any post-school retraining and re-qualification, today it has become important to gain an overview of occupational opportunities and risks in comparing what job offers are out there.

In this connection, engineered illusions, deceptions, and at times even fraud play a quite important role on the side of the individual in the competitive struggle for jobs. People engage in marketing their own labor as a commodity, particularly in the competitive struggle, analogous to the model of trying to solicit buyers for products: often more is promised than can be kept. The flood tide of certificates for good grades and earned certificates leads to attempts to deceive and even to forge diplomas and degrees. Such self-marketing as wage labor does not always have to be an intentional distortion of one's abilities. However, in the general struggle of all against all, a substantial amount of self-exaggeration seems to be presupposed so as to call attention to yourself as commodity. Ever more rigid procedures for hiring, using tests and assessments, provoke such engineered illusions, as applicants seek to distinguish themselves from competitors. Yet the companies also often bluff applicants with offers of promising positions that turn out in practice to be embellished and inferior.

Viewed against this backdrop, parasitic gain through inheritance or strokes of good fortune (such as a favorable marriage) appears as an important opportunity in life. But as we have seen, in most cases (except for genuine

wealth) it involves savings that at best is suited to strengthen one's own provisions for self-security. As a rule, this can hardly serve to provide economic capital that grows significantly, from which a larger-scale economic success might emerge.

In contemporary capitalism, everyone has understood that each and every individual has to develop their own qualifications through education and training. These skills can then be utilized in the labor market or are integral to an activity such as entrepreneur, manager, etc. The fewer skills and qualifications a person has, the greater is his risk to descend into poverty. Everyone has a duty to take care of their own kit of qualifications and those of his offspring in such a way that these individuals can hold their own in the global competitive struggle and make the best of it. However, an individual's belonging to the middle class is no longer sufficient as a prerequisite to overcome precarious living conditions over the longer term. Initially many from the lower economic stratum believe it is a lucky step upward if they

- occupy a rung or level that permits them a similar level of consumption and life style as their comparison group and which shows they are better placed than some at levels economically worse off below them; in such cases, individuals with basically very low incomes and a high degree of risk for their job also feel they still are nonetheless part of the middle class, even when objective economic data speak against this;
- initially occupy a rung that is precarious but promises upward mobility into better positions in the long run (the proverbial “internship generation” in Germany, half-time adjunct positions in universities, practical training positions);
- reach a rung that is higher than those commonly achieved in their family of origin, even if the situation, viewed in realistic terms, has worsened as a result of a drop in real wages or precarious employment conditions;
- are satisfied with occupation of such rungs that are more akin to taking a defensive position than an open struggle for upward social mobility, reflected economically in growing incomes; here it becomes ever more important for an individual to consciously reflect on the capitalization of one's own life and to work out a planned approach to this as far as possible—otherwise being bound to the lower stratum forever.

I wish now to summarize several key aspects from this sub-chapter, with stress on economic capital from an individual perspective. I will expand on some select sub-points:

- *Income*: in individual terms, to ensure income long-term is only partially possible. But there are basic criteria that should be adhered to. Essential is a good basic education, with excellent school leaving diplomas and high grades, along with a professional or vocational qualification, if



possible combined with a university education. The better a person's qualifications, the greater the possible income that can be achieved, at least on average. One decisive restrictive criterion here is the choice of major subject studied, since some disciplines or professions are considered "exotic" and can result in a precarious situation for income— except in the case of unusual talents who actually conquer the market (for example, visual artists, musicians, creative spheres). Different professional fields offer different structures of income. Depending on the structure of the service classes, individuals can achieve a broad range of incomes, lower wage brackets and better.

- *Employed or not?* Persons who chose their profession or major subject at university solely according to their personal likes and dislikes often run the risk of overlooking the future reality of a concrete job. If people wish personally to prevent future joblessness, it is always sensible from an economic point of view to include in conscious planning the situation regarding supply and demand in the labor market, to the extent that is foreseeable. All occupations in high demand promise a higher income and more job security than others. But here it is also important to take the pace of change into account: to what extent as a result of predictable scientific-technological progress some activities will tend to vanish? Over the long term, activities in the primary sector (agriculture, forestry, fisheries) have undergone the greatest reduction in the course of capitalist development. In the secondary sector (industry, artisan crafts, mining), in labor-intensive areas they are stagnant or declining. By contrast, in the tertiary sector (service industries), growth has been the most marked. Nonetheless, these global profiles are of little help, because in all sectors we can see specific niches and needs that must be taken into account in respective trend analyses if the category of income is important in an individual's plans for the future. With the decline in industrial production and rise in service industries in many advanced economies, there was a concomitant diverging development in incomes. At the same time, new antagonisms arise between owners of economic capital and dependent workers, because globalization renders local responsibility for social concerns more difficult or even impossible. Capital migrates to where it can extract the highest profits, and even those employees who seemed earlier on secure from the risk of unemployment due to their high-quality skills can no longer trust in such job security.
- *Opportunities for social mobility:* phenomena of social re-stratification are appearing in the scenarios of upward and downward mobility against the backdrop of a stagnating level of prosperity in the advanced capitalist economies. Mass consumption begins to stagnate, for example, when the growth in incomes for the majority is scarcely able to compensate for the rate of inflation, even while for a small minority, incomes soar.

Scenarios of downward mobility emerge where real wages decline, while precarity rises through part-time and temporary employment, and a portion of workers lose their jobs and are excluded from the market. This form of exclusion means to become superfluous as a worker in society, to be literally “redundant,” no longer even available for possible exploitation, as Castel (2002) notes in his analysis “From Manual Workers to Wage Laborers: Transformation of the Social Question.” Castel mentions three levels or zones in which exclusion occurs (*ibid.*, 391): zone of integration, zone of vulnerability, zone of exclusion, or rather, of disaffiliation. In the zone of integration, a person may still believe himself safe. This is the state of inclusion with a paid job. In the zone of vulnerability, the insecure status of the once “secure” employment emerges. In the zone of disaffiliation, a worker is excluded, the firm where a person was employed fires an employee. Or the firm closes its doors and disappears, and social welfare enters on stage, supplanting a close bond of solidarity grounded on family, relatives, and community. In these spaces of inclusion and exclusion, social mobility finds its criteria and modes of operation. Deficits in welfare within poverty, characterized by a poor standard of living, lead to a multiple ensemble of disadvantages, consisting of low income, poor housing, and few opportunities for consumption. In this connection, a lack of opportunities also generates a sense of alienation, a feeling of worthlessness and a total lack of recognition. A compounding consequence is exclusion from the outside. Former positions of seeming security dissolve, because the middle class also contracts, descending in part into a vortex of precarity. At the same time, there is an upswing in positions in middle-level and higher rungs of employment, while lower-level jobs become rarer. New positions generate a suction of ascent up the ladder, but often this is not linked with an increase in real income. In addition, stratum-specific barriers play an important role. Yet in the new social differentiation of the middle class, there are also potentials for advancement, especially through “suitable” education, thus accumulating viable learning capital (see chapter 6). In basic terms, one can say that upward advancement via education tends to be an open path, but through the avenue of economic possessions, the gates are tightly locked for most.

- *Opportunities for consumption, housing:* economic capital can only be put to use if there is a commodity market for goods and services that are actually exchanged, i.e. consumed. Part of the strange logic of capitalism is that for reasons of self-preservation, it cannot allow the mass to sink into impoverishment; rather, it needs them as mass consumers. In his book “The Weight of the World: Social Suffering in Contemporary Society,” Bourdieu (1999) points up the hugely differential distribution of consumption across the planet. In the zone of disaffiliation/exclusion,

according to OECD criteria (a level of 60 % of median income), there are high percentages (about 10%) in the industrialized countries, with differing, country-specific increases. Significant numbers of the unemployed are the long-term jobless, particularly a great many youth and older individuals are in a holding pattern or on the runway to retirement. These groups are not just excluded in large measure from consumption but also experience this as a form of social-moral exclusion. Some 25-30% of the population in the industrial countries are in the zone of vulnerability. This has an impact on factors such as incomes, housing, family situation, health and other areas. This group continues to grow, people especially from low-income strata are being pulled into the maelstrom of its precarious condition. Contrary to the wishes of capitalism, this dampens consumer demand, a product of their weak incomes. It constitutes a homemade internal capitalist contradiction between maximizing profit of individual capitalists on the one hand, and an eye to the system as a whole on the other, which the state has increasingly also lost sight of. From the perspective of the individual, individual opportunities for freedom remain here principally in the choice of education, a profession or job, health and old age insurance, security for the family, legal security—all demands and challenges that the swirl of risks has largely shifted to the shoulders of the individual and which lure with uncertain opportunities.

In summing up core ideas in this chapter, there are basically three scenarios valid for individuals in dealing with economic capital:

1) *Scenario of ownership/possession*: a person who wishes to gain economic capital usually does this if possible by parasitic participation (inheritance or marriage). These people then live on what others have accumulated. Along with the economic capital, as a rule they generally have more cultural, social, learning, and body capital than others. They develop their learning capital to the extent that they obtain favorable prerequisites to be able to utilize and increase their economic capital for their own use and benefit. For such individuals, it becomes a challenge to examine to what extent their achieved level of prosperity can last over the longer term if they allow the gulf between them and the masses with no property to widen ever further. Sooner or later, the question of sufficient solidarity merges with the question of the role that democracy can and will have, with its postulate of equity of opportunity.

2) *Scenario of upward mobility*: a person who wishes to accumulate economic capital by their own effort and does not want to rely on the unlikely win in a lottery or marriage to wealth must as a matter of priority accumulate other forms of capital in order to have access to those jobs that involve higher incomes so that at least a small nest egg of economic capital can be

accumulated. This scenario requires that over and beyond the necessary learning capital, if possible, advancement should also be accompanied by effectively applying social, cultural, and body capital hereby making investments in order to ensure one's own personal success. However, already in this chapter we have noted that the countries where a person lives already act to facilitate better chances for those seeking upward mobility or hinder this through selection and exclusion. For such persons, initially a key question always looms: to stay or leave? To what extent are they in the right spot in the global world? Are the opportunities elsewhere far better? The less a country assists them and offers opportunities, the easier they will turn their back on the country or system when difficulties arise. Because they have made a conscious decision in favor of their own efforts in acquisition of the forms of capital, they are potential top performers who want to be treated fairly, accorded equal opportunities. Yet at the same time, they also have to recognize that an individual strategy by itself will not suffice if equity of opportunity is to be increased as a whole. It is precisely their own range of opportunities that will indicate to what extent these are mere exceptions or whether justice as a whole can be enhanced.

3) *Scenario of insecurity*: people who have few possessions or inherit little and miss the train to advancement—or do not wish to adapt to scenarios of advancement as they exist and remain in the broad mass of the relatively unpropertied middle class—will come away empty-handed when it comes to economic capital. Decisive here are the other forms of capital that still can be developed, over and beyond the degree of insecurity and the individual opportunities that remain. As research on levels of satisfaction show, this precarious scenario as a rule will function, even if a person is economically weak, for as long as there is a stratum or milieu even lower beneath the individual, perceived as even weaker, more excluded, and marginalized. Disastrous for this group is to conclude from their own security that there is a basic element of insecurity within democracy as such. Then not only the chances for political change are jettisoned, along with a struggle for more democracy and equity of opportunity—more ominously, this opens wider the door to the dangers of an undemocratic politicization, since there is in any case nothing more to lose.

## 3. Social Capital

### 3.1 What is Social Capital and How Is It Created?

What is the social in human action? Introducing an initial definition, the social is an interaction between people that stimulates and regulates access to relationships and to live relationships between people in a culture, for example in familial upbringing and community connections of all kinds. The relationships and the type of interactions, from personal relationships to networks, represent resources, assistance, recognition, opportunities for actions, and perspectives to reflect and act in social groups and society as a whole. The way in which these social relationships are concretely formed is different depending on the culture and era, but there are no human relationships without some social aspects. The social is mediated through interaction in communication and cooperation, which starts in a family and usually happens through parental care, personal contacts, visits, acquaintances and circles of friends, labor activities, joint activities (such as religion, sports, sexuality), and mutual favors, gifts, and dependencies. But virtualized relationships (such as Facebook, etc.) can also be seen as social if they lead to mutual obligations and communicative links like creating a network. Thus 1000 “friends” on Facebook might only be virtually “connected,” but they establish a fictional social group from which the user may draw everything from self-worth to a certain hubris.

Against this background, the social extends from the very personal, intimate relationship to social expectations, orientations, forms of life, and power relationships, which have become increasingly more open in the modern era, they are at least not given by birth and an inherited social status alone. Along with the social, economic capital has also emerged as a relation involving power and money, which codetermines social relationships. In “The Philosophy of Money,” which first appeared in 1900, Georg Simmel (2004) already pointed out the increase in individualization with regard to the connection between social and monetary relations. A calculating rationality appears in this context, which for him—in contrast with Marx—is based primarily on the subjective accumulation of values for all goods, which becomes reified through human commercial activities and returns thus in objective ways in exchange-values on the market. For Simmel, money is similar to a spider that weaves all communal relationships including the social in its web. The relationship between needs and means is thereby transformed: if money primarily serves to optimize our commercial activities, all commercial activities transform into needs under its regime. Although money, value, and capital were analyzed more complex by Marx, Simmel is

able to show that economic and seemingly “objective” relationships always have a subjective side. And it is precisely this subjectification and individualization that leads to a weakening of a strict and narrow conception of capital.

The concept of “social capital” already emerges around the end of the 19th century in reference to social networks, for example, in Dewey’s (1900, 104) “The School and Society.” Dewey also used it again later to characterize the money-related role of the government in making an educational environment accessible to young people, regardless of their origin or skin color, which enables their growth by increasing education, furthering skills, and securing education and skills as social capital (Dewey, MW 4, 157). In the context of his influential corpus of work, social capital means improving social conditions through mutual cooperation and trust, securing the sustainability of these conditions through collaborative efforts, working with experimental methods, and performing a radical educational reform on the basis of “learning by doing,” continuously monitoring the results, and developing democracy as a whole through participation. The concept is separated here from economic capital and the material power relations associated with it, as was common for approaches at the beginning of the 20th century, in particular in order to emphasize the job of the community and the government in creating social capital as a resource and opportunity for the economically disadvantaged as well.<sup>1</sup>

An important question is the extent to which the social, which aims at human interaction, social relations, communication, and cooperation in all their diversity, can even be connected with capital as an expression of economic relations. Does the associated economization of the social not fundamentally restrict the broad understanding of social relationships and relations? And how precisely can such a restriction be justified? If there are first and foremost economic advantages in the capitalist market, is there a financial gain that someone can derive from social relations or relationships in order to create social capital? Or is a certain achieved social position already enough to indicate that social capital appears in this social relationship, even if such a position appears to others to be more of an expression of a rank or power in a social group or gender relation, gained on the basis of age, power, or familial dependencies?

To answer such questions, it is essential to analyze how the economic aspect of capital can be connected with the social aspect of the diverse

<sup>1</sup> In “Bowling Alone,” Robert Putnam (1995, 2000) attributes the introduction of the concept of social capital to Lyda J. Hanifan in 1916. But this often-cited attribution is incorrect because Hanifan already refers to Dewey and develops a much narrower understanding of the concept. Unfortunately, most discussions of social capital follow Putnam and thus distort the discussion of the origin and original broader meaning of the concept.

relationships people engage in. There is a lot of technical and terminological vagueness here because economists on the one hand see any social factors as external to economic operations and others in contrast suspect there are economic implications for all social actions. It will be important for me to develop as precise a connection here as possible between the social and capital in order to give corresponding priority to three aspects that appear important to me:

- 1) Social and economic fields, as well as theories, have their own contexts and meanings, which do not merge automatically and always need to be well distinguished, especially in respect to their interconnections. Here not everything from the social field is connected clearly with economic processes and it is critical to capitalize all the social.
- 2) Social *capital* includes those specific activities from the social field that appear to be things that can be capitalized, i.e., to be more precise, that can generate profit or surplus value on the basis of investments made and costs accrued. This is the narrow sense of *social capital*.
- 3) Social behavior in all forms is significantly more open and fuzzy than in rather narrow economic behavior is intended. The high degree of vagueness is, however, no reason to ignore the effects of the social field on the economic field even if problems result for the measurement of these effects due to this vagueness. Social capital stands in a strong relation with economic capital, even if it is not fully exhausted in it. But a key scenario here is that those who have high economic capital also embody and symbolically represent a corresponding power and high social status in comparison with other people, which attracts other people and is admired or envied. This is always a foundation for higher social capital, which can be transformed into economic values.

Recently there are approaches by James Coleman (1989, 1990), Robert Putnam (1993, 1995, 2000), and Pierre Bourdieu (1986), which define social capital very widely, whereby it is not always clear how adequate social interests and power relations already are for assuming the presence of capitalization, which often only consists in the fact that social positions of power are expanded. The increase of economic capital through social powers appears then to be an additional gain to the regular wins of surplus values.

#### *Social capital according to Putnam*

In "Bowling Alone," Putnam (1995, 2000) identifies four factors implicated in the shrinking of social capital in the USA: (1) The fact that women increasingly enter the workforce has led to a significant shrinking of the opportunity to

cultivate social capital in families.<sup>1</sup> (2) Social mobility has led to people being increasingly less rooted in their home, community, or group. The working world places demands on flexibility, mobility, and dynamics, which contributes to the deracination of people. (3) The transformation of the living environment through increasing divorces, decreasing numbers of children, and the loss of real income has led to the fact that the middle class in particular cannot any more sufficiently generate and maintain enough social capital. (4) Television and mass media destroy leisure activities, they take time away to create forms of social capital not oriented toward profit through voluntary engagement and shared values.

As an analysis, “Bowling Alone” presents an image of the loss of social capital as it is represented in families, circles of friends, churches, sports associations, and even bowling clubs. Lower participation in such activities, and loss of interest in the common good, harms social capital as a starting point for a successful and happy society. Putnam worries that the more this capital shrinks, the stronger the negative consequences become, such as lack of interest in political elections, lack of social and human engagement, limited interest in the integration of outsiders, etc. And he sees the need here for a school system that becomes a key precondition for the creation of social capital when it articulates and represents the norms and values of a society. The World Bank and OCED, for example, have adopted this perspective in numerous studies on social capital in order to support and call for governmental policy that strives, through efforts in all educational fields, to distribute social capital as an opportunity in a more equal way. However, the recommendations vary here from aiding self-help to very open proposals on governmental support programs (on this, see Harris, 2002).

Putnam has his own special point of view here: the more voluntary services there are in a society and the more plural the mutual aid is between reciprocal associations; the more stable democracy appears. He idealizes voluntary services and activities insofar as he does not even consider the differing interests and conflicts between them. In particular, he dehistoricizes the connections and does not critically analyze the skepticism about individuality in modernity with which he affiliates himself. This leads to a very superficial perspective, which can indeed be content with partial empirical studies insofar as it investigates and considers individual norms and values and their dissemination in networks but hardly goes beyond an affirmative understanding of existing partial relationships. It is also likely that herein lies the popularity of the approach, which is very suitable for the self-representation of such associations. However, all critical groups, youth subcultures, political parties and their conflicting interests, conflicts about

<sup>1</sup> Feminists have rightly attacked this as an unreflecting patriarchal attitude. On the criticism of the idealization of traditions and the family as a whole, see for example Anreil (2006).



social problems, and power struggles with and between each other largely fall out of the picture from the outset (see also Siisiäinen, 2000). In the background of this theory of social capital is mainly the thesis that societies always function better when they, as a basis for value, are founded on voluntary regulation of social relationships, which is an idea that corresponds to a liberal or neo-liberal image of economics.<sup>1</sup> Especially in times of economic growth, such theories are accepted because they make adequate space for individual actions through their emphasis on voluntariness and trust,<sup>2</sup> but at the same time they lead to the underestimation of the negative effects of reciprocal social dependencies as much as they avoid sufficiently criticizing the failures of the state in a phase of deregulation. The state has to provide, as Dewey would determine this in his concept of social capital, for more justice (cf. Garrison/Neubert/Reich, 2012, 2016), where the idealized form of voluntariness fails to be efficient enough for all the needs.

Putnam sees social capital in a close relationship with civic engagement, as a civic virtue, reminiscent of Tocqueville (1835), through which, in the interaction and cooperation of a group of people, an identity, a common will, arises on the basis of values and norms, which then subsequently appears as social capital in and for the group. Putnam's work in many respects goes back to James Coleman, and it is very striking that neither acknowledges Bourdieu in their approach despite the extensive secondary literature on Bourdieu.<sup>3</sup>

How can social capital be defined succinctly from the perspective of this approach? Krishna (2002, 15) sees social capital in the broadest sense in terms of people who operate in dense social networks with norms of reciprocity and trust and are thereby in a better position to act collectively and achieve reciprocal gains in social aims. Their capital consists in being able to combat opportunism more efficiently and to overcome problems of social action. This can be related to social and economic factors. Inasmuch as both areas of action overlap, it seems that we can speak of capital. For Krishna (2002, 27), the different successes of social groups in different fields of human action can clearly be referred to differences in social capital.<sup>4</sup> Differences in the institutional effect of governmental or non-governmental bodies also depend on social capital, particularly reciprocity and trust.

This approach is stimulating for those who focus on scenarios that look at social forms that tend to be relatively independent of economic capital. These

<sup>1</sup> "The flaw in the pluralist heaven," if we take this heaven as the pluralistic voluntariness of positive social capital that Putnam envisions, "is that the heavenly chorus sings with a strong upper-class accent" (Schattschneider, 1960, 35; cited in Siisiäinen, 2000).

<sup>2</sup> In "Making Democracy Work," Putnam (1993) almost exclusively describes sports clubs and cultural associations, which attests to the one-sided understanding of the social in his work.

<sup>3</sup> Fine (2001) presents all the approaches comparatively in light of their historical development.

<sup>4</sup> Krishna (2002) in particular discusses active social capital using the example of India.

include, for example, spiritual or athletic associations, which initially appear to be free from an economic side and whose purpose seems to lie in a common goal: a club, sect, order, interest group, honorary post, voluntary service, etc., which pursues a particular social interest or measures itself against others in sports or competition without further interests in economic gains. Leisure and recreation are also part of this. However, even for such associations or activities there is more or less, depending on their goals and methods, a certain capitalization of their relationships that underlies them because and insofar as they generate costs and have to spend money on maintenance. They offer the opportunity for social relationships that do not seem immediately dependent on economic capital. Putnam, however, simplifies such relationships because he does not consider the power-related aspects, which always also run through social communities. Against this simplified background, Putnam and his followers attempt to describe more precisely how and with what idealized assumptions social capital can be developed or improved. In this context, he distinguishes between norms, moral obligations, social values, trust, and social networks. A central thesis is that this capital will also lead to a well-functioning economy and greater political integration of all members of society. Putnam and his followers tend to individualize the possession of capital and reduce it to conscious, rational decision processes. These theories are thus particularly well suited to make individual decisions with respect to voluntary engagement and gain through such engagement in capitalistic society comprehensible and calculable for the individual—this may be necessary for a desirable biography—, but at the same time they forego a detailed critical perspective on social conflict or social problems. They also fail to capture the emergence of social assimilation as encouraged by involuntary participation in societal socialization such as school because they assume a voluntariness that simply does not exist given the constraints of the capitalistic environment: Who could decide against participation in school education (it is absolutely mandatory in some countries), and who could rely on voluntariness when there are almost always clear rules and standards given about the form in which social, cultural, bodily, and learning capital can be shared and appropriated?

This conception of social capital, which has been emptied of conflicts, is used today by OCED as a statistical metric in order to understand social networks of agents on the one hand and thereby also to understand the norms of reciprocal relationships on the other hand.<sup>1</sup> This necessarily leads to a narrowing. In Putnam, Coleman, and the broad secondary literature on social capital, functional, utilitarian, and rational elements of action are heavily

<sup>1</sup> “Social capital is defined as the norms and social relations embedded in the social structures of societies that enable people to co-ordinate action to achieve desired goals.” See Social Capital Initiative, C. Grootaert, Working Paper No. 3, World Bank, 1998.

discussed, where primarily regulated relationships such as families, neighborhoods, voluntary groups, etc., with their diverse norms, stand in the foreground, without adequately discussing their exact relationship with power positions and monetary advantages. The analysis often remains very general and emphasizes social efforts as if they were already capitalized since they are always also a precondition for a way of living that is also approached in economic terms.

A positive aspect of this approach for democracy is at least that participation in the group or society is regarded as particularly important. Through collective action, concrete trust is built up, values and norms are experienced as attitude shaping, and civic awareness is attained, which in many studies is interpreted as participation in politics and the economy. From this point of view, individuals use situational networks that are made available for information, action, and efforts, whereby the respective situation and the specific aim determine the shape and form of social relationships. In this way, for example, a social network that serves career development differs from one that, for example, expresses a voluntary or religious commitment. Seen empirically, the situational approach investigates very heterogeneous social occasions and relationships, which are conditioned by certain constraints and measures. In addition, there are also social-psychological, cultural, normative, and ethical interpretations, which especially consider questions about the internal cohesion of social relationships and networks including questions about trust, loyalty, etc. Putnam's approach uses the concept of capital primarily in its social effects when he argues that social capital like economic capital leads a community to "buy" togetherness. But he sees this as divorced from economic interests because he holds up the lack of profit-orientation, voluntary engagement, mutual and unpaid aid as especially strong forms of social capital. And he is rather disillusioned about whether the world can be improved adequately in this respect because it is precisely lack of such social capital that increasingly characterizes the world today.

Fundamentally, the question arises whether this social capital really is about capital at all. The conceptual vagueness here leads to social participation and especially voluntary engagement being counted as capital in order thereby to express desirable values for society per se. In such an open approach, everything social is quickly capitalized. A good deed appears as common social capital here if for example volunteers provide others with help that otherwise would not have been provided. But just because the concept of capital represents wealth of some sort, it does not at the same time mean that all social actions are capitalized when things go "better" for people in some way.

Ben Fine (2001) emphasizes that economic perspectives on human or social capital are always characterized by a kind of reductionism that is primarily based on individual-related utility. Nevertheless, the economic

sciences have increasingly had to realize in recent decades that economic action is always in some sense social action. In this regard, economic approaches to social capital in particular have succeeded in engaging in economic discourse in an enriching way.<sup>1</sup> Meanwhile, it is part of the insight of economics now that social capital can help us move the struggle for economic positioning forward, live life more healthily, behave in less criminal ways, and reinforce reciprocal effects overall. The social seems to enter here into a field that is otherwise not oriented toward the social but primarily toward the pursuit of profit. But at the same time, it can be claimed that economic behavior always has a social side (see Fine, 2001, 26). In the more strongly economically oriented theories of social capital, it is striking that they do indeed sharpen the focus on the effects of the social on economic aspects—such as rational choice behavior in consumption, trade, network structures, and their effects on behavior and productivity, different social roles in economic behavior, etc.—, but nevertheless they quickly lose sight of the production of surplus value in terms of gains and its appropriation by different social groups.

#### *Social capital according to Bourdieu*

This is why Pierre Bourdieu chooses a different and considerably more nuanced approach, which is at the same time more critical of capitalism. He also sees the effects Putnam describes but classifies them on the whole into different forms of capital and their reciprocal interdependencies and systemic interactions. In doing so he stresses from the outset social agents and their struggle for interests and power in a competitive environment in which the amounts of various forms of capital are distributed very differently and the forms of distribution are constantly an object of struggle.<sup>2</sup> The differentiation of the social structure into classes or groups of people happens for him through disposition over the three forms of capital: economic, social, and cultural capital. And the differences in tastes and lifestyles, in norms and values, attitudes and behaviors, are defined as the habitus of certain groups of people possessing different amounts of these forms of capital. Although Bourdieu considers it a fallacy to draw immediate conclusions about the existence of a real class from the distinction between forms of capital and their distribution and volume in the sense of a simplified Marxist copy theory (class location here, class consciousness there), he does not, however, say that the differences in capital possession and position in a social field would

<sup>1</sup> The proliferation of works on social capital since the 1990s is indicative of this. On this, see also Halpern (2005, 9 f.). However, the boundary between the social and capital aspects is often unclear here (ibid., 29 f.)

<sup>2</sup> This combative, agonistic way of being has been portrayed vividly by Chantal Mouffe (1994, 1996, 2000) in particular.

prohibit reference to classes. We just have to be aware of the constructed nature of the concept and represent it clearly in order to show specifically what is meant. Beginning in the 1990s, a significant turn to the left can be seen in Bourdieu in the face of the neo-liberal dismantling of many elements of the French social state. He especially strongly criticizes the effects of the commodification of all areas of life.

A habitus for Bourdieu is a generating mechanism that is structured and determined by a preceding praxis and at the same time influences praxis and its symbolic order by means of actions and perception. A habitus can be more or less coherently experienced in subjective attitudes and triggers repercussions for others in interactions. We often acquire such a habitus in the family and in cultural and social interactions, but large parts of this acquisition remain unconscious for us. Possibilities as well as limits in people's schemata of action and perception are articulated in the habitus. In praxis, there are specific fields, for example the social field, in which opportunities can be lived or are discarded. The habitus includes specific attitudes, such as taste, style, unconscious preferences, sympathy or disgust for something, as well as rules, etc., which are understood as properties.

For Bourdieu, the symbolic capital that can be drawn from all forms of capital articulates, in a significant way, effects through the positions of power reached in the social field. The respective intersection, the achieved volume of forms of capital in their interaction, is expressed through symbolic capital. If the volume of individual forms of capital is high, recognition and praise follow, and if all forms are fulfilled well, power and influence follow. Individuals struggle for different positions in society within the context of their habitus and endowment of capital—this in short is the upshot of Bourdieu's study.

With this approach, Bourdieu clears away the idyll of a large community, which has seduced American authors in particular again and again and continues to seduce many others until today. Communities disintegrate into differences upon closer observation and sober analysis. Wherever economic capital plays a role through ownership relations, which is something that can never be ruled out in the social world completely, social capital will not remain untouched.

### *How does the social transform into capital?*

Relations of all kinds are the basis for creating social interests and power in social interactions, communication, and cooperation between people. As with economic capital, individuality as well as privacy and sociality as well as public sphere are intertwined. On the one hand, our relationships and networks of relations seem to be a purely individual and private matter, and on the other hand it quickly becomes clear at the social level which of these individual and private enterprises actually promise success and allow one to profit in terms of social ranking in comparison with others. Particularly in the

connection with economic capital, there are advantages that arise here because in networks where money also circulates positions of power are configured in the social space and networkers profit from this when they improve their position. Such networking advantages in social space relate primarily to the resources of one's own family, income level, the particular area where people live, their status symbols (house, car, boat, vacations, leisure activities, etc.), which lead to corresponding circles of friends and acquaintances that are crucial for the creation of networks alongside relationships at work (often structured according to location in the occupational hierarchy). Voluntary social service ekes out a rather shadowy existence even if it is a particularly important mark of distinction for social helpers in society. It might help to mitigate the atrocities of the capitalist world and its selfishness and thereby represents a moral claim that goes beyond capitalization. If they want to go beyond their own selfishness, the higher social circles can also afford to increase the status of their own network here through the esteem associated with altruism via donations, charitable work, and sometimes social foundations.<sup>1</sup>

Unlike with economic capital it is difficult on the whole to make out clear use and exchange values in social activities because the social values usually appear in a highly symbolically charged form. On the side of relationships, they represent a network character, which besides questions of social matching depends in its fit strongly on the viability of time frames in biographical careers and coincidences regarding fit in relationships when seeking an internship, admission to the university, a job, or a partnership as well as in the formation of circles of friends and acquaintances with all of the associated possibilities for chance. The origin of the creation of social use values with a view toward exchange thus always takes place within the pedigree and status of one's own family, which provides a corresponding habitus and place for growing up that continues to have effects throughout life. This is also reinforced by the fact that in the framework of capitalism, privacy is emphasized not only for economic property but also for private relationships so that social networks *per se* appear better or worse in comparison with each other. People are born into social relations and lifestyles, which from the outset open or deny certain opportunities. And it is one of the greatest illusions with respect to social capital that every individual is supposed to be able to compensate for disadvantages through their great efforts. This is true only in particular cases and proves to be an exception rather than a rule in the majority of people's forms of action.

<sup>1</sup> For more on this aspect of social capital, see as an introduction particularly Halpern (2005), Lin (2001), and Field (2008), who nevertheless also appeals to the dark side of social capital (Field 2008, 79 ff.). See also Small (2009), which addresses the questions of inequality that can arise especially in networks.

How can we specify precisely when the social becomes capitalized? When and how do social actions transform into social capital? In Chapter 2, I already emphasized that use and exchange value can always be distinguished for goods and services that are produced and circulated with the aim of profit. However, we usually do not construct a use value for social actions because such actions appear “useful” in themselves without also needing to be useful in this way from an economic perspective. But when I am speaking about social capital, I shift to utilizable economic value, which requires a distinction from use and exchange value.

Social skills, expertise, qualifications, and personal characteristics in all their forms become use values when they fulfill certain conditions. They aim to appear in a market and thus to be exchanged for wages or income for example. In this regard, they can also no longer be set by chance but must correspond to a demand, represent a social value, be something that can generally be acquired by people, appear culturally appropriate and valuable, etc. These social qualities transform into capital when I can deploy them on the market. I hope for profit, but it can also happen that my investment costs are significantly higher than the profit I can draw from them. Social capital is always characterized in this regard by differences:

- 1) In my exchanges, I am able in a particular economic activity to derive a benefit for my use value, which may correspond to purely personal qualities that arise from or are part of social activities, which allows my costs (the production of the use value) to be compared with my income (my gains in the exchange).

As social agents, we all have different qualities, which often are not capitalized but are social, human, communicative, creative, etc. qualities. A certain “window for action” is required in an exchange activity in order to derive a targeted capitalizable benefit from the fullness of our social capacities. In this way, our relationship labor costs us a lot of time, but the effect takes place in a “window of time,” for example a job interview or a period when we submit an application, where we are chosen over other competitors and we recoup our costs or make a profit.

- 2) Capitalization is evident when the exchange can be made in monetary forms in the widest sense, i.e., when I represent my interests in an exchange or raise my social standing in terms of power. In a “window for action,” my possible monetary benefit is accountable. If only my interests or power are increased without this monetary benefit, then in order to avoid imprecision we should call it a growth in interests or power in social actions but not capitalization.

We do not like to talk about money or benefits in social relationships. Often it is even the case that we want to keep our social relationships free of such capitalization in order to remain free people. Nevertheless,

there are interpretations of our “windows of time” here according to which such a benefit suddenly appears. For example, marriage may be solely an expression of our love, but the sociological observer can at the same time recognize beneficial effects in a marriage made according to patterns of similar educational levels or social mobility where we might remain in our social position or improve it. In a possible divorce, we are also confronted very concretely with such terms and conditions regarding claims to alimony and pension sharing.

- 3) Capitalizations must always be interpretable in the economic field according to this assessment, i.e., there must be the possibility of a conversion taking place, which is plausibly observable and can be demonstrated. Capitalizations are in competition with each other on the market, and social hierarchies and different opportunities are reflected here.

What is interesting here is that this may only become clear in retrospect. We have left social relationships to chance and derive a profit that may seem like personal happiness. But in critical self-reflection it can also become apparent that these social qualities were by no means a result of chance. In particular, the unequal opportunities derived from social pedigree show that social capital is in fact at work.

### *Social classes*

Against this background, it is particularly important to address social pedigree and possible opportunities for advancement. To do so, the social stratification of society needs to be considered. The way in which social relationships and their stratification from bottom to top or from top to bottom are constructed is left entirely to the prevailing *Zeitgeist* and context. In *Economy and Society*, Max Weber (1978) defined the concept of class in such a way that included both economic and social position. For Weber, a class exists when a group of people has typical opportunities regarding access to goods, outside position in life, and inner destiny in life. The opportunity arises from power (or lack of power) over relevant goods or services and their usability in the pursuit of income in the given economic order. The working class for Weber is dependent on wage labor in order to live, the ownership class is distinguished from such dependence by their ownership of goods, and in the social classes as a whole the personal situation is also reflected in the succession of generations.

This construct for class position has been preserved in numerous variations today because it is highly adaptable to the experiences of people in capitalism. Both the disposition of power over economic capital as well as the respective market opportunities, including the labor market, are taken into account by Weber, whereby social position is always connected with economic position (this is also developed further in Scott, 1996).



It is, however, a part of the ideological self-reflection of capitalism that people have often attempted to give up the notion of class entirely in order to replace it with a friendlier view of the individual who is then thought of in terms of his or her position in social space according to levels or milieus in order to avoid the opposition of the working and ownership classes (where the memory of Marx's division between capitalists and the proletariat shines through). With the decline of class struggle between capital and the proletariat accompanying the demise of socialist countries, the opposition seemed and continues to seem to be obsolete. But at the same time, in this reaction, social position becomes obscured through increasingly differentiated models of levels and is robbed of essential basic categories because with increasingly more strongly differentiated models of levels according to social positions, the reason for the division of society into a few rich, some middle, and a mass of relatively poor people remains clouded in apparent diversity.

The ratio between the masses and the elite helps us consider the problem of social position in a more differentiated way. In the framework of educational expansion, there was a tremendous increase in the breadth of qualifications. Thus, for example, the number of those receiving university entrance high-school diplomas worldwide increased by leaps and bounds, and there were increasingly more university students, which made universities into institutions for the masses. In the 1960s, the discussion of a meritocracy emerged in order to emphasize that in the framework of educational expansion individual effort paid off and guaranteed upward social mobility regardless of pedigree and possessions. This also brought the elites into view because in a democracy there is the idealized assumption that every person can end up as an elite on the basis of his or her capacities and qualifications if he or she only makes enough effort. But elites are powerful groups and people who also achieve their aims and make selections as an expression of their power to defend and enlarge their possessions.

Thomas Piketty (2014) in particular has shown in his study on income and asset distribution that economic capital has for a long time led to a concentration of wealth for social elites. He regards such a concentration—which we recognize today as increasing social inequality driven by economics—as a threat to democracy because through it social power relations also become increasingly uneven. The thesis often propagated in capitalism that you can acquire wealth and raise yourself to a higher social position through work, just does not stand up to historical evidence. From the perspective of research on the elite, such as that done by Hartmann (2007), it is proposed that there may be no automatic mechanism whereby wealth always also includes the possession of political power, cultural education, and attractiveness. But a relatively close and especially systematic connection between them cannot be denied. Thus, for example, the decisive advantage for the bourgeois in the occupation of top positions in large companies resides

in the fact, which is shown very clearly in recruitment patterns, that they possess a certain habitus that is characterized, among other things, by cultural knowledge and cultural taste. It is also no secret that wealth (particularly for men) has a significant attractive effect on a non-negligible portion of the opposite sex and may even have an erotic effect), which means that the chances to be loved also increase significantly (cf. chapter 5 on “body capital”).

Against this background, does it still today make sense to talk about social classes? Anthony Giddens (1984), for example, who was influenced by Marxism, proposed a theory of class structure under capitalism. He first divided the classes into upper, middle, and lower classes. This is how they are structured, i.e., their resources as well as standards appear in an organized form, and their practices lead to a reproduction of the system. If we take a closer look at the ruling elite, the combined effects of capital forms with regard to the determination of social position and power becomes very clear. With Giddens I will discuss aspects of the upper class in our time. In “Elites in the British Class Structure,” Giddens (1974) distinguishes four different types of elites in the *upper class* as forms of rule, three of which I would like to highlight here and partially reinterpret, in order to characterize the specific value of the elites who differ from other classes in the social system through their power and resources:<sup>1</sup>

- 1) The *ruling class* is a dominant class that sets rules, standards, values, and norms; it consists primarily of the interests of the bourgeoisie and partly of the upper bourgeoisie, who have great economic capital, power, reputation, and strategic potential for controlling society. Depending on the country, it is a more or less tightly closed society; in France and the United Kingdom it is very closed.<sup>2</sup> What is essential for the enforcing power of this elite class is the degree to which they are successful in securing inequality in ownership and financial circumstances and protecting themselves from higher taxes.<sup>3</sup> Since the 1970s, this class has proven to be very capable of asserting itself through neoliberalism in politics and strongly impressing its will on the *political ruling class* through putative “market constraints.” It already appears legitimate on the basis of the magnitude of its economic possessions and is always present as

<sup>1</sup> In Giddens, the “bourgeoisie” is a sociologically defined class. In contemporary times it refers in connection with Bourdieu to people with a certain cultural and financial capital. The “bourgeoisie” stands opposite to the lower proletariat class. The “upper bourgeoisie” is the most powerful and richest part of this class. In the transition from feudalism to capitalism the nobility had been the upper class but it had lost its power or been transformed to the bourgeoisie.

<sup>2</sup> This is essentially assured by closed educational institutions to which only the upper bourgeoisie have access with a great deal of money. See also Hartmann (2007).

<sup>3</sup> A classic here is Bottomore (1966, 40 f.), a summary is given by Johnson (2000).

an interest group. The degree to which this is actually a *ruling class* is determined by conflict with other elites and the rest of the population. Hartmann (2007) demonstrates that in this most powerful class in particular people thrive who bring good conditions with them and are successful in their educations on the basis of their pedigree.

- 2) The *governing class* is a politically dominant class that is primarily comprised of the upper bourgeoisie. Its power is limited with respect to the ruling class because it is predominately an organ for carrying out actions and is dependent on the economic elite and lobby groups that support it. At the same time, recruitment here is a little more open than with the *ruling class*. But this class should not be underestimated in its power because it can put standards and rules into place through politics. It is formally legitimized in representative democracy. In matters of so-called inherent necessity (supporting the pillars of the economic and political system) it is always beset by the *ruling class*. Depending on the political situation, there can be conflicts of interest. The upwardly mobile from the middle class have easier access to this class than to the economic elites (for further discussion of this, see Hartmann, 2007).
- 3) The *power elites* are the driving forces in business and society and would like to be seen as relatively closed off and powerful. People often refer here to the “establishment.” Here, the ruling classes of the economic elite and politics combine with leaders from the judiciary, administration, science, and the media. The *power elites* are those who actually have influence, can carry out their aims, know how to gain strategic advantages, and are also characterized by a certain mobility. In democracy such groups are expected, but they are not made legitimate to the same degree through ownership of capital. What is essential for the *power elites* is visibility in mass media. Their arguments are disseminated through the media because the owners of such media often also belong to the *power elite* or the *ruling class*, and the seemingly free journalists also focus on the establishment. Economic interests are also prominently in the foreground here because what the power elite wants in terms of advancement in material welfare for society or for some in society seems to be most clearly expressed here. The *ruling* and *governing classes* have with the *power elite* a group at their disposal, which works for them and from which these classes recruit their members. It also provides ideas for controlling the economy, the government, the military, and the sciences, and it is a pioneering force in the spectrum of approved and apparently “reasonable” ideas. The *power elite* consists of an active, inner circle from the *upper classes*. The *leadership groups*, which Giddens also identifies, can be considered a hard core of the *power elites* as well. They succeed in a special way in combining the interests of the ruling and the governing classes and

developing strategies that turn out to be of benefit to the elites depending on the actual situation.

If we consider this image of the elite, it becomes clear in the differential analysis that the interests are not always in harmony. Depending on the country, development of the constitution, enforcement of democratic rights, historical and local forms of development, and achievements regarding the distribution and redistribution of property and wealth, the elites appear relatively socially responsible (and thus in solidarity with society) or liberalized (and thus as rapacious capitalists).<sup>1</sup>

If we look at the social recruitment of elites from social ranks, the following picture emerges from a cross-European comparison:<sup>2</sup>

What percentage is represented by which social rank in the economic elite?	F	GB	ESP	D	I	CH	SWE
Upper bourgeoisie	57.0	53.2	55.0	51.7	51.6	31.8	28.6
Bourgeoisie	30.3	31.2	30.0	33.0	16.1	22.7	21.4
Middle class/Working class	12.7	15.6	15.0	15.0	32.3	45.5	50.0

*Chart 16: The Social Recruiting of Economic Elites (board directors, CEOs, chairpersons, etc.) According to Hartmann (in German, 2007, 220)*

The differences for the respective countries appear large. One should also bear in mind here that France, the United Kingdom, and Spain maintain special elite schools for the next generation.<sup>3</sup> The fact that in Germany and Italy, despite the absence of such elite institutions, children of the upper bourgeoisie are preferred is due to recruiting practices where not only achievements but also characteristics of pedigree and recommendations play a role. Countries such as Italy, Switzerland, and Sweden are much more open to the lower ranks.<sup>4</sup> Hartmann (in German, 2002, 150 ff.) and others were able to show that

- achievements are not entirely insignificant for careers, but social pedigree has a much greater effect,<sup>5</sup>

<sup>1</sup> A counter tactic here is to label the population as “socially envious.”

<sup>2</sup> France, United Kingdom, Spain, Germany, Italy, Switzerland, Sweden.

<sup>3</sup> In Europe, France and England feature a closed social elite (on this see Hartmann in German, 2007, 156 f.).

<sup>4</sup> Overall, the Scandinavian countries are much more open, and elite positions can be reached more easily by the population at large. Learning capital can in part assert itself against the social habitus (cf. chapter 6).

<sup>5</sup> For a summary of the studies by Bourdieu on this topic, see also Swartz (1997, 143 ff. and 189 ff.).

- even German children from lower social ranks who perform well receive far too few recommendations for higher degrees,
- the class-specific habitus primarily wins out against such backgrounds,
- there are far too few objective assessments that have equalizing or corrective effects on social status independent of the habitus.

In contrast with such analyses, it has become a credo in the business world in particular that—in contrast with the less serious pursuits in life—careers can only be attained on the basis of “objective” achievements. Empirical studies that confront this self-image with facts nevertheless discover that social pedigree has more influence than achievements. “Those whose cradles are in the families of the bourgeoisie have the best choices. They can usually be found where the greatest power and highest income reside, i.e., primarily in business.” (Hartmann, translated from 2002, 146). And they are also consistently over-represented in leading positions in society.

In his study on people who are in the elite in virtue of their achievements, Hartmann discovered that even for PhDs (i.e. high achievement) careers are not equally distributed: “Taking into account all graduation years,<sup>1</sup> only 9.3 percent of PhDs from the working and middle classes, i.e., only about one in eleven, reached an upper-level position. For those with upper-bourgeois pedigree, 13.1 percent were successful, which means about one out of eight reached an upper-level position. And someone from the upper classes had almost a one out of four chance of reaching the upper-management level in German business” (ibid., 65).

The children of the upper classes are not only more successful in their careers but also succeed more quickly in this career than other applicants. “In the first ten years, PhDs from upper-class families moved into management positions two to three times more quickly, and they thereby gain an advantage, which they can maintain over children from the bourgeoisie over the subsequent two decades and which they can also expand largely upon compared with the general population” (ibid., 70). The social habitus based on social pedigree and success, particularly in education, have an impact here. Summing up, one can say that social pedigree from the various areas of society has quite different effects on access to leadership positions. Whereas in business, the children of the bourgeoisie and (even more so) the upper bourgeoisie are clearly favored in the occupation of top positions, this does not apply in such a general way to a career in politics or law. In the university system, there are even clear signs for greater career opportunities for PhDs from the working and broad middle classes.

<sup>1</sup> Four PhD cohorts, from 1955, 1965, 1975, and 1985, were examined and included around 6.500 PhDs (see Hartmann, in German, 2002, 31 ff.).

According to Giddens, agents act within structures, but they can also reflect upon them and change them. There are three structures in this respect in social systems:

- (1) *Signification* creates linguistic forms of world construction as symbolic representation and discursive practices through semantic meaning, codes, and interpretation, which help to reproduce the social system and make it appear susceptible to criticism.
- (2) *Legitimation* provides reasons where naturalizations or moral attributions often help to justify norms and values, social attitudes, and ways of doing things.
- (3) *Domination* uses power to control resources and action.

Following Giddens, in order to observe social structures and criticize them adequately, these three aspects in particular constantly have to be considered in terms of their connections in interactions and applied to class status. This is significantly more open than the economic determinism defended by many authors oriented toward Marxism. Giddens maintains that individual analyses are needed in which the rules and governing procedures are reconstructed for the social classes.

For example, Bernstein (2000) investigates a linguistic code in the *upper classes* and a restricted code in the *lower classes*. This also points to what Bourdieu (1987a) called the fine distinctions that develop between different class statuses. They appear not only in the conventional rules of everyday practices but also in different moral representations, in cultural objects and customs, and especially in consumption and leisure behavior. Giddens calls on us to reflect on all of this in the most comprehensive way possible, but at the same time academics also have to recognize that such reflection very often remains restricted to the language game of academic critique.<sup>1</sup>

If we consider how social classes arise, we as observers are always bound through participation to a certain theory that determines our actions in perceptions and interpretations and the ways we engage in reflection and make choices. We can do this, for example, like Giddens, or we can turn to stronger stratification models, which undertake a stratification of society primarily in terms of economic differences, or to milieu studies, which attempt to describe the self-image and interaction in a relative open social field. Social relations are very complex and thus permit very different reconstructions and deconstructions. And interpretations thereby often like to slide into complexity

<sup>1</sup> Richard Rorty (1989) draws the most forceful conclusion from this, namely that recent cultural criticism (and philosophy) is only a therapeutic discourse for society in this regard and requires self-irony because the intellectual who writes about the suffering of the world still finds “enjoyment” in this writing and experiences self-realization as an author and critic and uses this suffering to “treat” others. Against this stands the hope of Marx to really change the world and not only talk about it.

and arbitrariness because they can no longer get a view of the whole due to all of the various factors and perspectives. A view of the whole is, however, only a simplified view determined by one's own interests, which does not want to lose itself in the details. Nevertheless, such a view becomes necessary to overcome a superficial observation of complex social relations and communications without adequately considering inequality and its impact. Class is a social construct with which the specific status of a large group of people is determined. In this regard, the analysis, arguments, and data presented here suggest—connecting to the pragmatic concept of “truth” by Dewey—the “warranted assertibility” of the existence of classes. And in this sense, elites are also a social construct, whereby the term refers to a particular form and group within social classes (or what other term we want to give the position in social life if class seems to be a too traditional term). The concept of class (or the position in social life) has four characteristics to my mind in relation to economic and social presuppositions, which should be considered in the detailed evaluation of forms of the object and forms of action given in social capital:

- 1) Within an unequal capitalist society with unequal positions in terms of ownership, the concept of class helps—those who are a part of it as well as those who are observing it—to make a comparison with other ranks and situate themselves and others in terms of a position conceived of spatially (upper, middle, lower, etc.). Positions in terms of ownership and not properties are the cause of inequality here. If we focus on properties such as male/female, black/white, citizen/non-citizen, etc., then we end up in discourses on subjective differences, as with Tilly (1998) for example, which are also important but are useful for describing social stratification only if they can *also* be referred back to economic capital. This is where I see a major deficiency in many empirical studies on social capital, which often completely bracket out this material aspect. Investigations of social positions only make sense when they are referred back to other forms of capital, especially economic capital. Thus, one problem for such attempts is how this is approached. Ownership or income relations in particular are often used as an expression of unequal class status in order to establish an objective class status by a ranking comparison with existing ownership or property relations. Such determinations focus from a third-party perspective on the “real status” of those affected and attribute a class status to them on the basis of such data. For example, poverty is calculated relative to the average income. Here, subjective perceptions and moral attributions such as “the ones at the top” or the “dangerous class” or the “proletariat” (as people who cannot behave), etc. are often used. If one uses such subjective terms as structural forms, one ends up claiming, in a gross simplification such

as Kingston (2000) for example, that there are no classes but only differences in society. But then one can no longer explain significant differences in inequality and remains helpless and naïve in the face of the phenomenon. Relative poverty as a construct is related to various statistical measures in industrial countries. Generally, it involves a certain ratio between individual income and average income (median net disposable income) in society. And there are, for example, thresholds of 40%, 50%, or 60% of the median income for defining poverty. The WHO sets it at 50%, which is a figure the OECD has adopted. Measurements of ownership are more difficult because it can often only be estimated in a capitalist society especially for the super-rich.

- 2) Particularly in Marxist analyses, class status is seen as a set of factors in which material as well as ideal circumstances are included as a sum of conditions (see Mann, 1993). The historic reconstruction of such class conditions through the investigation of ownership classes is supposed to show the circumstances through which class status in each case is determined “objectively” and independently of individual manifestations. If rigid exploitative conditions without regard for the health of workers were the norm in the past, in recent times the “objective” aspect has also been expanded “subjectively.” Exploitation by means of self-exploitation through incentives such as the intensification and increase of labor productivity (either through pay incentives or through anxiety about employment) can also be seen in this shift. In such approaches, the issue of class status is narrowed to the question of the degree to which economic exploitation and the production of inequality causally determine class position.
- 3) In view of the theory of forms of capital presented here, the determination of class status or position is more open than in the Marxist conception (see also Bourdieu, 1987 b). Taking into account (position 1), it seems important to clarify the subjective construction of signification from first-person and third-person perspectives in the context of other forms of capital (particularly economic capital). And taking into account the data from (position 2), it is important to interpret things systematically for various individual positions with respect to positions in society. Causal determinism can no longer be derived from this because although the economic form of capital is a significant mechanism for the creation of class status the other forms of capital, as I show in the chapters of this book, always play an expansive and intermediary role and sometimes even contradictory a role.

### *Social power or social capital?*

It has already become clear through the distinction between use and exchange value in processes of the formation of social capital that positions of



interest and power are not yet genuine capital positions. However, social agents act with a social habitus, which succeeds on the basis of such positions and thereby also opens spaces of possibility or windows for action in order to contribute to the capitalization of social qualities. What has to happen to gain social capital?

First, there are the costs. In the creation of social capital concrete labor has to be expended in terms of time for the development and maintenance of relationships and networks of relationships; an effort has to be made, which requires certain means. But a quantitative assessment of time or resources spent is not enough here because networks of relationships are distinguished in particular in regards to their quality. In terms of *signification*, there are distinct linguistic practices and rituals that ensure social coherence. Even if individualization has increased, a relativization of conventions always sets (on the basis of established rules, i.e., in a space conventionally regarded as relevant) that which appears socially reasonable, desirable, and feasible in accordance with a position of power. Thus, for example, one has to go along with the switch from tennis to golf as a locus of social distinction if one wants to remain in the “better circles.” In addition to conventions, this also applies to the differences that can still be tolerated while preserving social coherence because they correspond to the particular variety of occasions for action. Establishing the limits of such conventions always requires active participation. Significance is secured through participation in relationship building. And *legitimation* hardly needs to be provided in practice because the naturalness of social relationships sufficiently justifies the lifestyles. Only significant deviations become problematic in such scenarios. Particularly in cases of social descent, it is often those who are affected who avoid social groups who were not affected in the same way. All of this supports domination and power in the social field. Domination affects those who cannot keep up with the volume and quality of social relationships in mutual competition. In the form of action, social relationships have a high quality and create capital in the narrow sense if they do the following:

- Open up or appear to open up opportunities for higher income or monetary growth.
- Raise or appear to raise the opportunities for participation in social processes with prospects for profit.
- Contribute or appear to contribute through relationship building to increasing the value of one’s own person in terms of status, habitus, or outward appearance as a future window for action for profit strategies, etc.
- Quantitatively and/or qualitatively enable an expansion of the network of relationships, which corresponds or appears to correspond to a move from mutual obligations to mutual assistance.

- Enable or appear to enable an increase of cultural capital in particular through the increase in knowledge or education, i.e., privileged access to information or cultural goods.
- Allow existing body capital to be used or compensate or appear to compensate for such capital if it does not exist.
- Facilitate or appear to facilitate an increase in educational certifications (as required by learning capital).

There is always a duplication of real opportunities or hoped-for opportunities in this form of capital because a real or merely hoped-for profit may be enough motivation to concern oneself with the formation and development, creation and increase, of social capital in an active and action-oriented way.

With regard to social relationships, optimism often arises with respect to this duplicate character of actual opportunities for profit or merely hoped-for effects, which often leads to an overestimation of one's performance with respect to the real situation. This basic pattern of optimism and the associated high self-esteem, self-confidence, and sovereignty in dealing even with difficult situations in life is a prerequisite for a successful social habitus. One has to be optimistic even when the facts speak against it. This follows patterns, as we can see in marriages. Even if the real divorce rate is, for example, 50 percent, the majority of recently married couples believe their marriage will last forever. Such an excess of optimism is crucial for earning social capital because surplus value can be achieved only if more is invested initially than can be expected from immediate returns. Opportunities for profit from social capital usually also arise for this presupposed optimism only after long-term investments (and investments that are risky for the upwardly mobile).

### 3.2 The Surplus Value of Social Capital

To describe and analyze the surplus value of social capital, the investment that is made first needs to be investigated. There are three aspects that seem especially important to me here:

- 1) *Time*: it requires time to build social relationships, maintain them, and make use of them. This time is taken away from other activities such as work or leisure, and there is pressure to make good use of it (= do these relationships really deliver as much as I am expecting?). All of this time is spent so that eventually it can be transformed into monetary benefits during a specific window for action (during placements, promotions, etc.).
- 2) *Effort*: along with the use of time, the issue of prudent effort also immediately arises. Can I afford to maintain a close circle of social relationships that is kept as free as possible from the formation of social

capital? Or am I already in the wake of such inevitable capitalization because of my habitus? And if I already have advantages on the basis of my pedigree and favorable social relationships, can I minimize effort (in the breadth and depth of my social relationships) by combining things that I enjoy (for example, golf, tennis, sailing, etc.) with direct relationship building? Do I also gain partnerships from such social relationships, which stabilize or, even better, “upgrade” my social position? Effort greatly determines the breadth of my window for action because the narrower the spectrum of social relationships is, the more the likelihood of numerous opportunities for transforming my qualities into monetary benefits drops.

- 3) *Resources*: the organization of social relationships consumes resources. The more a bourgeois or even upper-class habitus is sought, the greater the resources are that must be expended because the resources themselves represent a source of distinction. The levels of expended resources (my house, my yacht, my car, my club, etc.) form in detail differences that constitute the “fine distinctions” of taste (see Bourdieu, 1987 a). Herein lies the relevance for social exclusion: the fewer resources I have, the fewer opportunities I have in the social domain for developing adequate desired qualities in competition with others.

What value do I get from such social relationships? What kind of surplus value can be achieved? When comparing economic and social capital—or some other form of capital yet to be discussed—, there are always voices that will admit that social relationships may be of social benefit but that these relationships cannot clearly and definitely be transformed into economic capital and surplus value.

In chart 17, I compare the criticism of the expansion of the economic form of capital with the justification of this expansion. The chart shows that a criticism of the expansion of forms of capital serves a certain reductive view of the economic, which itself can be viewed critically. First, outside of idealized forms of exchange in capitalism, the scope and value even of economic capital cannot always be determined if it is actually involved in trade. This is because, as I have tried to show in chapter 2, the production of surplus value shows unclear boundaries in the interaction of its four aspects. Capitalism is not only the site of exchange for material or physical objects, it has long played a role in immaterial areas as well. There still might be a desire on the part of many economists to reduce all activities to a material substrate, something that we can hold in our hands, but such reductive thinking quickly collapses when it encounters the fuzziness inherent to the system and the associated complexity and opacity of economic transactions particularly when regarding financial capital.

Social capital is not transformable economically	Social capital is transformable economically
Scope and value cannot be determined unambiguously (completely) and concretely	Scope and value can be determined concretely for effort, resources, and costs in comparison with the results of activities
An exchange involving the transfer of material or physical objects or goods does not occur	In capitalism, there are various forms of non-material exchange (for example, financial transactions in stock market speculation)
Intangible value strongly determines social capital; its exchange appears speculative	Intangible value determines capitalism now in many different areas where profits are made
A high supply of social capital does not automatically lead to an inflation of its value	Social capital has a thoroughly inflationary effect on expected profits depending on supply and demand
Absence of property rights prevents social capital from being asserted adequately	Personal rights or rights in social networks (such as rules on inclusion and exclusion) exist in a high degree
There is no exchange of social capital because no new owner arises through renunciation or transfer	Social capital is exchanged according to rules that are always closely connected with economic forms of exchange (for example, labor)
Freeloaders threaten social capital	Parasitic gains are possible for all forms of capital

*Chart 17: Is Social Capital Transformable Economically?*

In the economic field as well, it can be seen, for example, that high supply does not always have to lead to a decline in prices and the value of goods if the market can be influenced. And the same is true for social capital, which in my view aims at the clear and empirically demonstrable generation of surplus value that can be transformed economically. However, the ability to transform social capital economically is not comparable with exchange in a commodities market, i.e., there is usually no one offering such “social goods” who could immediately find someone willing to pay money for them (even if there are services offered such as coaching, consultation, escort services, etc.). I would like to focus on particular activities of social capital from the preceding analysis, which have a great deal of relevance for the transformation of such capital into economic income:

- The agreement on values and norms, the conformity achieved in a social class, tier, or group (depending on the structure of its mechanisms) leads to certain forms of expected and required rationality and a certain predictable habitus. This can lead in economic terms to securing a

position that is better paid in comparison with others or to higher income in comparison with what can be achieved with less social capital. Such an exchange is profitable if the investment costs (for education, learning, graduation, social participation, etc.) are exceeded by the long-term revenue.

- The complex risks associated with economic capital require an exchange with social capital, which has to produce adequate information about social cooperation and communication as well as recruit suitable leaders who can direct such processes socially. In this respect, high social capital and the associated network connections are an essential precondition for control of the economic area, which in turn promises higher income for the owner of such capital.
- In times of economic crisis, social capital helps to demonstrate a confidence that is quite ambiguous: for those who possess economic capital, this confidence represents security and continuity, which is competently and convincingly presented by people and thereby made comprehensible. On the other hand, this confidence will always also remain illusory because social capital embodies skills that nevertheless are less connectible with the anticipated miracle of an economic prognosis about unpredictable market developments. Such an expectation will often have to be disappointed because capitalism does not allow for absolutely safe predictions. In this uncertain situation, high expectations for profits are possible for high social capital precisely because it represents a degree of psychological efficacy that can in particular be realized based on supply and demand but also illusion, deception, and even fraud because it is particularly desirable (= desired confidence).
- The forms of profit for social capital are the basis for such expectations and actual realizations. The rules associated with creating confidence, with inclusion and exclusion, the creation of different groups with varying horizons for action and competence, and the social habitus as an expression of all these tendencies create as use values a basis for the production of surplus value through social capital if they can be realized as exchange value (in a job, in a position to gain money, etc.).

### *3.2.1 Production of Surplus Value through Relationship Building*

The biggest problem of social capital lies in the fact that social relationships are usually already predetermined by pedigree, assets, and associated residences, circles of friends and acquaintances, athletic clubs, leisure activities, and vacation locations, etc. The individual has almost no say over

their mobility because their access to different or better circles is usually already precluded.

A first criterion here is the habitus that has been attained and in which one lives. Max Horkheimer, who is well known as a critic of bourgeois society, already recognized this as the son of a textile manufacturer growing up in the upper bourgeoisie: “The freedom, self-evidence, and ‘naturalness’ that make a person liked in higher circles are the effect of self-confidence; usually only someone who has always been there and is certain that they will always remain there has this self-confidence. The upper bourgeoisie recognizes the people with whom they like to consort, the ‘nice’ people, in their every word” (translated from German, 1934, 23). What Horkheimer describes here corresponds to the habitus of the upper bourgeoisie. In the class or social level in which one grows up, a connection, a social loyalty to one’s peers, and a habitus is always involved, which cannot easily be discarded and is rather constantly at work. Silent legacies (what I leave my children as an essential family habitus) and merits (what have I achieved as a role model for my children) function here as models of conveyance. And even if such conveyances do not always occur in higher circles without strain or conflict—something that the masses enjoy reporting on in histories of the rich and beautiful—the habitus of the occupation of a ranked position in society usually remains unaffected. Predominately negative forms of conveyance can be expected from the outset for the lower levels. Thus, the upwardly mobile can study as many manuals and take as many training courses as they want, make efforts, and be disciplined, but their effort and discipline are precisely what marks them as not belonging. That is why the newly affluent initially have little access to the upper classes although they will eventually be taken up in the long run because of their economic capital. But the newly affluent in the new markets also now contribute radically to the dissolution of the older upper classes.

A second criterion is a broad general education. Usually only those who casually acquired this broad education and the associated cultural tastes in the context of their family will have the kind of self-confident manner in dealing with educational goods that characterizes people who are true connoisseurs. This also includes a playful way of handling one’s own norms. One knows when they are important but also when they can be handled flexibly and ironically. Such an education in particular is part of learning capital as I will discuss in chapter 6. Depending on the type of education social reference groups arise that are central to the formation of social capital. In order to circulate in certain social groups a basic level of required general education or specific educational content has to be mastered in order to gain access or be tolerated.

Depending on their location and position in a comparison of ranks in society, social groups always express a mutually-acting power in their

struggles over positions and differences with and against one another. Such power is a third distinguishing feature. It is determined by the degree of opportunities for influence on others on the basis of money, pull, dependency, expected behavior, and other attributes of social pressure. The more powerful groups or individual protagonists are in such social groups, the higher the likelihood is of participating directly or indirectly in this power. It is well known from research on the elites that even the hangers-on can at least in part make enormous gains in social capital in such social relationships.<sup>1</sup> The gains can be realized in particular in the economic domain through increased income as well as in the social domain through a greater position of power.

In addition to power relations, a fourth distinguishing feature, consumption, is becoming more central in social relationships. Anyone who does not unflinchingly have the best watch, luxury car, wine, vacation location in summer and winter, anyone who does not always know who is “in” and who is “out” and can classify them with personal references, anyone who cannot converse about the pros and cons of various vacation homes and their locations or the best yacht harbors and golf courses, which is only possible if one has had experience with such “obvious things,” does not belong. Knowledge of such things and the “education” associated with them is cultural capital (see chapter 4). In consumption, an aspect of power is expressed and profane education is symbolized, which takes itself to be important because it creates differences that constitute social differences.

Social distinction occurs in subsystems or social reference groups that each have their own rules and selective barriers. Anyone who has grown up as the child of an entrepreneur, a top manager, or judge has already noticed from an early age that he or she is not just one among many. Children often receive advantages on the basis of social networks for establishing themselves in the same field and pursuing a career. But such groups are in turn also stratified and fight for the amount of resources they have available, the celebrity they can attain, the power they wield, and about nuances of distinction and differences that can make a difference. Sometimes you hear about children who fail because they lack the ability to assert themselves, but in most cases, they prevail over others due to their advantages.

Social relationships are formed and developed against this background as an expression of the interactions and communications of a self (with an emotional-cognitive self-value) with others: groups of friends, circles of acquaintances, neighborhoods, clubs, etc., and there are also virtual counterparts to these in mass-media use in all forms. The social culture that is thereby created is always a mixture of family culture and interactions with the rest of culture, particularly the differences from others that arise through

<sup>1</sup> On this, see, for example, the older texts by Bottomore (1966), Giddens (1974) compared with Hartmann (2007).

such distinction, which inform one's image, allow it to be internalized, and help it develop. Norms, values, and moral ideas circulate in this cosmos and form the respective habitus.

In a simplified phenomenology of forms of social use value that can be transformed into exchange value in social capital, the following aspects regarding types of groups and network membership can be distinguished:

- *Inclusion and exclusion rules*: the human rights give a clear advice of what is socially hoped-for because de jure and by their follower diversity is regarded as positive, the rules should be inclusive, people should be brought together to pursue a common goal in terms of participation for all, not depending on pedigree, sex, age, lifestyle, background of capital forms, disabilities, etc. In this respect, social capital has a strong function of bridging differences. This is achieved more easily in countries that have comprehensively enshrined such inclusiveness in the education and school system. The location, time, and conditions also have to be appropriate here for allowing these people to come together in the first place (the lower the supply threshold is, the better the chances are for inclusion). The more exclusive the rules are (due to cultural attitudes and human rights in practice de facto), the less diverse the group or network is supposed to be and the more effective the subordinate rules are for exclusion according to certain selection criteria (abilities, educational qualifications, aptitudes, appearance, conformity to rules, etc.). This is often already arranged through a highly selective education and school system or a high proportion of private schools. Diversity is suppressed here while the homogeneity of social groups is in contrast seen as positive and associated with a narrowly defined common social domain that enforces homogenization, according to interests, attitudes, expectations, obligations, existing forms of capital, or other distinguishing characteristics, and regulates this through admission procedures. The exclusivity of the rules and admission procedures often lead to the phenomenon that subsequently the social capital gained by this group or network is held to be particularly high in competition with others.
- *Type and degree of formalization of the group/network and the density of relationships*: there are more informal, open groups and networks with looser ties and bonds and more regulated, closed groups/networks that aim at creating strong bonds in social relationships. Three forms are always visible here:
  - *Bonds* in the sense of family obligations or friendships with strongly shared values and common notions of identity.



- *Bridges* in the sense of circles of acquaintances, which are supported well enough by common interests and mutual demands despite great distances and weak notions of identity.
- *Links* as fairly open relationships that at least offer reception and information centers that enable one to orient oneself quickly and find the right contacts.

All three forms merge more or less fluidly. They have effects in all areas: in addition to the variety of formal groups such as political parties, associations, clubs, etc., there is also an even greater variety of informal opportunities such as circles of friends and acquaintances particularly for leisure time. Participation in both sorts is needed for the formation of social capital, where the open groups primarily represent the quantity and the closed groups the quality of social relationships. When searching for a job or better job prospects and higher income both groups/networks are useful because the qualitative aspect is not enough to capture the diversity of opportunities and the quantity aspect is not enough to produce relevant recommendations and situations.<sup>1</sup>

- *Type and degree of self-interest*: the greater the self-interest of a group is, the greater the danger may be that it will also employ targeted (even manipulative) measures against others. Lobbying and corruption are two particularly effective tools in the work done by a kind of social capital that connects with economic capital and tries to assert its profit and exploitation interests particularly forcefully. The less self-interest is directed toward growth in the volume of economic capital, the more esoteric the self-interest might appear to the public, but for participation it is nevertheless a relevant part of their group and their network precisely for this reason. Self-interest in this sense is the foundation for diversity in society, which represents growth of diversity in a freedom of choices.
- *Type and degree of social orientation*: the types of groups and networks are distinguished in the social domain through their attitude, status, and orientation with respect to social questions, positions, and the development of other members of society. The formation of social capital is in a tense relation involving egoistic self-interests and group-interests on one side, or interest in the common good with more social equality or support for those who are disadvantaged or discriminated on the other. Even if it is not part of the goal of the group/network to position itself in this domain it happens automatically through the creation of groups/networks as an expression of a certain social capital with specific social interests in the context of society as a whole.

<sup>1</sup> This is why Burt (2005) attributes an important role to “structural holes” in relationships, which arise through the openness of networks. The formalization of groups plays a significant role in closing these “holes” or uncertainties.

These various forms all occur in connection with a social function that aims at mutual obligations. There are already historical precursors for the explanation of this function. In the 1920s, Marcel Mauss investigated gift-giving in archaic societies in “The Gift” (1920). His empirical studies provide insight into the basic characteristics of social relationships because the giving and receiving of gifts involves social exchange relationships that appear to go beyond the exchange of goods in capitalism. The exchange of gifts is primarily a social means of reciprocal obligation. Early peoples also exchanged valuable things in order to cultivate reciprocal obligations (for example, not to start conflicts or wars). Such acts are embedded in rituals, dance, knowledge-sharing, and unifying communication.

Mauss noted that there are three obligations in social forms of exchange: (1) giving gifts (this initially obligates the other without immediate reciprocation), (2) accepting gifts (declining a gift would be a refusal of friendship and would be an act of conflict or even war), (3) reciprocation (the cycle of reciprocal obligation is closed).

Social relationships have been defined according to these rules up to now. Here, in the formality of the exchange there is discretion in the quality of the gift. Whereas with early peoples the gift appeared to be inhabited by a “spirit” or “soul,” today there is a calculation (but people don’t like it to be obvious): What does the quality of the gift have to be such that I may receive a suitable reciprocal gift, or benefits in the long run, or at least that the social relationship will not be troubled? People have spent a lot of sleepless nights worrying about such questions.

The richer someone is, the more they can also use gifts as strategic tools. One can give gifts that demonstrate one’s wealth, serve to raise one’s status, or that are supposed to function as a gesture of domination. Lavish feasts have also served this purpose for ages.

Another kind of gift-like bond, bridge, or link is the time that we spend in social groups or with each other. For many, it already functions as a gift because in an accelerated culture like the present time is closely measured. Work and leisure time coincide with social time in the formation of useful relationships only in the luckiest cases. It would be optimal if the useful could be connected with the pleasurable, but this appears tantamount to a search for promised happiness. Who can afford to play golf only because it is enjoyable? Who enjoys going to family parties without also having the ulterior motive of a later inheritance? Who has business lunches because s/he sees positive life content in them? Whose circles of friends arise only out of inclination and not also because of social stratification? Who can afford to ignore expectations and exchange completely in their social life?

In social relationships we can often no longer distinguish the one from the other. The effort would be too great to break away—except in the negative crises of youth—

from the bonds, bridges, and links of social relationships, which we value for our own self-understanding as being happy relationships and as being better than others.

Today increasingly more time is spent in virtual relationship networks than real relationships. The pressure of acceleration that characterizes liquid modernity is evident here, and it also shows the reductive, superficial dimension to which relationships can be reduced so long as they merely show the promise of providing a useful network. Individualization touches on the limits of this lack of commitment and on a pressure of acceleration that means people must live with constantly changing relationships and thus experience these relationships superficially. This is consistent with demands on consumption because only the impermanent can be sold again and again. Here exchange values greatly affect the use value side because they attach the expectation of ephemerality to use. Overall, in current social relationships, there is a greater lack of commitment and greater ephemerality in contrast with traditional forms of relationships (see Bauman, 2005, Schulze, 2007, Beck/Beck-Gernsheim, 1995, 2001).

The social cost for the upwardly mobile is especially high in terms of communication. If they remain within the structures developed by their family, then in the school milieu, with its educational norms, they already have probably too little contact with better social ranks and run into problems with unfamiliar language games and assessments. But if they overconform to the upper-class power milieu and have to hide or deny their lower background, then they also have to submit themselves to the educational evaluations of teachers who themselves primarily belong to the upper or middle class in order to belong, although they always may doubt whether they will truly attain their goal or whether the game is not altogether one-sided. The pleasure in resistance, promoted by Willis (1981), which lower-class children can also develop, is usually not very successful as a strategy in practice and is likely to lead to reprimands at school. Also, such resistance has not turned into a comprehensive political movement for social progress so far. Often, the lower classes do not achieve the goal of social advancement anyway. Studies on the working environment show a frequently fatalistic attitude toward this goal because the precariat is accustomed to accepting losses and blows of fate while the petit bourgeois milieu becomes exasperated with defeats. Successful bourgeois milieus in contrast arrive, in the balancing of time, effort, and funds spent, at a lighter interpretation of the current situation by a change of perspective in which they observe themselves from the outside in an “as if” scenario and thereby remain capable of action.

All concrete details about the production of social relationships and recognition are part of the use value of social capital. It is important to recognize here, similar to the case of economic capital, that such use value is initially not capital and does not express surplus value but only a concrete

use, an activity in terms of time, effort, and resources, which can have a purely personal, private, intimate, or any other useful character. Social capital is actually created when value is generated from this use, which can also be traded, which represents a value on a market, which can be exchanged, and which can be transformed into a surplus value, and this surplus value is calculated according to the costs incurred for producing this value (social reproduction costs based on use value) and the difference from the exchange value achieved. Social capital is gained in various forms without initially being capital at all, but when it is realized as exchange value it transforms into capital that is effective and useful, i.e., economically transferable. It is a use value that has linked opportunities for capitalization so closely with original forms of exchange (for example: “you help me, and I will help you or your children”) that when a surplus value is achieved it is mostly swept under the table (you often hear people say, for example: “I got this position without relying on relationships; my father just organized the first meeting”).

The use value can in itself fluctuate into economic capital just like concrete work and actions and be of a very personal nature. Just as someone can spend a great deal of time on the production of a concrete object of use, entering into social relationships can take up a lot of time without the value of these relationships thereby being something that will be converted at a certain point in time (except when it comes to very influential people). Considered ideally, the average time, effort, and resources spent here are enough to be able to expect a certain degree of value from the social relationships. But what are more important than the relationships themselves are the qualities of such relationships. The basic rule for the expenditure of time for social relationships is that a surplus value can be gained when the time spent in the appropriate social group will be exhausted at some opportune point and is also anchored in a system of mutual obligations with exchange character and later exchange is facilitated.

Because this mechanism is familiar to all social groups in their respective stratified social position as an everyday occurrence and part of common knowledge, there are regulated inclusion and exclusion procedures in social capital. The higher classes deny easy access from the outset by consciously or unconsciously creating a profile of requirements that regards intermixing with lower-class forms of habitus as unseemly or problematic. But a child raised in the upper bourgeois family will also find little pleasure in joining in a youth gang from socially deprived areas if he or she is not revolting against his or her parents. The exclusion procedures are particularly familiar in regards to nobility or the super-rich, but they occur at all levels because groups all struggle to differentiate themselves from the lower levels. The upwardly mobile individual can indeed sometimes overcome such exclusion through lucky circumstances such as friendships or acquaintances in school, leisure activities, or sports, but large and quick adjustments are required in

order to organize an appropriate form of participation. And this is always accompanied by a question: what does he or she offer as a special gain for existing group needs or its needs for exclusivity?

To sum up, as with economic capital there are at least four aspects in the analysis of the utilization of this difference through the production of social relationships that are essential elements of action in dealing with social capital:

- 1) In the social praxis of democratic societies, social relationships can be freely engaged in and developed. However, access to certain circles, affinity groups, and lifestyles first has to be gained and legitimized through characteristics that show one belongs. In a stratified society, there are closed societies at all levels (according to habitus, education, power, or other methods of distinction), but in the “better social circles” attributes such as pedigree, title, educational certificates, good body capital (beauty, attractiveness), or at least adequate money, are required for access.
- 2) Relationship building is a basic condition for all social action, i.e., given the greater individualization of people there is a necessary social need for cooperation and communication, which requires great commitments in terms of time. A basic prerequisite for the production of social capital is that one uses time in relationships as extensively as possible. But the expenditure of time does not generally lead to a free market in terms of relationships where everyone can without preconditions satisfy their needs for social exchange if only they “spend” enough time. Social stratification (particularly through educational homogamy, which will be shown below) shapes the relationship market, which is strongly regulated by conventions that lead to common normative attitudes on the basis of the time spent together in the relationship.
- 3) There are initially only subjective experiences and presumed expectations that allow one to conclude from the costs in terms of time, effort, and resources expended that there will be a possible use value to acquire exchange value of this form of capital for the attainment of higher income, marriage with an upwardly mobile character, or other forms of gain in terms of status. Nevertheless, studies on social classes and elites, which I have discussed, show that successful careers in particular strongly depend on the habitus of better-positioned social classes.
- 4) The state of the actual openness of relationships across boundaries of status, class, income, standards, etc. is dependent on the openness of the society as a whole. An essential indicator for this is the degree to which it is possible in a society to rise from lower social strata to higher ones.

### 3.2.2 *Production of Surplus Value through Supply and Demand*

Supply and demand strongly determine social positions. You only have to move once to see on the basis of a change in workplace and the need to establish social relationships from the beginning again how fundamentally closed the social world is. Opportunities for social belonging and social gain arise only at the expense of a great deal of time only where there are open possibilities. And one is all the more successful in this regard the more one's own position can be regarded as a "gift" by others, i.e., as advantageous to them.

If one wants to gain surplus value through social capital on the basis of supply and demand, then one's own commitment in expenditure for relationship development has to be scarce in supply and high in demand. Only unusual, rare, or above-average outstanding qualities, behaviors, talents, or results help one achieve capitalizable gains here. Thus, one might have a special talent as a wrestler or boxer, but if these sports are not highly recognized in better social circles as use values, then the better golfer would have significantly better chances of also attaining a higher exchange value. At the same time, excellence in any area of sports helps one to be in higher than average demand, but the average golfer may reach better relationships in their field than a comparable wrestler and be able to transform these relationships into monetary benefits.

Gains in social capital can be made in particular on the basis of body and learning capital and in part on the basis of cultural capital because beauty and physical attractiveness as well as a high degree of education and intellectual achievement are rare. They are rare because they are always produced in a comparison of ranks and show peaks, and they also offer greater opportunities for the formation of social capital. People who possess such qualities have to expend a great deal of time to attain these qualities, but they are repaid with gains when they are in demand and "supported" without further effort on their part. The more a person becomes known, the more social capital can be translated into economic capital through appearances in public and advertising contracts, which can in turn perpetuate the spiral of success.

The path upward from the bottom is much more difficult. A lot of time has to be invested here in the development of relationships, which is time that will be lost in other areas. For these people, there is a difficult balance between achievements in (professional, substantive) terms, which need time for development, and the building of relationships and networks in order to benefit from these achievements in terms of a job or income. The mechanism of supply and demand also applies here: the greater the demand for certain jobs and achievements, the less important the relationship network is for

securing a successful position, but the more supply there is, the more the development of relationships will lead to success.

There is always the alternative of giving up any gains and completely renouncing the formation of social capital. The refusal to seek out circles of friends and acquaintances according to possibilities for capitalization is significantly higher with those who are already in a socially established position or with those for whom a struggle appears entirely hopeless. Those who are established will always find someone who will gladly socialize with them, and in contrast the upwardly mobile will prefer to seek out relationships where they can experience esteem through social advancement, even if it is only in the form of being noticed. In addition, the desire to maintain only valuable friendships beyond those that are useful is already in many ways guided by the pre-selection of groups with special interests in connection with cultural habitus, educational level, expectations, and values and norms in such a way that social capital will develop on its own from this. We might not be conscious of the degree to which capitalization has in this regard infiltrated our social relationships whether we want it to or not.

The downwardly mobile in contrast serve above all as an image for deterring others from letting things go too far, and they also help the lower social classes to understand and differentiate themselves better (cf. Bauman, 2004).

In the analysis of the action of the utilization of the difference in terms of supply and demand, at least four aspects appear significant when we consider social actions:

- 1) Social relationships are lived and regarded as essential in all social groups. There are different forms of relationship building in families, at work, and during leisure time. Demand occurs in the transformations that occur in living environments and is therefore subject to fashion. When there are pressures of demand the supply can become broader, new social relationships may arise that also go beyond previous social boundaries. But in the long run, new forms of social stratification are probable.
- 2) There are options with regard to supply. Investments are active in the area of tension between interest and amusement on the one hand and calculation and benefit on the other. But only good observation of the market can help one appropriately calculate the supply and demand sides for one's own social opportunities.
- 3) There are means of social exchange that allow the exchange to be accomplished as easily as possible. Such means of exchange are sufficiently available in the form of time dedicated to social relationships, gifts, and common activities. But these means of exchange are not all equally socially accessible.

- 4) Investments in social relationships are almost never in vain if they do not entirely neglect the demand side, i.e., the invested costs are actually calculated in the form of subjective satisfaction and enhancement (individual demand side) or in gains in income and job security or independence (social demand side).

### 3.2.3 Creation of Surplus Value through Illusion, Deception, and Fraud

When someone claims he or she is the way s/he “is,” distant observers are immediately suspicious of an illusion. Who can afford always to be as they are? Or vice versa: is it not one of the great achievements of Western culture to behave as though everyone is handled appropriately in accordance with each person’s circumstances? The self-restraint identified by Norbert Elias, which we increasingly cultivate with the emergence of bourgeois society, has as a mechanism long ensured that we do not behave wildly and inappropriately but in a socialized way that is appropriate for the majority culture. But in social relationships it is very difficult to establish definitely for oneself or as a distant observer what is the “truth” (and if it is, to what degree), what is illusion, deception (conscious or unconscious), or even fraud (against others or oneself).

Compared to the bourgeoisie of a hundred or even fifty years ago a change in roles has taken place, which could not wipe away its own conventionality, because this conventionality creates the significations with which we differentiate between ourselves, but could at least be subject to irony in the higher and educated circles. This is how many people have learned to take on very different roles within a very short period of time:

- As *producers*, we no longer see ourselves as we did under severe capitalism as primarily material producers of wealth; rather, we see ourselves more openly as designers of transient services and liquid life and no longer conceive of the illusory only as a threat to a life that rests on “secure spiritual foundations” but as an opportunity for variety and entertainment and individual, primarily material, advancement (cf. Bauman, 2005 ff.).
- As a *consumer*, prosperity has become more tangible for us than it was in our role as producers because even if serial production forms the backdrop of this consumption the goods differ more than ever before, and we distinguish ourselves in terms of the quantity of our possessions and what we can do with them.
- As cultural *observers*, we wander around in search of new deals and opportunities, and views and insights, and we can experience this everywhere in the world through the homogeneity of shopping malls or



the virtual homogeneity of the Internet; we can see and be seen here, and we can even take part in dangers without suffering from them (see Bauman, 1996), which frees us from social obligations.

- As *gamblers*, we simulate anything and everything, a world with successes, risks, and fears, in order to entertain ourselves safely; the greatest success of a gambler would be to be lucky enough to win more money than he could have ever earned in an entire life of hard work so that he could attain a higher social status as a result.<sup>1</sup>
- As *tourists*, we collect as many new and unique experiences as possible even though this leads to the absurd consequence that we increasingly want to make foreign places into our own comfortable home and thereby essentially negate what we really desire in terms of the experience of something foreign. Tourists might essentially be idealized types for liquid modernity because they have enough money to consume their freedom; at the same time, they apply aesthetic and prosperity-related criteria against what they desire: the more tourists want to travel as individuals and the more unusual their experiences are supposed to be, the more unlikely satisfaction will be found in the collective desires of a group of tourists who also want the same individuality and unusual experiences (see *ibid.*).

These aspects show how elusive the social has become for us in various relationships and how, nevertheless, social bonding, bridging, and linking around which we orient ourselves, always takes place. Social capital is thus characterized not only by the quality of relationships but also by the variety of social options that we can experience on the markets. Appearance, illusion, and deception always contribute to the actual relationships that are available to us. In our social way of being, illusions and even deceptions are always already built-in because everyone always wants to be more than they are since there is a surplus of hopes and dreams in the competition for which we articulate ourselves and move as social beings. In culture, attempts are made to influence our interests and motives by means of comprehensive advertising psychology, and the internalization of such strategies has long become more than we can in any case handle in a distanced or ironic way. It is part of a good and successful social image of oneself to already build one's delusions into the presentation of one's own ego either consciously and deliberately or in a way that appears accidental and unconscious. Only the authenticity of a "true self" could withstand this, but where in this socialized world, in which nobody can grow up completely autonomous and free from the cultural and social constructs of others, could such an unadulterated truth

<sup>1</sup> For an extensive discussion of gamblers, see Bauman (1996). An aspect of the new social status of managers is that they earn more per year than the average worker could earn in three lifetimes. This even appears as an incredible augmentation for those who gamble.

exist? If a social position is given, it can at best appear, be lived, and be realized more or less authentically. But in the struggle of social competition in existing and increasing capitalization, illusion, deception, and fraud necessarily increase in order to carry out the struggle with all the means used by the others as well. And increasingly those for whom the social climb or the attainment of or claim to a special position would otherwise take too long or be too difficult resort in increasingly riskier ways to these means.

We may consider some illustrative examples drawn from the wide spectrum of these means (see also above, p. 106 ff.):

*Illusions* are essentially desirable socially because as consumers people are supposed to buy whatever comes on the market, and these things are associated with high and often exaggerated expectations. In the social field, this leads to a glut of advisors and social solutions for any case, which are to be carried out in the quickest, most uncomplicated and sustainable way possible. A comprehensive social service-industry has sprung up, which in its psychological strategies has forged extensive weapons for these purposes, which often function in suggestive, projective, and manipulative ways. Although the illusions are addressed to everyone, they promise each individual a better solution than others have, better dating, the quickest therapy and advice, the smartest approach, etc. in order thereby to derive sales profits. People are of course not as stupid as is often thought, but when compared with each other they cannot help but adopt such practices for themselves. Measured according to norms of comparison of the social mainstream, in-groups, trendy forms of social action, the “right” way of organizing leisure time, the design of good social experiences, etc., they produce constructs of a self-image that is focused on the comparative scenarios of successful social groups, fashion, and luxury, and so have always already integrated their self-delusion. Even those who think in alternative ways find their fashions and brands. In the struggle for social capital all groups and networks often find forms of self-delusion in order to stand out from others effectively. This is tantamount to an advertising strategy: if someone already spends time in a social relationship, the illusory benefit of spending time in this way must at least be symbolized in an idea and a hope.

*Deception* is distinguished according to areas where it is not problematic and areas where it is not desirable. The tighter, more familiar, and intimate the social bond of relationships is, the more we would like to treat others and be treated in a way that is free of deception, which is a sentiment that speaks to how deceptive the rest of the world has already become. Illusion and deception are difficult to distinguish from one another, but deception involves an objective calculation. If an application document is, for example, deliberately embellished to attest to someone’s social skills, this still appears

to be illusion; but if, for example, the data is altered by omission of negative aspects of a person's social biography, it is deception. It would be fraud to add fictional social data. As a complex store of information and knowledge, the Internet provides an infinite reservoir for attempts at deception, including those of the social sort. Even best friends are woven into the illusion because, through mutual mirroring of the most extensive lists of acquaintances—in terms of social psychology, someone who is loved is valued by as many people as possible—, belief can be elevated in the best way and transformed into a known “fact.” Often the users deceive themselves, apparently involuntarily, because their greatest deception is that they claim that everyone does it. Yes, more and more people do it, but majorities can also be deceived.

*Fraud* is where deception is a legal matter that may be pursued. Anyone who illegally appropriates property at the cost of another is guilty of fraud, but often plagiarism procedures show in the excuses of those affected how little people consider their own deception to be wrong. The deception is still successful because only someone who is convicted is really uncovered as a fraud. That is why one of the most important strategies for a fraud is not to allow themselves to be convicted. But because fraud in general has increased, those who commit fraud, especially if they already possess high social capital, no longer appear to suffer the consequences that previously would have been inevitable.

There are also four aspects in the analysis of the action of the utilization of illusions, deceptions, or fraud that are essential in order for such social actions to be effective:

- 1) There is at least a fictional (usually also to some degree real) production of a social benefit that is provided with certain costs, i.e., there is an offer on the basis of produced, suggested, or partially existing delusions that are illusorily advertised. The more illusion, deception, or fraud there is, the easier extended gains in surplus value might appear; this is the driving force of this aspect.
- 2) The fictionalization of this social benefit is described and demonstrated as plausible to “common sense” so it is credible and can actually find a market (implementation of fictional strategies and “positive psychology”). Because at present increasingly more fictionalizations are successful and relevant (for example, they are depicted in the media), the narration of the “right story” or “best story” becomes more important than the data and facts behind the story, which nobody wants to hear about anymore.
- 3) A later profit is realized through manipulative, mandatory exchange of gifts and reciprocal services, i.e., investments are converted in the short or long term into additional profits through corrupt relationships.

- 4) Surplus profit is realized in addition to an actually existing value or purely fraudulently, i.e., it either augments the already existing social network or strengthens demand, compensates for disadvantages in both areas, or produces a profit without any trade-off.

### 3.2.4 Production of Surplus Value through Parasitic Participation

The social status achieved through pedigree always tends to be parasitic participation when it is advantageous. The preservation of social positions according to birth and status, is something familiar from nobility and is also true of the bourgeois.<sup>1</sup> Above all, the mechanisms of inheritance and marriage help to produce a surplus value of social capital that rests on parasitic participation (see also above, p. 109 ff.).

Let us first consider inheritance. The more the father and mother's generation can pass to their children without deductions for the community, the greater the gains are that arise purely from pedigree and that secure private property without investments of one's own, which determines one's position in the social field through economic capital. Social and cultural capital also contribute here because with regard to social capital not only property but relationships are "inherited." Such inheritances lead to a position in the inclusion and exclusion processes that govern access to better circles. They also function as a precondition for the relationships that heirs prefer to enter into.

We now turn to the mechanisms of marriage. Who marries whom? This is one of the crucial questions when social output capital is formed on the basis of family and pedigree through parasitic participation.

How are the mechanisms of marriage constructed for nobility? In the background here, there is always already a belief established in the past on the part of many people in a special status that has been passed on in a social position and symbolic language. Nobility, aristocracy, and gentry correspond to semantic fields in which the opposition of the noble to the common, the special to the average, the famous to the nobody, and the best (*aristoi*) to the least is expressed. The nobility has in particular been successful in defending the closure of its circle as a special social capital by securing privilege through heredity by bestowing titles and passing them to legitimate heirs. This creates a special society with its own class conceit, which has been able to preserve a certain autocracy against the economic capital of the emerging bourgeois, although it does enjoy being married to this wealth. It is part of the paradox of

<sup>1</sup> On the genesis of bourgeois norms from courtly norms, see in particular Elias (1983). In "The Civilizing Process," Elias (2000) established an overall model for the shift from external constraints to internalized self-restraint.

nobility that it has acquired its privilege almost exclusively from the theft and oppression of the feudal system, warring knighthood, or courtly deference over the ages in order thereby to forge its own social capital to which even today a distinction applies that indicates something “better.” In the republican constitutions of bourgeois society, the status of nobility is abolished as a special privilege (with exceptions of certain constitutionally anchored monarchies), but the title of nobility can in bourgeois society also be preserved as a part of the family name as a distinctive and capitalizable feature.

After the elimination of its apparent status privileges, the nobility is a strongly differentiated social group that applies the strictest rules of validation (investigations of nobility and ancestry) in order to restrict membership to its nobility associations. These investigations reach back, for example, to legal succession from the era of monarchy and old naming rights,<sup>1</sup> and efforts toward exclusion are undertaken to counter the sales of titles of nobility that began worldwide in the 1970s. Within such associations, which seemingly manage such titles “objectively,” there are obscure distinctions between “noble” and “non-noble” bearers of names even if people may bear a noble family name without distinction according to civil law. What is interesting in the research on the strategies of nobility is their defense of special inheritance of names as well as the passing on of a noble habitus to their descendants in order, through exclusivity, to produce a special social capital that can be used as an advantage in the search for better positions, jobs, and marriages.

The monied nobility in contrast inherits according to material standards in which economic capital is seen as being of primary importance. But upon closer inspection, this also involves a well-regarded name in terms of finances and a habitus associated with owners, which can be passed on to posterity as a double heritage of wealth and behavior. The elites always try to make a claim to their elite status against the pull of mass homogenization by making their social distinctness into a feature of institutionalized differentiation (see Hartmann, 2007, for example, for an extensive discussion of this). The rules of differentiation are extremely effective. And they can be traced in general to the marriage market.

With regard to bourgeois marriage, Hans-Peter Blossfeld and Andreas Timm (2003) in particular have examined how the marriage market developed in countries such as Belgium, Denmark, France, Germany, Hungary, Israel, Italy, the Netherlands, Slovenia, Spain, Sweden, the United Kingdom, and the

<sup>1</sup> In Germany, for example, membership in the Union of German Nobility Associations (VdDA) or admission as a “noble name bearer” in the Genealogical Register of German Nobility (Gotha) is possible only if proof of nobility, in accordance with the regulations of Prussian law of the 19th century, has been submitted or will be submitted. There are analogous mechanisms for exclusion throughout the world.

United States. The educational system with its differentiated educational pathways and opportunities in particular appears here to be a key area from which marriage partnerships develop. The analysis shows that social inequality grows due to the fact that the same starting points in terms of economic and social capital are reflected in upbringing and that desires regarding marriage are strongly based on one's own upbringing and educational groups according to status and existing capitalization. This leads to a closure of social opportunities, which makes the previous opportunities for upward mobility through marriage appear rather rare today. Let us consider more closely the process of partner selection by single adults in the countries examined:

- Initially it is evident that educational homogamy can also clearly be observed in an intergenerational comparison. This means that couples in the last 50 years have found each other through the educational market and thereby reflect the preferences and advantages of education again over the long term. Highly qualified people seek other highly qualified people; those lacking such qualifications generally get to know others who lack such qualifications, and both groups strongly orient themselves on the educational expectations they have set for themselves. A person's partner should meet or exceed one's own expectations in this regard. One's own social status, income, class location, and opportunities for mobility are thus handed down and secured in intergenerational terms.
- Such partner selection perpetuates social inequality because upward or downward mobility is precluded as much as possible due to the lack of intermixing of social strata or classes. This process operates without a plan and is nourished by the privacy of relationship choices and homogeneous educational interests. Family origin is a decisive factor here, which also creates social capital for the successful selection of a partner through its educational aspirations. Even if individual cases sometimes seem to prove the opposite, the statistical significance of the majority of cases indicates a trend toward educational homogamy.
- The expansion of education appears to be able to counteract this trend. It is a major source for the selection of partners. The more a higher qualification has expanded in the course of modernity, the greater the opportunities are for broader strata to participate in higher education. At the same time, subtle differences also thereby increase, which are reflected in the degree of education and other forms of capital. Thus, on the one hand gender-specific inequalities have decreased because the number and position of women receiving educations has increased dramatically, but on the other hand there are now strong social distinctions in the educational hierarchy and the associated choice of

partners. The authors observe some hurdles in this regard, which influence partner selection (here only discussed in the heterosexual pattern):

- The selectivity of educational qualifications clearly leads in general, even if it does so in different ways depending on the country, to the phenomenon that the less qualified exit the educational process sooner and thereby also fall out of the possibilities for partner selection. Through earlier entry into professional life, there are also opportunities for contact with less qualified areas, which in part may also counteract educationally homogeneous unions.
- Given the increasing length of time required for education, the opportunities for contact among similarly qualified people with the same educational level increases.
- Economic dependence on parents prevents early marriage while people are receiving an education, which delays partner selection and marriage until people have finished their education. This influences decisions about marriage, which increasingly occur at the end people's education.
- The findings as a whole contradict the assumption that in the development of capitalism individualization has increased and social inequality has increasingly been dissolving. Past studies of marriages do show, for marriage orientations in a traditional gender-based division of labor, that women aim at upward marriages in order to provide for themselves and their family, which implies that for men the educational level can be oriented downward here; but even such past trends are not clear because often men see great advantages if a woman appears equal to them. However, it is typical for the traditional picture of roles that men subjected women to ambiguous preferences: on the one hand, women should be as equal as possible to men in terms of birth, but on the other hand they should also stand in the background when it comes to the man's professional success. Women in the traditional picture of roles in contrast had unambiguous expectations of the highest possible level of education in the man because and insofar as he was regarded as the primary breadwinner in the family.
- The closer we come to the present, however, the weaker such findings become. Lifetime employment has also become a central component of women's conceptions of their lives as well. Thus, education and income become an essential condition for life planning for women as well, and currently many women increasingly surpass men in this area in terms of their achievements. This has important consequences regarding partner selection because in the educationally homogamous selection base there are increasingly fewer men who met the expectations of young women. Young women still prefer men with as high a level of education

as possible or at least a comparable level of education, which is in line with the traditional model. They are particularly averse to marrying men with lower qualifications. This shrinks the “marriage pool” significantly. And it leads to the new trend that young educated women who cannot find comparably or better-qualified men tend to remain unmarried. This is reflected statistically in the increase of unmarried skilled women. On the other hand, there is growing interest of men in dual-career marriages in the qualified acquisitions of their partner. A significant reduction of downward marriages can be seen here, i.e., men for their part aim not to marry below their educational level.

- The social closure of certain opportunities for upward mobility that results from these tendencies is documented in particular in the precarious position of men with low qualifications who now appear to be unattractive marriage partners. Statistically, they make up a large part of single young men.
- The dual-career marriage as a rule and as an ideal amplifies the competitive sorting behavior of men and women with respect to partnership selection and generates ongoing effects in the creation of social capital. Selection occurs with a prioritization of choice from top to bottom, which increases the tendency that similarly qualified people find each other. The shift from single-earner marriages and the preference for the highest possible level of qualification are regarded by Blossfeld & Timm as a second essential key alongside educational homogamy which influence partner selection to a great degree today.
- However, other influences that also drive and motivate partner selection through contacts cannot be discounted. Such influences include the family one was raised in and its social networks through which existing social capital can be handed down. And the circle of expectations is usually also closed here in the direction of certain expectations regarding qualifications.

Alongside marriage as a traditional form that lives might have, today there are much more open living situations, but it can also be seen that in more open forms the same mechanisms also play a role. In terms of social capital, a great deal of emphasis is also placed on educational homogamy here, and regardless of the lifestyle, the expectations regarding qualifications and income are culturally accepted. One could also say here that the competition and selection process, which moves from single to unmarried to married, operates in order to verify the individual forms of fit for relationships and social capital. Statistically, it can be seen that educationally homogamous couples have a lower divorce rate as well as that academic couples have a greater tendency to remain childless. Couples without children gain parasitic social gains through children of others especially insofar as these children are



supposed to provide social services later (if the state rises taxes for health care or a pension, for example). Thus, these couples save the costs of upbringing and gain the profits of redistribution.

In reciprocal partnerships, parasitic participation shows itself in the social capital of the other. A surplus value from such relations arises if the existing capital volume of the other can be used for one's own purposes with little or no investment on one's own part. Even if the predominant desire for relationships is for marriages out of love, love is also always subject to considerations of social fit, and in the majority of cases here the high degree of social selectivity, which defines such participation in social capital, is evident.

The capitalist state not only strengthens private property in the utilization of labor and capitalization, it always also attempts to privatize its activities in regards to the securing of social positions. Thus, it is typical that governments in many capitalist countries reduce their services in regards to social security for unemployment, pensions, and disability, and rely instead on the participation of the affected person in their family. There is a parasitic reliance here of the state on the family and the affected person insofar as the state, through its taxes and social security contributions, withdraws services which are not fully returned to the service scheme.

### 3.2.5 Summary

The surplus value of this form of social capital is difficult to calculate overall. It arises from particular social relationships and respective group membership with an aspect of use value that is specific in each case, whereby the degree of inclusivity or exclusivity of such groups has a special influence on the sustainability of social benefits derived from the relationship. The benefits of social capital are persistently tied to power. The more the potential for power (access to relevant positions, higher income, and additional cultural, body, and learning capital) is anchored in a social group, the higher the gains in social capital usually are as a member of such groups—

when such gains can be realized on the market. If the realization takes place, the earnings, and even better the gains, in comparison with the costs can be converted economically, i.e., they can be converted back into money. There is, however, also gain in terms of position or power, which can be used for securing or improving future economic benefits.

The functions of surplus value viewed in the four forms of social capital are as follows in chart 18. The differences between initial costs and gains discussed in this chapter, as in the economics chapter, describe a relation that is created in activities and can be explored in terms of effects. It is a relation that shows differences in social actions and also allows them to be

seen with regard to the consequences of actions in order to infer the relation between gains and losses. A division into the four main types given here helps create clarity for the different levels of action in which surplus value (gain) is created and appropriated in the often fuzzy spheres of relationships and networks of relationships.

	Form of social capital	Surplus value arises as difference	Gains in form of action
1.	value of social relationships involving use of costs for relationship building (time, effort, resources)	between the achieved exchange value from social relationships <i>versus</i> the costs corresponding to relationship building	the exchange value achieved from social relationships exceeds the costs in the long term
2.	supply and demand	between ordinary existing and extraordinary/rare social relationships involving invested costs <i>versus</i> the status and income gains achieved later	the competition of social relationships relativizes the costs and the realizable surplus value through fluctuations in volume and the realization of gains on the market
3.	illusion, deception, fraud	between the usual comparative value of social relationships gained through their costs <i>versus</i> the fictional value gained through illusion, deception, and fraud	social relationships are actively influenced in order to secure gains and additional profit through illusion, deception, or fraud
4.	parasitic participation	between participation in the social capital of others <i>versus</i> one's own "minimal" effort	inheritance and marriage relations in particular secure gains

Chart18: Surplus Value of Social Capital

### 3.3 The Societal Use of Social Capital

#### *The state and social inequalities*

A central question regarding the societal use of social capital is whether and how the state intervenes in the formation of this form of capital or whether people can or should form this capital independently through their voluntary

engagement. In the discussion of the forms of the object and the production of surplus value with respect to social capital we have seen that both possibilities exist but that for the majority of people with unfavorable starting positions (which is already defined by their lack of economic capital) the state can above all ensure that the division of society into those in possession of social capital and developed social networks and others with little opportunities in the relevant relationship structures does not become increasingly larger. The state can contribute through measures promoting equality particularly in social education and support for associations, activities, compensatory measures, and anti-corruption regulations. The state thus occupies a position of power, which Michel Foucault was able to illuminate in his theory of governmentality (2009, 2011) with regard to its leadership role (in contrast with its role in law and war). The state has a kind of hinge function; it links governing relationships with strategic power relationships of people with influential capital and has to secure that the inequality of opportunities, chances, and power does not build on capital alone. A corrective justice has to mediate the knowledge-power complex between subjects and social groups. The state appears as an institution that directs, manages, and controls. But at the same time weaker individuals can be supported in order to direct themselves, to be governed in an assisted mediation, and, on the other hand, to force those who are governing to pursue their interests as well. However, it is always a matter of whose power is able to prevail (see Broeckling et al., 2010).

According to Bourdieu, the state has a thoroughly ambivalent role here because on the one hand it is the trustee of existing governing relations, which it structurally and symbolically secures (particularly by guaranteeing the private use of forms of capital and power relations connected with them). On the other hand, it acts as a welfare state, a health and security state, and is active in public education as well; it also acts as the custodian of past social achievements that have been fought for historically, which on the whole comprises a complex social capital in society that can be used by individuals. John Dewey had this capital in mind when he coined the idea of social capital. And Dewey also already saw that education plays a decisive role here in socialization. We need social relationships—through cooperation and communication—in order to build mutual trust in our actions and set and fulfill reciprocal expectations; we use these relationships as social capital in order to assess our investments in effort, time, and resources and to make their benefits clear. These benefits need not only be economic benefits but can also include growth in individual and collective knowledge, culture, creativity, etc. as use values.

An approach involving social capital and cultural capital, which will be discussed later, has been used extensively in the research on inequality in

particular. It is interesting here that there have been very different variants of such research depending on the social constellations involved:

- To begin with, we know from Bourdieu's research and research connected directly with his that since the end of the 1960s theories have been developed and studies carried out that assume a clear connection between social inequality and social domination. Marxist and neo-Marxist approaches in particular operate in this field, but there are also less radical stratification models. Their insight is that through various mechanisms in social capital, which I described above in detail, social dominance is reflected in social inequalities.
- The expansion of education and the development of the welfare state, with its tendency toward individualization has led since the 1980s, according to Ulrich Beck (see Beck/Beck-Gernsheim, 2001), beyond class and strata to a model that is conceived more strongly according to individual opportunities and less according to pedigree and membership in classes or strata. The empirical data demonstrating a constant boom in economic growth and an increase in individual opportunities for many people appears to strengthen this thesis so much that it has become a very dominant explanatory model.
- The shortage of resources, the obvious lack of opportunities for larger groups, the clear inequality of opportunities in education, the high unemployment rate, the unfavorable treatment of women and the structural inequality resulting from all of these and other factors has allowed the class and strata model to move into the debate again since the middle of the 1990s (cf. Bauman, 1997, 1998, 2004). The question remains open, however, whether the class-related explanatory model is still adequate because a higher degree of differentiation according to milieus with different individual opportunities for choice for numerous large groups is apparent in research.
- The question of the degree to which each of these variants can or even wants to explain the causes of the observed social inequalities is important. If the explanations just remain at the level of statistical data collection then neither the social dominance of certain influential groups appears here nor is it adequately understood how anything could be changed politically about the causes. Inequalities are not naturally occurring events but relations resulting from social distributions. Some interest groups might be inclined to make these appear "natural" in order to secure benefits for themselves, but it is always a matter of struggle regarding such distributions. We can express it this way: because something is measured and collected, it does indeed appear to be a fact, but these "facts" do not explain anything about how they arise and why they need not be invariable. Indeed, existing labor and economic

relations have a thoroughly reinforcing effect on an apparent “natural” interpretation because often no counter model can be conceived of because of the habit of existing practices and routines. The Obama administration’s health-care reform in the USA is an example of this. Against the background of a neo-liberal model of economics in which each person acts in their own interest, it appears almost unnatural that people should work together in solidarity for the health of others. They see their freedom threatened in a compulsory insurance because they believe in inequality that is interpreted as “natural.”

Social capital is gained and used in relationships. From a social perspective, relationships are never free of interests and power. In saying this, I interpret power, as Foucault does, as a force, as something that enables opportunities for action and life, adherence to and transgression of boundaries and constraints, as a means of assertion against others and as a means whereby others assert themselves against me. Power traverses all social relationships; it is not something that is simply only repressive and produces perpetrators and victims but also circulates throughout society, which is why it is not enough just to distinguish between the powerful and the weak. Rather, power relations require a concrete investigation of their systematic effects at all levels and in all relations.

The relationship between the state and regulations that affect forms of economic capital was already discussed in chapter 2 (see p. 130 ff.). The provisions stated by Jürgen Habermas in particular regarding the relationship between democracy and the constitutional state, which I cited, are essential to the description of the expectations regarding the rights of citizens, which we also always presuppose in social forms of communication and cooperation if we do not want to live and be governed arbitrarily. But Habermas, as I pointed out critically in the chapter on economics, assumes an idealized separation of the state and society where the state is supposed to act as a neutral protector of varying interests in a pluralistic and diverse society. However, given critical reflection today on the idealized model on the basis of other discourses—in connection with, for example, Zygmunt Bauman, whom I referred to several times—it becomes clear that industrial states in the globalization of current societies have not put the basic rights of people into question (particularly the basic principles of representative democracy), but nevertheless—influenced for the most part by neo-liberal ideology and ruthless market thinking—they have managed social relationships even at the level of law (for example, tax relief for the rich, allowing a low-wage sector, inadequate spending on education, etc.) in such a way that the division of society into the haves and have-nots has increased rather than decreased. Habermas may have held a mirror up to capitalist society with his idealized way of thinking, as is already clear in his “Theory of

Communicative Action” (1984, 1987), which shows where fiction and truth and the societies we hope for and those we actually have diverge from one another. But the analysis should also go further. If we want to pursue the kind of theoretically desirable world Habermas proposes, solidarity has to be strengthened significantly, which is something with which Habermas’s student Hauke Brunkhorst (2005) has engaged. Our hopes rest primarily in those ways of acting in which participation in a democratization of life can primarily show up immediately on the social side. Included here in particular are non-profit, non-governmental organizations (NGOs) that function as self-aid groups, action committees, grass-roots movements, church, local, feminist, or civic movements, or international organizations and networks, etc. (ibid., 159). According to Brunkhorst, the more the parties in representative democracy are subject to the pressure of economic capital and the supposed constraints of a capitalist society, the more such social and participatory forms of action appear democratically necessary. But it remains open whether a new civic societal opposition can grow from this, as a “multitude” in the sense of Hardt/Negri (2004), which, despite its initially weak position in society, but thanks to its democratic legitimation through good intentions, can provide for a comprehensive change in society. Right now, these movements lack breadth and quantity in terms of participants. In addition, they are usually basically democratically organized, which is reasonable and desirable for a democratic orientation, but in the construction of social capital for these groups this tends to lead to their position of power being diluted due to lack of distinction. This is the paradox of social capital in a democracy: the less closed and exclusive things are, and the more participation and involvement there is for everyone, the less influence there is on circles that determine how things are done in society. It is only through exclusion, i.e., the creation of an electable party with clear objectives, that the participatory movement can attain positions where it can articulate and exercise a different claim to power in the state. This is why Chantal Mouffe (1994) argues that we take a combative path in order, in the primacy of politics (compared to subjugation to the economic), to make clear the opportunities that new social struggles could mean for increasing equality of opportunity.

The capitalization of social relationships against the background of economic capital and current power constellations indeed rather deflates the hope in society for more participation, freedom of governance, sinking inequality and discrimination. Only realistic analyses can help us further here. What is involved in the societal conditions for the development of social capital?

#### *Individualization of social capital*

To answer this question, it seems to me to be of primary importance to focus more closely on social relationships. From the perspective of society, the

concept of relationships is ambiguous: on the one hand, relationships express the tie between people who are more or less close to one another, who act in relation to one another and are bound through rights, obligations, or emotions; on the other hand, relationships involve an advantage that can accrue to such ties. In the past, ties in clans or families were necessary for survival. This is still common in Asia today because parents, or the family, invest a lot of attention and money in the education of their children, but they also expect loyal support from their children when the parents are older. Modernity, primarily in the classical industrial countries, has removed people in particular through their reified labor relationships from the emotional union of large families or communities, which causes a loss of ties but also a gain in new freedoms and opportunities. People are often unsure of what the advantages or disadvantages of such freedom are: on the one side, they are nostalgic for a protected family or larger community, for a social space that protects their ties; on the other side, they strive for individual success, which can be hindered or slowed by such close ties. Social capital is always a paradox in this tense relationship because it expresses a conflict of differing hopes and interests that must be balanced.

This process is at the same time also ambivalent. In the transition from modernity to our current liquid modernity, as described by Zygmunt Bauman (2000 ff.), social relationships exhibit a very complex form. In today's world, the social sphere has differentiated itself, and it has become confusing, contradictory up to the point of paradox, diverse, plural, heterogeneous, boundary-crossing and global, as well as limiting and locally segmented. Realizing all the opportunities and different ways of developing oneself individually in the social sphere, of taking one's own path, without at the same time wanting to lose all ties, proves to be an ambivalent attitude. We have to consider this ambivalence together with the paradox just exposed if we want to observe and understand more clearly the ways in which social capital appears and has effects at the level of society.

A brief review of the ideals of modernity should help illustrate this point. In the description of the benefits of the social sphere in modernity, the following advancements are often pointed out (see Giddens, 1990, 1998):

- Increasing individualization allows greater freedom of development and an increase in individual opportunities in life and differentiation.
- The differentiation of life into many production and consumption areas with greater fluidity and global tendencies provides more possibilities for different social, cultural, and economic lifestyles.
- The increasing functionalization of societies represents a variety of areas of activity.

- The increase in the division of labor, which constantly produces new and different goods in constantly changing and transforming jobs allows for a high level of professional specialization.
- The pluralization and diversity of social habitats, which gather different cultures in a large social space, allow a meaningful, interlocking society, with a division of labor, to appear as the idealized type for the economy and action.

When these expectations of modernity are measured against actual historical events it becomes clear that modernity was constructed in an exuberance of expectations and optimism, which appears demystified today. The disillusionment of modern expectations is reflected in particular in the following areas:

(1) *Individualization* appears to be a realm of arbitrariness. In the dissolution of modernity into post-modernity or, as Bauman fittingly calls it, *liquid modernity*, social relationships become liquid (see above, p. 80 ff.): we have increasingly fewer fixed partners and long-term friends and exchange them during periods of life with those who fit our life tasks in these periods. Our centrifugal force, however, requires a social position where we need symbolic and real events as reminders and images for painting the feelings, pictures, and speech that characterize our social existence. Here an individualization that fundamentally determines the position of the self-observer and his self-determination wished for is at work. Individualization has indeed advanced significantly, but the cult of the self has not kept up with what has been expected of it. Both the paradox and ambivalence cut through here. Greater freedoms and life opportunities were accompanied by an increase in social risks but not at all with an increase in the protection of our job, profession, family, or happiness in love or life. The increase in individual freedom always proved through interaction to be an increase in the freedom of others who could act contrary to one's own ideas and with whom we were in competition, which resulted overall in ambivalent relationships. The increase in individual freedom also freed us from family ties or the ideal of long-lasting happiness in love because everything seems to be sustainable only for a short time when one's own egoism has to be served. Even if risks to survival on the whole have decreased up to now in the liquefaction of modernity, it is precisely the liquid present that appears to be a risk society (Beck, 1992) because even smaller risks appear greater to us than they did in the past. At the same time, environmental and resource-related crises have surfaced, which are still greatly underestimated in terms of their sustained effect on life. Foresight is not a virtue in a life based on individualization, and in our shortsighted view to satisfy our myriads of needs we even stronger fear the failure of immediate life goals and are severely concerned about unemployment and the increase in violence, criminality, and fears in general. The dark sides of individualism



and its carefree freedom are the discarded or “*wasted lives*,” to use Bauman’s (2004) expression, discarded lives in which, on the one hand, many possibilities and opportunities are wasted (educational poverty, disease, unemployment), and, on the other hand, the losers in consumer society are also looked upon as the mere waste of this society.

(2) The *differentiation of areas of life and lifestyles* is indeed an opportunity for a variety of developments, but at the same time it amplifies social competition and the mutual struggle concerning upward and downward mobility. It is striking here that the differentiation repeats itself because the grouping of people into economic, social, and cultural classes remains relatively constant such that it is always more a matter of preservation of what one already has or does not have. The supposed upward mobility as a new opportunity in life appears to be the exception rather than the rule.

(3) There is a *tension between inclusion and exclusion processes* in social functionalization. This is especially evident for social capital in use value as well as exchange value. All social groups that command higher potential for power in society are in principle more closed than others that include higher diversity of interests and thus more democratic foundational structures. This dichotomy is difficult for democracies because it expresses a hegemonic relationship in opposing interests. For democratic states, the limitation of the hegemonic power of interest groups connected with high economic and social capital, which increasingly drive social relationships into hierarchies, is necessary if it wants to preserve democratic participation of all and limit corruption. Today, the boundaries between cultures and nations, between previously relatively closed symbolic contexts and open advancements, are becoming increasingly liquid. The consequence is a decreasing number of cultural niches and delimited life environments. The intermediary social spaces, where everyone meets each other on the roads, in public transportation, or the shopping mall, have grown; they are all open, but inclusion and exclusion occur through the opportunities for consumption that are available. Consumption makes people equal because money as such no longer needs closed worldviews within social strata. In place of wars in the name of great ideologies, with their apparent predictability of motives, there is increasingly an opaque absence of motive, which finds its purpose in life in the short-term satisfaction of consumption. But such consumption, which appears to be without boundaries, not only needs money as its basic currency but also time. Alongside money, the horizon of time appears as an additional social distinction: there are those who have time, and those who are always rushed and exhausted. For those who have neither time nor money an inability to take part in consumption means a loss in the ability to participate. But for those who participate it can become an occupation: as many desires as possible are supposed to be fulfilled in the shortest possible time. But the

predators that attack the time we have for social relationships lurk in all consumer habits, particularly in media consumption.

(4) The scenarios involving *uncertainties in social situations* are growing. A high degree of professional specialization, which previously was a guarantee for the security of a job, appears dangerous today because the jobs change too quickly. This is an obvious change. The stable social perspectives such as status, classes, or strata also appear fragile, although one is quickly classified according to social position. But is this classification according to social situation ever accurate? Everyone wants to have their individual path in their life and lifestyle. The capitalistic market makes all participants equal in exchange processes, but the reality of their economic capital reveals their inequality. If one asks people, in contrast, what they believe are the causes for the differences, the majority answer that it is social or cultural position and sometimes the level of education, which they like to think of as independent of money. Ultimately it appears that money is more volatile than these positions and forms of capital. If this pattern of self-description is admitted in the empirical description of these uncertainties in research on society, this already involves a construct that conceals economic capital as a major source of the uncertainty.

(5) *Social situations are formed by different patterns of consumption possibilities.* People differ significantly as consumers—and this is essential as a distinguishing feature for status and its symbolic expression—according to the monetary value of their possibilities for consumption (houses, jewelry, cars, trips, etc.); there are consumption levels suited to each person. Social stratification can thus be depicted much more clearly than by questioning those who are affected only about their wishes and needs if one, for example, illustrates their lifestyle and displays it through a mixture of personal and consumer texts (as expressions of the advertisement of goods that they buy). The staged wardrobe, the living room in all its facets, the open front door, the bath as an intimate place, and the kitchen as a workshop are all image formats that often speak more than a thousand words for each social stratum and show the observer what level they have reached. In a comparison of social strata, the banality of the similar reveals itself alongside the differences in choice and the alleged quality of the goods: ultimately, purchasable and consumable goods are limited in luxury, and even in the exceptional passion for collecting “antiquities” or “valuables” there still remains only a limited space for the unusual. But this is something that can only be realized by a critical observer who has already largely renounced consumption or does not find it very important. Is social position or status represented by consumer goods? When people say in studies on school performance, such as PISA, that proximity and distance with regard to education can easily be measured by the number of books in a household an indicator is taken out of the context

of a wealth of other indicators. There is a variety of indicators for a habitus, and just as there is a general basket of goods that is used to measure inflation, there could and should also be a general basket of goods for social situations so we can get a better look at the forms of differentiation regarding consumption and the associated habitus, which otherwise escape us in their variety.

(6) *Social situations include some and exclude others.* This is true dependent on the social situation or position one finds oneself in, of the high or low level one has occupied, or where one is pushed. The principle that appears to apply for all social positions is that the pluralization and diversity of societies is not only experienced as a social wealth of a variety of opportunities but is also always addressed as a potential threat to the depreciation of one's own position. Thus, the social position of another is always a foreign one. It is incomprehensible and "encumbered" especially when one is in a better position. It lets one raise questions about how someone could live in such a way because this corresponds to a defense against one's own downward mobility. This defense explains why the middle class is still able to imagine their social situation as satisfactory to good although objectively the situation has deteriorated. Someone else is always worse off than I am. Even if it is not the case here at home, it is the case in distant parts of the world where people are starving. What is amazing about this is the lack of sociological imagination; many people would rather concern themselves with the outward appearances of consumption (especially in the mass media) than look at social situations with a critical eye and interpret them for themselves. Social research hardly reaches an audience anymore; for the masses it is the sheer boredom of a complex and inscrutable description of social circumstances in the world, which cannot be related to everyday life in a sensible way. What good is a science that helps me reflect on my social situation when nothing better comes of this reflection? However, the absent-mindedness that arises thereby also leads to a partial dismantling of social domains that stem from the class struggles of the past. What was laboriously won as freedom in social circumstances, what was won against age-old traditions, religion, inhuman exploitation practices as social freedom or social security, is easily reduced today to the question of one's personal standard of living. On the positive side, this characterizes an open society. It can once again absorb all traditions and need not fall back on rigid enlightenment at the sight of a head scarf; enlightenment may sooner or later even reach those who do not yet know what they are doing. But on the other hand, it also destroys things that have been fought for socially when it accepts low-wage sectors and social discrimination as the norm and has forgotten its own position in social struggles. Here the head scarf signals as well religious freedom as surrender of emancipative women rights.

These six points provide a framework for current social ideas. They form a basis for the economic interpretation of social situations. Thus, to give an example from Germany, in a survey on the social state from 2007, researchers asked about ideas of wealth and found the following results, which are the respondents' self-observations:<sup>1</sup>

*What does wealth mean to me? (Percentages for affirmation):*

- being healthy (91%),
- having no financial worries in old age (87%),
- not being dependent on social security (76%),
- being able to afford anything (75%),
- having the best education possible (72%),
- being able to live from returns on assets (70%),
- being able to influence political attitudes (53%),
- having house staff (50%).

If we translate these desires into requirements on the part of people for government policies that offer social capital for people (in the form of sustainable investments and conditions that are adequate in terms of equal opportunity) the aspects show the relevance of economic capital, of income, and job security, which is mentioned directly in points two to four and indirectly in all others. The degree of ambivalence with which people characterize their social situation is clear when they are asked about the social consequences of economic capital or wealth (see *ibid.*, 57):

- 78% believe that wealth creates social tension and conflict,
- 71% believe that wealth provides unjustified advantages,
- 61% think that you can get rich only by inheritance,
- but 82% would like to be rich themselves,
- and only 15% believe that wealth is still good for society.

Given the ambivalence of seeing the dangers of wealth and nevertheless wanting to be wealthy one can expect neither from the dominant political elites nor the government that private property as the basis of economic capital and wealth will be radically put into question. However, capitalist countries differ significantly in terms of distribution. I have already discussed this in chapter 2 regarding economic capital. But what does this mean for social capital?

<sup>1</sup> The affirmative values ranged from “completely agree” to “somewhat agree” on a 5-point scale. Taken and translated from Glatzer et al. (2008, 33).

*State provisions for better social capital for all*

When we sum up the possibilities here for the state, as an expression of what is socially desirable because it is oriented to improving equality of opportunities, the following profile for requirements strikes me as essential:

- Countries that make sufficient provisions for social capital for many are characterized by the fact that the sheer gap between the poor and the rich is growing smaller than in other countries; they create a minimum wage and ensure that all lower social classes have a decent existence and adequate participation in consumption, and they are characterized by support measures in the area of labor and prevention of unemployment, family support and promotion, health, and social security for all walks of life.
- Education is also a key to gaining social capital. The education and school system can, through inclusion, already help bring adolescents from different social classes and milieus into contact and enable them to grow up in a social community. We can identify a real improvement in the distribution of social capital in a fair way by how the education and school systems succeed in overcoming opposition between social classes and increasing social mobility, i.e., in decoupling success at school and in social relationships as much as possible from social pedigree.
- At the same time, measures in the area of youth employment, disability aid, support for the arts, sports and all groups that help each other and introduce common objectives in terms of diverse growth of positive aspects of society are also needed. The state can place an emphasis here on support for charities, aid organizations, and non-profit organizations that are focused on the creation of a humane society and thereby on the happiness and satisfaction of people in a pluralistic society.<sup>1</sup>
- In the social capital approach, as represented in the OCED, numerous empirical measurements have been made, which, for example, at the micro-level, research relationships in a narrow sense via ties with parents and relatives as well as relationships in education; at the meso-level, they search for habits and exclusions in particular for neighborhoods, workplaces, and communities, and at the macro-level, they use demarcation criteria such as nationality, race, patriotism, faith, and honor, etc. in order to sharpen awareness of social structures and their possibilities for improvement. Norms (accommodation, loyalty, trust, obligations, community, habits, relations of respect, patriotism, human

<sup>1</sup> There are many individual studies on this following Putnam's line of research. See for example Franke (2005), which at the same time illustrates the narrower empirical model in an exemplary way.

rights, etc.) have also been distinguished empirically in order to address the obligations of the subject in its personal debts in social relationships but also thereby to emphasize at the same time the state's role in supporting those who are in less favorable starting positions in terms of opportunities. Social sanctions (such as punishment, shame, recognition, exclusions, group conflicts, rights, and diplomacy) have also increasingly been studied in the research on social capital in order to identify different levels of social capital (on the results, see for example Halpern, 2005, Kroll, 2008). However, these analyses need to be expanded significantly today if we do not want to remain with a superficial analysis involving the dualism of the individual and society in order thereby primarily to note indicators for increasing individualization in an emphasis on merely individual solutions.

What is the purpose of mentioning these points? The state should provide and help develop opportunities for people to encounter each other in dignity, respect, tolerance, social diversity, and creativity. A startling effect of the financial crisis has been that since 2008 many states have cut precisely the money that was intended for social purposes in order to save the banks. All these measures are more or less affected depending on the country. The long-term consequences cannot immediately be seen in all areas of life, which is why the states can be induced to bring out the red pen here rather than in other areas; but these consequences can be felt more and more in the long term in a lack of social capital brought on by inequality and injustice and will lead to growing conflicts. In particular, they endanger the social basis of society, which is talked about by everyone during holiday speeches, but very few implement concrete programs for actually increasing equality of opportunity and equity. As I attempted to make clear in the explanation of the production of surplus value in social capital, the problem of the redistribution of capital volumes via the social form of capital lurks in the background. If we allow only individualism to be maintained on a liberalized market, this distribution takes place in favor of very few unless society adopts provisions in order also to help develop the social basket of goods for the less fortunate. A necessary first step in this direction would be to define and design such a social basket of goods in political processes in a socially just way in order to conceive of compensation practices and then also regulate such practices through the state.

It is always a part of the social myth of capitalistic societies that individuals have to adapt to the conditions but not that the conditions should be created for the individual such that they can sufficiently take advantage of their opportunities. This is rightly protested against by human-rights based approaches that do not believe the burden is on disadvantaged or disabled people to integrate themselves better but on society, which has to offer them

assistance and arrangements for inclusive participation. This fundamental change in understanding means a departure from the social myth of capitalism that each and every person somehow needs to do things *only* for themselves. An approach is humane and social when, given differing social conditions, it *also* sees the measures taken by the state as essential for filling a social basket of goods that would allow for halfway equitable participation. It can be observed empirically quite precisely which states sustain and maintain a social basket of goods (alongside other baskets in the area of culture, for education, or health) and what effects this has on the equality of opportunities and satisfaction that people experience. It is only when awareness for this grows—as it has already grown today in approaches to inclusion in many countries—that political policies will be chosen that do not begin cutting at the wrong end when faced with budgetary constraints.

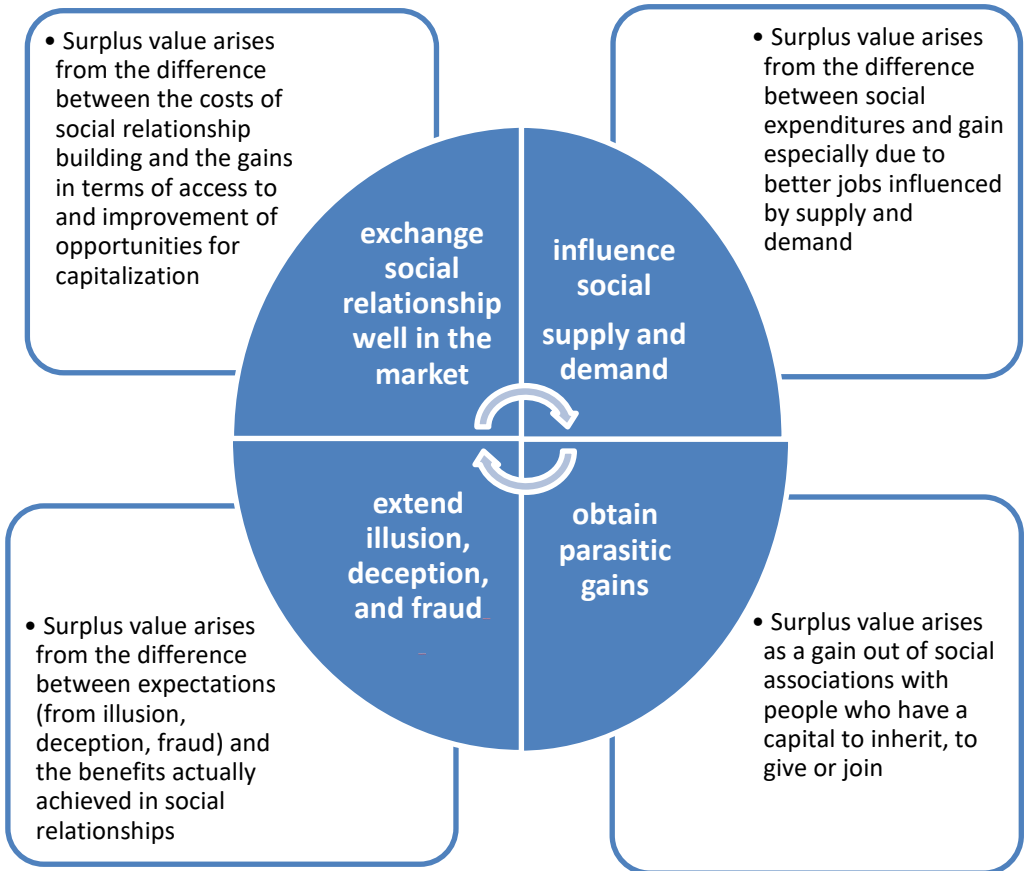
Such a transformation is at the same time completely contradictory in itself. It is precisely in social relationships that we expect individual initiatives, concern, and engagement, assistance for self-help and for helping others, which can step into the background when too much is regulated from the outside. But when things are not regulated the powers of the market do not work in such a way that opportunities are promoted for everyone; instead, these market powers tend to reinforce inequalities. The more imbalanced the social becomes, the more the apparent equal opportunity in democracy, which is rarely experienced as such, will be undermined and buried in the long run.

### 3.4 Individual Use of Social Capital

If you want to plan, change, and shape social capital in a positive way, the essential delimiting starting points have always been poverty or wealth. The unequal distribution of wealth, which was diagnosed in chapter 2 and discussed in the present chapter against the background of social situations and positions, shows that affluent societies are not an idyllic place of great opportunities for individualization for the masses. However, individual opportunities for action are not thereby precluded, although they always require favorable contexts. For surplus value and its production, owners of this form of capital have to recognize the forms of difference from which a gain can be derived in relation to costs.

As in the chapter on economics, it is in the interest of every individual here to achieve the greatest possible preparatory benefits through intensive relationship building in relevant groups in order thereby to take advantage of social capital. The raised data—as in chart 15 on page 148—already describe how people for the most part expect that wealth can be acquired only through relationships. If we look at the four forms of surplus-value production in social

capital, we can agree with this sentiment even if it can hardly be measured with exact data. But we are all familiar with the example of applying for a good job, where only professional qualifications count but the social habitus of the applicant, which must be compatible with the social habitus of the comparison group, is always the deciding factor. Chart 19 shows once again in a summary the individual strategies from which the surplus value of social capital can originate:



*Chart 19: Forms of Surplus Value for Individual Social Capital*

- 1) First of all, it is always the difference between expended costs according to effort, time, and resources that can create advantages in terms of access, mobility, and improvement in positions for oneself or one's descendants, relatives, or friends. The currency for effort is gifts and services (all the way up to prostitution); time expresses sustained efforts, and resources range from abilities to adjust up to creative actions that are supposed to attract attention, regard, and recognition.



- 2) In relationships, everyone is in competition, not only with and against each other but also in various groups and circles with their inclusion and exclusion mechanisms. If I as an individual can only offer something common, i.e., I do not obviously differentiate myself from others, I have to seek out groups and circles where what I can offer is in sufficient demand. However, it would be more favorable for me, at least in a few areas, to acquire things or behaviors with which I can clearly differentiate myself from others in order to have success in those groups and circles to which many wishes to gain access but few are able to. And the choice of residence, kindergarten, school, and leisure activities already strongly determines access to such beneficial groups and circles.
- 3) “More apparent than real”—the upwardly mobile in particular have to act according to this motto in order to be accepted in the relevant social capital groups as do those who want to free themselves from the troubles of day-to-day relationship building and the burdens of capitalized labor. Illusions have become an object for the masses in capitalistic commodity culture so there is enormous pressure in this direction. If you are able to earn more money through fictitious transactions and short selling than with hard daily labor with narrow growth, social circles in which deception promises maximum gains become attractive. However, one is also recognized in such circles only insofar as one is doing well financially and is betrayed and rejected when the *cash flow* is no longer right. If nothing other helps, fraud is the ultimate and risky way to success.
- 4) A starting point that one does not need to work for or that can be achieved easily through marriage is the most favorable. At the same time, such a marriage is not so easy to achieve because the connections here usually depend on acquired social capital upon which the partnerships are based. The easiest way is inheritance but people with large assets are rare. Gambling and gaining a fortune by luck have a bad statistic but are often the only hope for the masses to achieve not only economic capital but also social recognition.

The four forms of surplus value show that social capital cannot be generated solely through strategies of “human capital,” which are primarily understood in an individualized way (see also chapter 1). Economic imperialism, as people have called Gerry Becker's (1993) approach, is the epitome of such a theory of human capital oriented toward the individual. The single individual is regarded here as the smallest unit, as the archetype of the company, which creates labor productivity and yields. Such approaches overlook the fact that individuals do not always or solely act from their obligations but stand in complex and systematic relations of action (see above p. 43 ff.).

*Individualization is only one side of social capital*

In his writings, Ulrich Beck accords an especially strong place to individualization in the liquid modernity of today. In a risk society, individuals are faced with the difficult task of living out “choice biographies” or “crafted biographies” on the basis of their social position. This matches up completely with Bauman’s analysis, which I discussed previously, but it more strongly emphasizes the disentanglement from specific class situations and points toward individual room for action and opportunities for choice (see Beck, 1992, 2009; Beck/Beck-Gernsheim, 1995, 2001). Although Beck/Beck-Gernsheim do not want to see individualization in a one-sided way and divorced from socio-economic positions in life, the over emphasis in the direction of the realization of the individual in a labor market or in institutional arrangements, where the forms of capital are no longer considered and analyzed in their full breadth, appears problematic. In “Risk Society,” Beck argues that social inequality still exists in a largely constant way in Germany as it did before but the class differences have been thinned or dissolved by the fact that the social elevator as a whole has moved up a floor. The “individualization and diversification of life situations,” is opposed to the hierarchical model of social classes and strata according to Beck.

Hartmann (in German, 2002, 166 f.) criticizes this argument for neglecting social pedigree too much. For him, the individualization theory thereby misses the “heart of the matter” because it ignores the ongoing importance of “patterns of living that depend on pedigree.” The question arises of how the expansion of education should be interpreted in its social effects. The broadening of educational opportunities initially appears in fact to suggest an opening of the social elevator, which allows the masses to move up to a higher level. For people who manage to take this ride, Beck and Beck-Gernsheim’s analyses are certainly appropriate for describing and understanding a thrust toward individualization which has many facets. Bauman (2000 ff.) also succeeds in a more sophisticated way in this regard in his series on *liquid modernity*. But the individualization thesis exaggerates when it claims that the educational system lost its power of distributing status in the 1970s and forfeited it to subsequent employers. It is true that after receiving an education or studying the value of this education is set by hiring practices and is devalued at low wages or in cases of unemployment. But these practices do not mean the opposite, namely that the distribution of status is not already essential previous to these practices. Such a claim raises a quantitative phenomenon (= growth in higher education certifications and preparation for university study) to a qualitative phenomenon (= increase in status) although numerous studies on inequality of opportunity and equity today have shown that the opening of the elevator through educational expansion has not been large enough in many countries and that there is a continuation of social inequality in lower classes or strata because no elevator

was available to them. It is not enough for the description of habitus in the complex forms of capital if economic position, social pedigree, cultural assets, body, and learning capital are reduced primarily to age, sex, health, and behaviors in certain environments. It is important to recognize here that it is socio-economic status more than even migration status that governs the opportunities for participation in learning capital as a form of capital that is especially apt for enabling upward mobility.

Exaggerations of circumstances of individualization can often be found in the literature. It is often claimed that individualizations are increasingly drawn away from local collectives and left to the market. This would mean that social capital is less important because the markets objectify everything. I believe, however, that forms of collectivization always act in a way mediated by the social stratification of society insofar as through different forms of habitus and especially scenarios for upward and downward mobility, individuals never enter the market in a pure way. Moreover, only the elites can afford the “real” luxury of being a consuming individual whose consumption appears limitless. It should be kept in mind in principle that the market did not first gain its resounding power in the present. Social capital always operates within and beyond the market.

*The market as the limiting side of social capital*

People are fundamentally social beings who need the social while growing up, in socialization, and in all social forms of life in very different ways. The social ranges from very personal, intimate, secret, and confidential events, expectations, and hopes to something public in which it is handled in an educational, moralizing, or perturbing way. As a fundamental relationship of interaction and communication, the social is not capital; rather, it is the expression of human coexistence in all its forms. The essential tension for individuals in view of social relations and their capitalization lies between the use value of all social relationships and benefits in an exchange value on the market. The more the markets, consumption, and the globalized permeation of everything with exchange activities influences and determines coexistence, the more social events, expectations, and hopes in all forms are referred to an exchange value with financial intentions. Against this background use value is transformed into exchange value and the social becomes social capital.

It is important for the individual to recognize this difference so that capitalization cannot be allowed to haunt all representations of social relationships. Capitalization is not a ghost but is a calculus that wants to be seen soberly and factually so that it does not prematurely sacrifice itself as something social. If we convert most of our social relationships into capital, we necessarily narrow our opportunities for action. However, if we avoid all

calculus in the direction of creating social capital, then in certain circumstances we miss important life opportunities that go in the direction of success and satisfaction.

This distinction may help for critically thinking through our own basket of social goods and distinguishing between necessary and unnecessary capitalization. Do I really want to operate in certain social groups in order to secure personal advantages for myself? Or, more critically: am I even conscious of my advantages and disadvantages when I look at my social interactions? And regarding research, one might ask: to what extent is social capitalization accepted more or less depending on one's own social circumstances or to what extent does social capitalization have an influence on these circumstances?

The acquisition of social capital will become more difficult in light of the demographic conditions in some countries due to the decrease in opportunities brought on by a reduction in population. The aging of society could also contribute to the phenomenon of younger people having fewer social opportunities and lower social interest for practicing social relationship building in various forms in different networks. It is already striking today that the state has withdrawn from many youth and social projects, support for the arts, theater, music, youth clubs, and volunteer work or supported such measures in such an impoverished way that it is becoming increasingly difficult, especially for economically weak families, to get beyond their own narrow, educationally disadvantaged, often discriminated position in the creation of social capital. Although in all industrial countries today a large portion of young adults believe they need a family for happiness not all states make sufficient efforts to support this desire through comprehensive support for families and children. While there are in general efforts in all countries to support education fundamentally in a public way, the financial as well as social support is different depending on the country and is often not adequate. Sinking birth rates in many industrial countries are an alarm signal that desires and reality are drifting apart. The incentives for starting a family or for immigration are connected in particular with the creation of social capital, which enables a fair chance at participation in society. The acquisition of social capital is nevertheless often only defined in terms of the obligation of individuals. Based on the fiction of equal opportunities and a postulation of free will (= whoever wants to succeed can succeed), it appears to be the job of the individual not only to behave socially but also to build the necessary social relationships. Sennett (1998) in contrast draws the very general conclusion that the neo-liberal economy in particular has contributed increasingly to insecurity and fragmentation of interests in people's individual conditions. Even if he overlooks, for example, that there have been improvements in equal employment for women, he nevertheless demonstrates on the basis of interviews that there has been a change in markets,

which generates more short-term thinking, profit maximization, less sustainability, and greater selfishness. He not only sees individualism here, which is considered outwardly to be the goal of society, but also the phenomenon that through restructuring increasingly fewer individuals are supposed to do more work while others are released from work; risks are transferred to individuals, trust and mutual respect and recognition in general decline, and shortsighted profit strategies are placed above everything. Such a society no longer has a use for basic critical reflection; it denies justice and imprisons everyone in constraints of service in order above all to earn profits for a few. In his criticism, Sennett argues in terms of psychology: for him, an individualized, fragmented, shortsighted, and profit-oriented attitude governs human actions today, which leads to the loss of the older virtues of continuity and sustainability as well as faith in progress, the future, and mutual responsibility. As correct as he is about individual phenomena such an analysis remains narrow when we place it against the background of the social capital I have been discussing. Older capitalism as well does not appear in retrospect to be the communal world we should be idealizing but a place of social struggle that always had winners and losers. And in today's world it is not just an individual or even psychological problem of our attitude that alone determines the world. There are also structural shackles that bind us. This results in a tension where the individual is still provided freedom and opportunities, but without social arrangements accompanied by adequate assistance such opportunities can hardly benefit the majority of people.

#### *Consequences of social capital for selected areas*

Similar to chapter 2, I would like to provide a short summary of the consequences of social capital in important areas of life:

- *Income:* social capital can only contribute indirectly to securing income. The less the state makes provisions for the formation of social capital for broad levels of society, the more it is left to individual initiatives to counteract this tendency. Individuals have to orient themselves toward improvement of their social habitus, their acquired education, their group affiliation and potential for power, and their emphasized differences from people placed lower socially if they want to acquire adequate use values for the use of potential social capital, which can help them achieve or secure a better income.
- *Unemployment and employment:* risks of use value for social capital and missing opportunities to convert this into exchange value is evident primarily in the fact that people worry strongly about their future income. This is especially clear in ideas about jobs. In all industrial countries, people are concerned about their jobs, followed by desires for additional income that would make a certain level of affluence possible. These

ideas correspond to facts because in recent decades jobs have become much less secure throughout the world. The individual concern in interesting and independent work has also often become more important as an additional desire than social interests or considerations of societal benefits. This is a reflection of a majority society that has become less unified and also has difficulties wanting to build up adequately comprehensive use values for social capital through relationship building. Capitalism in its current form increasingly supports an egocentric society (see Bauman, 2000 ff.).

- *Opportunities for social mobility:* in the social circles that people have access to or from which they are excluded, the effects of a social capital are evident; the currency of this social capital is realized in an interpersonal area in the windows for action on the markets. It is interesting to see here how just the individual strata regard their standard of living in society as being. The sense of justice corresponds clearly with people's social situation and in particular with their current employment or unemployment status. The higher income and social status are, the more just people regard the living conditions as being. And those who are unemployed or poor regard living conditions as being highly unjust. Thus, social position is always the endpoint here of the use of social capital, which has led to a certain position in the social and economic fabric. The respective position reached defines opportunities for social mobility. And expanding these opportunities requires a change in social capital and/or learning capital (see chapter 6).
- *Opportunities for consumption and housing:* The more people are able to participate in consumption and the better their housing situation is, the higher the opportunities appear for securing favorable use values for the formation of exchange values in terms of social capital. Not only can one enter mutual obligations in order to obligate others to oneself and one's own interests through attention, gifts, and services, one can also develop altruistic behaviors. When people donate to charity or do volunteer work it does not seem to function directly as an act that produces capital. But the context in which such actions take place should always be reflected here. Even if voluntary services initially appear to be purely individual acts and even demonstrate a divergence from the current spirit of the age they are grounded in social contexts. Tibor Scitovsky (1976) is convinced that the joyless market drives people to do socially useful things again because the meaning of life cannot be unlocked in capitalism alone. But such a view romanticizes a person whom we might always wish existed but who often remains only a fiction in reality. Donations and volunteer activities may have many sources of motivation, but from a social perspective they are neither exceptional nor unique. In general, they raise the social status of the person who makes the

donation. And they presuppose economic capital because such donations or activities always require in comparison with others an excess of income. On the other hand, this use of excess income is interpreted by lower income groups as socially useful such that it can even contribute to the formation of social capital, an insight that can already be found in Veblen (1899) and Duesenberry (1949) (see also Frey & Stutzer, 2002, 21). And this is where the vicious circle of social capital closes: those who have are given more. This applies when one has used social advantages against others. But it also applies when one acts honorably and socially.

Summing up the ideas in this chapter, there are three scenarios regarding the individual use of social capital:

1) *The ownership scenario*: anyone who wants to acquire greater social capital primarily does so through parasitic participation (socialization in the family home, inheritance, or marriage). Social relationships are passed on here without additional burdens, and existing networks are used without reflection. There is also often adequate economic capital here for reproducing the social status or there are at least good connections. A look at the educational strata demonstrates this well. Thus, for example, many doctors or teachers come from households with doctors or teachers. The same applies for other status groups that are rather high on the social ladder. People with extensive social capital usually also possess adequate cultural, social, and body capital more so than others; they make use of their learning capital in such a way that they create good conditions for using their social capital to their own benefit and increasing it in contradistinction from the social strata under them.<sup>1</sup> For these people, it becomes a question of the extent to which they want to open social access to their circles rather than keeping them closed. Social exclusion processes have the disadvantage that the benefits of exclusivity (higher social status, more power and prestige, better opportunities, etc.) can also turn against the owners when envy no longer leads to imitation but to conflict and aggression. The decrease in social understanding can also undermine the sense of the social as such, which runs contrary to democratic structures.

2) *The upward-mobility scenario*: anyone who wants to acquire varied and favorable use value for social capital through their own power despite less favorable starting conditions has to rely on special features in the areas of supply and demand, for example, they have to rely on

<sup>1</sup> Precarious living conditions, however, mostly produce new precarious conditions. See Bauman (2004) for a general introduction to this and Venkatesh (2006) for an exemplary ethnographic detailed study on Chicago.

rare talent, good body capital, or high learning capital. In addition, the different countries in the world offer very different opportunities, which make it easy or difficult to acquire social capital on the markets. Open and permeable societies with rather flat social hierarchies (such as Scandinavian countries) are better for the upwardly-mobile than societies that are already strongly exclusive and exclusionary in terms of education and social circles. It seems particularly important for the upwardly mobile to seek out social groups that sponsor their climb. There are a lot of social relationships that they could use, but access to these is often very closed or only opened in a random way.

3) *The uncertainty scenario*: social capital can never be represented merely objectively by relationships, and it does not materialize itself as clearly as economic capital whose assets can be precisely determined. In particular, social situations that are regarded as lower only allow the formation of uncertain social capital, which has little use at least with a view toward capitalizable benefits. The uncertainties are determined by the status of the habitus, educational status, group membership that provides potential for power and influence, further distinctions according to which the prestige of one's own social position and habitus is evident, which promise the prospect of an improvement of one's social situation. The less developed these characteristics for gaining social capital are both individually and in connection with others, the higher the uncertainty scenario is.

It is precisely in reflecting the uncertain scenarios, where large groups of people deal with the capitalization of the social in a sensible and critical way. They have recognized for themselves, and often also express this politically in the open, that increasing capitalization means a narrowing of the social. They defend the diversity of use values related to the social by wanting to decouple them from exchange value so capitalization can be limited. This suggests a kind of freedom. It is the freedom of investing in social relationships without wanting to tie this investment to costs and benefits; it is a return to humanity and our fellow human beings. This is, however, something that one has to want and be able to afford.



## 4. Cultural Capital

### 4.1 What is Cultural Capital and How is it Created?

In the social sciences, culture is a superordinate concept for designating very different civil, artistic, and scientific developments in both the material and intellectual sense that often appear as positive advancements in human relations, cultural techniques, coexistence and prosperity, lifestyles and rights, as well as education and enlightenment. In culture, certain historical events and activities have occurred, which means that no culture ever starts from the beginning, all the same it is inevitable that cultures always develop. In contrast with the concept of nature, the cultural perspective shows that people are not just determined according to their biological or genetic situation but can unfold their own individual construction of reality in coexistence with others; and these constructions vary greatly across different times, countries, and social groups. At the same time, discourses on culture up to the present increasingly show that the cultural belief in progress or specific accomplishments can also always be reflected on critically and deconstructed.

“Cultural studies,” which have developed around the work of Stuart Hall and Raymond Williams have provided a broad theory, which has the impulse for thinking of culture contextualized: it sees culture not only as high culture, not only as high achievements in education, the sciences, art, and lifestyles, but shows that culture also always presents and reflects itself in people’s consumption of all kind of goods—even trivial ones—and all kind of activities including leisure activities. Thus, *the* culture breaks down into different cultures because social positions accompanied by the simultaneous tendency toward individualization in liquid modernity have consequences for the differentiation of the cultural. And areas of tension between elite and everyday culture and high and popular culture arise here.<sup>1</sup>

Ziauddin Sardar (2001) maintains that the following aspects, which I have expanded in some respects, are essential for establishing the features of a definition of culture in the discourse of “cultural studies.” These aspects also guide my understanding of culture:

- 1) Culture takes place in practices in which not only cultural aspects are at work but power relations in a society are also always expressed. There is therefore no value-neutral culture; rather, culture is always bound up with certain interests and inequalities. Cultural studies thus refer to agents in cultural domains who differentiate themselves (for example,

<sup>1</sup> For introductory work on “cultural studies,” see, for example, Lewis (2008), Longhurst (2008), Lash (2007).

educational elites, cultural behavior of the middle class, working class, subculture groups) and who have to be connected in an analysis with the power of dominant groups in order to gain an adequate understanding of their effects in general and with respect to inequalities and opportunities of equity as well.

- 2) Cultural theories want to understand the increasingly complex connections in current cultures in as many ways as possible and therefore also have to reflect the social and political contexts in which culture is lived.
- 3) Cultural theories, as expressions of the culture they observe and interpret, can never be value-free or “objective.” Cultural studies always connect with a larger vision of social and political action that is directed toward a reduction or elimination of social inequalities and thereby expresses itself in projects that are as concrete as possible. Thus, for me questions about the forms of capital in this book are focused again and again on problems of equal opportunities and equity.
- 4) It has become very important for the concrete work of cultural studies to overcome the division between cultural knowledge and everyday knowledge that is based on concrete cultural activities as well as to overcome supposedly universal “truths” about culture. Cultures, in whatever shape or form, are constructions of reality.
- 5) As such constructions, they are not arbitrary but express social relations, and they should raise and discuss ethical questions about improving justice against the background of a democratic claim to equality and decent treatment of all and discuss how answers to these questions can be implemented politically.

#### *Cultural capital according to Bourdieu*

The discourse of cultural studies can be compared fruitfully with the understanding of cultural capital developed by Bourdieu. For Bourdieu as well, culture is not restricted to what is expressed, for example, in educated texts in literature and the sciences. He also expands the understanding of culture to everyday objects and seemingly mundane actions. In doing so, he makes the relation between cultural capital and ownership relations very clear. According to Bourdieu, a part of cultural capital expresses itself as

(1) *objectified cultural capital*. This is reflected in cultural goods in a material way. It is accumulated in different forms such as in the form of books, paintings, musical instruments, collections, and antiques, as well as villas, luxury homes, and good places to live. This objectified cultural capital is generally handed down in the form of material, but the inheritors also have to understand the significance and value of what they inherit if they want to fully appropriate cultural capital. Economic capital always also appears in the form

of objectified capital because this part of private property can always be exchanged for money. Only the owners of capital who have accumulated adequate property can redeem a large part of such cultural capital. This part of capital, argues Bourdieu, can be used in material economic ways but also as a symbol of status. There is what I call the use value of cultural capital, which is capital that appears when this use value can actually be exchanged on a market in a monetary form. According to Bourdieu, there is also

(2) *embodied cultural capital*. Schemata for thinking and action and attitudes and value orientations are reflected in this capital, which express themselves for example as taste, comportment, courtesy, table and other manners, and rules about good, decent behavior in specific situations. If a child, for example, grows up in a family with high economic capital, he or she will acquire a habitus that differs from his or her peers in a poor family and provides knowledge about how it is proper for an owner of capital to behave in an affluent environment. This habitus, which also manifests itself as an entitled attitude toward life and the working world, will help the child later occupy a social status in accordance with this habitus. One example provided by Bourdieu is this: “The champagne drinkers are opposed to the whiskey drinkers and also, of course in a different way, to the red-wine drinkers; the chance is higher for champagne drinkers than whiskey drinkers—not to mention red-wine drinkers—that they will possess antiques, play golf, ride horses, visit the theater, etc.” (translated from German, Bourdieu, 1992, 146). This example also shows the degree to which such attributions are culturally fluid because fashions change quickly in a consumer society. What remains is the creation of a habitus and therefore also the accompanying time that an investor has to spend if they want to be successful. However, the amount of time that has to be spent is uncertain: is it a good use of time only to be in a good environment or a waste of time not to have sufficiently used the opportunities in this environment? Those who come from uneducated milieus with few cultural possessions only have an opportunity for advancement in this area when they effectively use the few opportunities they are given even in bad situations.

Cultural capital is conceived of very broadly by Bourdieu in its internal constitution and the personal qualities and abilities that are shaped in certain cultural ways of life. It is very clear that—as in cultural studies—cultural capital is supposed to refer to concrete cultural behavior, but does it represent an aspect of capital? Interests and power positions in social domains are always expressed in culture, in forms of ownership, as material or immaterial possessions that someone acquires and makes use of through familial education, public or private education, or artistic or scientific activities. But are education, knowledge, applied cultural techniques, languages, forms of expression of social behavior, etc. always already capitalized? The answer is “yes” for Bourdieu because for him it is capital since it delineates unequal positions in the

social domain, which represent an ability in the broadest sense to make use of “capital.” This is especially evident in education. Through the objectified forms of educational titles,

(3) *institutionalized cultural capital* can be seen in school diplomas, certificates, advancement papers, honors, fellowships, and academic titles. College entrance diplomas, master’s degrees, PhDs, honors and awards, director positions, positions that offer company vehicles, etc. are greatly valued here. And attributions that serve only a motivational purpose but have no capital value, i.e., as an instrument for being positioned better with respect to others (such as praise without the opportunity for advancement), have less value. This kind of capital usually relates to the educational system or other objectifying institutions. It provides access to other kinds of capital and enables one to be better equipped. In this subtype of cultural capital, there is the opportunity to compensate for the rigid inheritance property-owning families enjoy through family bonds with successful education. This would all the more be the case if schools also offered educationally impoverished social classes greater opportunities for such compensation. This seems in general to be the case today in formal terms because in the rankings regarding achievements in school or at the university everyone is supposed to be handled in the same way in democratic societies. But the problem is that the norms of comparison are already adapted to the habitus that is given preference when it comes to success. Because the majority of educators come from the educated classes, they expect a certain habitus from their students and reward them for it. At the same time, affluent families have the resources to intervene if needed for their children through support in order to avoid failure. This capital, which is conveyed by institutions, is also visible externally through certificates and diplomas that secure a certain cultural status. Cultural capital is also convertible through the job market and in connection with social capital into economic capital just as economic capital can acquire cultural property in the form of cultural goods and make use of it as a status symbol.<sup>1</sup> Against this background, Bourdieu conceived of cultural capital as a form of capital that can be accumulated and transformed and that serves as a distinguishing feature for social inequality.

#### *Difficulties for a concept of cultural capital*

Culture as a material value is most visible in objectified cultural capital. Here people are differentiated with respect to material and symbolic forms that can also always be realized on markets as exchange activities. It is, however, more difficult to see thorough capitalization in the other two forms. Bourdieu

<sup>1</sup> As discussed with respect to social capital in the concept of Bourdieu on p. 165 ff., cultural capital can be transformed into economic capital.

assumes that such a capitalization is analogous to social capital as an expression of interests and power positions that contribute to advantages or disadvantages in the cultural domain. Everything appears here as relevant capitalization insofar as cultural possessions of whatever kind can be accumulated and thereby express a certain degree of ownership that leads to an unequal amount of ownership. For Bourdieu, such inequality is associated with certain positions in the social domain, which articulate forms of power and rule and define social circumstances (as has already been shown regarding social capital.) In a comparison of forms of capital, it becomes clear that position can no longer be expressed by economic capital alone because social as well as cultural capital define additional requirements for power, rule, and inequality, which we have to take into account in people's current struggles for differentiation and distribution. But should such differences be thought of as thoroughly capitalized?

Bourdieu's approach with regard to cultural capital is understood as a reproduction approach: the various forms of cultural capital very clearly display a cultural origin with respect to used or usable resources and assistance that are essential for cultural and especially educational success. If cultural goods were purely quantifiable, one could assume a mechanistic and deterministic theory that would amount to the simple observation that a low volume of cultural goods in a family is synonymous with a lower-class level, but this would neglect individual opportunities that arise through engagement, educational advancement, and support systems for the improvement of social and cultural capital for disadvantaged people. Such simplifications also run counter to Bourdieu's intention to deliberate on and study forms of capital in practical phenomena both in a way that does not aim at a reflection of seemingly objective and constant (primarily material) relations but shows a world with liquid social and cultural circumstances and positions. In particular, his intentions are the following:

- to show the degree to which there are connections between the cultural reproduction of inequalities, for example, through unequally acquired educational titles,
- to recognize that it is primarily the inheritance of cultural capital that gives rise structurally not only to cultural but also social inequalities,
- to make clear that on the cultural side a certain cultural habitus is created and embodied, which expresses consciously and unconsciously, in accordance with life circumstances, a cultural understanding, represents a certain social position, and perpetuates inequalities,
- to investigate the extent to which the educational system structurally and systematically promotes such inequality or is in a position to reduce it,

- to analyze how the distribution structures in various forms of capital work in various contexts in order to uncover a complex picture of the interdependence of inequality and capitalization.

Seen from the perspective of these research intentions, cultural capital has its own value that supplements economic capital and represents its own “form of capital.” This is true in at least two different ways:

On the one hand, knowledge, education, and cultural achievement can only be bought to a certain degree. Particularly in its immaterial forms, cultural capital cannot be inherited like cultural capital but always has to be earned with some effort. At the same time, there are so-called risks of loss in cultural capital because even educational titles come under inflationary pressure through the expansion of education for the masses, and cultural knowledge also quickly becomes out of date as cultural fashions come and go.

On the other hand, cultural capital often behaves inversely to economic capital (see Bourdieu, 1983). Someone who has success in the cultural domain quickly loses their *avant-garde* status. The more esteemed someone is in the cultural domain, the less they appear to be able to develop additional adequate alternative prestige in the cultural domain. This is true at least of parts of culture where the rejection of what is popular or salable is opposed to the desire for cultural autonomy and diversity, which itself is often only a fashion in particular cultural periods.<sup>1</sup>

Although objectified cultural capital has clear characteristics of capital, this is not equally the case for the other two forms. There are several difficulties involved in developing a plausible concept of cultural capital.

First, the concept of cultural capital is used in Bourdieu in a very broad but at the same time unifying way. With this form of capital, he tries to capture the inequality of cultural events and activities for various social classes; he tries to grasp differences in immaterial and material forms of education and culture that have effects on the creation of a certain cultural habitus primarily through the cultural inheritance from one’s family of origin. Cultural inheritance thereby appeared in the bourgeois past primarily as so-called advanced education, as a familiarity with classical works from theater, music, film, painting as well as jazz, etc. Such an inheritance was apparently not sullied by the utilities of everyday life and thus served as a means of distinguishing the culturally valuable from the mundane. A bourgeois lifestyle, with a sensibility for a free cultural existence not shaped by work and the burdens of everyday life, is thereby distinguished from the proletariat lifestyle that has neither time nor interest in the cultural—given its need to secure its survival. It makes use of its own elaborate language that is supposed to symbolize mental agility as

<sup>1</sup> On the relationship between art and literature with regard to cultural capital, see Fowler (1997). It shows that Bourdieu to some degree also interprets the role of cultural activity in a one-dimensional way. On this, see also Shusterman (1992, 1999).

well as informality, sophistication in style as well as cultivation in expression and manners. It is primarily the intellectuals that function as the bearers and representatives of such culture; they do not exercise particular power in the way the economic or political elite do, but their cultural viewpoint nevertheless can, on the one side, support such power or can, on the other side, help close off cultural domains as possible spaces for the transformation of social lifestyles.

What is difficult, however, for such a perspective on cultural reproduction is that none of these spaces is free from transformation in the power games of the given times. Cultural transformation means making things fluid, which makes cultural inheritance itself appear questionable and uncertain because there is no longer a unity of culture. During the course of last few decades, it has also become clear that not only mainstream culture but even the cultural transformation involved in alternative cultural trends has come under the influence of capitalization. A critical intellect that is not bound by instrumental considerations increasingly appears to be an illusion. Such an intellect has to be able to operate far away from the markets. Against this background, the question arises to what extent the concept of cultural capital can make a common perspective on cultural activities and achievements available when culture itself appears increasingly more fragmented, liquid, conflicted, and uncertain. In the move away from structuralist models, many authors in cultural studies, those who rely on Foucault's analysis of power, radical feminism, and deconstruction have therefore raised the question of the extent to which the bourgeois habitus of the past can even be grasped as a form of cultural identity today because such social identities are now much more contradictory than in previous times and have to be grasped empirically in light of this.

Consequently, in culture there is still a distinction between educated and trivial literature or art and popular "art," but the distinction increasingly disappears in light of consumer strategies such that the distinctions that make a difference with respect to the social are constantly in flux. The cultural habitus is also thereby transformed. On the one hand, this cultural habitus rests on differences that have been culturally standardized—for example, cultural classes are reflected in the price levels at businesses, the stars given to hotels, the price classes in airplanes, the boundaries between luxury and junk, etc. On the other hand, all goods increasingly penetrate the consumer market such that affluent classes need not be as shy in approaching everyday popular culture, and the lower classes can participate in luxury design (the IKEA strategy). This critical turn clearly means that cultural capital can no longer be an uninterrupted and distinct form of the reproduction of social inequality

through the creation of a cultural habitus as Bourdieu had imagined in his work.<sup>1</sup>

An additional difficulty is the attainment of a developmental and social-psychological perspective, which in addition to the social-science perspective is also important in the analysis of cultural socialization processes. The observation may be enough here that psychoanalytic models in particular are compatible with Bourdieu's representation of the unconscious part of the habitus, whereas the conscious part of the habitus can be supported and even expanded upon by newer psychological approaches. It has also become important in recent psychological theory formation to relate the creation of cultural *habits*, attitudes, expectations, and behaviors with regard to the educational environment, cultural context, and interaction relations to the creation of a self (analogous to the cultural habitus) and thereby at the same time also always to bear in mind the transformability of this self (of the habitus).<sup>2</sup> From this perspective, a cultural habitus configured in social-scientific terms, as in Bourdieu's approach, appears not to be open enough to psychological questions. Conversely, these approaches can learn from the social-scientific perspectives about the extent to which the economic, social, and cultural circumstances are intertwined with psychological aspects. Therefore, in research on socialization both perspectives have to be connected because both are essential to understanding human interaction, cooperation, and communication (see chapter 6).

A fundamental difficulty here is due to the fact that people live in a culture that can be divided into various cultural affinity groups and their associated domains. The culture of a country or a region expresses a power of persistence, and people who live in this culture adapt themselves through norms and values in their practices, routines, and institutions. This image from modernity has persisted up to this day, but it has also become more fluid because social development and capitalistic markets also exercise enormous acceleration pressure on cultures. Where it was previously important to train behavior in certain norms and values with status-related virtues and to develop a national cultural habitus, the transitions between cultural affinity groups have become more permeable and fragile today but also more conflicted and uncertain. Consumption driven by markets is the basic model for this. What was for Bourdieu a distinguishing feature for milieus a few decades ago, i.e., beer drinkers vs. wine drinkers, could be misleading today because the distinguishing criteria between various cultural milieus are always being dissolved

<sup>1</sup> Bourdieu accused cultural studies of often being too speculative and empirically imprecise, but his model can also be criticized for not sufficiently describing the contradictions in individual forms of capital and thus not being able to describe their interaction adequately.

<sup>2</sup> This is strongly related to the constructivist turn in this research. See for example Ormrod (2004, 2006), Slavin (2006), and Woolfolk (2005).



and reconfigured despite their powers of persistence. This is true, for example, of the key differences between the useless but original things and useful but unoriginal things, which in the past helped define meaningful consumption for the French upper class. It was already obvious earlier that the useless things could be and must be expensive, but today in light of consumer behavior it can be concluded that for the very rich trivial (but expensive) usefulness for private entertainment has moved increasingly in the foreground. The rich and super-rich find themselves in the domain of mundane, although expensive, usefulness in their global competition to display their wealth through consumption.

A cultural transformation is taking place through the ecstasy of consumption. The dissolution of distinguishing cultural criteria is occurring on the one hand under increasing globalization. Here, formerly local cultures are connected together and mixed through worldwide markets, forms of exchange, and especially the Internet. The local presence of an event can very quickly be resolved into a global event, and all places and activities gain global ubiquity. There are very different interpretations of such globalization: economic discourses rest, for example, on an interpretation of the transition from heavy to light capitalism, the transition from industrial production to services, or the opposition of advantages and disadvantages of globalization for individual countries and their development levels. Bell (1976) emphasizes three major changes in this context: 1) the transition to the service economy, 2) the significance of scientific and technological innovations for the future, and 3) the emergence of new technological elites and the beginning of new struggles over distribution. Key aspects of his analysis have already been developed.<sup>1</sup> What has become obvious on the cultural side is that the western cultures impart their values in a dominant way (Boli & Thomas, 1997).

Culturally oriented theories in particular emphasize the networking and information age, particularly the general and cross-cutting features of communication that grow with or against existing local cultures. Their interpretations in general describe a transition in scientific and technological revolutions—steam engines, electrical technology and the chemical industry, communication techniques (computers, the Internet)—in order to make sense of current cultures in terms of these changes.<sup>2</sup> Social-scientific theories attempt to describe the change in social relationships in the age of globalization; they look for the winners and losers, for explanations of systemic connections and relations in these transformations, and they have increasingly abandoned the

<sup>1</sup> Bauman (1998, 2000) describes the transition from “heavy” to “light” capitalism particularly vividly. On the general assessment of globalization and its economic effects, see for example Kellner (2000), for an introduction, and Waters (1995), Bauman (1997), Harvey (1989), Jameson (1991) for more detailed discussions. See also above chapter 2, p. 75 ff.

<sup>2</sup> On the information age, see for example Castells (1996, 2001), Lyon (1988), Masuda (1981).

picture of a single cause and essential force of development.<sup>1</sup> “Heavy” capitalism constructed fundamental cultural conditions and ties that were costly in their reproduction. “Light” consumer-oriented capitalism also grants a reduction of cultural effort for the upper class without losing the distinction gained primarily through social exclusivity (see above p. 80 ff.).

Cultural events and activities are not capital but are primarily use values that range between genuine personal interests and preferences to developed interests and power positions in forms of symbolic rule. It is only in the form of objectified cultural capital that they are always already exchange values that can be obtained through the market. The cultural habitus is in contrast primarily a cultural embodiment. But in particular windows for action, which I will describe below in terms of surplus values, the cultural habitus can be transformed into exchange values in order actually to be transformed into a monetary benefit. That is when cultural capital arises. It is very important for me to introduce this distinction because otherwise there is the danger that we will consider everything cultural to be already capitalized and thereby lose the fine distinctions that lie between cultural use and market-related relevance.

#### *Cultural use values in transformation*

Education and upbringing do not appear capitalized according to the self-understanding of participants; rather, they appear as personal, private, and related to the individualization of development. The ranked comparison with others in the social domain can also become an initial burden or assistance. Anyone who treats their children with tenderness, warmth, and comfort does not think of the later capitalization of such “foundational trust” in human interactions but just wants to act humanely. At the same time, this is a cultural activity that expresses a “care of the self” in historical cultural terms (see also Foucault, 1990). It involves the acquisition of use values that are supposed to allow a human life of prosperity, security, and education, but that at the same time are supposed to be exchangeable on the market in some way. What has changed for cultural use values in the last decades?

Discourses on culture and education see transformations either primarily in the significance of diversity, multiculturalism, and dealing with increasing heterogeneity (often on the use value side) or primarily in terms of effects on the labor market, credentialism, certifications, and the capitalization of education (mainly on the exchange value side).<sup>2</sup> The list could be expanded to include many other domains and specialized discourses because no one can

<sup>1</sup> Bauman (1993 a, b, 1998, 2000) in particular.

<sup>2</sup> For an introduction to this, see Morrow & Torres (2000). Capitalistic nationalism (Morrow & Torres, 1995), enlightenment universalism in ideas about education (Carnoy, 1974, Torres, 1998, Willinsky, 1998), globalization and multiculturalism (Featherstone, 1995, King, 1997), and finance capitalism (Cole, 2012), for example, are regarded critically.

simply ignore the new interpretation and new classification of cultural phenomena in the global liquefaction of a consumer society where upbringing and education become consumer goods on the market in addition to having a multifaceted use value side. It is important not to underestimate social and cultural changes here. The more complex, contradictory, and uncertain the culture is in the liquefaction of modernity,<sup>1</sup> the more complexly and unconsciously the cultural conditions and capitalizations that accompany this fluidity unfold. Cultural capital is under pressure both from embodied “inheritance” through upbringing and education and from the real inheritance of material educational goods and life circumstances that are passed from generation to generation.

In earlier times, cultural education was always bound in its higher forms to the production of culture. Creating poems, journal entries, artworks, etc. at least complemented the reception of the normatively loaded works and goods that were culturally preferred. Thus, one not only enjoyed the music of others but tried to learn an instrument oneself; one did not just read other’s texts, one produced a great quantity of records and letters; one did not just marvel at other’s artworks, one produced them on a small scale for oneself. However, such a putative higher culture always had a fictional, illusory side because the cultural game did not go so far that the upper bourgeois or the upwardly mobile could transform the use value in the area of the production of art into an exchange value. The establishment of a wide repertoire of cultural use values through upbringing and education served the upper classes and the bourgeoisie in classical capitalism primarily for creating their own cultural-technical requirements in order to preserve prerogatives in social and cultural domains and to develop virtues (which often appear to be bourgeois ideas today). This includes:

- Delaying gratification and making long-term investments, through one’s own efforts in education with self-denial, in order to experience higher enjoyment as well as entertainment and variety through a better social and cultural position later.
- To give preference to work on a subject in order apparently to derive for oneself powers of discipline, self-constraint, cultural techniques, patience, adaptability, subordination, etc. from the demands of the world, as is the case with the demands of classical education, and to legitimize the prioritization of oneself.
- To actively maintain a subordination of the individual to the production processes, whether it is on the small scale of discipline in education or on the large scale of life or one’s profession.

<sup>1</sup> Bauman describes this strongly in his series on “liquid modernity” (2000, 2003, 2005, 2007 a, b).

- To accept a subordination of the individual to social and gender-related differences and existing social circumstances, which are perceived and experienced as given and unquestioned cultural differences.

Such classical capitalism and its virtues do not disappear now with the transition to a consumer society as one might mistakenly believe; rather, a transformation takes place in the cultural habitus itself, which has become “liquid” just like the period in which it exists.

### *Culture and consumption*

More and more people create their construction of reality from the perspective of consumption because it offers them more freedom and possibilities than the old picture of capitalism. Consumption is nothing new for capitalism, since it has always had to do with possessions, but what is new in consumer society is the thoroughgoing construction of all people as consumers as well as the internalization of an attitude and life goal that is primarily focused on consumption. For consumers, the short-term nature of their decisions in actions is important; consumers are no longer prompted as strongly as they were before to make long-term investments but are supposed to live from the perspective of the rapidly changing market. This has become abundantly clear in the consumption of goods. No goods, even the especially coveted goods, can deliver over the long term what they promise in the short term. The essence of all consumer goods is to become consumer waste as quickly as possible in order to make room for new goods.

This daily process in all domains and categories of consumer life does not stop for culture and especially not for education. All cultural goods are captured as products in the ecstasy of consumption and driven relentlessly into the waste bin. This creates a transformed cultural habitus. Education, cultural techniques, values, etc. also want to be consumed as consumer goods. Critical reflections for example are therefore unattractive as mass goods; there must be an easily consumable how-to pamphlet. Even reading requires more dedication than consuming an audio-book or YouTube-video. Film adaptations push reading into a visual medium and condense it. Consumer goods such as watches, cars, real estate, etc. suddenly become cultural goods that are talked about in supposedly highly cultured classes more than classical educated questions. And with this transition, cultural expectations collapse because educational waste necessarily creates a changed cultural habitus. If controlling one’s own education to such a degree that one could ironically scorn it because one had grown socially far beyond one’s teachers was previously esteemed, it has become increasingly more important today to recognize the subtle differences between what has educational value and what is

personally entertaining to playfully deal with the transition.<sup>1</sup> Liquid modernity sees it is a matter of individual happiness to celebrate the cultural habitus as a consumer, whereby the economic and social circumstances quickly define what should be celebrated here.

In the pursuit of cultural meaning today, those with economic capital increasingly employ people with high cultural competence to regulate and manage their businesses and homes. They have to grant them a degree of freedom that might even run contrary to their own economic interests because as employees they are on the one hand tasked with improving the culture of the capitalists but at the same time have to maintain and shape their free understanding of culture because the capitalist himself has not learned what this culture is or what it could be. Thus, designers set up the house, and cultural experts are relied upon when it is a matter of shaping objectified cultural capital; and children are left to elite schools that are sought out more because of their high price than their pedagogical conception.

The growing cultural waste accelerates the half-life of knowledge and the construction of what is considered culturally lasting and valuable. But this is very detrimental to knowledge and education itself. This is because it becomes increasingly undecidable what is actually important and what is transitory. The sciences are also affected by this, also cultural studies, which is characterized by increasing complexity and confusion which increasingly facilitate the production of garbage. Short-lived fashions in ever-shorter intervals also increasingly inflate the sciences, which affects the *soft sciences* more than the *hard sciences*. But the hard sciences are also not protected from the pressure to produce garbage as they move closer to the production of goods and technological progress. The garbage they produce is characterized by the rapid change in the profitable spheres of research, by moving away from unprofitable basic research or broad research, and by turning toward areas that can offer especially strong profits for those who control such research financially (see chapter 6.3.3).

#### *Use value and exchange value in cultural capital*

To develop a habitus that is as relevant as possible to the culture, individuals generally endeavor in the appropriation of use values in the cultural domain to collect as many values as possible, in all their useful forms, in order to be able to make use of them in economic and social domains. The more this process in culture goes after the broad masses, the more a paradox arises: the use value with high opportunities for exchange value, which is still sufficiently secure, such as, for example, a college degree, becomes devalued

<sup>1</sup> In his “Critical Pedagogy,” Henry Giroux in particular has described the relationship between cultural change and educational changes in numerous publications. See for example (1992, 1996, 2008). Chapter 6 discusses the capitalization of education in detail.

the more it becomes a common good. This is the curse of consumer society because it wants as many people as possible to be consumers. Within the framework of the expansion of education, more and more educational certificates are received by more and more people so that competition minimizes or destroys the distinction being pursued. The struggle in the socio-economic domain is a competitive situation in which all the cultural intentions that are accumulated in the habitus are compared. Only those who either fall out of the competition because they possess inordinately high economic or social capital or because they have nothing more to gain since they will always be in a losing position can afford to forgo competition.

But what remains constant in this transitional process in terms of cultural affiliations? A transition from contents to procedures can be seen because we recognize various cultural milieus today less according to certain contents that apply for this particular milieu than according to the *use* of reference standards and the quality of consumer goods that can be implemented in practices and routines. At least four very different perspectives have developed here from a cultural point of view:

- 1) People define their cultural status strongly in terms of their hopes and expectations and the cultural connections they already have. They find cultural claims and satisfaction with a cultural status especially when their cultural opportunities meet these expectations and can be lived out given their income and the time they have available. A possible way to approach describing such hopes and expectations is through studies on satisfaction and happiness that people project into their life circumstances.<sup>1</sup>
- 2) Cultural affiliations are always social attributions that designate someone as part of a culture and that accord them a different position, rank, or place in the existing cultural domains in comparison with others. Culture can be lived with very different costs, but the cultural comparison group that is distinguished from other groups by more or less or by alternative forms of culture contributes to social position and produces ideas about one's own satisfaction in the cultural spectrum. This essentially leads to satisfaction of one's own cultural habitus and status. There arises an opportunity here, when one has very few economic resources to accumulate against capitalization, alternative forms of use values whose purpose does not reside in profitable sale but in, for example, social forms of exchange.
- 3) Cultural capital manifests itself primarily in cultural possessions that are materially tangible and can be exchanged, traded, bought, and sold. This part can be measured in a cultural basket of goods. On the other side, in

<sup>1</sup> For an overview with extensive references, see <http://worlddatabaseofhappiness.eur.nl/>.

idealistic notions about culture that hardly correlate with a material value but correlate to a high degree with an imaginary, immaterial, or social value, individual competencies and qualities are collected, which are often difficult to measure even as use values and generate no capital but represent perchance preconditions for later capitalization on the market. An increase of cultural use values in the virtual presentation of oneself through the Internet is particularly visible here.

- 4) Cultural values are closely related to new forms of work, communication, and information. Castells (1996, 229) mentions, for example, that there are increasingly different kinds of services provided in the areas of production and services, and different kinds of service jobs are growing strongly. Management roles are also needed in many areas, and they offer the opportunity for advancement for a new group of employees or even contract-workers. At the same time, work in marketing and the information and media sectors is becoming increasingly important and diverse. The *knowledge economy* arises in the form of goods as well as services that combine cultural use values with exchange values and manufacture and advertise particularly profitable use values that lie outside of exchange-value thinking.<sup>1</sup> At precisely the point where industrial production runs up against the limits involved with the materiality of goods, the *knowledge economy* is able to act with more freedom. Companies such as Google and Facebook are examples of a new industry that no longer needs large machines and manufacturing plants. This is also accompanied by the simultaneous opening of occupations in the high and low salary ranges. It appears that in the long term, higher-value work could grow more strongly than lower-value work, which would lead to new claims related to culture. However, Castells already warned in the 1990s against drawing conclusions about the cultural progress of society as a whole from such developments in some areas of the information society, which can offer better and more skilled work for some employees. The differing economic and social development in various countries and groups of people is so contradictory that despite global effects cultures differ significantly from one another in the types of claims they make. One key reason for this, as Morrow & Torres (2000, 35) conclude, lies in the employment structures that always provide an important background for the opportunities and limitations of culture-related competencies and differences.

The immediate utility of cultural use values or objectified cultural capital for materially graspable exchange values can be identified against this background very clearly, but it can be identified only hypothetically for ideal use

<sup>1</sup> Peters et. al. (2000) and Marginson et. al. (2010) describe the *knowledge economy* in particular in relation to questions of creativity and mobility and with regard to social effects.

values until the market is entered. Cost-benefit considerations used in economics cannot simply be applied to the hypothetical side. In theories about utility, there was already a change in understanding in the 1930s, which was based on people calling into question whether utility could be measured (see Robbins, 1932, Frey & Stutzer, 2002). Utility has to be conceived of in very narrow terms in order to be measurable. However, the more we move into the very open domain of culture and its increasing diversity in liquid modernity, the more difficult it is to concretely grasp even the utility involved in the motives, motivations, interests, dreams, visions, desires, and tenacity of people, which also involves pursuing goals that appear unattainable. In the research, people have helped themselves identify utility empirically by starting with the individual choices and preferences of goods rather than with utility in order to derive use values indirectly from these choices. This transition was not accidental because with the growing material wealth and associated cultural wealth of industrial countries, the perspective has shifted from the utility of production to the choice of useful consumption. Empirical studies have to be cautious here not to measure this as mere consumer habits so cultural capital is not conceived of in a very one-dimensional way. We should keep in mind here in any case that constructions of reality should not be measured according to what empirical studies can now do with their fine statistical methods of questioning but according to how they can be used in an expansive way to pursue more complex inquiries. And there is a lack of perceptive empirical studies here that explain in a more precise way the actual costs that are involved in the use value side of cultural activities and how these can then be transformed into exchange values. Just as we need a basket of social goods in empirical studies, a basket of cultural goods could also provide us with more precise information about the monetary relevance of the cultural exchange value side of things.

The goal everyone has to set for themselves with respect to culture is to find a balance between use and exchange values in cultural activities. Adopting, calculating, or refusing a part of one's own subjectivity, as Stuart Hall (1980 a, b) conceives of things, stands in tension with societal forms of the life-world, the economy, the social, and the cultural. Culture is no longer a good "in itself," as it was still thought of in the bourgeois Enlightenment; it is no longer a good whose morality lies beyond mundane utility and which is not measurable but individually and collectively felt or experienced or representable in an artistic way in the "highest perfection of form;" it is a good or value that is sought after and sold, and in this demand for consumption it first generates its exchange value through its use value. This applies to all mundane cultural goods, which as material wealth (the pattern that has been mentioned previously: my car, my boat, my house, etc.) populate our worlds; it also applies to the higher intellectual goods (my photos, books, databanks, furnishings, etc.) that I first have to buy on the market in order to consume them as



part of my cultural world. As much as many people want a radical change and an alternative, freedom from exchange relations and capitalization, they can only find this in present societies in other alternative places of exchange. This alternative place of exchange beyond mass production is generally however even more expensive. The illusion may grow here of living one's culture freely outside of all markets and places of exchange without thoughts about utility, exchange, mobility, careers, income, recognition, etc.; but this is very unlikely because then cultural solitude and a renunciation of cultural appropriations through others would also have to be taken into account. The formation of cultural groups according to shared interests attempts to demonstrate this again and again against all market movements, but this usually involves only the illusion of purposelessness. This is because the cultural habitus shaped in the activities of such cultural groups can hardly free itself from achieving conversions of exchange values in cooperation and communication if these groups enter a market where at least their costs are supposed to be covered.

The economic domain previously often seemed mundane and unworthy in comparison with the cultural. The caricatures of the *nouveau riche* from the perspective of the culturally established are well known, but the development of culture could not sustain this distinction because the visible expression of cultural activity always appears in material goods. The transformation in the cultural self-understanding of modernity has been enormous in this context. Whereas culture was previously thought of as an individual or collective event in which the individual was supposed to be elevated through conscientious learning and educational work to the zenith of true and comprehensive knowledge, aesthetic and personal maturity, and morality, which was often thought of idealistically as independent of economic status, the capitalization of the cultural world up to today reveals exactly the opposite:

- Culture and education have not been and are not acquired independent of social and cultural origin, i.e., access to culture is very different for people depending on their socioeconomic status, and inclusion and exclusion as well as possessions in many forms determine cultural opportunities.
- Culture today is no longer primarily derived from tradition and national characteristics, and nationalistic ideologies are being increasingly restrained (although they still have an influence and always come to the fore when people fight about the culture being overrun by foreign culture).<sup>1</sup>

<sup>1</sup> Such as in Huntington (1996) whose "Clash of Civilizations" argues from the perspective of a divided world where different cultures end up in conflict. His interpretation focuses on the oppositions in diversity but less on the opportunities in diversity.

- Cultural goods in the form of recognized products of art, architecture, titles, degrees, symbolic legacies, and merits<sup>1</sup> are wholly associated with the individual possession of economic capital because they are always costly.
- Those who create culture are themselves dependent on income, which is provided to them either by capitalists or people with money in exchange for their works or by states, in order to carry out any of their cultural work.

In view of this change, Bourdieu's forms of capital are also in need of a new interpretation. Cultural capital in particular appears in signs of dissolution that should be taken into account. This has already been clear for some time because the rigid cultural distinctions between groups and classes of people derived from French culture would not have had distinct significance in many other places in the world.<sup>2</sup> DiMaggio & Mohr (1985) had already claimed that their study of the United States showed that the connection between cultural capital and social origin does not have as strong an effect as Bourdieu's studies would suggest. This finding is connected with the expansion of education. If more people have educational success, there is a decoupling of privileged cultural class circumstances from cultural achievement, which increasingly appears more attainable to the lower classes as well. This creates upward social mobility, i.e., there are opportunities for advancement. In a comparison of the competitors, however, the effects of social capital and the privileging of a cultural habitus speaks against such opportunities for upward mobility. In applications for better positions these effects continue to prevail because these candidates are preferred or make their careers more quickly. In addition, there are significant differences between countries regarding the breadth of educational expansion and the real opportunities for upward mobility or the risks of downward mobility. As a rule, here, in competitive situations people are preferred who demonstrate a cultural background that fits the person making the hire. Bourdieu could already recognize in his research that in the expansion of education an inflation of educational titles was occurring, which required new differentiators if the elite wanted to set themselves apart from the masses.

With regard to use and exchange values, a tripartite stratification has become increasingly evident in cultural education: (1) there are elites that place particular value on special certificates or expensive education; (2) the middle-

<sup>1</sup> Legacies function as immediate normative endowments to posterity who then orient themselves on the models of their predecessors; earnings also act as paid recognition, which has the direct effect on posterity of making them wish to orient themselves on the model. The German therapist Helm Stierlin has worked on these connections.

<sup>2</sup> Hartmann (2007) showed how differently the elites are educated in various countries. France and England are particularly elitist in this regard.

class is oriented primarily toward publicly accessible educational titles in the context of the expansion of education and seeks out a broad basis for cultural education; (3) low-skill people that are considered distant from education and whose cultural capital is regarded as low on the whole remain restricted in terms of cultural use values.

Against this background, I would like to redefine cultural capital. It retains its specificity for me as its own form of capital, but the aspects of education that express it as learning capital as well as the dimension of body capital retained in it have long shown themselves, in my view, to be independent dimensions; these dimensions sometimes also operate against the cultural domain, distinguish themselves from it, reveal other social spaces, positions, and circumstances and require a more refined definition.

*Upbringing and education change from cultural to learning capital*

I would like to consider this briefly for cultural educational capital as opposed to learning capital, as I will redefine institutionalized cultural capital in chapter 6. Education previously for the most part has been considered a part of cultural capital. This includes values, norms, cultural practices such as art, music, reading, writing, and other activities from museum and theater visits to cultural practices in communication, eating, drinking, seeking relationships, courtesy, manners, and everyday life in general. But the fine distinctions that make the difference cannot be represented today seamlessly in cultural capital. There are three forces acting on the erosion of cultural capital:

- 1) Cultural use values have lost great parts of their power to distinguish in an adequate and clear way different social classes and milieus. Consumer society makes all goods cultural so that the dividing line between high and low culture is based on the price of consumer goods and the conscientious embodiment of cultural education has become more and more an own field of operations. Although in cultural use values there is a competition for distinction between cultural agents so that the privilege of one's own cultural position can be marked, the relevance of this for exchange on cultural markets relativizes all independent characteristics. The ownership class still searches for features that distinguish it, but they find them today increasingly in the mundane world of price differences.
- 2) The expansion of education leads to the fact that cultural education as a distinguishing feature is under pressure and requires new distinguishing features. And here prices are increasingly the distinction that makes the difference. There are new configurations of capitalization of education that arise, which find expression in the increase in private schools, elite educational institutions, access to educational institutions determined by where people live, classifications of educational degrees according to

rankings, etc. These differences have become so essential that a learning capital can be identified as an independent configuration that forms a cross-section of all other forms of capital. It is an independent and easily distinguishable domain of capitalization. This domain has developed in order to compensate for the loss of distinction in cultural capital for the ownership class and raise the opportunities for participation particularly for the middle classes.

- 3) The educational system has developed a life of its own in its institutionalized forms as bureaucracies, which is always running behind cultural developments and is never effectively adapted enough in its methods and curricula to the expectations of life outside the classroom. This system is thus less a signal for “true” education that can provide a defense against consumer society and is instead a comprehensive bureaucracy in which ranking procedures, supposed objective evaluations, certification processes, and selection practices take more and more precedence over cultural content. This extends from kindergarten to quality management at businesses. Scientific and job-oriented disciplines and system-oriented education all operate on this system as lobby groups in order to pump more stuff and formal controls into the system; they thereby put in place a clandestine curriculum with an overload of consumable contents for which there is not adequate time, which leads to an increase in the rate at which material is forgotten instead of to a comprehensive education. In this overload, the institutions shove their burdens onto the teachers and offer a system that maintains and develops culture less and less and increasingly focuses on the certification of learning and on certification procedures.

Against the background of these three forces, it becomes clear that learning capital grows out of cultural capital as its own form of capital. Cultural use value is reconfigured in learning capital because it is no longer important and critical as it was previously that

- a broad general education or certain cultural behavior mirroring courtly culture or elites is required for the acquisition of educational titles in the form of credits and certificates,
- a music instrument or other “noble” cultural technique has to be learned in order to make great achievements in other educational domains or to receive adequate recognition in society,
- one has to have read a large quantity of “good” books in order to receive a certificate,
- a high degree of culture must be evident on the basis of knowledge of certain composers, classical music, operas or theater pieces, and through participation in certain cultural events, because for many these no longer appear to be an essential part of the current cultural habitus.

In summary, the distribution of cultural goods in all three forms described by Bourdieu has to be extended. It is much clearer in education in the past few decades that there is an increasing separation of cultural education in the broad sense from certified learning, which no longer has to be synonymous with comprehensive or general education. Higher education in particular has shown in the context of educational expansion and the many new areas of knowledge that have come out of specialized studies that the breadth of classical education is anachronistic in light of the requirements of liquid modernity, which constantly has to distinguish dead weight from innovation. This is a paradox: the more increased knowledge is called for in education, the more unlikely it becomes that there will be generally educated people who can build upon familiar cultural values and teachings alone. This is the moment of the birth of learning capital.

#### *Use and exchange values of cultural capital in transition*

Given my distinction between cultural and learning capital, Bourdieu's approach can be made more detailed by including an additional separable domain. The educational system indeed actually reproduces the social structure by reflecting and transforming cultural reproduction primarily according to existing statuses in terms of cultural possessions against the background of economic and social circumstances, but it also splits this process into two additional levels:

- 1) Upbringing and education actively reproduce and produce a cultural habitus, which can characterize itself through a variety of cultural orientations and develop in diverse ways. The childhood home primarily provides the resources through existing cultural and social use values as well as economic capital, which are able to facilitate and promote such education in the first place. Certain cultural milieus arise here that do not necessarily have to follow the pattern according to which the rich are well educated and the poor are impoverished in their education, although there is clearly pressure to preserve the social level that has been obtained. However, cultural values, norms, and practices experience their own cultural devaluation because capitalization in all areas of life in the past decades has demolished the arts, sciences, and critical reflective work as activities, which promise less benefits in terms of income and status than stock trading and real estate or other mundane businesses that require little cultural education but a high degree of success in terms of certifications and expertise through proven studies (= learning capital) in addition to social capital and a newly weighted cultural capital. Against this background, learning capital, which I define in detail in chapter 6, becomes increasingly important as the domain of new distinctions that go beyond the helpful first very broad construction of cultural capital.

2) One can still agree today with Bourdieu that economic capital has to be transformable into cultural capital in order to lead to educational titles that can in turn promise those who possess the titles monetary advantages, but the successful owners of capital no longer need to have a grasp of classical literature, music, art, and ritualized conventions at the highest bourgeois level in order to be distinguished and to move into the economic elite. The cultural domain has also become divided in this regard: on the one hand, cultural claims have remained a distinguishing feature in certain parts of the cultural habitus, but the broad acquisition of cultural qualifications is becoming less of a distinguishing feature. It even appears here that primarily the middle classes still rely on the old model of cultural education because they imagine opportunities for upward mobility that have long since moved into other domains. On the other hand, the distinctions in the cultural domain are displaced in a culturally new and specific world of learning capital, which can implement the certification of educational and behavioral achievements according to the model of selective bureaucracies. The “true” differences have to be paid for at very expensive top schools and universities. Worldwide, the distinction between public and private schools and selection based on tuition fees is relied upon. In Germany, the selection is carried out through the excessive selectivity of the school system itself. Cultural dead weight is however becoming increasingly unnecessary, and the curricula and skill sets are streamlined in order to allow for more cultural flexibility. However, there are large national differences here. Increased orientation toward action should create a stronger connection between school and life. Some countries attempt the impossible task of retaining and expanding the content of as many subjects as possible, which makes orientation toward action impossible and brings about a new heyday for rote learning. The more the universities demand rote learning because of the overcrowding of their certification procedures, the more significance of the parallel bureaucratic world is shown. But it serves professional life and life outside of the occupation less and less. For successful participants, objectified cultural capital in combination with social capital increasingly moves into the foreground of their aspirations and conversations, and the old cultural capital might only be something for artists, scholars, teachers, and the emerging newcomers in the middle classes who still believe in the distinguishing worth of culture.

In the chapter on learning capital, I will set out how this detaching and transition process takes place and inexorably continues. It relieves property owners and the upwardly mobile in social and cultural positions from the burdens that no longer fit the consumer habits or the recruiting practices for better positions in a thoroughly consumer-oriented society. We can see the degree to which

this change has taken place already with the so-called “struggling arts.” Included here are creative, culturally comprehensive, educated, reflective undertakings, which require a lot of time but whose benefits in terms of income, job security, recognition, and social status are rather low compared with business and the banks. Anyone who really counts themselves as among the “elite,” according to Hartmann (2007), acquires learning capital in economically relevant domains and can be satisfied with a minimal amount of cultural education as long as the social capital is right and the habitus of upper-bourgeois self-esteem remains pronounced along with high self-assertive tendencies. Managers and bankers no longer discuss William Shakespeare, Walt Whitman, Dali, or Picasso but the best cars, watches, and trendiest real estate. When they decorate their homes, old editions of Shakespeare and Whitman will be included in their elegant library, and a Dali or Picasso might be hung on the wall as an acquisition to demonstrate their high class—but all of this will be orchestrated by cultural experts. At the same time, all of this is increasingly being replaced by technical virtualization because the significance of culture is changing insofar as status symbols can be acquired in ways other than the traditional ones.

This change expresses the transition from classic entrepreneurship with an educated habitus and a representative attitude toward culture to *shareholder value*, which associates its money with accelerated and consumer-oriented demands, quite well. Educational equality and inequality also change in the acquisition of the use and exchange value of cultural capital:

- The embodied cultural use value that one needs today as a condition for increasing one’s own power on the market can be grasped and created in a more open way when, as exchange value, it finds new forms of differentiation through private schools and elite universities with high tuition fees where little more is learned than in other places but the special certification from a particular institution already stipulates the advantages that will be gained through invested economic capital.<sup>1</sup>
- Education thus expands as consumption, and acquisition of consumption practices is often confused with education. A monetary habitus that determines what is culturally valuable according to price can replace a habitus that understands culture and that wants to know which cultural goods it is purchasing. A multitude of consultants and experts helps by declaring something cultural which is really only marketable.
- Education has already extended itself ad absurdum through its half-lives. Comprehensive knowledge might still be useful for memory artists and

<sup>1</sup> At least the difference is not so great as the cost difference between studying in Munich or Cologne with no tuition fees so far and studying at Harvard or MIT might suggest. If studying somewhere costs a thousand times more, one will not have learned a thousand times more, even if the university is better equipped.

game shows on television, but it hardly functions any longer as cultural capital. What is important is the certificate such as, for example, a university degree; and the large quantity of material in education today increasingly serves the purpose of testing rather than the creation of actual cultural education or practical competence. Applied sciences may be a partial exception here, but in the commercialization of degree programs educational feed is handed out which is supposed to be transformed in a fragmented way in various testing modules into a certification. Certification serves the purpose of selection, and real life can only begin afterward.

- Although in the research on cultural capital familiarity with the arts and literary forms is strongly at the foreground so claims can be made on this basis about later chances of success (see for example DiMaggio, 1982, DiMaggio & Useem, 1978 a, 1978 b, DiMaggio & Mohr, 1985; Mohr & DiMaggio, 1995), this already appears outdated because now only specific certificates from ranked institutions stand in the foreground, and in their curricula art and literature are increasingly marginalized. Thus, the claim that high cultural capital (i.e., a high use value from the education provided by one's family of origin) necessarily leads to higher education and thereby to good opportunities for income is no longer necessarily true. Family homes with high cultural use value might help produce more elevated cultural capital in their offspring, but for the certifications of an elite education that lead in particular to more elite circles, high economic and social capital are also required. This might only be possible on the basis of cultural capital alone in petit bourgeois or middle-class milieus.
- In this regard, the model of reproduction for social inequality through cultural use and exchange value has to be rethought. Children from educationally strong families surely do have more use value at their disposal than children from educationally deprived classes. And culturally better exchange value surely does reveal itself in better educational success, which has an effect on one's social situation. But at the same time, new forms of differentiation emerge, which in the context of educational expansion qualify use and exchange values (see for example the detailed discussion in chapter 6 on this).

#### *Virtual use value in capitalization*

Mass media and the Internet have resulted in changes in acquisition, purchasing, and distribution situations with regard to cultural activities, which can be described as the increasing virtualization of use and exchange value aspects. Although cultural practices are not all equally affected by this, over the past few decades larger portions are falling under the influence of virtualization. In the media all use values are turned into exchange values insofar there



is a monetary benefit of the public presence of agents in the media. This exchange value not only raises potential income, it establishes positions of power and recognition that can then deliver benefits on the market outside of the media. The mass media takes up more time through films, TV, videos, radio, and the Internet across all cultural groups. More and more time in people's lives in industrialized countries is occupied with the TV and streaming services, which despite a certain variety of programming nevertheless promotes virtual simplicity that is characterized by average cultural expectations. Even people with high cultural aspirations have to lower their expectations or abstain from participating in mass culture, which occurs rather infrequently in practical consumption. Media consumption is high across all social classes, which implies as well a cultural opening of society as a cultural enforced conformity by average expectations. The diversity of tastes often overshadows the increasing cultural mundaneness of offerings here; at the same time, the masses can participate virtually through TV in the most important events involving semi-elites. Here a media regime is created that shapes its own world from forms of exchange, power, and ownership, which influences and dominates the cultural habitus in a certain and is sustained way through particular formats. Culture connects here not only with the media but also primarily with money, profit interests, and positions of power. The continuous capitalization of the media in this respect thus follows not only financial profit interests but also the privileging of ideologies that favor the market as a self-regulating system and suppress the critical voices on economic development in marginalized areas (see for example Ott & Mack, 2009). As an information platform, the Internet is also a memory repository for every individual life, which leaves behind more or less significant traces. Networks and circles of friends such as Facebook and others organize one's own appearance, which can also be marketed in a professional way as a home page. The opportunity emerges here through technology to create a virtual self that can pretend to have more forms of capital than it does in real life. Because these measurements are for the most part quantitative and formal, such as for example the number of registered friends or number of links to oneself, there is a great opportunity for the users to calculate virtual exchange value in a way that is significantly higher than the cultural use value. What is interesting in this development is that cultural and social capital develop together in close connection so that they almost become indistinguishable.

## 4.2 The Surplus Value of Cultural Capital

In order to describe and analyze the surplus value of cultural capital, the investment that is made first needs to be investigated. The same aspects that were discussed for social capital are also relevant here:

- 1) *Time*: Creating, maintaining, and using cultural capital requires time. This time is also taken away from other activities such as working hours and influences the use of free time; there is also pressure to make the best use of this time (= does this cultural activity really deliver as much as I am expecting?). Time is spent generating use value so that it can be transformed into a monetary benefit in a particular window for action such as placement in a job, a promotion, labor activities, services, etc.
- 2) *Effort*: Questions regarding whether the effort is worth it also arise immediately when one spends time on something. How much culture should I want, and how much can I afford? How does this culture supplement my economic and social capital, and what is its relation to body and learning capital? And how can I minimize the additional effort depending on the situation by appropriating cultural possessions materially and intellectually as quickly as possible or with as little financial investment as possible? The effort strongly determines the scope, width, and depth of my cultural possessions. And these determine the quality and constitution of my windows for action for gaining at some point the benefits that are prepared through my investments but are not always certain.
- 3) *Resources*: Cultural activities consume resources. The more one strives for a bourgeois habitus or even an upper-bourgeois cultural habitus, the more resources are required because the objectified cultural resources invested are themselves a means whereby people are distinguished from one another. The quantity of resources invested (my books, my movies, my educational qualifications, my additional training as well as my material cultural possessions such as houses, apartments, furnishings, clothing, leisure activities, art, etc.) generates distinctions that set me apart from others (for a classical analysis of this, see Bourdieu, 1987 a). In its symbolic presence, the cultural habitus itself also embodies the status of symbolic power it has achieved and is able to express.

What benefits do I derive now from cultural activities and resources? What kind of surplus value can be generated?

#### *4.2.1 Production of Surplus Value through Cultural Labor*

In people's cultural activities, they produce useful things as in other areas, which then appear to have a use value. We can really talk about cultural capital only after such use value can be transformed into wages, income, or benefits, i.e., can be exchanged in some form on the market, because it is only at that point that a connection between investment in something (which up to

this point has remained purely personal) and its utility in a form of exchange becomes evident on the basis of benefits (= capitalization).

More and more cultural use value flows into wage labor, freelance labor, or other profitable activities. It is difficult, however, to specify clearly which cultural capacities for cooperation and communication, cultural labor, cultural education, or other cultural techniques should be calculated and how this should be done. To simplify this in practice in daily life, educational and training systems, educational certifications, and training certifications were created in order to express on this basis comparative values and tariff systems and allow for classification into various income groups. Qualifications in business also contain aspects of cultural labor. People talk about the work, company, or business culture in this regard, which is associated with certain monetarily valuable achievements in the company. Such qualifications, which indicate, for example, technical skills as well as methodological and social skills always also involve cultural norms and values as well as procedures for comparison. These values, which are initially associated with investment costs, are always use values according to which the users will later learn what kind of exchange value they can generate if they are brought to the market. In tariff systems or rules regarding how people are grouped, companies generally ensure that the use values generated can be transformed into exchange values. On the basis of this practice, there are certain benefits that can in principle be achieved through cultural labor. This generally occurs through mixed forms primarily involving social and learning capital. In the guides and rules for many companies now, the monetarily valuable exchange of cultural use values, which arise, for example, through the creation of cultural competencies, the application of cultural techniques and their stabilization as a cultural habitus through taste and habits up to the point of virtualization, is now included in rules about groupings of persons and careers in order to align the subjective and cultural character of qualifications. There is a narrow connection between these cultural expected qualifications and money income or protection from layoffs.

In light of the difficulties associated with calculating the transformation from use to exchange value, time, effort, and resources can be observed and measured in three levels for this form of capital:

- (1) All cultural activities that are reflected in cultural goods carry a price that allows them to be exchanged for a monetary value. A cultural basket of goods allows these material goods (from books and cultural accessories to furnishings, art objects, apartments, and cultural use values of all kinds) to be measured. *Objectified cultural capital* is easily measurable and has therefore been measured in diverse ways. The number of books in a household provides significant information about

educational experience or distance from education. The number of visits to museums, the theater or opera at least shows cultural activities, although caution is required here because there are more cultural activities than can be experienced in these outdated institutions. The educational objects in a household can ultimately be categorized; they extend over all possessions from furnishings to apartments and symbolically laden amenities. “Tell me where and how you live, and I will tell you who you are.” Media use and the personal share in media representation, such as on Internet sites, can be investigated in more detail in order to trace virtual capital and its costs and benefits.

- (2) If we consider the level of *embodied culture*, it can be clearly defined in learning capital with its certifications and degrees. Learning capital, i.e., the expenditures for school and degrees that are necessary in order to reach certain positions and income levels, can be calculated well on the expenditure and revenue sides. With regard to wage labor for such cases, there are job requirements and wage groupings that are reflected in salary or income expectations.
- (3) However, the communicative and cooperative side of qualitative cultural use values, which arise through observation of and participation in culture or specific cultural milieus, is more difficult to determine. People do not calculate in a monetary way regarding the acquisition of cultural use values that are not based on material because, for example, it is not very interesting to them how much time they invest in reading a book if they want to read the book, and while reading they do not consider that reading this book could later have significance as a possible exchange value for textual and reading comprehension when competing with other candidates. Instead, they focus primarily on qualities such as the effects on their understanding, significance, motivations, preferred writing styles, etc. In this respect, only an outside observer will be able to see the degree to which a private use suddenly is transformed into a value because through its utility on the market, especially on the job, relationship, and marriage markets, suddenly an advantage can be gained over other competitors.

When attempting to define cultural capital, it is important to sufficiently distinguish use and exchange values at these three levels. Not all cultural activities can consistently be understood in terms of capitalization. This is because these activities remain private; they remain activities in a use that expresses itself personally and which (initially) has no effect on conversion into monetary forms. This was also true regarding the economic and social capital discussed in previous chapters. We do not look at life itself as a whole here, when we are considering a comparison of incomes, job security, life and educational circumstances, cultural, social, and economic conditions, but at the

degree to which social and cultural domains have effects in activities on monetary income and benefits. Such income and benefits are realized in situations of exchange, which is what capitalization is really about. And because this capitalization penetrates into increasingly more domains of human life, it is important to analyze the effects on the various forms of capital we can identify so that we do not lose our perspective in these domains and beyond them.

Although I distinguish learning capital from cultural capital because I want to treat it separately, there remains, as embodied cultural use value, a mixture in the tension between cultural habit formation and cultural independence; it is a mixture that can no longer be defined today as the construction of a culture, *an* essential taste, *an* indispensable participation in certain events, or *the* optimal form of virtualization. The diversity in the social domain is reflected in culture. If we do not just want to make superficial statements, such diversity requires different and more complex empirical research. The cultural habitus can only be grasped meaningfully if the context is expanded. It can be grasped meaningfully

- in the preference for long-term studies over short-term measurements,
- in the attempt to observe culture not only in its main or average groups but also in its subcultures,
- in cross-disciplinary projects, since personal development can always be observed not only in social-scientific terms but also in psychological, pedagogical, and other terms,
- in biographical research and research on socialization that is concerned with an understanding of historical forms including leaps and uncertainties,
- in media research that critically investigates the virtualization of culture,
- in research on teaching and learning that studies the creation of a cultural habitus in the family and at school,
- in the application of primarily qualitative methods and procedures that use image analysis and targeted experimental settings in addition to interviews and questionnaires.

The goal of all such research would in particular be to trace the mechanisms according to which a cultural habitus is preferred by groups that are socially relevant for the culture and the effects of such preferences. A crucial domain for such research on effects is studies on inequality because we know from selection practices that the preferences take place strongly with regard to bourgeois norms and in terms of use values necessary for educational success (see Hutmacher et al, 2001). The self-awareness of a culture regarding its constraints and cultural techniques, which are always presupposed for all participants or with the admission of certain positions and ranks, is an essen-

tial area of research for counteracting the self-forgetfulness of cultural assumptions. Because although today it is often claimed that there is increasing cultural diversity, people are often silent about the conditions for participation in higher ranks and positions within a culture and the role of institutions in this regard. Bourdieu's thesis remains relevant here, namely that social position can always be inferred from the cultural habitus, even if a growing number of cases show the opposite, namely that a cultural habitus is no longer sufficient to put those who find themselves in struggles about distribution of wealth on the winning side.

Self-reflexive, social-critical research that questions cultural capital is certainly not mainstream research today. It is actually a marginalized area that offers few incentives. As a thematic field, it is complex, which means it is difficult to research, and the results here are usually critical of societal developments; and the methodology is difficult, which means it is not very attractive when pursuing an academic career. But these are all reasons that should really speak in favor of the research. It allows for conclusions about cultural backgrounds and for an investigation of profound dimensions that are mostly overlooked or ignored in the mass of statistical data and interpretations.

But how should we interpret the results of such measurements with regard to costs and benefits? The villa of a *nouveau riche* speculator might be full of books because certain requirements demanded certain contents; it might be furnished by an expert for a lot of money; the aesthetic is determined by advertising and the requisite exclusivity; and the owner might thereby function as a symbol of a cultural lifestyle that will be displayed in later advertisements for "beautiful homes" without himself having personally embodied the cultural capital that Bourdieu sees as an expression of the fine distinctions in culture. Consumption displaces what previously was regarded as a necessary personal achievement with regard to culture. A person's presence on the Internet is cultivated by professionals who ensure their page is ranked at the front for each cultural habitus and generates a lot of hits. *Shareholder value* is transformed into *cultural money value*—even rich and established upper-class families are no longer free from this. The cultural transformation has long captured cultural capital formation in its use and exchange values and provides it with new meaning. Cultural capital has thus become less of an expression of the social reproduction of classes. But this applies, however, only when we regard learning capital as the "new" capital that takes mainly care for social reproduction as will be discussed in chapter 6. I refer to the *institutionalized capital* in educational titles as learning capital. But after subtracting this capital, an institutionalized cultural capital still remains, which manifests itself in cultural institutions, organizes itself according to these institutions and fights for wide distribution. Those who are occupied in the cultural sector work here. I want to mention some selected data that make clear why social reproduction by this "rest" of cultural capital strikingly decreased in the last decades.

The cultural expenditures for states cover theater, music, libraries, museums, collections, exhibitions, conservation and care, cultural affairs abroad, art schools, and cultural management.<sup>1</sup> To give an example from a traditionally strongly culturally shaped country, the percentage of such expenditures in Germany is about 0.38% of the gross domestic product, which highlights the relatively low value of this area. If we consider participation in theater, opera, concerts, and museums, which is generally thought of as highly cultural, empirical studies show that participation in European countries is extremely low even for countries that are particularly traditional in their educational offerings. Gerhards (in German, 2008) reports on a 12-point scale that the average value for 27 European countries is 1.88 for estimated visits to such institutions; the Netherlands is at the top with 3.33, Germany is in the middle with 2.15, and Portugal is at the bottom of the list with 1.09 (*ibid.*, 14). With a high value of 12, these results show how little the effect of supposed high culture on visiting practices is. In addition, desirability effects often make such representative surveys appear higher in their values than actual visits show. However, the shortage revealed in the statistics for the respective institutions when they report their visits shows an overall shortage of cultural goods because the demand is often higher than the supply. What is clear for lifestyles that are often considered highly cultured is that participation in this area is rarely broad, and only certain strata actually make use of these institutions. But at the same time, use by the so-called upper stratum is no longer typical because there are strong differences in lifestyles even among the elite now. Nussbaum (2010, 2 ff.) refers to the dramatic cuts in the cultural domain that have affected the humanities and especially the arts in all capitalist countries over the last decades. When we think of human progress in particular, we should not concentrate only on economic gains but on progress with regard to social creativity that is not primarily money tied, we should focus more on equality, necessary conditions for stable democracy, equitable gender and ethno-cultural relations, the quality of life of all people, and above all on political freedom, health, and education. These are all factors that hardly correlate right now with economic growth in empirical terms (*ibid.*, 14). The upper classes and elites are not rebelling against losses in these areas because they also consume mass culture. This change is explained in the research by the fact that high culture is no longer as strongly dependent on income as it was previously, the exclusivity of culture has been dissolved by mass media, and high culture itself has become questionable in critical movements regarding culture, so new alternatives have been developed (*cf.* Schulze, 2007).

The Internet not only symbolizes the variety of information but also the massification of culture. It makes everything present virtually without being able to establish criteria for distinguishing between good and bad presence.

<sup>1</sup> These are categories that, for example, are recognized by the German Federal Statistical Office.

Such socialization is left to the user who, however, cannot easily become educated about this distinction because he or she is constantly using the Internet without critical distance. Although there may be wiki platforms for sifting and evaluating information, the results always remain precarious and open. The flood of Internet porn sites and advertisements with banal advisors and misleading information runs counter to the benefits gained by countries that do not censor the media because of fundamental democratic principles regarding information. In education at home and in school in particular, the Internet has taken on an increasing omnipresence for students and educators, which determines possible answers according to the hits that can be attained. This has affected classical educational goods particularly strongly. Whereas previously classic texts have to be read and interpreted carefully according to text passages in order to develop literacy and literary understanding, search machines help students today quickly find synopses that summarize all the possible interpretations in a clever table, which can be memorized quickly before class or a test so they can attain their educational certification. So cultural information literacy is developed, which however completely misses the goal of developing literacy and literary skills. The curricula exacerbate this tendency by making a literary cannon mandatory for which the Internet now offers guides on interpretation that are consumed by both students and educators so no mistakes are made in a situation in which education has become output oriented. Cultural use value is determined by the exchange value of quick access and manageable costs.

But why should we mourn about the lost “high culture” of the past? In practice, there are only limited opportunities to gain an attractive position in the fields of so called high culture. The only thing that could lead to a higher valuation of cultural capital would be greater opportunities for sufficiently attractive positions. But the percentage of the labor force in society in the traditional cultural sector is very small. Gerhards (in German, 2008, 19) reports 2.4 percent are occupied on average in 27 European countries; the Netherlands is at the top again with 3.8 percent, Germany in the middle with 2.8 percent, and Romania is at the bottom with 1.1 percent. In other countries the percentage is even worse. What is striking here is that the cultural available positions given by the state offer not seldom the only chance to get work in cultural affairs outside of usual commercialization. It must be said that for the reported percentages these opportunities are extremely narrow, and the opportunity structure is furthermore subject to substantial shortages observable in all rich countries. Cultural costs in national budgets are always only on top, when there is an amount to spend nobody else cares about. The more culture is offered in privately capitalized forms, the more unfavorable these shortages become to establish cultural diversity in qualitative forms.



The low percentage of cultural workers in the overall workforce shows that capitalist societies do not bear the costs of culture to the degree that is repeatedly claimed in discussions of culture. For the newcomer, it is risky to capitalize on a cultural habitus in an artistic, scientific (out of the mainstream), or culture-related way given the shortages in occupations in these areas. The trend changes here from classic temples of education, such as museums, theaters, and opera houses, to mass media and the Internet. In cultural education we face a paradox: on the one side, we encourage our children in diverse cultural activities when they are young, on the other side we hope that they will decide to take a good paid and secure job outside the cultural domain when they are older. For the top income levels this is also expressed in the increasing profitability calculation for higher cultural institutions, which intensifies their trend toward closeness to admitted elite groups. Here they can have some parts of higher cultural education because the social capital gained will always be enough to get the better jobs. But on the whole, there is a pressure on cultural taste, which even the elites can hardly resist because they also consume mass culture in films, TV, and the Internet. Popular taste, which in the past was in particular supposed to be held distant through cultural education and participation in putative high culture, has become dominant through educational expansion and the mass media and devalues cultural capital as a means of distinction. It also devalues the creators of culture and their acquisition of a molded cultural use value and opens up access for those who enter through the media and cheap labor without having accumulated long-term cultural capital. Nevertheless, cultural capital can, in connection with economic and social capital, be seen as a source of power, but considered on its own it has lost a lot of its previous power. This is reflected in the fact that the profitability of time invested in education and cultural learning is increasingly less able to guarantee benefits. The inflationary proliferation of cultural practices along with concurrent massification always leads to a reduction and dissolution of exclusivity.

Frugality and willingness to invest previously also guaranteed certain benefits for economic capital, but this has long since changed regarding the economic. And it is similar for cultural capital; long periods of waiting and endurance are no longer needed to acquire and enjoy cultural surplus value. What is more important is the skillful combination of effects in order to balance different quantities of forms of capital and engage them in a positive direction. In short, anyone who focuses only on specific cultural labor has to expect occupational dead ends and social decline.

Cultural capital refers in its surplus value to a form of capital that can go in many directions. The profits can be of an egoistic nature, when for example one attempts to raise the quantity of all forms of capital, but they can also serve merely to secure a certain civic status or appropriate cultural knowledge

as criticism or erudition in order to direct this use value critically against developments in society that are believed to be false. This is most interesting in rare cases where authors generate profits with their cultural criticism of capitalization. But the use-value side of things always offers the chance to escape capitalization by refusal to participate in the market. Cultural liberties open up here beyond capitalization, which however at some point somewhere have to be supported financially by someone. And doesn't everyone in a cultural niche hope for a strong market—even if they hope to put this to use in alternative ways?

To the extent that someone aspires to a certain income and carries out a paid or appropriated job, a surplus value in the form of exchange appears in the cultural domain. I spend a certain amount of cultural time, make an effort, use resources, and expect something in return. This compensation is not always measured directly in money. Thus, I can, for example, generate attention in the media through my cultural capital and present my ideas without costs in order to derive benefits from this presence in terms of income, power, earnings, social capital, etc. It is precisely the openness of cultural capital that makes it so important in terms of earnings even if it is very difficult to measure independently and evaluate in cost-benefit terms.

If I generalize this view, then it becomes clear that cultural capital is always refereed to specific situations and specific contexts of use. In cultural diversity, differences are expected. The cultural habitus of a successful politician must reflect power dynamics in his or her confident appearance, verbal acuity, reasoning skills, and decisiveness. A teacher needs a pedagogical habitus that demonstrates knowledge, reveals a communicative attitude and skills, and also relies on their specialized expertise. An artist will emphasize their empathy, creativity, and the uniqueness of their work and perspective. And a competitive athlete will emphasize her or his physical discipline and the agility and suppleness of their movements in comparison with the achievements of others. This diversity and contextual-dependence of cultural use values makes it appear impossible to present a unified conception of this use value, as is the case with all goods and services. There is already a great deal of diversity in the difference between cultures, and this diversity also arises in the differences between users and the liquidity, contrariety, and uncertainty of cultural situations themselves. And there is not just one mechanism regarding surplus value that can be achieved through cultural capital. However, this form of capital should nevertheless not be underestimated. It still operates today by, on the one hand, combining with other forms of capital and increasing or diminishing their effects; and on the other hand, the capitalization and commodification of culture has led to the fact that in almost any situation it is transformed into tangible forms such as learning capital and consumer and cultural goods. On the side of exchange value, it is particularly clear when we are inclined to overly expensive prices for cultural activities how great the

desire is for a super-elevation of the cultural. The majority of cultural activities appear nevertheless to be underpaid because the desire does not reach far enough in a consumer society to prevent people from looking for a good bargain.

In the analysis of the use of these differences in actions through cultural and educational advantages, there are at least four aspects, which are necessary for understanding the essential elements of action in dealing with cultural capital:

- 1) Culture is available subjectively and culturally educated people here develop a different status or habitus. Cultural upbringing and education take place as personal development in the context of the family and friends as well as in the educational system and broader culture. Cultural use value can be acquired in diversity. There is a general cultural market that is more or less connected with all areas of cultural development. An individual cultural path can be created, designed, and presented in the use values of this capital, it can be marketed in the exchange values.
- 2) Culture is available objectively when there is a culture of opportunity, which however is expressed differently depending on the country, through the number of people employed in the cultural sector, and determined according to the resources allotted for culture. The forms of the availability of cultural participation including virtualization increase to the level that one cannot get a comprehensive overview of them; and they work together with social capital in processes of inclusion or exclusion and are judged in terms of their relevance. Objective and subjective forms of culture mutually condition each other and strengthen or weaken each other in the context of major cultural movements and fashions.
- 3) Culture generates values that appear in people's cultural habitus. These values can, however, only be exchanged in a situational way insofar as a certain habitus or a certain cultural habit and attitude is in demand on the market or plays a role in entrance into social groups or participation in partnerships or relationships. The cultural habitus is a use value and then an exchange value when its subjective and situational quality can be transformed into monetary gains within a window for action. The cultural habitus is especially suited to multiplying other effects and other forms of capital. It is the difference that can generate further differences.
- 4) However, gains or profits that are generated on the basis of culture are always risky given the openness of such effects. It requires a specific situation to which the cultural habitus has to be suited or for which the habitus can have significance. The higher the cultural diversity of a society is, the more difficult it is to be armed with the right specific habitus for all situations on the market. A habitus based on high culture is indeed

still effective today, but its effectiveness cannot be generalized to the degree that it could previously. A virtual habitus that is open to technological and media-based opportunities, that signals a willingness to swim along with the virtual current, but at the same time does not forget to signal its individuality, appears today to be an important prerequisite for successfully combining cultural and social capital in order to generate gains.

These four aspects cannot always be calculated precisely, and neither the respective costs nor possible benefits are really calculated in capitalism. At the same time, all participants in a culture learn this from childhood:

- Culture is primarily lived through consumption and is divided into forms of mass culture, which is inexpensive to cheap, and elite luxury culture, which is expensive to unattainable.
- Culture as educated high culture (measured primarily in time to achieve the goals) is therefore increasingly detached from the paid luxury culture of desired elitist lifestyles (measured in cash for fast satisfaction).
- Given these distinctions, culture makes a difference to people's status and habitus (expended time to embody culture and money as the main source for success), and this difference can strengthen or weaken the mechanisms of other forms of capital.
- People can thus not remove themselves from or refuse to participate in culture because it belongs to a coherent self-image and the image others have of oneself and leads to stratification in terms of being cultured or uncultured.
- Cultural goods exist in different forms of objectification that extend from certifications and universally recognized degrees to meaningless private or esoteric attributions. On the material side cultural goods are connected with possessing enough money to afford a visible cultural capital.
- The virtualization of culture also means presenting oneself virtually in a beneficial way.
- The subjective side of culture appears to mean that anything goes, but in the use of culture for strengthening cultural capital or supporting other forms of capital specific achievements and wealth are expected in order for one to be successful.

If we look at the effectiveness of cultural comparisons of people with each other, the context of comparison within cultural affinity groups always appears to be a distinguishing factor. The comparison I make within a cultural group by including myself and excluding others creates the necessary precondition for an individualized (not collectively unified) culture, which continually produces new differences on the basis of new distinctions. People distinguish themselves here not only according to personal taste and preferences such as wine or beer, classical music or pop, cars or bicycles, TV or books, etc.

but at the same time express through their context and the style of the distinctions they make their inclusion in a certain status or habitus that is distinguished from others and allows them to oppose themselves to other groups or milieus.

#### *4.2.2 Production of Surplus Value through Supply and Demand*

Cultural labor creates costs primarily through the time that I have to expend in order to embody cultural knowledge and to produce, acquire, maintain, interpret, and display cultural objects. In a materialistic world, we like to look at the high point of culture, which shows itself in certain tangible results, is proven in situations and events, and expresses the apex of cultural understanding. And the time required to understand such culture gradually, appropriate it, actualize it, and maintain it recedes in the background. A tension thus arises, which the capitalization of culture makes more difficult because there are large deviations depending on supply and demand:

- On the one hand, culture increasingly puts pressure on objects and events to directly display themselves and be experienced so they can be celebrated and maintain their validity, provided that cultural success is even achievable through a supply that is in demand.
- On the other hand, the long period required for the production, creation, or sale of such objects and events creates costs that can be assessed as too high or too low only upon closer examination in terms of market developments over the long term; but these costs also appear highly risky because cultural success really cannot be measured in terms of economic success since this cultural success greatly depends on the dynamics of present cultural styles and fashions.

It is evident on the basis of this tension in capitalism that so-called high culture may still in part be relevant as a distinguishing feature for certain elites but altogether is already being replaced by a mass culture that is available to everyone. As consumers, all people are subject to comparison with each other because money is distributed in quantitatively different ways but is not an indicator for good or bad culture. The mass media and the Internet increase these effects.

According to Bourdieu (1987 a), there are no universalizable definitions of cultural achievements that could accumulate in the cultural habitus. It is a part of the fine distinctions to remain in the flux of distinctions and deal with them in a playful way, which testifies to true connoisseurship which cannot operate at a distance from the market. That is precisely why people admire artists who create their art and fashion completely independent of the market, as long as nobody thinks about how the artist managed to survive. When we start to

think about it, the idyll of such artist quickly disappears. However, we regard individual counter-examples very highly. There are sometimes top positions in the cultural sector that generate special surplus value through the mechanism of supply and demand. Depending on talent and reputation, heights of surplus value can be reached that give the illusion that it only requires special efforts or luck to achieve such positions. But it is often forgotten that this requires a market that provides the basis for the realization of such surplus value. Agents of the market have long taken possession of artists of whatever stripe in order to participate in this surplus value. And the market and art do not follow the same laws. Today's art, which small groups of people consider particularly valuable, may not be ready for the market until later, or may never be ready, because their validity is first established through comprehensive marketability.

The first rule for the marketing of culture is to generate demand for culture. But such market strategies are costly and are therefore difficult to realize given the amounts of cultural offerings compared. It is already difficult enough for culture even to reach possible buyers and customers. In addition to time needed for creating culture, a lot of time has to be expended on advertising in order to make the cultural choices known to people.

Culture, however, is not exchanged only for money. It is exchanged for time and participation, for the attention of visitors and interaction partners, and against the perception of the offer, which in turn are prerequisites for exchanging culture for money. There may also be demand that cannot be realized because the price and effort appear to be unaffordable for interested parties. There is also part of culture beyond commercialization insofar as cultural activities can actually be experienced individually and in groups as exchange and as coexistence. We recognize sometimes at such moments how important this can be for our life, but at the same time we can sense, in different ways depending on our lifestyle but nevertheless as a cultural trend, how the time for such things is increasingly being lost. The opportunity structures for so-called high culture still gave us when well-educated the chance to spend free time with our own cultural activities, but mass media and the Internet have become so omnipresent that they increasingly also fill up this time. Supply creates on our part a demand as a kind of vacuum, which we have difficulty resisting. Mass consumption in free markets at the same time destroys the environment, which has to be paid for as its own value in order to compensate for this imbalance (see Sagoff, 2004).

There are also at least four aspects in the analysis of the utilization of the difference between supply and demand, which are particularly important when we consider cultural actions:

- 1) There is market on which cultural needs, goods, or services exist or are produced. There is a demand for the exchange of certain cultural goods

or services. Cultural opportunity structures or supply structures that play a controlling role demand arise from this market.

- 2) There is a cultural supply that can be seen and judged by market participants, and there are choices.
- 3) There are also other means of exchange in addition to money that allow cultural exchange to be accomplished, and these means of exchange are available as distinguishing features in various social classes. This point requires that culture cannot always be acquired with money alone.
- 4) Cultural exchange interactions are actually realized on the competitive market, and market mechanisms are retained, i.e., prices for goods and services sink with high supply and rise with low supply in relation to demand. The cultural market is in short no anti-capitalistic idyll.

#### *4.2.3 Creation of Surplus Value through Illusion, Deception, and Fraud*

When considering questions of culture, there are always cultural pessimists who see the decline of old values if not the entire West because of the increasing diversity and plurality of liquid modernity. Speaking in psychological terms, they follow the supposition that the losses are higher than the gains, which is a view that is familiar from economic thought. If someone loses a certain value and the next day they gain something of equivalent value, they often regard the loss from a psychological point of view as higher than the gain. And things seem to be similar with respect to cultural questions: the negative descriptions prevail especially when the loss of old values and outmoded education can be seen better than the gains that could arise through new values and more open education but do not yet appear tangible enough. It was the illusion of the older form of education and putative high culture that people could possess this education if only they wanted to. This assumption, however, overlooks the conditions under which people enter into culture. Possession is always a prerequisite. In the past, such possession was in particular an expression of elite cultural differences that have in part been dissolved through democratization and the expansion of education and are able to appear in new forms today.

Opposed to the cultural pessimists who despair over the dissolution of elite forms of culture without ever saying so explicitly, there is a large group of people who are optimistic about culture especially when it draws from the old experiences of the educated bourgeoisie. Here creativity, learning art and music as education in the higher sense, keeping journals, and the development of literary interests are associated with the highest cultural values, and optimists who became important through the expansion of education now also want to convey these values to their offspring. But when looking at things from a sober perspective, many of these new cultural and educational participants

would be dismayed if their children actually became an artist or a musician or wanted to be producers of culture because capitalized culture only supports them in a very limited way. The “starving artist” is the other side of the desire for culture; this course in life has still been offered to students at school as an opportunity for cultural development, but they are quickly advised against it because it could be economic suicide.

Against this background, illusion and deception grow enormously in the cultural domain. As in the advertising world of mass culture, there is the trick of appearing to be more than one can actually be. In order to pull this off, cultural possessions are often displaced into material possessions. By showing what one has, one also shows what one intends to have. In this way, the symbolization of culture, which is expressed alongside titles and the legitimations of learning capital, is mediated in a particularly materialist way. It appears in books, home furnishings, jewelry and accessories, in the distinctive semantics of fashion, and in whatever is “in” or “out.” Because the fluctuations in supply and demand through cultural fashions and the half-life of cultural knowledge and imitation are very high, some strive to raise the rarity of their cultural efforts very high in order to generate exclusivity. This is analogous to the exclusivity model in fashion. Such exclusivity begins with mundane stores and reaches up to the luxury brands of a luxury culture, which are overvalued, constructed and used in illusionary distinction from mass culture. Through overpricing, they create a fictionalization of culture and rarity, which can be expanded to the level of deception and fraud. Thus, people encounter and secure their position in mutual competition where it is all about how well they have fared, how perfect their children are, which excellent schools they have discovered, and which values they have achieved here and there in order to find some consolation against the uncertainties that they try to suppress.

The greater the chances of gains appear, the greater the willingness is to enter into risk. It is particularly high where the demands on one’s time in the acquisition of cultural capital can be shortened, for example, by cutting corners, lying, fraudulently obtaining or faking documents, or cheating. On the cultural market itself there is also copyright infringement, counterfeiting, and exploitation as means of reaching profit targets. All of this happens according to the three levels I pointed out previously.

*Illusions* are a cultural standard of presentation in almost all markets. Although previously in particular one’s own biography had to be polished in hiring procedures, it is part of the cultural and virtual habitus today to practice this to a greater degree. Thus, for example, research can be presented in an unpublished talk as one’s own research by leaving out sources; copying something down is like writing it oneself, and the ideas of others reformulated in new situations can appear to be one’s own ideas. Fraud has to be proven, which is why it is usually only discovered when there is written evidence in a



published form. Such cultural illusions combine directly with social capital because it is mainly through this connection that they can be effective. They are constructs of a self-image that is oriented by comparative scenarios in advertising and culture; the illusion of the self is co-created through the illusions of culture.

*Deception* is an enhancement of illusion. Deception is carried out in order to make cultural achievements that require effort easier, to ensure cultural objects can be acquired as cheaply as possible, and in order to claim other's achievements as one's own as much as possible without being punished.

*Fraud* is when deception is proven and punished. Cultural fraud may always be self-deception because it can never lead to the actual educational appropriation of a cultural habitus, but the increase of cases of fraud in the cultural domain also shows how highly the extra gains are regarded when people risk carrying out such fraud.

There are also four aspects in the analysis of the utilization of illusion, deception, and fraud that are essential for allowing such practices to have effects in cultural actions:

- 1) Cultural goods are goods like any others. In education, there is a minimum fictional and partially real creation of cultural achievements associated with certain costs (time, resources, effort).
- 2) The fictionalization of this achievement is described in a plausible way for "common sense" and demonstrated in order to appear culturally credible and ensure that gains can actually be achieved, i.e., here is a supply according to created or suggested or partially existing desires that are advertised for on the basis of illusion.
- 3) Cultural exchange is put into action through sales, trades, contracts, obligations, bonuses, etc. and thereby proven to be successful.
- 4) Surplus value is achieved either in addition to an actually existing value or on the basis of pure deception, i.e., it either increases the existing normal value and surplus value realization and strengthens demand, balances these two areas, or generates gains without any trade-off.

#### 4.2.4 Production of Surplus Value through Parasitic Gains

Because the cultural habitus is always appropriated through a past and in a family with existing cultural capital, cultural capital is thoroughly parasitic.<sup>1</sup>

<sup>1</sup> Serres (1982) offers a philosophy of parasitic human communication in modernity. For him as for me, the idea of something being parasitic does not have moral overtones; rather, it is the description of an essential aspect of social life.

This is true primarily for the cultural progress of generations. Inheritance does not occur here as in economic capital in a material way or as in social capital through networking with friends or associates; it occurs through educational appropriation, socialization, enculturation, i.e., through participation in a cultural educational environment, appropriated language games, and the incentive to develop one's own cultural habitus. Social opportunities depend directly on such cultural appropriation, which, for example, can be seen in the creation of one's own circles of friends and acquaintances and the creation of networks through partnerships and marriage. Cultural fit is a crucial point of the connection between the cultural habitus, acquired education, and social capital. Educational homogamy in the search for a partner depends, in addition to economic and social opportunities for mobility, decisively on cultural fit and the maintenance of an achieved status, in particular on the cultural expectations in view of common desires, life scenarios, and biographies.

Cultural diversity and mass media as well as the Internet have made it more difficult for culturally hegemonic distinction practices for putative high culture or exclusive cultures to operate as means of distinguishing people. At the same time, the boundary has really only been pushed downward but not eliminated. The relationships that are not respectable now primarily are those that lie beyond educational expansion, i.e., relationships involving the unskilled or poor. For a successful cultural habitus, a certain body and learning capital has to be attained, which can subsequently be refined through supplemental cultural endowments (expressed in cultural consumption habits, one's own cultural understanding, and cultural production among other things).

Parasitic gains also arise in this form of capital through mere participation in existing conditions, through the use of existing structures and relationships, through results that do not require any counter-actions on one's own part, and through often limited or at least common involvement in the context of existing cultural relationships. The lower the minimum personal effort is, the higher the surplus value is that flows from such circumstances; this passes down existing cultural relationships, maintains existing differences in the cultural habitus, and uses them to distinguish between cultural and social positions. The total gains here can, however, first be realized in combination with social capital.

#### *4.2.5 Summary*

The surplus-value functions of cultural capital can be represented in their connections in the following way:

	Form of cultural capital	Surplus value arises as the difference	Gains in form of action
1.	value of cultural labor and goods with incurred material and educational costs (time, effort, resources)	between the costs of cultural labor and goods <i>versus</i> achievable gains in exchange values that fit the cultural markets	the exchange value of cultural labor and goods exceeds the costs in the long term
2.	supply and demand	between ordinary existing and extraordinary/rare cultural activities and goods with invested costs <i>versus</i> later gains that are actually achieved	competition qualifies the incurred costs and the realizable surplus value through fluctuations of the volume of gains and the opportunities for realization of exchange values
3.	illusion deception fraud	between the cultural world and its costs <i>versus</i> the fictional world created through illusion, deception, or fraud.	the market is influenced actively in order to secure profits and generate extra profit by overpricing
4.	parasitic participation	between participation in the cultural capital of others <i>versus</i> one's own minimal input	inheritance and socialization help to secure cultural relationships and goods and gain extra profits

Chart 20: Surplus Value through Cultural Capital

### 4.3 The Social Use of Cultural Capital

A large part of current cultural goods consists of knowledge and information, media, advertising, corporate design, cultural goods, homes, furniture, art, infrastructure and transportation, public places, and service routines. The transformations of associated use values into exchange values are often fluid. It is partly a matter of clear material cultural capital that is present on the markets in the form of goods, but it is also partly a matter of use values in public or private domains, which can have a complimentary effect on certain uses. For example, an advertisement as an expression of culture is always associated with the economic objective of sales, but in order to be able to

consume advertisements, the potential customer already needs an existing culturally sensitive way of perceiving things and communicating. The advertising strategy consists precisely in identifying the existing use values and qualities of this perception in order to orchestrate the attack on the consumer with the greatest possible success. The production of advertising creates costs; the use of private use values and perceptual habits in the customer is, however, free, although—in the long term—advertisement also helps create different perceptions and communication habits. This example expresses a new networking of culture that expands according the market. Globalization not only opened the markets, established light forms of capitalism over heavy forms, grew international business with various subsidiaries, and allowed the world to grow together with global advertising campaigns and consumer habits; it also led politically to the fact that national sovereignty was diminished because the capital flows no longer stop at borders, and all countries want to profit as much as possible in all markets (see Burbules & Torres, 2000, 14). This has two consequences for culture: on the one hand, it means an increasing standardization and homogenization of cultural norms, values, practices, and routines. On the other hand, it also means fragmentation through local or opposed directions (*ibid.*).<sup>1</sup> “Glocal approaches” attempt to describe hybrid forms here.<sup>2</sup>

Often the negative effects of globalization are seen on the economic side (increased unemployment through migration of capital, volatility of capital, erosion of wages and assets, increased poverty, increased losers in society), and the positive effects in contrast are attributed to culture (diversity through migration, more variety in opportunities, permeability of culture, mutual inspiration, more choice, etc.). Seen realistically, both sides are in an indissoluble relationship because culture is thoroughly capitalized. The effect is paradoxical: through the capitalization of all areas of culture, such cultural capital also has a negative effect on cultural diversity because it increasingly behaves in a market-based way. The effectiveness of political decisions by industrial countries and their consequences for the present are well known and have been described at length in chapters 2 and 3.

The example of neoliberalism shows that cultural capital is expressed from a social point of view in certain values, interests, and temporal horizons. It is full of content and thus also is an expression of social development and certain power relations in historical periods. If in democracy only certain contents appear favored, if the breadth of cultural and scientific differences cannot be developed in a sufficiently pluralist way, in particular when media rejects plurality and favors certain interests (as with lobbying groups that are subject to capital), then culture drifts in certain directions determined by the masses,

<sup>1</sup> Benjamin Barber (1995) describes this, for example, clearly in his book “Jihad vs. McWorld.”

<sup>2</sup> See for example Arnove & Torres (1999) for a discussion of this in relation to education.

which makes the potential of culture one-sided. Mass media and the Internet through its network of cultural opinion makers and manipulators in particular needs democratic and pluralistic regulations. And this is paradoxical as well: the apparent freedom of the market and all of its possibilities are not sufficient for creating plurality because profit interests are systematically connected with the mundane and often banal nature of the goods that populate the market. Cultural plurality hardly results from my being able to choose between different detergents or car brands; it results from a substantive and intentional diversity that always also has to stand outside of consumption if cultural meaning is to be negotiated. Such meaning can only arise through political regulation and democratic agreements outside of markets because otherwise the economic potential of dominant companies and their corresponding policies dominate everything. Unfortunately, however, political regulatory bodies are also under pressure because they are also connected to particular interests, which have the tendency to work against the development of critical cultural attitudes if plurality is not practiced in a radical way; this means democratic participation by apparently marginal groups is not increased, and the diversity of opinions is no longer discussed freely. The public part of mass communication in particular, insofar as it still exists in capitalist countries, faces the great challenge here of resisting both political quota thinking and the consumerism of alleged mass taste.

Cultural critical writings and studies in particular unlock background issues and questions regarding cultural capital, the way it is constructed today, how it is distributed, which interests groups it serves, and what kinds of inequalities it still produces. In the context of the empirical turn in almost all humanities and cultural disciplines, such cultural criticism is however marginalized and replaced by mostly superficial empirical work that often is sponsored by lobbies. As this chapter shows, culture and cultural capital cannot easily be measured. It is already difficult enough to provide guidelines for the governmental side of things, which would help to develop cultural capital and its use in as equitable way as possible when governments, given their current levels of debt, do everything in order to avoid such development. However, a positive list of requirements for political and public engagement in cultural development would be useful:<sup>1</sup>

- In societies as well as individual lives, cultural activities represent an essential quality for such lives when they can be developed in an adequately diverse way for different interests as the form of expression for the search for meaning and understanding, design and creativity, as

<sup>1</sup> There is a diversity of initiatives worldwide that support more involvement in the cultural domain and emphasize participatory approaches in particular. There are numerous examples here. One example is the Manifesto for the Culture of the European Union. See [http://ec.europa.eu/culture/index\\_en.htm](http://ec.europa.eu/culture/index_en.htm).

the disruption of routines and habits, and as opportunities for renewal and visions. The state has an influence on cultural development by providing adequate resources for cultural diversity in theaters, museums, community colleges, language schools, and support for cultural groups and activities in the arts and culture; it also enables free access for social groups that would otherwise be excluded. In addition to educational support, such a comprehensive support for diverse cultural initiatives is an important indicator for an adequately stocked basket of cultural goods in a society.

- In the development of the culture industry, it is necessary for government policy to also offer state-financed or state-supported non-commercial offerings in addition to commercial offerings and to support public service media institutions in order to keep culture sufficiently open for diversity and specialization.<sup>1</sup> A strong cultural quality of life does not arise through the mass distribution of certain models but through the diversity of interests and cultural differences.
- Creativity is a key in many occupations that are in demand today. But creativity only happens in a sufficiently supported cultural environment that does not obstruct the sense for novelty, active design and formation, new points of view, and unfamiliar paths. Cultural activity has long expanded into areas in this regard that include leisure and sports in addition to narrower understandings of culture in literature, art, theater, and museums. In the face of budget cuts, which always impact cultural areas particularly strongly, it would make sense to set aside a certain amount of the respective budgets for the support of culture and therefore also quality of life and actively promote cultural policy through clear definitions of responsibilities.
- Support for those who create culture should be active and sustainable. This can be done in particular by supporting culturally precarious incomes through government projects, co-financing through tax relief, and incentives for foundations and non-profit initiatives. Cultural projects are also in a position to motivate people in difficult life situations, provide unemployed youth with new perspectives, and awake a variety of interests without immediately needing to transform this into economic values. Cultural activities can provide meaning for the lives of people as an alternative to profit chasing in business and offers other models for creative, communicative, and social activities. To do this,

<sup>1</sup> The publicly financed TV system for Germany differs here from the US and other countries. Public financing through taxes or fees at least guarantees wider political and cultural coverage, which can operate relatively independent of private interests. At the same time, considerations of viewer numbers have increased in the past few years, which undermines the possibility for cultural diversity.

cultural education and opportunities for qualifications have to be provided more often than they have been. The expenditures in the cultural domain should be increased and also better distributed. And it should not be matter here of only serving the demands of the educated bourgeoisie; diverse offering should also be developed especially for the youth.

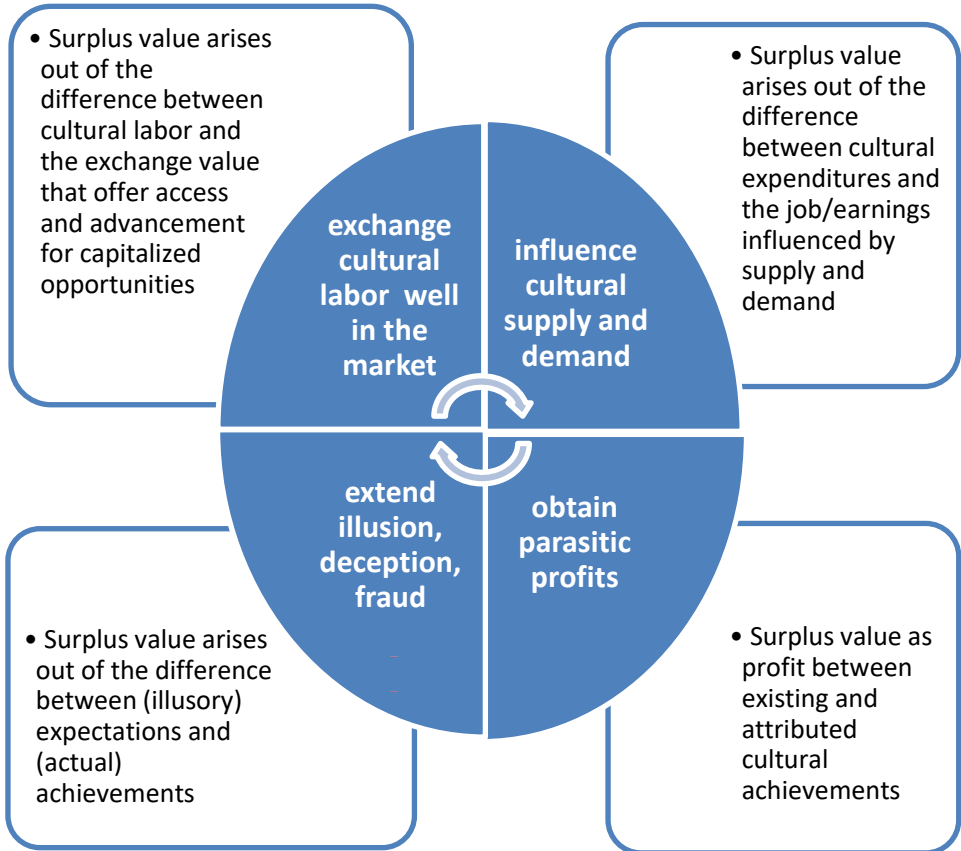
- Cultural subjects must also not be further marginalized in education by reducing time dedicated to them in the curriculum and thereby reducing respect for them. When this happens, cultural one-dimensionality is promoted through the understanding of cultural goods as consumer goods, which reduces chances for diversity and creativity in culture. Artistic and culturally productive subjects and contents provide an opportunity for working against the dominance of cultural consumption through individual cultural production (see Bamford, 2006). These subjects are also an essential means for strengthening equality of opportunities.

#### 4.4 Individual Use of Cultural Capital

For surplus value and its creation, the owner of this form of capital has to recognize the differential forms through which gains can be made in relation to costs. As has already been described for the other forms of capital, intensive production of use values in cultural appropriation is in the interest of the individual here to enjoy the advantages. If we look more closely at the form of surplus-value production, it becomes clear that subjective latitude and the uncertainty of foreseeable results are very high. Chart 21 (see below) provides a summary of the individual strategies from which the surplus value of cultural capital can arise.

- 1) First, the difference is between the costs incurred in terms of time, effort, and resources and the advantages one can gain in terms of access, mobility, and improvement of one's own position or the positions for one's descendants or relatives in the context of cultural power. The currency for effort is cultural participation; the time spent expresses the sustainability of efforts, and the resources include achievements in terms of cultural adaptation and cultural activities for attracting attention, admiration, and recognition in cultural affinity groups. However, the use value of cul-

tural activities and efforts is first capitalized when it can actually be exchanged for some benefit (as wages, income on the cultural market, etc.).



*Chart 21: Forms of Surplus Value for Individual Cultural Capital*

2) In cultural relationships, everyone is in competition not only with each other but also within the various groups and circles with their inclusion and exclusion mechanisms. Culture requires on the one hand the adoption and approval of conventions in the respective groups; and on the other hand, it requires the ability to express oneself with special abilities and talents and to help strengthen certain cultural groups and circles. Cultural conventions or special achievements never lead immediately to a better job or higher income, but they directly contribute to increasing the probability of actually achieving both on the market.



- 3) “More apparent than real.” More and more people live according to this motto these days, especially insofar as they are influenced by mass media. Illusions are part of a cultural habitus that sees “copy & paste” as an opportunity rather than a problem. Illusion does not consist so much in the adoption of the intellectual possessions of others and a no-holds-barred exploitation of all information networks; it consists in still presenting one’s self as original, as remarkable, and as creative in order to reap benefits in competition with others. The transformation into deception and fraud is a gradual one against this background.
- 4) A cultural starting position is always better when one does not have to work for it. This increases the power to move in the “right” or trendy cultural circles. The most important prerequisite here is one’s own cultural pedigree, the successful staging of which is essential to cultivating a cultural habitus, which already fosters its own expectations for success through mere participation and thus also expects more than others.

The implicit effects of cultural capital should not be underestimated. But at the same time, this form of capital has differentiated itself, and it always has effects only in combination with other forms of capital. This is especially true for the possibilities for cultural productivity for families. In capitalist countries, there are too few resources available for mid and lower status groups in particular to participate in cultural events. But on the whole the expenditures compared with total budget expenditures in many countries are very low. The expenditures generally remain under 10 percent of total expenditures and also include leisure and entertainment in the broadest sense. Culture is increasingly conveyed today through mass media, which makes culture available with limited costs.

Similar to the previous chapter, we may consider the consequences of cultural capital for important areas of life:

- *Income:* Cultural capital can only indirectly contribute to securing income. It depends in this regard on connections especially with social capital. The less the state provisions for the formation of cultural capital affects a broad range of people, the more individual initiatives are left to counteract this. Private and profit-oriented interests in the media sector have closed the holes left behind by deficient governmental commitment and operate to create culture as mass taste, which does not leave even the previous cultural elites untouched by this phenomenon. Nevertheless, there remain differences that are revealed in the cultural habitus and are important for securing certain jobs or attaining a certain income. Even if this cultural habitus has become mundane through the mass media, it still defines membership in terms of culture and social position. The up-

wardly mobile in particular have to learn the linguistic code of the established culture, cultural techniques, cooperation, politeness, self-esteem, and self-confidence.

- *Unemployment and employment:* Lack of cultural capital expresses itself especially in the fact that people have less trust in their own abilities, less flexibility with regard to changes in roles, and less skills with regard to communicative adaptation.
- *Opportunities for social mobility:* Cultural capital is always also a perspective on global developments and a reflection of cultural origin and development. This includes a critical view of one's own mobility compared with social expectations. The culturally educated person learns early to compare their own potential with the local and global conditions and to adapt strategies that open the best opportunities for social mobility. Against this background, alternatives for action and communication arise more easily. Cultural investments, activities, membership, and the associated attitude also open up social networks that can help a person secure social mobility as the maintenance or improvement of their possessions or living standard. Connections with learning capital are, however, extremely important here.
- *Opportunities for consumption and housing:* Culture is measured more so than ever in terms of consumption and appears in a person's housing situation as evidence of cultural achievement. The necessary consumer goods such as mass media and the Internet are not enough for describing a high degree of cultural relevance. Books, newspapers, journals, and conversational and communication materials and practices are also a part of this; they first allow one to develop a comprehensive and reflective cultural habitus. Even if a profanation has taken place here as in all habits of cultural consumption, it is the distinctions in the profane, mundane things that make the difference as before.

Summing up some of the considerations in this chapter, there are three scenarios that capture individual dealings with cultural capital:

- 1) *The ownership scenario:* anyone who wants to acquire large amounts of cultural capital is always dependent on a certain pedigree and assumed cultural contexts. It is especially difficult here for the upwardly mobile in particular to get ahead of the advantages others enjoy. But those who have arrived also have the problem that they cannot senselessly waste their resources and possessions, which they have had to acquire through their own efforts. For culturally established parents, nothing is a greater threat than when their children no longer can or want to take part in the established culture, conventions, and associated learning capital. They will spare no expense to prevent such losses.

- 2) *The upward mobility scenario*: cultural upward mobility is always difficult because there are always such different starting points. But abilities and talents in particular can help one to achieve a certain cultural capital through a great deal of effort and to stage it in such a way that one can enjoy advantages through one's own efforts. However, this can only happen in combination with body or learning capital because the devaluation of cultural extraordinariness in the times of mass culture delivers a special social status for very few cultural activities.
- 3) *The uncertainty scenario*: in light of mass taste, which increasingly affects even the elite, cultural capital is threatened by significant uncertainties. However, a cultural habitus, which consists of cultural techniques and linguistic achievements, also reproduces itself and documents the security of cultural membership. Anyone who wants to leave this uncertain situation needs cultural use values in order to raise their opportunities for participation not only in the cultural domain but in others as well. And anyone who relies completely on the cultural domain in order to develop their own culture, which resists the culture accepted in a consumption-oriented world, may raise their risk of economic uncertainty but may also enjoy cultural freedom.

## 5. Body Capital

### 5.1 How Does Body Capital Emerge?

In “Emile,” Rousseau’s classic book on bourgeois ideas about education, he offered a perspective in 1762 that has been important for the understanding of the body for a long time. The student Emile was supposed to be accompanied as he grew up by nature, the objects in his life, people, and especially his teacher. In growing up this way, he was supposed to cultivate his physically perceived experiences and other experiences through nature and these objects in order to develop a realistic picture of the world and its possibilities. The body and the mind of the student are primarily constructed through the effects of external circumstances on the self, which has a free will and can determine how it behaves in these circumstances but also needs to recognize that it should not unnecessarily behave in a way that contradicts the course of nature and things.<sup>1</sup> This remains a common perspective in recent sociology of the body: in enlightened modernity the body is primarily understood as shaped by external natural and social conditions.<sup>2</sup>

However, in his “Confessions,” one of the first autobiographies in the Western world, Rousseau also painted a different image of the body. He describes, for example, here how as a spurned lover he had to experience the physical strength and natural beauty of a rival, which strongly detracted from his self-image. He characterized in detail the emotional moods, uncertainties, and contradictions in his self, which struggled with its self-esteem and bodily image not from the outside but especially from within, with an inner image as the construction of its own subjectivity.

Today we know that we have to consider both sides.<sup>3</sup> It is nevertheless astounding how little the body is present in research on social questions, forms of capital, equality of opportunity, inequality, and education.<sup>4</sup> In medicine, there is dedicated research on the body, but it remains relatively isolated from other fields such as sociology, psychology, philosophy, and pedagogy,

<sup>1</sup> Rousseau also constructed a “natural” gender difference with “Sophie” here, which despite all enlightenment in his work still represented the image of masculine domination.

<sup>2</sup> For an introduction, see in particular Cregan (2006), Malacrida & Low (2008).

<sup>3</sup> I will use the approaches of Norbert Elias, Michel Foucault, and Pierre Bourdieu again and again in the discussion that follows. I will not, however, go into detail about relevant distinctions from phenomenology, which allow us to distinguish between the body and mind. See in particular Merleau-Ponty (2002).

<sup>4</sup> On the sociology of the body, see for example the classics by Turner (1996), Featherstone et al. (1991), Shilling (1993), and the journal “Body and Society,” which has been published since 1995.

which have for a long time forgotten about the body. The fact that these disciplines have for the most part ignored the topic of the body certainly is due in part to their need for independence, which overlap with medical questions might threaten. A brief review can provide some insight into the one-sidedness of these approaches:

- *Pedagogy*: the body is often thought of as an enemy rather than as the expression of inner demands that can be externalized. In the rationalized world of enlightenment pedagogy, the body is disturbing because it cannot always easily be disciplined, and the militaristic synchronization of the learning process has to regulate the body; this can be seen, for example, in the variety of advice in the 19th century provided during lessons against masturbation, a big topic in that time. Often people fall back on the formulaic idea that a healthy body is occupied by a healthy mind, where the mind is always privileged and health is reduced in general to disciplined physical exercises.<sup>1</sup> Special needs education has for a long time been concerned with the deficits of the disabled body. Education in school has until this day followed a thorough hostility toward the body, which is expressed, for example, in the small rooms at schools, bad lighting and acoustics, equipment that works against the body, and the lack of opportunities for movement.<sup>2</sup>
- *Psychology*: the interior view is more central to psychology. But the body is often constructed here as something that carries symptoms, reduced to individual body parts, or reduced to the medical model, which in turn neglects internal interactions with oneself and the body. There have been attempts, for example in psychoanalysis, to expand the view to include the body,<sup>3</sup> but a dualistic view of cognition, emotion, social behavior, and the body is still common today. Brain research and neurobiology may cross boundaries here in the future, but they reduce the view of the body often by naturalizing it and neglecting interactive and social aspects.
- *Philosophy*: the neglect of the body in rational philosophy is proverbial. Highly abstract thinking and the physical body seem to exclude each other in principle. But phenomenology in particular, for example Merleau-

<sup>1</sup> Critical background studies can be found especially in Devereux (1967, 1979) and Foucault (e.g., 1980, 1988, 2010)

<sup>2</sup> John Dewey is an important exception to which the *somatic turn*, e.g., Shusterman (2000, 2008) refers. Shusterman is also influenced in this regard by Bourdieu (see Schusterman 1999).

<sup>3</sup> Wilhelm Reich (1960, 1973) became especially famous in this regard for his ideas about bio-energy. He emphasized in particular the function of the orgasm, which he summed up in his “orgasm formula” (tension – charge – discharge – relaxation). The approach remained as controversial as his orgone theory.

Ponty, discovered the body,<sup>1</sup> and feminism opened the way for understanding embodiment in a new and profound way.<sup>2</sup> The work of Michel Foucault was essential here because he explored a deeper understanding of the body, on the one hand, as a disciplined body, and on the other hand he also discussed the technology of the self, which discursively problematized our construction of the body.<sup>3</sup> In these discourses it became clear that the construction of the body always involved linguistic constructions of reality and did not simply reflect “natural” processes.

- *Sociology*: sociology also tends to situate the relevant social relations and developments in the mind; it tends to focus on society and consciousness rather than society and the body. Often the trained and disciplined body is discussed with reference to Elias or Foucault, but embodiment or physicality has not yet become a central theoretical category in sociological discourse. Even Bourdieu, who recognized that the body can become a kind of body capital, did not develop body capital as a distinct form of capital. Rather, the development of civilization and reflection on this appears to reflect a reduction in the importance of the body; and new technology also accelerates the neglect of the body because in the “the order of absolute acceleration,” as Virilio (2006) describes it, the user passively lets the world come to them rather than being physically active. The old dualism of a division between the world of nature and the social world seems to vanish and becomes a virtualized world strapped to our bodies.

This brief look already shows that the body has had a difficult time finding its way into academic discourse. This result contrasts, however, with human actions that increasingly draw the body out of its repressed and forgotten role and into the world and thus demand treatment in the research:

- It has been known for long time in capitalism that the body and thus bodily health and fitness are essential for work and earning a living. But the profanity of this situation did not, however, give the body the higher orders of rationality and critical reflection but stopped at a simple statement: a healthy mind requires a healthy body.<sup>4</sup> The more, however, body cultures are created by healthcare and fitness movements, the more interesting this trend becomes not just from the athletic or medical point of

<sup>1</sup> See in particular Merleau-Ponty (2002).

<sup>2</sup> On this see, Butler in particular (2004, 2006). In Gender Studies, embodiment is discussed in a broader way than previously.

<sup>3</sup> See in particular Foucault (1980, 1988, 1990, 1992, 1998, 2010, 2011).

<sup>4</sup> The Roman poet Juvenal’s original saying aims to show that a healthy mind is needed for a healthy body. However, in the reception of this saying, primarily by those who were focused on the physical training of youth for military service, it was reversed insofar as the healthy body was put before the healthy mind.

view; it becomes visible as a phenomenon for other disciplines. What drives people more now than in the past to spend increasingly more time, effort, and resources to cultivate their bodies?<sup>1</sup> What stands behind this is the phenomenon that modernity describes the body as natural, unique, special, and emphasizes its necessary integrity and authenticity, which first allow it to operate as working body. People have to want to shape their body and cultivate and care for it if they want it to be effective as a body used for labor and leisure.

- However, the degree to which the body is trained and shaped in modernity is strongly determined and regulated by class, sex, and ethnicity. These structures only begin to be modified with liquid modernity. The primarily physical shaping of the body is pushed back, and the standards of physical education are pushed in the direction of fitness, healthcare, eroticization, and idealized modelling.
- Given such liquefaction, since the 1990s, mass media has increasingly turned its attention to the body and started an unceasing, animated reporting that shows signs of being a cult of the body. Countless magazines, books, TV reports, etc. portray the care of the body, create fashion and body images, illustrate beauty, force manipulation and alteration of the body, etc. Fashion creates a uniformity of beautiful design that determines individuality for the consumer and only generates enough profits through serial production on the mass market. And in the background here, there is a body industry that influences ideas of the body with the aim of profit.
- Advertising, the world of the rich and beautiful, fashion, the cult of youth, and blatant gender stereotyping combined with thoroughgoing capitalization increasingly determine the images of the body and the self-image of embodiment where the social demand for the perfect body places constant excessive demands on one's own desires.
- Practices regarding the body from tattooing to plastic surgery reflect a change in consciousness not only on the part of individuals but of large groups of people who internalize the demands of society or transform internal demands into social ones. The body is not only supposed to be health and last as long as possible, it is also maintained in a healthy state and even "trained," shaped, and sometimes injured; and now a comprehensive body industry offers services and routines, from wellness to surgery, to match the diversity of practices, or new practices are advertised.

<sup>1</sup> Thus, for example, the military training of the body was highly cultivated in the past. The neglect of the body is connected with modern rationalism and with the transition from direct battle to battle through technology, even if the body of the hero is still cultivated and honored in the military today.

- The body as a location of identification and discipline, which involves finger printing, DNA analysis, biometric measurements, and pictures of all kinds, represents the other side of individualization. Attitudes, hopes, ideas, and behaviors can be traced by the physical traces they leave behind; and as a window into the body, the search for traces has developed disciplinary practices such as police and forensic investigations. People are fascinated by this as can be seen by the depiction and fictionalization of bodily traces in the media. Foucault has described comprehensively this aspect of the discipline, surveillance, and control of people through their bodies. The possible abuse of the body is always in direct tension with the hopes and opportunities for individualization. The body exists somewhere between self-control and control from the outside where the practices of self-control often first give rise to and improve external controls.
- The body as a repair kit and as a reproduction and transplantation machine is moving increasingly into the center of medicine that is focused on apparatuses and devices. This form of medicine demonstrates technical ability and helps create a consciousness of the alterability of the body, which presents the body as an object to be worked on and constructed in ways that have not been seen before.

Upon closer inspection, many of these new manifestations are not exactly new; what has changed is the heightened sensitivity and consumerism. Even in the past, the body did not draw attention only when it was sick but also in matters of love and stress or other sensory experiences or bodily contact. But the peculiar interpretation of such bodily perceptions has made it a secondary object since modernity; it appears again primarily in matters of desire, even if pure physical pleasure is often not considered “real pleasure.” The body was and is in this regard not simply an opponent as it appears to the self during sickness or suffering but is also an object of lust and an expression of physical pleasure. Today the secondary perspective on the body, cultural paternalism, and the emphasis on higher reason and morality are no longer adequate in academic and scientific discourse for a comprehensive recognition of the body. This approach has transformed with critical works on body construction and the transformation of the body during the course of history, especially Foucault’s studies on “The History of Sexuality.” It has also become clear how differently the body was constructed in different periods and that the body cannot be reduced only to linguistic constructions of reality (see Barad, 2003). The gendered body in particular has become visible through feminist discourse, which has extensively discussed how gender roles are attributed to the body. The more women have joined the workforce in industrialized countries and secured their own income, the more emancipatory women’s movements have fought against the unequal treatment of women; this has also



given rise to discourses that promote the participation of women in education, income, jobs, and careers. Although women's emancipation has much older roots, its effectiveness has become particularly apparent in this transformation. As a whole, in a time of artificial insemination, increasing cosmetic surgery, genetic manipulation, sex-changes in the context of transsexuality, and many other practices, it is becoming increasingly clear that the body is socially constructed. It is also clear here that the issue of inequality regarding attributions, evaluations, and applications necessarily has to go hand in hand with the analysis of these constructions.

In this respect, the cult of the body is not only the ecstasy of its capitalization, which is accompanied by profit interests, and it is not just the social pressure to mark physical differences in order to introduce new distinguishing criteria in social and cultural classes; rather, it is also the return of forgotten and repressed contexts. For early societies at war, the body of the hero is always the epitome of beauty and functions as a social model.

Such models continue today, where there are often unconscious motives and desires involved. We recall such models in our language without much reflection: "We have a light touch, give someone the thumbs up, wash our hands of a situation, or take a situation into our own hands, etc." Our senses and various body parts are constantly marked linguistically in order to remind us to recover the physical; at other times, we have an uncomfortable feeling in our stomach, our skin crawls, or we are overcome with feeling.

Using his model of the psychic apparatus, Sigmund Freud conceptualized the conflict that the self has to resolve; this conflict emerges between physical drives that arise from the id and directly affect the body and the ego, and our hopes and expectations that are recalled in the super-ego. This fits with how the body is handled now:

On the one hand, the construction of psychic health demands that the self or ego listen to the desires and demands of its body and exercise a strategy for self-preservation and satisfaction of its desires so that body is not alienated. This means that physical health and psychic well-being are a good that is to be regulated by the self, and this strategy of regulation makes a new technology of the self-necessary. This is also often simplified when the real, natural body moves to the foreground, which generates the hope that one can finally actually be one's natural self and see oneself independent of all of the confusing and contradictory social constructions. The naturalization of the body (and associated theoretical approaches) becomes an expectation that, however, is always disappointed because all attempts at naturalization only reveal the constructed body as it is conceived in a certain time and culture. We see this when looking back at past cultures or comparing cultures, and future observers will also see the same in us.

On the other hand, we live within social constraints that discipline the body and encourage the self to prefer certain strategies and technologies. There

are preferred solutions to conflicts in certain situations; in the regulation of desires and drives, historical-cultural preferences appear in the course of changing life circumstances. And we have to reproduce in a two-fold way: as a species, we reproduce ourselves sexually. And as individuals we do so through our work. In short, we cannot act out everything that gives us satisfaction or pleasure, but the body is also a construct from our circumstances in life, and these circumstances constantly force us to find new answers that fit.

Striking a balance here is a contradictory and uncertain process. The individualization in particular that begins with modernity has become central because it appears to relieve the self of collective constraints, but at the same time these constraints are introduced again through the back door through putative free choice as conventional action based on fashion and recognized lifestyles. The self has to balance itself again against this background. It is always searching for its body; it wants to feel it and perceive it, care for it, beautify and improve it, but while doing so, it always has to look at what other people find beautiful or better. Here we have both drive and competition, which motivate the self to establish body capital as a resource and a strategy in dealing with oneself and others.

In his work on “liquid modernity,” Zygmunt Bauman draws attention to the fact that the body is reconstructed in the transition from its role as a producer to its role as a consumer. While the body was previously aligned with what was needed for a job or for production or the state, for example as a soldier, which led to a thorough disciplining and a balance of physical needs and expectations against the background of the respective class position and roles, the body has now been given a new role as a consumer. Now it is not primarily the others, the exploiters, or the states and their ideologies that use the body for their interests; rather, the body has become a consuming physical subject for the individual, which generates costs and has also become an object of consumption for others.

That the body is a consumer is evident. Care for and work on the body require a great deal of time and resources today. The effort may differ greatly depending on the individual, but the trend in consumption is toward increasing the costs for the body. This generates a physical habitus, which not only displays the body outwardly but also requires something of this body. When we invest so much in our body, we expect recognition, benefits, and profit. Someone who invests in health wants to live longer without disease or illnesses. Someone who stays in shape expects the body to reward him or her with more achievements, pleasure, and endurance. The dilemma of the physical habitus is that it cannot simply be pushed outward but has to be anchored in individual subjective experience (it must be embodied like the cultural habitus). The self can take a distance from the body (“the body as my enemy”) when it sees illness or bad health as unjust or inexplicable, but the physical

habitus turns things around and allows the self to experience the body as something “natural” (e.g., “I am the ideal weight”), “human” (e.g., “movement is healthy”), and pleasurable (e.g., “massages are good for me”). In the past, the body also always experienced, felt, or suffered things; in this regard, the physical habitus is intimately connected with the self and its reflections on itself and the body, but these constructions, reflections, experiences, expectations, and interpretations of the self, change depending on culture. And excitement about the body depends here on excitement about consumption.

But how realistic is the accounting here? Investments in health are apparently primarily investments in security and a scientifically researched order that can be controlled. And more is certainly talked about with regard to possibilities than limits here. In modernity, the image is still of an active body with a normal weight and endurance that protects itself from disease, illness, and the wrong milieus. But viewed from the consumption side, this search for order and security is thrown into question. The body is supposed to be a consumer, but its health no longer has to be in the foreground here; instead, everything can be consumed, even those things that poison the body or make it unhealthy, ill, or overweight. It now becomes the job of a “technology of the self” (Foucault), an individual job, to adopt highly ambivalent practices of the body, which are suitable for certain self-determined aims and that appear useful or valuable or useless or without value with regard to health, fitness, beauty, erotic attraction, care, exhibition, pleasure, etc. The exchangeable form of the body’s use values appears in body capital. Here, the body also becomes consumable for others by being transformed into, for example, erotic capital.

The condition for the creation of such body capital is primarily the idea that an individual can as agent at the same time relate to their body in an independent, controlling, and intervening way. If everything appears mutable and possible in the balancing of social demands and individual solutions, the body also appears as an object to be shaped and transformed. Already in the past, it was clear that the body could function as an exchange object for producing gains. Such gains can be had directly, for example, through the body in prostitution. But gains in capitalism are bound with the condition that the body is actually privately owned and can act freely. Prostitution, however, often involves coercion and exploitation through pimps and agents who suppress the freedom involved in such contractual relations through violence, oppression, and abuse. In such circumstances, there are often criminal economic laws that operate regarding markets. The private property is typical for capitalism. It becomes as sacred as the market, which leads to a two-fold liberation for the body:

On the one hand, the individual is recognized as the owner of their body so they can do what they want with it within certain limits. These limits appear, for example, in euthanasia when the body is supposed to be liberated from

its suffering by the individual owner but cannot be liberated because causing the death of another is not legally permitted. Laws on private ownership do not permit everything. Other limits appear, for example, with regard to social exploitation when the prostituted body is not only exploited but the income generated from prostitution is appropriated by a pimp.

On the other hand, the individual also privately bears the costs associated with the maintenance, care, transformation, and shaping of the body. In the context of healthcare, the distribution of costs can be regulated by the government, which, however, does not essentially change the fact that in general the individual is responsible for the costs. In capitalistic countries, physical emergencies are dealt with socially in different ways, but the care for the body is left wholly to the individual. Regarding illnesses or disabilities, physical debts are incurred, which are required investments, but for which there is only a costly insurance market.

The “body” can be conceived of as something that fills a measurable space. There are many such bodies such as foreign bodies, governmental bodies, material bodies, etc., and there are also mathematically defined bodies as well as human bodies. For such bodies, there is an outer visible boundary and an inner that is thought of as filled. This is why it makes sense to talk about body capital and not biological capital because what is filled out and what is reached through operations on and shaping of the body both within and without is what constitutes its capitalization through investments. Biological capital as a concept could mislead us here because in this regard we might imagine investment in an area of nature that is not so much characterized by private possession, a distinction between inside and outside, as is the case with the legal understanding of a physical body. Physical control of the body occurs through physical features such as biometric data, appearance, etc. Depending on the democratic structure of states, there are rules and laws of included and excluded bodies in all parts of society. The bodies are mostly free to move, but restricted by the state or money paid in different areas of life. Against this background, only the legitimate possession of the body enables its democratic rights and capitalization to direct and govern its possible freedom.

There are efforts in particular in the pharmaceutical and biological industry to capitalize on biological nature as well by patenting genes or plants. But these practices appear to be fundamentally illegitimate even under capitalism because they attempt to privatize natural resources for humanity for their own profit interests. Halting such practices will be a central fight. In this fight, we have to talk about biological capital.

The body and its constructed boundaries, however, cannot be understood as the natural prototype of an image that we could derive from nature or that would reflect nature. Bodies have been understood differently throughout time, and the present is no exception in this regard. Schroer summed this up:

“The situation today appears to me to be shaped primarily by the fact that the body is to a certain degree presented as the last remaining object opposed to the process of dissolution accompanying social differentiation processes, while on the other hand cultural practices and media representation testify to the fascination people have with seeing the body not as being biologically established once and for all but as something whose boundaries are in question” (translated from German, 2005, 25). This situation is not just reflective of freedom and the joy and pleasure in the multiplicity of constructions of the body, it is also reflective of the pressure of assimilation in which every individual has to determine what they are willing to do for the capitalization of their body, i.e., what opportunities the body provides for improving one’s competitiveness against others on the market. This trend in particular appears to be spreading because pleasure in one’s own body does not appear to be enough to explain why so many resources are increasingly spent on the body.

Foucault was able to show in “The History of Sexuality” (1990, 1992, 1998) that already in antiquity there was a concern with how to care for, beautify, and shape the body. Foucault’s thesis was that the development up to modernity was accompanied by growing attention to hygiene which eventually led people to apply this attention not only externally but internally to themselves and monitor themselves in order to shape psychic well-being along with physical well-being. Such things require investments. And the first such investment is time. The perception, care, and beautification of the body, keeping it healthy, increasing fitness, and the amplification of expectations for life require a lot of time and attention. And both cost money; resources and a great deal of effort are required in order to accomplish these aims. Time, effort, and resources appear in each of the following aspects:

- Humans have always had to ensure physical reproduction through nutrition, sleep, and social provisions. These physical costs are necessary. But the portions expended are variable. People who fight for mere survival have few opportunities to develop physical use values in order to generate body capital. The affluent, however, can plan their investments in healthy or unhealthy nutrition, in antibiotic-treated poultry from a discount grocery store or in better goods from an organic grocery store.
- At the same time, in addition to the effects of economic and social circumstances on body capital, a self-referentiality has arisen in dealing with the body, which in affluent societies privatizes the body, although in its privacy it is always in competition with others on the market. Nobody can escape this ambivalence now.
- Rising spending appears during periods when we care for the body, wash it, treat it, massage, etc. Such periods in the meantime are becoming industrialized and associated with a variety of products whose use is made legitimate primarily by the fact that others use the products. The

basic care of the body belongs to the basic body use value that must be employable as an exchange value at all times in education, employment, leisure, and the search for a partner. The cultural habitus combines with an attitude toward one's own body and appears as a body habitus; and the affluent in particular recognize the value of investment in this area. The body industry, under the banner of the globalized market, leads to a levelling of existing cultural national differences.

- Time spent on beautification serves the display of the body, and its value appreciates through make-up etc. that reaches from head to toe. Harmless forms such as variants of cosmetics extend all the way to physical transformations through tattoos, branding (burning patterns on the skin), stretching, cutting, or piercings on various parts of the body, whereby the ingenuity of such practices is often far from original because they often reach back to the earlier cultures and their practices of collective symbolization. The practices are strongly determined by and associated with the respective social groups. Where the majority seek the most immaculate and beautiful body possible, which is defined by commercially inspired fashions and corresponding “top models,” others (especially youth scenes) fight against such apparent beauty with all the means of apparent ugliness. Both sides, however, do not escape the capitalization of their bodies because both require time and money. And both sides hope for the attention and benefits that their investments are supposed to generate in one way or another.
- Plastic surgery is no longer only a means to appear as beautiful as possible but has primarily become a means of remaining beautiful as long as possible and stopping the aging process. It is in the long run a lost battle, but investments appear to be worth it particularly in the competition for the erotic component of body capital
- Fitness training is often equated with preventative health, which is often primarily concerned with people who are overweight (or sometimes underweight). Diets are touted in countless variations; and no intervention is spared including gastric reduction. Fitness training leads to the erection of centers organized like factories, which people voluntarily go to at a cost in order to recuperate what labor and leisure often deny them: movement, physical exertion, endurance, etc. The game of defining “fitness” is unending because someone is always more fit than oneself and nobody can really assess what it means. Indeed, even your body could be made fitter after each day of aging, but you could never win such a battle. That is why estimates and expectations take precedence over facts or certain truths.
- Bodybuilding is a specific way of shaping and perfecting the body. The constructed nature of the body becomes clear here when people say that such bodies look “unnatural.”

- Organ transplants are supposed to save the body; when there are defects in certain areas, replacement parts are available. The shortage of replacement parts evident today also drives up the costs. This opens new markets for organ trafficking, surrogate mothers, and the exploitation of human beings who cannot take part in capitalization. It also creates an industry for genetic manipulation in order to serve the quickly growing future market of an aging population in industrialized countries. The body as a commodity is clear and obvious here.
- All bodies seem to be addicts in this commodification because the practices of the body appear exaggerated: there is either too much food or too little exercise, too much work (workaholic) or too much leisure (leisureholic), too many practices that damage the body or too much concern for the body—the possible oppositions are limitless in their detail. In their addiction, the individuals see themselves as able to become themselves, but through their consumption they also become something else. Ideals of beauty, youth, and old-age, the right figure, perfect body, and presumed power of attraction, etc. are so heavily depicted in the mass media that their consumption strengthens one's own desires and promotes addiction in all areas. In extreme cases, this can be extended so far that the self-preservation and reproduction that are inherent in the physical body and its internal perceptions are forgotten. Such suffering in the body and with the body is expressed, for example, in anorexia. Countless therapies and counselling are used in order to bring balance to the relationship between the body and the self, to the conflict between oneself and others, to the disturbance of a person's self-image and image of others. The individual in their drive to consumption, in the psychic pressure they experience in the search for inner balance, which is so difficult to achieve because of the overemphasis on the expectations, images, body-images, and fashions etc. of others, always has to deal with physical symptoms, particularly disturbances to their image of their body, which the increase of eating disorders shows.

Bourdieu (1987 a) still believed that body capital was something important in the affluent classes, but in the lower classes it seemed to play a subordinate role. He showed this, for example, on the basis of class tastes regarding food and drink. This has changed, however, in particular through media and the omnipresence and standardization of beauty and attractiveness. Investments in body capital are made by everyone, but the investments and results are quite different. At the same time, a new group of outcasts has emerged, which Bauman (2004) has called “wasted lives.” Those who can no longer actively consume on the basis of their own income also lose their “positive” body dedicated to consumption; and people perceive the homeless as they do the sick,

as people who carry some danger with them, and as vagabonds who demonstrate how far one can fall and how one must dedicate oneself to avoiding such a descent, which is visible as the “ugly” body.

As much as there may be a distinction here between the upper and the lower, all too often the affluent fail at their own physical care. Too much stress, too little time, too much fast food, and burnout are all symptoms in the cycle of demands.

The greater the expenditures are in terms of time, effort, and resources, the more likely it is that the illusion will emerge that there is an actually measurable capital here that will enable or at least facilitate control in one’s own life over the visibility, materiality, and effectiveness of the body. Is this only an illusion, or are there sufficient facts and results that the investments pay off?

The effectiveness of body capital is always in competition with other forms of capital, and it derives its information from this competition. The body and its condition are evidence of a person’s position and circumstances, but this construct always assumes that I define a comparison group in order to provide a concrete definition of this position. The statistics on the body that insurance companies produce attempt to calculate this very clearly in order to assess their risks. Bodies are countable, and they serve the calculation of quotas, risks, opinions, etc. Even if the individual body would like to see its individuality preserved, the counted number of bodies leads to a de-individualization that appears through this separability and countability. There are sufficient facts and figures here, which would allow one to conclude that there is a production of surplus value in body capital as well.

## 5.2 The Surplus Value of Body Capital

To describe and analyze the surplus value of body capital, the investments made must first be investigated. The three aspects that have already been discussed with respect to social and cultural capital are also relevant here:

- 1) *Time*: it takes time to acquire, maintain, and use body capital. This time is taken away from other activities, such as time spent for work or leisure, and there is pressure to exploit it (= does the body capital really bring me as many gains as I am expecting?).
- 2) *Effort*: when time is spent on an activity, the question of whether the effort is worth it also arises. How much is my body worth? How can this effort be expended, and what kind of effort is unacceptable? How much should I invest, and how can I minimize my efforts?
- 3) *Resources*: the acquisition of body capital consumes resources. The more I strive for a healthier, fitter, more attractive and long-living body, the greater are my expenditures in terms of resources. The level of my



expended resources (my health, my fitness in relation to my age, my beauty and attractiveness, my life expectancy) generates expectations, which always have to be proven first in life and which are never certain.

What kind of value do I gain from spent time, my efforts and expended resources? What kind of surplus value can I realize?

### *5.2.1 Production of Surplus Value through Work for Health, Fitness, Erotic and Biocapital*

In his studies on the civilizing process, Norbert Elias (2000) worked out that a lot of time has to be invested in upbringing and education, in the formation of a cultural and social habitus, in order to internalize self-restraint that also includes physical functions and physical behavior. In his “Studies on the Germans” (1998), he presented the types of self-restraint and external constraints. For him, there are first constraints stemming from our “animal nature.” He lists hunger and sex drive as examples for these kind of constraint or drive. The constraints of aging and of dying, the compulsion of craving for affection, recognition, hatred, and hostility, which occur spontaneously in people are also part of this kind. Constraints arising from the drives regarding the search for food or protection from the elements are also connected. This kind of constraint is opposed to constraints that people generate in their interactions with each other, which we can call social or external constraints. Such external constraints appear in all different forms of relationships. All people live in relationships and are not merely free in these relationships but are subject to constraints. External constraints express themselves in the rules of the community as well as the written or unwritten rules of coexistence and behavior. However, in order for these constraints to be effective, they cannot come only from the outside, e.g., from threats of punishment, but have to be converted into self-restraint or self-control. We call such self-restraint conscience, internal norms, values, and common ideas. Constraints related to our “animal nature” are present for all people in all forms of society. But the external constraints differ in the course of history and between cultures.

Is this image of nature and civilization, however, sound? Should we not look at things more specifically from our current perspective? After all, what are these “natural” conditions supposed to be if they are always already conceived of as dependent on historical and cultural circumstance? We might think of hunger and sex drive as natural conditions, but the way we deal with such drives differs significantly across cultures. In this regard, the investments in our nature are never the same but differ across and even within cultures.

Subjectively, people attribute a high value to body capital because it is so present and visible at a “natural” level, which, however, only allows for the

construction of an *apparently* secure space of actions and expectations in our complex, uncertain, and volatile liquid modernity. That is precisely why it is so difficult for people that the body follows the general tendencies of transience, uncertainty, and superfluity and is thus uncertain in its interpretation. People increase their efforts to at least rescue the body from this world. And they are willing to agonize their bodies to do this.

Naturalization is constantly undertaken in particular with regard to gender relations because it appears easiest to legitimize existing cultural behaviors and attitudes on the basis of innate male and female physical features. But liquid modernity is also bringing about a transformation in this regard, which is leading to a result that irritates many, namely that there is not a male or female nature that is subsequently culturally shaped and discursively explained; the claim of naturalness itself is actually a construct from a cultural perspective. Judith Butler distinguishes between biological sex and socially constructed gender. Butler argues that even biological sex does not reflect nature but is a social construct. We use observations and explanations to construct it; it is not simply discovered in nature as it is. From this perspective, it makes little sense to look for the origins of a prototypical male or female body when we find only variants of gender constructions, which are created from social gender roles and associated cultural ideas. Butler (2006) showed in her book “Gender Trouble” that all use and exchange values in body capital indicate, following Foucault, that sexuality and power always work together. This means understanding that all gender constructions and sexual relationships are always established culturally with power and also perpetuate certain power positions that are always concretely identifiable. In this regard, body capital is never neutral; selective interests and preferences are always constructed in it, which are closely connected with other forms of capital. At the same time, it has to be kept in mind that all interpretations in this area of individuality and human development are constructed performatively. We cannot point to a “nature in itself” that originally determines such constructions but have to look at culture itself for the conditions and interests that give rise to such constructions. This also gives people the opportunity again to determine such relationships and transform them.

Such a perspective—not only with respect to sex or gender but the entire nature of human beings—also opens our eyes to how the body is capitalized. There are also social constructs here, which are connected with other forms of capital, that make up body capital as a construct in people’s interactions with each other. Ideas about body capital are thus constructed, established in the world, and lived as practices in order to appear than as unquestionable reality, as symbolic explanations, and presuppositions. We could ask, why does it make sense to keep your body fit? And the answer would be given as a fact of nature: it is natural and necessary for the preservation of life. But we forget when stating such banal and seemingly obvious “facts” that they are

cultural constructs from our historical period and attitudes. And we also have to recognize that the answers can quickly be distinguished: what kind of sports do you do? Is it a physical exercise that aims as much as possible at conditioning, fat reduction, or normal movement, or is it a kind of adventure-oriented exercise that gets kicks from jumping from great heights, diving to great depths, reaching the greatest speeds, etc., which can degenerate into high stress activities that are counterproductive to health?

Surplus value can be distinguished in more detail into four forms of body capital:

*(1) Health as use and exchange value*

Overall, healthcare and the implementation of measures in dealing with health in modernity are wholly the responsibility of the individual. Because this individual is also supposed to take part in free wage labor, individuals appear free in two regards: the individual is supposed to seek out an occupation in life without being able to lay legal claim to it, and the individual also has to keep themselves healthy because they have disposal over all private or free rights to their body. The costs in health are investments that only secure their use values when they can actually be exchanged for time spent at work. They are necessary costs that do not yet constitute body capital in a strict sense. Body capital first arises when certain investments can be exchanged for certain services. And precisely this point is also expected with increasing individualization. Everyone is supposed to keep themselves physically healthy in order thereby to become more available for the exploitative interests of capitalism. This is because regardless of whatever occupation a person has, they can only achieve gains as a healthy, predictable body.

In the history of wage labor, trade unions had to fight for a long time on the part of the interests of the workers so that wages would not just provide enough for food and decent accommodation but also for illnesses, emergencies, and care during old age. These reproduction costs for life shift, as Marx already pointed out, with the historical period. They are relative to the prosperity of a country. The costs are thus higher in affluent countries than in less developed countries. The same is true for healthcare, which the body can enjoy in very different ways. At the same time, capitalist countries differ widely in their social and health-care systems. Without governmental regulation and without the power of trade unions, capitalism would likely fall back into barbarism due to profit interests instead of behaving in a way that reflects solidarity; this is something that can be concluded at least from much of the data (on this see, for example, Wilkinson & Pickett, 2010).

Many companies have, because of poor results on the part of their workers, created their own health balance sheets and actively have effects on health. And those who do not participate in wage labor also have to pay attention to body capital because they always run the risk, particularly in the

self-exploitation of small independent workers, of over-exploiting their own body. In contrast, for the affluent, there is often sometimes the risk of being excessive in terms of physical pleasure. Health statistics show us that health costs increase with increased economic capital and other forms of capital, but the expectations for health and old-age are also significantly higher than for people with less money.

As a whole, interdisciplinary research on health has emphasized since the 1960s that the individual is responsible for the health of their body in all of their activities and is obligated to assume this responsibility. Health is not a matter of fate but is the result of our autonomous actions. This is accompanied in all developed countries by a boom in healthcare services and an explosion in costs in the healthcare industry.

Health is distributed differently according to social circumstances and position. Even if mass media promotes good health, consumer society and its structures often produce exactly the opposite when there is a lack of self-restraint or education that would lead people to act according to their contexts. The lower the education level and resources are for the individual, the more unfavorable their habits often become. They have misunderstandings how to interpret a healthy body. The consumer habits of such people are tied to cheap goods that tend to promote unhealthy behavior, especially with regard to eating, drinking, and preventative measures.

I can achieve a surplus through health capital only by making sustained and long-term investments in my body. My body has to be healthier than average in order to obtain a payoff through better working conditions, long periods without unemployment, a long work life, refunded insurance premiums (especially for health insurance), a long life, etc., i.e., in order to achieve gains that exceed my investments through an increase in wages and income. The capitalist labor market has always expected that the individuals take on these costs for themselves and actively promote preventative health measures not only through money but through conscious healthy behavior. The individual achieves surplus value when the ratio between invested costs and long-term gains is positive in comparison with others.

*(2) Fitness as use and exchange value:*

Nobody is so fit that they could not be more fit. The body itself seems to be insatiable, and this image is constantly maintained in the leisure and body industries in order to increase expenditures on the body. Every body is also a consumer under capitalism, and the body is comprehensively promoted as a consumer. But a tension arises here between wellness and risk. The body, which is supposed to be made healthy, requires great attention and care, which appear to be increasingly variable in terms of possibilities for development and production in light of the variety of consumer choices. The illusory effects of equipment and healthcare services are also very important here

insofar as they help to suggest that the body is doing well and that the measures are successful. What is crucial for the industrial production of such services is that the consumer believes that they are actually receiving what they wanted. At the same time, such desires are generated in a targeted way through advertising. This leads to a circular relationship between expectations and existing offerings. In contrast with wellness and care, there is the fit but risk-oriented body that chases physical limits through various activities in order to feel its fitness, physicality, opportunities, and abilities. Whether it is a matter of wellness or risk, the body aims to feel itself and improve itself. Both images of the body thus seek to construct the body in a fit way and to experience the body as a body. In this regard, fitness can become meaningless when it is really just a matter of feeling and seeking physical sensation. We arrive here at the physiology of the body and its intimate, personal, and individual construction. In light of consumerism, the market, and competition, however, the use-value side always drives us toward comparison with better, ideal forms and perfect bodies and thus toward the exchange-value side. This concerns our costs first of all. In order to achieve use values, we have to buy things. Fitness requires a fitness center, a membership card, and membership fees. The exchange scales are always open toward the top. We pay the highest sums in order to demonstrate excellence in theatrical productions of dangerous sports or risky stunts, in order to present a model for physical exertion strategies through the expenditure of great physical and mental energy and the strain and exhaustion of our body through falls from great heights, dives to the deepest depths, and extreme hot and cold.

Despite such extremes, fitness generally provides a favorable background for health-conscious behavior because the expenditures and costs in both areas often work successfully together. The physical habitus has to present itself in the development of fitness particularly through self-restraint, which is almost always seen as more successful both professionally and socially: one has to be ready to work and torture oneself to reach a goal; and one has to show endurance, orientation toward success, and a competitive spirit. In this way, investments in fitness also become expressions of investment in personal behavior that can increase social or cultural capital and be respected by society.

A surplus value can arise from the use value of fitness if the initial necessary expenditures can be later recouped or exceeded through income. The exchange value presented on the market is represented by a physical habitus for which it is both a challenge and motivation not only to act in a health-conscious way but also to actively move and shape the body through exertion strategies and demonstrate its attractiveness. Fitness thus helps through comparison with other people who are less fit to demonstrate a level of performance, which can also have an illusory aspect because even the fit body

cannot be protected from all physical crises and risks. But fitness always expresses health and strength, as well as will and power, which suggest superiority. Surplus value can be achieved when one is successful through self-presentation to draw attention to oneself and leave the competition behind with regard to hiring, promotions, or a fight. On the other hand, high expenditures are also often merely costs and arise as they do for other areas such as entertainment. A surplus value no longer appears when mere consumption raises the use-value side but this value cannot be exchanged. It may be useful and important for your own health, but it does not bring in money.

### (3) *Erotic use and exchange value*

The freer and open the partnership and marriage market is, the more investment in erotic capital is worthwhile. It is well known from the history of mankind that eroticism and sex are a crucial form of exchange for good relationships, personal advantage, and social protection. But it is only with modernity and liquid modernity that in addition to the perfecting of prostitution there are also opportunities for generating capitalistic gains in other relationship forms. The erotic capital that Catherine Hakim (2011) calls “honey money,”<sup>1</sup> which I consider a subtype of body capital, may appear on the physical side as a use value for a person from birth on, but it never unfolds in social reality without additions such as styling, working on one’s presence, attractiveness and the possibilities for successful communication and presentation. Erotic body capital needs these extra ingredients and use values so that it can transform itself into exchange value and capital. It then creates advantages in hiring, in the search for better job or better social relationships, in upgrading partners, friendships, fixed relationships, or a marriage. Almost everyone denies wanting to have erotic capital or use it because what seems important is only true love or friendship without reservations, but when we look closer it becomes clear that the previous definitions that might fit here appear either useful or already capitalized. If previously the social or cultural status of a person was still central, today it is primarily money that is erotic alongside social status.

Erotic use or exchange values arise from various characteristics, which Hakim (2011, 12 ff.) identified and which I expand upon here:

- The beauty of the body or specific parts of the body, particularly the face, are central features that establish differences between people in a way that is dependent on culture and its norms and expectations of beauty. Someone who has “natural” beauty has to worry less about producing

<sup>1</sup> Hakim develops her view of erotic capital as the presentation of personal characteristics, as an expression of attractiveness, which expresses advantages or disadvantages in relationships in terms of attributions, expectations, and opportunities for advancement and recognition. She could in principle have written about erotic characteristics because she does not analyze this form of capital further according to its surplus value. She really only presents possible use values without justifying the surplus value of the possible exchange values.

such beauty in their youth but also incurs higher costs for maintaining this beauty as they age. Beauty requires expenditures to produce flawless skin, a youthful appearance, the right weight, and the elimination of anomalies, etc. according to prevailing cultural norms. Additional costs arise when beauty is supposed to be perfected according to current fashions, which are found especially in cosmetic surgery in addition to basic costs associated with caring for a beautiful body.

- There are cultural specifications that vary from culture to culture in terms of extent and expectations. In globalized capitalism, however, there are the following: sexual attractiveness is associated with beauty and appearance where features such as the shape of the body, length of the legs, figure, and sexual willingness in the form of direct seduction or secretiveness play an important role. These features have to be coordinated in interactions with one's counterpart and their immediate demands or silent desires. Beauty alone is not enough here: movement, tone, gestures, and expressions are also added to arouse attention. Young people appear to have more "natural" sexual attractiveness, which represents a projection onto their appearance and sexual potency on the part of the observer. As age increases, sexual attractiveness has to be increasingly learned and emphasized using the right tools. Differences in taste are always an advantage with regard to preferences; thus, a person who wants to be attractive should not only focus on one type of desire, as this would significantly reduce the chances of success. The costs for this aspect reside primarily in the generation of health and fitness capital but also in social and cultural capital. Additional costs often arise through exercises where attractiveness is learned through experiments with various partners so that one is ready at the right time for the right choice in the capitalization of eroticism.
- Social skills, a dignified appearance, charm, friendliness, confident behavior, secure and reciprocal behavior in interactions, mixed with flirtation skills and self-irony, preferably along with charisma that appears to arise from an inner attitude of calm and confidence, are expressions for high erotic use values. To transform them into exchange values requires the right moment where some risk and desire is confronted with reality. This requires a mentality, which has the highest possible self-worth and can dare to correct its self-images. However, such skills do not just belong to the subject but are always also ascribed from the outside. By means of such projections, these skills have a greater effect for those who also have social, cultural, or economic power in addition to their "natural" attractiveness. This aspect cannot be achieved through physical costs but requires extensive costs in terms of other forms of capital.
- The vitality and fitness that are conveyed suggest potency, health, genetic advantages, and longevity, which are erotic on another level. One

might also mention here skills such as humor, grace, and aggressive appearance in general but especially in dance, sports, or leisure activities. The training of the body through sports, dance, and fitness create corresponding costs.

- The external attributes symbolize a presence and presentation of the body. Clothing, make-up, jewellery, accessories, the created environment and aura are important features here that express presence and attractiveness outwardly. Social classes differ greatly in this domain so that it comes down to which use values are being used here in order to obtain an exchange that appears appropriate. If a young woman from the lower class wants to upgrade to a higher class, she has to adapt to the social code and style of the higher class and orient herself so that she can create a space of possibility for advancement. Cultural fashion awareness extends to knowledge of cultural and social forms of capital, which always also involves learning capital. The symbolization of attractiveness, thus what most people first perceive about me through my body, involves strong social-cultural expectations about what is physically desirable and desirable about our behavior as perceived by others. The costs for fashion, jewellery, styling, and accessories are especially significant here.
- In consumer society, eroticism is used extensively for product advertising in order to provide the goods with a degree of illusion. And there is an erotic industry that markets the human body in various forms in order to make profits, which is often associated with sexual exploitation, abuse, and oppression. Internet sex sites underpin an understanding of eroticism and sexuality that is essentially based on obscenity in Baudrillard's (1996) sense. It is all about the display of intimate practices that strip naked all secrets and feeling-based relationships in order to place the act or activity in the foreground. All of these images, which were previously private, circulate today as public constructs through our everyday lives; they illustrate fantasies and reinforce in a circular way the imaginary power of erotic capital by depicting everything as being for sale.
- Fulfilled sexuality itself is what can actually be achieved in sexual satisfaction by dealing skilfully with oneself and others; and the desired mixture of play and passion, expectation and satisfaction, spontaneity and endurance, tenderness and aggressiveness, make a good lover depending on subjective expectations and their forms of adaptation. These skills, however, are all created and distributed very differently. The desired libidinal balance (physical desire and the activity of sexual desire) is not "naturally" associated with sexual skill. Skills have to be acquired and practiced within a culture. It is precisely this lived sexuality that under certain circumstances captures more than all of the preceding points. But



this sexuality can generally only be reached when the other points have already been effective.

Regarding the effects of erotic capital, people do not often like to make economic calculations here and prefer to explain their relationships in terms of love rather than capitalized connections. In the end, not many people want to be involved in striving for profits through sexual relationships when it comes to writing their life story. Nevertheless, when observing a large number of cases, friendship, pairing, and marriage behavior significantly show that erotic capital is at work regardless of what people may claim. The elites, rich, and super-rich cannot monopolize beauty because they cannot determine who is born with it, but they can surround and adorn themselves with it; and for the supposedly beautiful in particular, erotic capital comes into play here.

#### *(4) Biocapital*

In “Global Nature, Global Culture,” Franklin, Lurie, and Stacey (2000) show how nature changes through the marketing strategies of capitalism in the sense of short-sighted interventions and is shaped and even destroyed through profit maximization. Biopiracy, as Vandana Shiva (1997) calls it, attempts to patent biotechnological products in order to privately appropriate natural resources. This attack is incomprehensible against the background of previous understandings of nature in modernity and focuses on a neoliberal market that attempts to colonize all areas of nature and life. At the same time, it expresses profit interests that have a long cultural history. Nature has constantly been the focus of attacks through human actions so that parts of it that were originally used collectively could be appropriated. However, capitalism in its newer forms accelerates this process significantly with active assistance from the government in neoliberal economies.

The body is the focus of attacks by the bioindustry, particularly biogenetic, biotechnological, and pharmaceutical companies, as well as the addiction and drug profiteers, so that they can generate large profits on the capitalist market (see Rajan, 2006). Biocapital aims primarily at securing economic capital, but because it uses and instrumentalizes the body it also capitalizes it. Such capitalization occurs when people purchase biotechnological or pleasure-related services or promises in order to invest in their bodies. As Rajan shows, the bio market does not, however, focus primarily on physical features that could be treated medically or on questions, for example, about how to help people with rare illnesses, or on questions about improving health; rather, it focuses on attainable profit for respective companies that already attempt to calculate the body before trying to “treat” it in some way. Expected gains on the basis of quantity first lead to the intensification of research, but rare illnesses in contrast often are not considered because the market is too small. This expresses a form of biopolitics in the way Foucault

(2010) already analyzed and criticized (see also Peters, 2006). In the cooperation of the capitalistic profit interests of biocapital with support and protection from the government, the body becomes increasingly capitalized. And this is the case whether it happens through the external claims of biotechnology that are made on it or through the measures, means, and kinds of treatment that appear to stem from genuine desires and yet always reflect the feasible profit interests of certain companies. The ability to present this interweaving as a desirable object and present itself as capitalizable makes it easy for this strategy to connect with the previously mentioned points.

Biopolitical strategies focus on both individual strategies and governmental regulations, for example, in the areas of genetic engineering, reproduction, and transplantation medicine. Capitalistic profit interests are closely connected with lobbying interests in politics. There are thus less and less central decisions made in politics here; instead, there are increasingly more individually internalized calculations and decisions, which, on the one hand, want to see the greatest possible emancipation from the natural and physical limits of the body and, on the other hand, also accept regulations that increasingly privatize these opportunities and cement inequalities because they think the market-based approach is the most successful one.

Questions regarding genetics and genetic dispositions increasingly come to the forefront today through these strategies. The research has changed this discourse into one about the statistical probability of genes having certain effects on phenotypes and functions, which makes biology no longer something subject to mere fate but a matter of risk that drives people to practice preventative care. They are supposed to test their genetic predispositions in order to see the probable course of their body capital and react appropriately. Self-regulation is also supplemented then by the regulation measures of society. In the face of the experimental risks, the idea of biological citizenship has emerged in order primarily to mark the legal position of the individual in light of increasing biological influences on the environment. The idea can also be expanded for biogenetic and medical measures. The question is the degree to which humans can protect themselves against influences and biomedical manipulations, particularly regarding influences on the body.

The examples of breast cancer or uterine cancer already prototypically show the effects of biopolitical interventions. Women are finding themselves compelled to test their genetic predispositions in order to undertake measures, including removal of the breast or ovaries, to minimize risk. On the other hand, the democratic state can also see itself induced to make dangers to the social body a theme and establish provisions through the regulation of birth-rates for poor demographic prognoses (for example, through cash incentives, benefits, or pressuring on the basis of worst-case scenarios, etc.). And there is quickly a move toward regulation, which minimizes or removes free individual decisions. Often commercial interests or the savings needs of

governments intertwine with definitions of danger in order to legitimate biopolitics. On the other hand, such politics can also help protect or extend life. The degree to which individuals can act freely and critically here becomes a crucial issue.

In her concept of the “*vita activa*,” Hannah Arendt (1998) emphasized that through birth a new life comes to the world, which enables a new start. There is an opportunity to change the world from one generation to the next. In contrast, in biotechnologies there is always the danger of avoiding such rebirth through the permanent adoption of a certain genetic state and the avoidance of evolution and its difficulties through stores of replacement parts, transplants, and even cloning. If it were to become possible that parents could shape the future of their children through genetic manipulation or even self-reproduction as a copy of their own genetic development, the “*vita activa*” would reach a stasis; the consequence of this would be that body capital as an expression of such assets would increase and lead to radical inequalities on the biological side among people. Humanity would quickly no longer battle for the community but for unequal individual survival. The consequences for the species would be very problematic because and insofar as there would be no ethics of human life that could protect the dignity of human life as a whole beyond individual interests.

Karin Knorr-Cetina (in German, 2005, 68 f.) argues that the new life technologies can no longer be expressed adequately with the language we have inherited from the Enlightenment. “Psychotropic drugs that miraculously alter personality, or biotechnological measures that permanently change germ cells, or genetic interventions that promise at least indirectly to eliminate individual death are phenomena for which our language is not adequate” (translated from German, *ibid.*, 68). What runs contrary to our language as it has grown out of humanistic traditions is the overemphasis on promises that take the place of values. A value-based society is full of demands on the individual, but promises appear full of opportunities. However, the point here is that precisely in the Enlightenment such values were associated with great promises (e.g., for the human equality) that often failed to be kept. But the promises still remain fundamentally attractive. This is deeply inscribed in body capital and its surplus value as well. Surplus value lives from promises that come about or should come about when many expect things could be a certain way. It is also a part of the promise, according to Knorr-Cetina, that it refers to the future and it is hoped that the person hoping can also see the promise fulfilled. In order for the promise to be fulfilled, however, the person making the promise also has to have the ability to fulfil the promise. But in a culture of promises, the expectations on the associated demands and the ethics of action decrease because the consumer’s wishes often direct the ideas about feasibility, and the promises are rarely kept by those who make them. At the same time, people know about unfulfilled promises that the wishes often count more than

the facts. And this makes it difficult to measure body capital precisely, although everyone believes that there are promises about its effectiveness. In addition, Knorr-Cetina observes that the relationship between use and exchange value has changed in recent times. Interactions are increasingly determined by the objectification of things that can be consumed, which is a tendency that Marx already discussed in the fetish character of goods. The social undergoes a transformation against this background: “Sociality occurs when the self as a structure of wanting loops its desire through the object and back. In this movement, the self is endorsed and extended by the object . . . , which also provides for the continuation of the structure of wanting through its lacks. Sociality here consists in the phenomenon that the subject takes over the object’s wants—as a structure of wanting, the subject becomes defined by the object” (Knorr Cetina & Buerger, 2000, 157). When in addition to all other goods, the body also appears on the market, it is also reduced as with everything else on the screen to relevant price forms that stand in the foreground. “The literal ‘wants’ of the market expressed on screen are the conversation-initiating price questions by other banks and institutions, which traders attempt to ‘read’ with respect to the dealing intentions (buying or selling) of the calling party, for their implied market- (price-) transforming significance, etc., and to which they respond, trying to fulfil their own wants” (ibid., 156). But it is not just the markets that determine our wants; the subject also articulates itself through them: “Conversely, the articulation of the object, the market, is looped through the subject: as a structure of lacks, of the questions it poses and the things that ‘it’ needs, the market receives the kind of extension that the subject determines” (ibid., 157).

As with the other forms of capital, in the analysis of the activity of using body capital there are at least four aspects that are necessary for understanding the essential elements of action in dealing with this capital:

- 1) Bodies are expressions of persons and personalities, a habitus and taste, health, fitness, eroticism, and biomanipulation, which are managed and developed in social practice and stand in the tension between choices and external attributions (marketing). The body is intersubjectively visible and present and is the agent of one’s own and external observations, comparisons, views, and attributions which are always connected with comparative evaluations. In order to create the subjective body, there are sufficient body use values that can be obtained as well as markets on which body use values can be accessed. There is a conventional pressure on all subjects to shape and subjectively demonstrate their own practices of the body.
- 2) Bodies are presented in objectified forms. Causes, style, and social lifestyles that come into view “embodied” are interpreted by appearance. It is thus necessary to stage the body in certain ways, in culturally desirable

forms, and in market-relevant scenes, and it is neither useful nor possible to hide the body in such a way that it remains invisible to others.<sup>1</sup> Customized cultural work on the body is a basic condition for physical action, i.e., with the existing substantial individualization of people in global capitalism, there is a comprehensive need for managed and consumer-oriented practices of the body that require knowledge of normative expectations and the body-related markets. A large amount of time for care, concern for oneself, health, fitness, rejuvenation bio practices, beautification, and maintenance are necessary in order to produce use values according to personal requirements for the body that are objectively recognized and disseminated in the media. Meeting generally accepted conventions regulates one's own success with respect to work on the body in order to generate exchange values that are actually valuable on the market. An additional means here is also body presentation in virtual spaces, which promises everyone the hope of presence. But hope has its limits. All expenditures secure body use values that only operate perfectly within limited time frames and are always challenged by the body's aging. Another issue regarding time expended on the body is, as with social capital, the ability to successfully make use of such expenditures in the corresponding desired social circles. And finally, there is always the danger of culturally desired practices of the body changing where, for example, a previously sanctioned tattoo can be transformed overnight into an expression of ugliness.

- 3) In body capital, there are also initially only subjective experiences and assumed expectations that allow one to draw conclusions about possible uses of this form of capital in achieving higher incomes, marriage, upward mobility or other forms of profit on the basis of expenditures of time, effort, and resources. Nevertheless, particular successful careers depend on a favorable body habitus and especially on sufficient capital with regard to health, fitness, eroticism, and bio power. Additional benefits can be secured here or established as starting points for obtaining higher exchange values in the forms of capital. What is crucial here is the situational success of transforming use values into monetary advantages that reward the subjective costs and efforts of pursuing a culturally desirable body and allow for the use of additional means of body care.
- 4) The respective social status of actual income from body capital beyond boundaries of social classes, income levels, status expectations, etc. is largely dependent on the openness of a society. An essential indicator

<sup>1</sup> This is a Western and capitalist view of the body. It can be contrasted with other cultures with completely different views. Thus, for example, wearing a burqa is a religiously required attempt to hide the body in order to protect its assumed secrets and seductiveness and preserve it patriarchally as a hidden image of the body.

for this is the degree to which body capital can help someone jump social classes. A further indicator shows the degree to which it is possible in the society that large groups of people are still included in the schema of the young, healthy, beautiful, and fit body or the degree to which practices of discrimination lead to the exclusion of many people. Capitalist consumer pressure can have the positive effect here that the standardization of beauty covers and differentiates large groups in order to sell as many products to as many people as possible. For example, advertising has now discovered older people as a positive peer group and thus attempts to counter the madness about being thin with different models. Nevertheless, there is still great cultural pressure because advertising and the media also want to present the most perfect image of the body possible in order to deliver more use values. If, however, a large group of people is excluded because they do not have adequate means for consumption (especially in the luxury areas of fashion and healthcare, etc.), then social disagreements regarding the body are suggested to be “natural.”

### *5.2.2 Production of Surplus Value through Supply and Demand*

In surplus value arising through training and shaping of the body, there are always comparisons of the body involved and the supply and demand for the body are always intertwined with these practices. In the transition to a consumer society, alongside the expansion of basic well-being and leisure, the body also becomes a point of attack and starting point for consumption and status comparisons. The explosion of concern with the body expresses itself in the phenomenon of the glorification and display of young, fit, thin, healthy, attractive bodies that appear maintained, beautified, trained, styled, and ready to consume. The cult of the body is aligned with a body industry that markets all of this to make profits. And even if all people appear equal and are equal from the perspective of consumption, i.e., they are supposed to consume as much as possible, it is part of the paradox of the cult of the body that differences between people are taken as an occasion to present more and more perfect bodies in order to raise the pressure on the consumer. This is why the mechanisms of supply and demand seem to be so much stronger and obvious in this domain.

The market activity in which bodies act is not only the open stage of public display here but life and work in general. It is part of the self-presentation and staging mechanism for all people to bring the body into play in relationships, work, leisure, and even in desired fantasies, although this game always ends in comparisons with each other. To the extent that it is thereby reaffirmed that everyone can improve their self-promotion, supply and demand pressures

arise, which mutually reinforce each other and are promoted through the commercialization of the body in advertising, film, TV, and current body idols. The eroticization or sexualization of the body in particular which extends all the way up to the increasing acceptance of pornography shows the dynamics of this process. The increase in mental disorders such as anorexia and bulimia are signs of crises in a culture whose obsession with the modelled body allows no one to really appear perfect because in the relentless comparison of bodies there is always someone who appears more perfect and successful. Also, perfection is always already tied to the deception of advertising and idealization, which retouches and hides anything that does not fit the desired image. Thus, in the domain of supply and demand, the body constantly struggles against its own ghost.

Depending on cultural preferences, certain bodies have an advantage over others from birth. The demand for models of beauty, youth, health, fitness, etc. is so large and at the same time so standardized that some people enjoy “natural” advantages from birth. But these advantages are often not enough if there is not also an additional habitus that does not squander the body on the market and thus waste the special attractiveness of a certain period of life. It comes down here to using the four strategies just described for the training of the body in order to increase demand and drive up the price. Body capital can be traded as a good. Bodies are not just available for purchase in prostitution in order to illustrate eroticism, in the way that art is displayed in an apartment, because a body that is in demand sees benefits on the market, in relationships, in the search for partnerships and work, and in the formation of social networks. However, the effects of the body as a product even in erotic capital are limited, which increasingly drives people to use their body at the optimal time on the relationship and marriage market, in networks and at work. Just because people do not like to talk about it, does not mean that it does not happen.

Why is high economic capital almost always connected with a certain body capital? Why do the rich and beautiful constantly approach each other? What is the exchange rate according to which aging men with deep economic resources attract the youthful beauty of women? The logic of the social domain, which Bourdieu attempts to investigate in order to understand preferences in choice, reveals a capitalization of the body here where the highest bidder in terms of economic capital wins. But those who are successful or those who look on with envy pretend that things are totally different.

There are also at least four aspects in the analysis of the action of using the difference between supply and demand that are especially important when we consider social actions in this domain:

- 1) Bodies as well as physical relationships are experienced and regarded as essential in all social groups. There are different kinds of physical work

or bodily work in families, work, and leisure. Demand happens in a changing world and is subject to fashions. When appropriate supply can be provided for demand pressures, new practices of the body arise that go beyond previous boundaries with regard to the body. But in comparison of the bodies the demand for the best choices seems to be never fulfilled. At the same time, over the long term, demand pressure produces a variety of offerings, and the consumable variety of offerings increases demand pressure.

- 2) There are choices with regard to supply. Investments can be made in the tense relationship between interests and amusement on the one side and calculation and benefit on the other. But only solid market observation can help one properly calculate and plan for one's own body opportunities in light of supply and demand.
- 3) There are physical means of exchange, which allow exchanges to take place as simply as possible. Such means of exchange are available in the form of physical relationships, through eroticism and sex, and collective physical experiences in fitness, sports, and collective labor. But these means of exchange are not physically and socially equally accessible to everyone.
- 4) Physical investments are almost never in vain as long as they do not entirely neglect demand, i.e., the invested costs are actually recouped either in the form of subjective satisfaction (individual demand side) or in gains in the search for relationships, in income and job security, or independence (social demand side).

### 5.2.3 Creation of Surplus Value through Illusion, Deception, and Fraud

The first illusion with regard to the body already lies in the fact that it is inhabited by a certain class character, which Bourdieu points out primarily with respect to the cultural habitus. The body is shaped from birth in connection with social, cultural, economic, and educational conditions; there are also special individual formations in the context of certain preferred conventions, and certain social classes and cultural aspirations. This was discussed in detail with regard to social and cultural forms of capital. Bourdieu even maintains that it is precisely the body that reveals a particularly persistent "objectification of class taste" because such tastes often present themselves in a certain way through physicality and the forms of appearance and presentation of a habitus (see Bourdieu 1987 a). Thus, for example, for athletic bodies one can distinguish between sports for the lower classes such as wrestling and boxing and sports for the upper classes such as tennis and golf. Clothing as the external shell of the body also reveals a great deal about the desired body



through what it covers and displays. At the same time, however, such differences are also more easily overturned through increasing individualization, and the areas of consumption and demand change more quickly than they did previously. This is particularly true for taste, which for the lower classes is often limited to fast food and convenient products from discounters—with corresponding effects on the body—; there are distinct differences in particular between upper and lower classes with respect to visits to restaurants, but there are also a lot of common points. In this domain it becomes clear that the habitus is not just a cognitive construct of a certain culture but that it also includes emotional and physical aspects that reveal both socially dominant and class-specific practices of the body as well as individual variations and deviations. Why is this?

The more self-staging practices are supposed to secure capital in all its forms, the more individualization becomes necessary for adequately developing one's opportunities according to existing resources. The more this has become a mass process, the more variations also have to be possible in order to be able to add to the diversity of the supply and demand. A social and conventionally normed image of the body does stand in contrast with this—one could also talk about favored bodies here—, but the variety lies in the fact that there are also variations and gradations of this image so different positions appear to be attainable in a fairly open field of rankings. Everyone now just tries to avoid ending up in the lower ranks. This in turn brings about a frenzy of illusion and an increase in attempts at deception, in order to secure benefits, as well as fraud so that one can secure these benefits more easily than others or avoid ending up in the lowest ranks if one starts off in bad conditions.

*Illusions* are in principle socially desirable for all bodies because as consumers people are supposed to buy those things on the market that are associated with a high price and often exaggerated promises. Commodity aesthetics gets into the wildest frenzy in particular with regard to the body, and it also imbues many other objects in the world of consumption with additional physicality (a classic here is the connection between a beautiful woman and a car). Although the illusions are directed at everyone, they also promise, as was the case with the other forms of capital, each individual better effect, a more favorable prognosis, smarter behavior, etc. in comparison with others in order to make their profits. With regard to the body, people can be affected very easily because all comparisons quickly appear obvious to them because they constantly look at their body in the mirror and construct it in comparison with others. Measured according to the comparative norms of beauty, youth, fitness, health, and status of biomanipulation, they construct a self-image that is shaped according to advertising and media scenarios either consciously or

unconsciously, and thus the illusion of consumer goods is always already processed as a part of oneself. Even those who think in alternative ways discover their fashions and organic brands. In the struggle over individual body capital, there are various kinds of illusions that people become subject to in order to effectively distinguish themselves from others. This is similar to advertising strategies: if someone puts time into their body image and the shaping of their body, the illusory benefits of spending such time have to at least be symbolized as ideas and hopes. With respect to the body, this has become a significant burden because there are many illnesses that do not fit the illusory model or norms here in individual cases.

*Deception* in body capital is almost always primarily self-deception. Whether a woman's breasts are too large or too small, nature can be fixed and outsmarted. The constructed body now shows itself on its objective side. An entire industry of deception has emerged in order to continue to paint this deceptive picture, which rests on a fundamental need to alter the seemingly unalterable. The fantasies extend so far that natural laws of evolution according to mutation and selection are rendered powerless so the same thing can constantly be reproduced, which at the same time would lead human development into a dead-end. This is the essence of deception: it no longer sees the degree to which it deceives itself and the consequences it produces in the long run. The plastic surgery that was still successful today is a disaster for our body image when we age again tomorrow. On the other hand, the greatest power for body capital arises at the moment when the right body image can be captured. And finally, deception in relationships is also not experienced as deception when both parties agree on the goal of producing a beautiful body in the richest possible environment. This extends even to the most minor practices of the body: the retouched photo, flattering clothing, self-suggested fitness, convincing oneself that one is in the best health, etc.

*Fraud* with respect to body capital is often rooted in promises of profits that cannot deliver what they promise. Thus, operations lead not only to beauty but to disfigurement. And people do not just exercise but make themselves sick doing so. Rejuvenation therapy can also lead to depression, which makes us look old. The fraud that we commit against our own body is also not so rare. Thus, we lie about our birth date, hide hereditary diseases or other burdens, and refuse medical consultation because we are afraid of discovering we are ill.

There are also four aspects here in the analysis of the action of using illusions, deception, or fraud, which are essential for enabling these practices of the body to be effective:

- 1) There is a mixture of real and fictional practices of the body in the domains of beauty, youth, fitness, health, eroticism, and biomanipulation,

which are carried out at certain costs, i.e., a presentable body is produced which can be offered socially and culturally. The more one's own reasonable "nature" is contained in this body, the better one's chances are on the body market. But illusion, deception, and fraud, which enhance this body, are capable of securing additional gains in surplus value.

- 2) Physical achievements are presented, described, and demonstrated as something plausible for "common sense" in order to be credible and actually generate sales. With regard to the body, such presentation especially finds success through display, high ratings and acclaim by others, success in the physical arena (from sports to sex), as well as the recounting of stories that appear credible.
- 3) Gains are achieved through externalization of the body, which happens primarily through symbolic exchange. It is suggested to the exchanging party that they have achieved handsome gains. Here the symbolic gain is not as a rule supposed to appear directly economic as in prostitution; it is hidden, concealed, or remains undetected. The external observer is thereby someone who makes an attribution that is justified by the "true" circumstances. Then wealth and beauty are joined together in exceptional cases because of love and not the intention to create surplus value. Who is supposed to draw a line here? Even the "objective" observer is always involved in the illusionary game.
- 4) Surplus value is realized either in an actually existing value or through pure fraud, i.e., it either increases already existing body capital or increases demand, compensates for disadvantages in both areas, or generates gains without any trade-off.

#### 5.2.4 Production of Surplus Value through Parasitic Participation

The largest gains are made from physical characteristics that we have from birth. Genetic origin is not irrelevant in view of the inheritance of certain physical features. In the past, physical differences or a foreign appearance were already discriminating factors at the level of the body, and it was difficult to change this. Of course, this is still true today, but through the tendency toward individualization on the one hand and the mixing of many different societies through migration on the other hand, the attribution of such differences to people is not as strong as it once was. However, this also has to be supported by inclusive policies and anti-discriminatory practices of the body to sufficiently answer the demands of human dignity and human rights.

Apart from that, the mechanisms that were already highlighted for other forms of capital also apply in this domain. The social and cultural habitus in particular always also include a body habitus, and these are created together.

Parasitic participation is especially evident where the beautiful join themselves to the wealthy. Here both sides operate parasitically: one gains access to monetary benefits, and the other gains access to erotic exploitation. Transplantations also present a distinct area of parasitic participation in the bodies of other people, particularly when people are mutilated for money.

### 5.2.5 Summary

The surplus value functions of body capital are summed up in chart 22:

	Form of body capital	Surplus arises as a difference	Gain in its form of action
1.	value of social relations through investments of bodily labor (time, effort, resources)	between the costs for bodily labor <i>versus</i> the achieved exchange value mediated by physical relationships	the exchange value achieved through physical relationships exceeds the costs in the long term
2.	supply and demand	between common/existing and unusual/rare physical features in invested costs <i>versus</i> later gains in status and income actually achieved	physical, bodily competition relativizes the expended costs and the realizable surplus value through fluctuations in the volume and realization of gains on the market
3.	illusion deception fraud	between the usual, comparable values of physical features via costs <i>versus</i> the fictional value via illusion, deception, or fraud.	the body is worked upon actively to secure gains and extra profit via illusion, deception, or fraud.
4.	parasitic participation	between participation in the assets of <i>others versus</i> one's own minimal efforts	inheritance, transplantation, and marriage relationships in particular secure the gains

Chart 22: Surplus Value through Body Capital

### 5.3 The Societal Use of Body Capital

The importance of the body in all human societies has been described by comparative cultural studies, which often reveal a strong anthropomorphism. In their world views and cosmic beliefs, humans across time always add themselves as a “natural” image, whether it is in the creation of the world according to the measure of the human body or its parts or an interpretation of the external world and nature according to the models of human behavior (see for example O’Neill, 1989). But to draw from this the hope that because of their concern for their own bodies, humans will also concern themselves with their projection on nature and the external world, as O’Neill supposes, is of course too narrow at least for the present. Concern and care for one’s own body is evident, but interest in the rest of the world appears for most people primarily to be directed more toward their own satisfaction and (except in critical reflections in academic circles) less toward long-term preservation of the Earth. Nevertheless, and O’Neill is quite right about this, we often feel and think about our world in an embodied way, or from an embodied perspective, or see society reflected in the body. This is especially clear in biopolitics, in the body politic, which is a body that calls for social and governmental regulation today given the increase in body capital.

Such regulation initially appears paradoxical. Capitalism is based on freedom, which is freedom of the body if anything. It is an undisputed private possession and a condition for human relations structured according to our own desires and preferences, for concluding a contract, for trading hours at work for wages, for moving independently as a free body, or for looking on the labor market for certain bodies in the form of labor for certain jobs. The state should under such capitalism ensure that the body can develop, move, and work, etc. freely. This is also the main goal for all liberal economic approaches.

But this free image of a freely acting body quickly reaches limits, which we recognize when we consider the conditions of this movement clearly. Here, the anthropomorphization or even naturalization of the body is a major threat to critical consideration. It robs us of a deeper insight into practices of the body as they appear, for example, in the formation of cultural and body capital. We only see the acting body then and how it behaves, but we no longer understand the background and know too little what happens, why, and with what interests, power claims, and differences. That is why it was so important for Foucault to show practices of the body in their discursive contexts and constructions. This first opens the possibility of speaking about body capital that is not tied objectively to the body or its skin but is inscribed in it (theoretically constructed, conveyed in norms, values, and behaviors through education and demonstrated on the basis of observations). There is tension here with regard to the body:

On the one hand, it is a disciplined body because and insofar as the claims and behavior norms that society expects and requires express themselves in external constraints and self-restraint. Bodies cannot act freely and do whatever they want; they have to move within lanes that apply socially to all bodies and their interactions and are regulated and sanctioned. It is this history of discipline through surveillance and punishment, through the division between normal and abnormal, and through discipline that works powerfully upon the body that especially interested Foucault and about which he developed his excellent studies.

On the other hand, however, it is about the technologies of the self and not only about power that affects the body but also about a power that people produce from themselves and apply to themselves and others, which is typical of practices of the body or more generally of the relationship between the individual and society.

Both sides produce in their interplay a discursive understanding of the body, society, and the individual itself because the meaning of truth and lies, normality and abnormality, inclusion and exclusion is first expressed and negotiated here. Such meanings are always set by and permeated with power, and this permeation is always connected with knowledge that helps such power act. The definitions that are given, for example, discursively in the sciences on bodies and their practices or other phenomena express a power of definition, which subsequently also manifests itself in specific power practices on the part of representatives of certain definitions. Looking at the body, this means that existing and prevailing power interests are inscribed in the body, appear as knowledge about the body, and they allow the (sometimes scientific) background of the respective constructions and interests to be forgotten easily. Thus, the body industry, for example, affects the body with its consumer interests by hiding its interests behind apparently natural and self-evident knowledge (= bodies are the way we present them to be) in order to act on its power and realize gains on the market. However, because all knowledge practices always act with such power and often also against the background of the markets if they want to be effective, the expectations for knowledge also always simultaneously involve the exercise of power.

Such power also always has two sides. First there is the repressive, normative, and disciplining power, which was discussed in particular in Foucault's earlier works, but which does not simply disappear when he discusses another side of power in his later works. This other side is more of a productive, constructive power of the self, which expresses human demands on themselves and others that are necessarily a part of survival. This connects with the work of Nietzsche who was very influential for Foucault.

Without going into detail about Foucault's studies or Judith Butler's studies that build upon Foucault, I want to highlight that bodies are always connected with knowledge (language) and power in discourses, i.e., in discussions about

the body, which generate a certain perspective and interpretation. So as observers of the practices of the body, we are called upon to deal critically not only with individual practices of the body but also with claims to power that inhabit these practices. This also applies in retrospect to the other forms of capital, which have also generated questions about the role of power in their domains.

This insight into the power relations with respect to the body is significant in a particular way. Thus, for example, advances in medicine with regard to bodily phenomena have given rise to a discourse according to which the body is increasingly shaped. The discourses define what is generally health, the body-fat percentage you should have, your ideal weight, what appears to prolong life and what does not, what is normal, etc. At the same time, this kind of medicine does not have a neutral and objective relationship to humans, i.e., it is not merely beholden to the truth of apparently objective medicine but is always associated with its own interests and the interests of others, which are often profit-oriented; all of this makes the construction of the body questionable. Thus, for example, without medical technology, in the past death came much sooner than it currently does. Recent medicine has constructed the idea of brain death in order to provide clear indications for when death occurs and the medical devices should be turned off. This discourse, which constantly changes given the improvements, for example, in knowledge and practices, defines how the body is perceived and evaluated. It also no longer helps to reverse the question and consider what the body *actually is* because every study only constructs a new variant in the story of knowledge and power.

In his studies on “The History of Sexuality,” Foucault showed, particularly with respect to the development of sexuality, that this putatively most natural thing in the world does not exist in pre-discursive forms. The transformation of sexuality in the course of history vividly shows that sexuality is always embedded in a narrative and a setting, which is created differently according to different cultural practices. The history of modernity, which is often characterized according to the pattern of a repression of sexuality because pleasure and work exclude one another, has another side, namely the fact that sexuality has never been discussed more than in this supposed climate that is against pleasure. The pressure toward sexual confession, which we know has increased in pedagogy since the 18th century, has today become an ecstasy of experiencing intimate practices with which the mass media increases its demands or meets its broadcast quotas. This increase has also been accompanied by a regulative discourse so that sexual behavior can be controlled and directed.

Foucault shows how this has been carried out thus far in four types of discourse: the hysterical woman represents a construct of the inner differentiation of psychological operations (particularly later in psychoanalysis) and

for a long time establishes ascribed gender roles; the masturbating child makes fears such as control of sexualized confessions especially clear and leads to childhood sexuality becoming an object of pedagogy; family planning on the part of couples shows the mode of modern sexuality in particular as a task of socialization; the perverted adult describes the perversions in desire and how it should be eliminated and punished. In all four cases, it becomes clear that sexuality is not just about the nature of things but about constructions within the knowledge-power complex.

Even if Foucault could only describe excerpts from this history, a bio power appears here that arises in the tension between the disciplining of the individual and the regulation of the social body. On the one hand, such bio power creates a micropower of countless minor surveillances of the body, through medical and psychological tests and diagnosis, in order to assign each body its place and space, which it must occupy in the tension between the individual and society. On the other hand, the social body is measured and analyzed in every way, particularly in statistics and generalizations, which can then be transformed into political and bureaucratic interventions, i.e., in a biopolitics, in order to regulate society.<sup>1</sup>

Individualization in liquid modernity combined with the simultaneous expansion of consumption increased the tendency to free the body from its narrow confines and attributions. For example, in the past a different sexual orientation was a prison in two senses: (1) the body had to hide itself so that it did not attract attention; (2) the discovered homosexually oriented body was threatened with prison time. Today such bodies are captured by normalizing expectations such as homosexual marriage, which no longer only reveals the tendency toward individualization but also the social recognition and transformation of the body in regulated practices.

Sociological research on the body is also always research on inequality. The individual, unique, and special body of each person becomes an occasion in the social domain to regulate its movements, paths, and turns in order to reduce losses due to friction and to convey a set of culturally held practices through routines and institutions. Even if such regulations aim at all people, thus for example statutory norms and punishment are defined along with practices of the body, an observation of these practices shows that people behave in unequal ways and achieve unequal results. A significant change can be seen here. Although in the past, it was often understood that on the basis of nature people have certain advantages through their body via birth and temperament, this natural attribution has increasingly transformed today into a recognition that such advantages are produced in combination with biopolitics if not wholly introduced by biopolitics. For example, if in the past

<sup>1</sup> Foucault has had a fundamental influence on the sociology of the body. For sociology see, for example, Shilling (1993), and for feminist discourse see Butler (2004, 2006) in particular.



women were already disadvantaged by their bodies because they were held to be inferior, a biopolitics based on gender equality can create conditions for the creation of a new “nature” for women, which enjoy equal rights. But the more intensely biopolitics intervene in the people’s attributions and judgments, the more critical its account must be of how it positions itself in the field of inequalities that remain. In democratic states, there are also numerous practices of the body that tend to reinforce inequalities rather than eliminate them. The four forms of body capital described above are their instruments.

People with a high volume of cultural and particularly economic capital, attempt in their practices of the body to derive direct benefits from their material resources by upgrading them in various ways. First, they are more easily in the position than others to upgrade the body through the media, a practice that is associated with biotechnology and genetic technology; although this is a practice that is in its infancy today, it is already developing in an extraordinarily dynamic way. Paul Virilio (2004, 2007) sees in the technological advancement of medicine in particular an overcoming of the body, which not only fights to preserve the dignity of its nature but also attempts to transform it into a replacement-part warehouse with pacemakers and other technological aids in prosthetic surgery; this makes bodies increasingly unequal through transplantations or creates a capitalist market that will lead to new class struggles. Here the necessary “replacement parts” can be directly traded as use values on the exchange-value market by those who are abused by greedy criminals or who out of despair about their lack of basic subsistence exploit themselves. The practice of organ donation in case of death in contrast has not been developed enough, apparently because many people fear possible abuse.

The treatment of the body in the media not only means that people struggle with and against each other for a really perfect body; it also means that the body and its real interactions have at least currently become less relevant. Bodies that sit in front of films or computers no longer need to be present in the interactions between real people but simply remain in stasis in order to liberate themselves for virtual, fictional, and physical experiences and idealize things more strongly than before through supposedly perfect appearing models. Because this perfection of reality has actually been divested of actual physical interaction, the image of interaction itself changes. In addition to the mere presence of agents, the interactions among present people always also involve a *performance*, hearing their intentions and stories regarding themselves and others, comparing them, remaining open in their own perceptions, and also encountering contradictions, uncertainties, etc. The more the body is captured in images of fictional interaction and thus shapes itself in a self-image, the higher the chances are that actions, presentation, display, and performance become dominated by external images represented by con-

sumption ideals. As a result, an intentional, linguistically differentiated observation and interpretation of behavior through complex stories involving reasons and sympathy disappears.

There is, however, also an interpretation that is precisely the opposite of this: new media can allow agents in virtual interactions to construct new aspects of and perspectives on their bodies, which offer them completely new possibilities for developing and finding themselves when they move away from superficial attributions and learn to realize their own aims.

Both areas are under pressure by capitalization. We are familiar with this regarding all practices of the body. One nice example here is the beach, which has been invented as a place for displaying, shaping, and tanning the body. There are cultures, particularly in Asia, where the beach is still completely alien and people take vacations at the beach without actually using the beach itself. For example, the Chinese go to the Maldives to dive, fish, or have other adventures, but the beach itself does not open up for their bodies. The beach is a construction by modern Western culture (see Corbin, 1995). It is a place where the body can apparently embrace its own nature by encountering the seas, sand, wind, sun, and eventually crowds. This is also at the same time a history of undressing the body and erotic charge; it also costs people increasingly more money in order to reach the true paradise beaches. Kaufmann (in German, 1996) shows in his studies of the beach how supposed physical freedom turns into mutual monitoring, calculation, and comparison where even the smallest gestures and glances are regulated. The practices of the body at the beach are not only permeated with financial contributions that are necessary for even going to the beach but also express possession of one's own forms of capital. The visitors spread out their towels and belongings and defend their territory against possible invaders precisely because they move so close together here in the presentation of their individuality. The cultural habitus usually requires that one hide one's glances behind sunglasses and disguise one's glances at others by acting as if one is indifferent. This is when women remove their tops in order to linger in apparent intimacy, which however also always includes showing their own physicality. It is a showroom for the comparison of more or less fit bodies, beautiful and young bodies, and the fact that there are also other bodies also generally provides justification for people's own expectations.

Body capital not only appears entwined with and mediated by other forms of capital, it is also an expression, external image, and staging of a habitus that has to be observed from multiple perspectives. There are two directions in empirical studies that can be distinguished here. First, the factors mentioned can be differentiated and then the actual traceable effects of body capital can be observed and analyzed. Studies on material status, the social and cultural habitus in comparison with expenses and expenditures for body cap-

ital, consumer habits, physical relationships, and health conditions (differentiated according to the main distinct aspects in this form of capital) would be useful (= a basket of physical expenditures). At the same time, the correlations with the labor market, achieved degrees of freedom, and educational status appear to me to be most important here for drawing conclusions about the precise possibilities for the influence of state regulations. This work is characterized by a high degree of ambivalence. State regulations can help to establish provisions for avoiding discrimination in particular and opening a wide range of possibilities for action in people's relations to their bodies. But at the same time, a ranked comparison and competitive attitude can establish itself through capitalization, which can constantly become a new site for distinctions and practices of discrimination.

This ambivalence becomes immediately clear when we look at the media. Here the media's emphasis on the body is a complex issue that is in particular related to consumption and thus capitalization, which can hardly be avoided. In this respect, it is important to introduce regulations where the market would otherwise colonize the body and lead to inequalities in terms of practices of the body, which would quickly be in opposition with morality and human dignity. This aspect relates to state provisions that are directed in a critical process of political decision making primarily at education in this field in order to emphasize critical abilities and moral decisions and if necessary work against biotechnological possibilities. Previous studies such as those by Wilkinson & Pickett (2010) show that provisions for education are a main priority in this area. But anti-discrimination practices, regulations for the labor market and social services, and the establishment of sustainable healthcare systems also appear to be a main priority in addition to others so that this form of capital is not just left to individual strategies and thus to the production of increasingly greater inequalities.

What are the important social aspects of a politics of the body that occupies the tension between individualization and regulation against the background of the many aspects that were primarily alluded to here rather than worked out in detail? And what should the social provisions be in order to ensure adequate opportunities for all people for a dignified relationship to their body?

In view of body use values, state provisions appear needed in particular for the areas of health, fitness, sexuality, eroticism, and biocapital in order to ensure equal opportunities for all people with regard to their bodies:

- In the capitalist world, health is becoming increasingly expensive, and as a point of attack for the health industry it also guarantees numerous means of profit maximization. No country that strives for dignified relations for all can get around active health policy in which sufficient access to medical care is made possible and financed for all in light of economic

and social circumstances. This requires a state-regulated health and social security system, which provides such access for all and does not discriminate against or exclude anyone. It is astounding that wealthy capitalist countries such as the United States do not provide this for all. It is tragic how many people die from malnutrition and lack of healthcare on a daily basis (see Pogge, 2002). There are numerous proposals for developing countries (see Wilkinson & Pickett, 2010) as well as those from a global point of view (see Pogge, 2001, Barry & Pogge, 2005) regarding how healthcare can be regulated in connection with other human rights.<sup>1</sup>

- Health policy is always social policy and is closely linked with questions of equity and equality of opportunity. It is primarily determined by economic and political conditions, which often reproduce bad conditions for health. This means that questions regarding health have to be conceived of as fundamental questions regarding the biopolitics of a society outside of the individual phenomena of struggles over the body as the expression of individual strategies for body capital. Economic and political powers, as the expression of certain interests and power positions, e.g., profit-maximization strategies in the pharmaceutical industry or other capitalistic interests in the areas of health and the body, lead to the impoverishment of certain populations, social classes, and underdeveloped countries. In the WHO report from 2008, such reasons are given, and numerous alternative strategies are proposed.<sup>2</sup> Many political movements in the context of human rights movements or individual issues such as HIV/Aids help to develop a broad view of the causes of illness and violations of human rights and develop countermeasures. It has become really important to collect sufficient data on global health and combine this with economic analyses—and analyses of the forms of capital I discuss here—in order to develop legitimate strategies for the improvement of social justice as a whole. Not only ethical claims could grow from this, political demands could also arise and be pursued by larger groups of people in order to develop measures and tools that can be used both in individual countries and at a global level. Inequality, however, makes situations worse, as studies have shown (Wilkinson & Pickett 2010).
- Educational policy that does not ignore the body is essential for developing sufficient physical opportunities for everyone. This applies first to the need for an inclusive school system that also serves people with disabilities and people from disadvantaged classes in order to increase their educational opportunities. A full-day school system with sufficient and

<sup>1</sup> On this, see the proposals from the “Health Impact Fund,” which focuses on medicine for the poor: <http://www.yale.edu/macmillan/igh/>.

<sup>2</sup> On this, see <http://www.who.int/whr/2008/en/index.html>.

healthy nutrition and sustained preventative healthcare as well as adequate opportunities for exercise according to interests has to be a goal for policies regarding the body, which are supposed to provide opportunities for everyone. One of the major standards here is anti-sexism and the prevention of sexual exploitation. It must be sufficiently funded for the socially and economically weak so that new educational privileges are not produced (affluent classes enjoy healthy school nutrition while the poor are excluded). Because the connection between higher education and longer life expectancy and better health is clear, the state in particular must create provisions in this area to reduce the education gap.

- At the same time, discrimination of all kinds has to be fought actively; this includes physical or sexual discrimination or bullying in any form in social groups. Clear guiding principles and regulations are needed here at schools, in work with youth and children, and in sports and all social groups in society so that mutual help and common objectives in the sense of mutual acceptance and assistance grow rather than continue to decrease.
- Overall, state provisions have to show sustained expenditures for physical, educational, and practical training through the support of a variety of projects and associations. This includes in particular expenditures in the areas of gender discrimination, anti-sexism, and anti-racism. It is also important to promote rational body awareness, health awareness, and healthy nutrition with positive examples, where the state has the ability to regulate (thus in particular in all state institutions), and to promote active schools and an active society in order to develop the potential for critical rationality that is opposed to the interests of consumer society that are favored by certain companies and corporations.
- This also involves clear regulations of approved practices. This includes bans on smoking and other measures directed against addiction. In medical procedures, there must also be regulations that are supported by high ethical standards. In biopolitics, however, this always leads to an opposition between state regulation and individual desires. This leads to critical questions, which can only be answered in contradictory ways, regarding the beginning of human life such as in research on embryos, the problem of late-term abortions, interventions in human genomes, genetic tests and gene therapy, stem-cell research, clones, etc. Another group of problems concerns questions about the end of human life. This includes issues such as brain death, organ transplantation, organ trafficking, terminal care, and euthanasia. And there is also a debate about what aspects of life and which biological processes can be patented in order to monopolize aspects of nature for the generation of profits. The international bioethics council of UNESCO is a step in the

positive direction here for making ethical standards binding.<sup>1</sup> But it is also exceedingly difficult to defend ethical interests against the interests of the body industry, which wants to overwhelm the body with exchange values in order to realize profits. It is also difficult to sufficiently align private consumer interests in a consumer society with rationality and the reasonable decisions of majorities. It is a struggle that knowingly has to draw in as many people as possible through education so that there is even the possibility of ethically acceptable success.

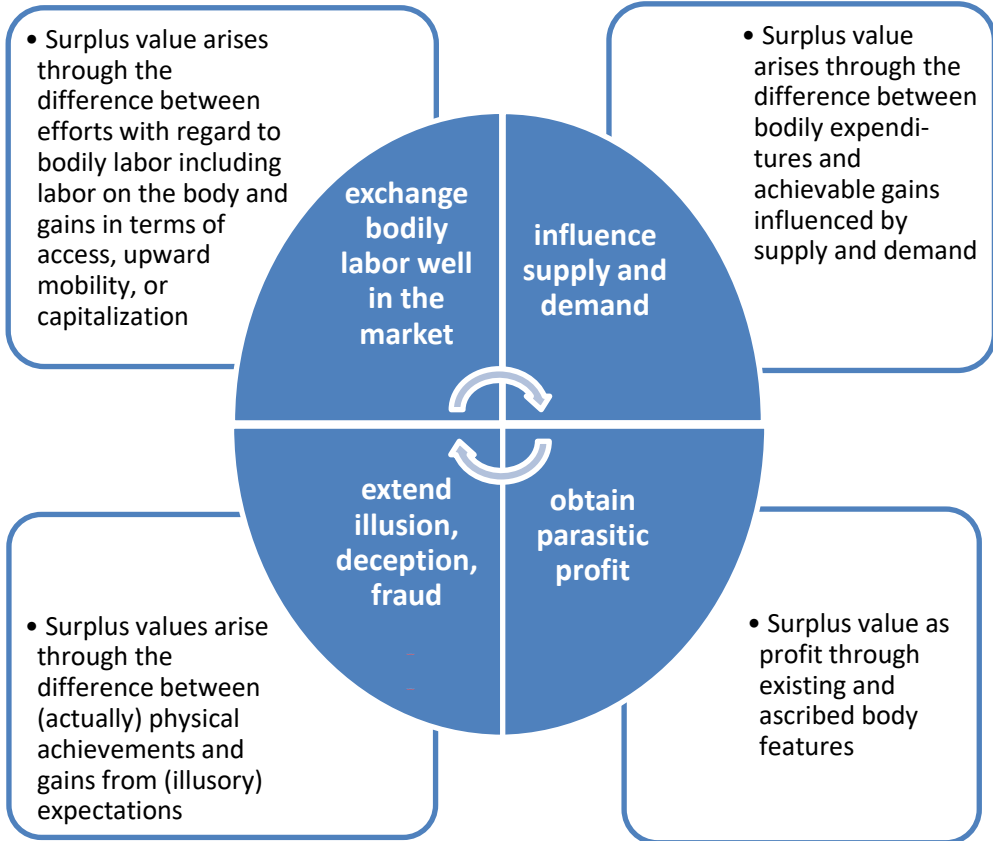
#### 5.4 Individual Use of Body Capital

For surplus value and its production, the owner of this form of capital has to develop and shape the body as much and as intensively as possible. If we take a closer look at the four forms of surplus-value production in body capital, a large degree of uncertainty can be seen with regard to the actual foreseeable effects. Chart 23 shows in a summary the individual strategies through which the surplus value of body capital can arise (*see next page*).

- 1) It is primarily always the difference here between one's own expenditures in terms of time, effort, and resources that generate benefits in terms of access, upward mobility, an improved position and associated gains. The presence and staging of the body is an essential condition for the realization in this regard of gains in its various forms such as wages, income, gifts, upward mobility, etc.
- 2) In physical relationships, everyone is in competition not only with each other but also within the various groups and circles with their inclusion and exclusion mechanisms. The shape of the body itself expresses this mechanism outwardly in its appearance. There are also strong counter-vailing strategies with many facets of fashion and style formation that define inclusion and exclusion. The market heavily regulates the effectiveness of the body through the demand side, but at the same time there are elements where supply helps determine demand. Individual calculations have to be very well developed and market-oriented if demand effects are actually going to be able to be used. Often these seem to be rather accidental and thus appear as individual luck (often constructed with respect to erotic capital to suggest that one has found the right person rather than it simply being a matter of the beautiful and the wealthy finding each other).
- 3) "More apparent than real." This motto also applies to body capital, but the efforts and expenses are often very large here for getting additional

<sup>1</sup> On this, see <http://www.unesco.de/bioethik.html>.

help. Illusion, which is mainly for others, often leads to self-delusion. All deceptions are in danger of becoming fraudulent because and insofar as there is the tendency to present what is shown in a special light using any means necessary.



*Chart 23: Forms of Surplus Value for Individual Body Capital*

- 4) It is always better to have a body that is beautiful “in itself” and fits with current fashion and ideas about beauty. Effort is also applied here in maintaining what already exists by chance. Others have to fundamentally transform. But nobody can be sure that they will not meet with a comparatively more perfect body that achieves even greater parasitic gains.

Against this background, it becomes clear why the costs for the body have grown and continue to grow.

As in the other chapters, we can also consider the consequences here of body capital for important areas of life.

- *Income*: body capital may lead indirectly to securing income. In combination with a social and cultural habitus, it can help to secure one's own position insofar as it expresses health, fitness, attractiveness, and biotechnological approaches to one's own resources and their formation, which represent achievement, perseverance, self-organization, self-restraint, and other such attributes. Individual initiative in particular may help generate body capital. But this also constantly increases costs. The private and profit-oriented interests of the health and pharmaceutical industries as well as the media have closed the gap in many areas left by missing governmental regulations and help to shape the body through mass taste, which does not leave even the elites untouched. Nevertheless, differences remain that are revealed in the body habitus and that can become important when securing a job or achieving a certain income. Although the body habitus is subject to increasing profanation, it defines inclusion in terms of economic, cultural, and primarily social status.
- *Unemployment or employment*: lack of body capital expresses itself especially in the fact that people, because of lack of body use values or attributes that are not sufficient in comparison with others, have less confidence in their own self-presentation, staging, and display of skills and physicality. This significantly reduces their attractiveness and is an obstacle for gaining or maintaining a job. People often derive a more or less pronounced self-value from their bodies, which can be critical in having success in competition with others. Sometimes it even comes down to physical favors or exploitation when securing a job.
- *Opportunities for social mobility*: body capital is always also a perspective on global developments and a reflection of the global body. Anyone who has body capital also has body use values that allow them to move more freely than others. People with such use values, which they are often able to exchange, learn more clearly than others to test their own potential in competition and to adapt strategies that open the best possible chances for mobility. Against this background, options for action and communication arise more easily. Body capital more easily opens doors that would otherwise be closed, but even beauty is no guarantee for upward mobility because it can quickly be prostituted. Thus, the possibilities and risks of mobility qua body capital also have to be considered critically if social mobility as the maintenance of possessions or a standard of living is to be secured or upward mobility is to be attained. As with cultural capital, the interaction with learning capital is crucial for long-term success.



- *Opportunities for consumption and lifestyle:* Culture is increasingly measured today according to consumption and appears in the body as a clear expression of the lifestyle one has attained. Bodies are omnipresent in almost all media. They are flooded with consumer goods in order to offer themselves to others for consumption in relationships and entertainment. Even if a profanation has taken place here as in all habits of consumption, it is the distinctions in the profane, mundane things that make the difference as before.

Summing up some of the considerations in this chapter, there are three scenarios that best capture individual dealings with body capital:

- 1) *The ownership scenario:* anyone who wants to acquire large amounts of body capital is always dependent on their own capacities and a certain origin. It is especially difficult here for people with putatively worse “natural” physical endowments—dependent of cultural judgments of taste—to overcome the advantages others have. Some have to care for and maintain their “natural” resources, while others feel themselves more or less forced to meet body ideals, which can be costly. But the affluent still have sufficient resources to actively shape themselves bodily. This gives them special power. At the same time, they are under more pressure with regard to aging, which they often desperately try to fight with a lot of resources and effort. Even the affluent are not free from certain regulations through bio power, which affect them when the state establishes restrictive legislation. It is precisely the affluent that most often resist such regulations.
- 2) *The upward-mobility scenario:* the improvement of one’s own body capital can begin with health, fitness, eroticism, or the body itself using biotechnologies. This wealth of variations allows for room to create and realize various scenarios for upward mobility. Upward mobility is made easier through favorable use values such as beauty, attractiveness, health, fitness, and erotic aura, but a deliberate climb will be successful only when one can make use of the very narrow window during which these use values can be realized as exchange values. Such windows for action arise only on certain occasions and have to be taken advantage of then. Anyone who fails to do this could also quickly experience downward mobility again.
- 3) *The uncertainty scenario:* in light of quickly changing mass taste, body capital is always insecure. Physical alterations such as implants, tattoos, etc. are particularly in danger of being regarded as ugly rather than beautiful depending on the fashion. Particularly in lower social classes, even beauty and attractiveness remain endangered values insofar as they cannot be maintained outside of limited successful situations. Anyone in such an uncertain situation can generally only expect from these body

use values exchange values that remain within their own social class. But it is fortunate that in such scenarios of uncertainty and insecurity, there are also some people who prefer alternative values of self-awareness over physicality. They have the opportunity to relate to their body in a freer way than others do.

## 6. Learning Capital

Today's world—to put things in simplified terms—is a collection of people who are in different situations. A big group called the lower classes have a small set of possessions that they store in rented rooms or, in more abject living conditions, carry around with them on the streets. In the broad middle class, which increasingly declines in their resources compared to the rich (as the development of income distribution in the chapter on economic capital has shown), there remain only few people today who can protect themselves against all circumstances. And there are even fewer people in the upper class who can neither survey all their possessions nor waste them because these possessions have long exceeded wealth acquired by tedious labor. Money as capital here seems to work for itself and proliferate infinitely. Such possessions may also come to ruination, but it would require malicious work against one's own inheritance.

Sometimes such images help to describe the state of things in such a way that we can immediately classify ourselves according to them. This applies to most people: the more ownership increases for the upper class, the weaker the possibilities become for participating in the real wealth of the world for all others. Owners secure the conditions of ownership through inheritance; this ownership is on a rather small scale for most people, but for the elite in the upper crust, it represents a wide variety of possibilities. It is primarily through education, i.e., through the use of learning capital, that opportunities for advancement can present themselves and an intermixing of all positions can happen, even if realistically we should not have high expectations here.

Bourdieu brought together learning and education under the idea of cultural capital. This made complete sense in the past because learning is always an expression of cultural relations between people. But with the capitalization of culture, especially education, the sciences, and learning, in the past decades it has increasingly been the case that learning capital has risen to its own distinct form of capital, which exceeds cultural capital through its own formation and maintains distinct linkages with economic and social capital, relates to cultural capital in a contradictory way, and also has distinct features compared to body capital. Learning capital has thus become its own form of capital.

Such learning capital is often referred to as “human capital,” which is a concept I already criticized in chapter 1. Keeley (2007) describes this capital from the point of view of the OCED as knowledge, qualifications, skills, and other characteristics that enable the individual to lead a life with personal, social, and economic successes, and create well-being. This is best achieved by raising the educational level. The OCED sees the opportunities for such “human capital” primarily

- in an increase of the returns on education, which is evident in higher earnings for graduates with higher levels of education (*ibid.*, 37).
- in the fact that income benefits in the case of higher “human capital” significantly decrease the risks of unemployment (*ibid.*, 38),
- in increased economic growth through scientific and technological innovations, which is a benefit for individuals, insofar as general prosperity may rise, and which can also open up countless other non-economic opportunities for action (*ibid.*, 40).

Nevertheless, the concept “human capital” is extremely unfortunate, and I will no longer use it in what follows.<sup>1</sup> It suggests that human beings themselves appear capitalizable and is thus over-generalizing. This runs counter to the differentiated approach that I pursue because in such an approach one can discern various forms of capital that each express partial aspects of human forms of action that are directed at exchange and commodity-money relations, but which in no way can point to a theory of human capital in the form of the characteristics attributable to a person. The forms of capital, as I use them, always express relationships between people; they do not reduce them to the characteristics of natural persons. Human beings—and this seems to be a fundamental condition for an academic discussion of forms of capital—are not a mere factor or just natural persons with certain characteristics; they are always interactively and systematically connected with others, and this condition manifests itself in practices, routines, and institutions in the form of capitalization. Talk of “human capital” in contrast presents a strong oversimplification in everyday use or a merely economic category with a narrow definition. “Human capital” thus always dissolves upon closer inspection and in-depth analysis into different forms of capital.

Education and learning are thus as much of an opportunity as a risk. Education as an individual obligation to participate in society is a modern ideal. Viewed in rational terms, education could provide a means to balance economically unequal groups and help overcome social and cultural differences. The poor person can rise through education and achieve a significant income; the wealthy person also has to be educated if they are to sensibly manage and maintain their wealth and not quickly fall into ruin. But how real is this ideal? I want to connect it with four fundamental characteristics that Talcott Parsons (1982) used to try to describe the apparent “universal” conditions of social evolution.

<sup>1</sup> See also p. 38 f. and 43 ff. The German “Doublespeak of the Year Award” in 2004 was for “human capital.” The explanation was that this concept is economically reductive and thus makes workers appear one-dimensional.

- 1) *Differentiation*: social tensions during development can be reduced through differentiation or the creation of different social roles in the individualization of people, and the distribution of power relations can be limited so that optimal development remains possible.
- 2) *Adaptive upgrading*: everything is developing and thus has to be maintained and thought of in a mobile and innovative way: the level of expectation, the distribution and making available of resources (capital, natural resources, technology, purchasing power, etc.). The more developed countries demonstrate the opportunities for mobility, the more this economic approach and lifestyle will spread worldwide. Today we also talk about *globalization* as a way of expressing this theory of mobility.
- 3) *Participation and value generalization*: a differentiated, mobile, and innovative society requires a high degree of mediation between its parts. Only a high degree of participation enables a sufficient degree of legitimacy for decisions that are made centrally.
- 4) *Inclusion in the sense of institutionalization of conflict resolution*: in addition to participation, there has to be an institutionalization (control, regulation, legalization) of conflict resolution in order to minimize problems in the development process and preserve legitimate decisions.

Parsons' position is very farsighted because although it does not describe a *universal* "rational solution" to all world problems,<sup>1</sup> it points out crucial ideal points of the actual (empirically verifiable) development of the past decades. What is really important is that it does not describe reality "in itself" once and for all but only provides criteria that seem notable for further investigating social developments. If we relate such investigations from the more general claims in modernity<sup>2</sup> to the conditions and possibilities regarding education today, strongly ambivalent or contradictory positions appear in this image of development. Education always takes place within the paradox of the social granting of educational opportunities and the individual self-will and possibilities for using these opportunities: so, I want to reinterpret the characteristics of modern development as they are set out by Parsons:

- 1) *Differentiation*: given our capitalistic orientation, education and learning today are mainly constructed as individual opportunities, and realized on the basis of one's own power, reason, and will, for attaining degrees and certificates that lead to a differentiation in a world of divided labor and thus to a division between higher and lower positions. The opportunities

<sup>1</sup> For a supposedly universal description it leaves too many points out; it also naturalizes a very idealistic construction of development too much and is one-dimensionally oriented toward growth.

<sup>2</sup> Modernity has long since developed into postmodernity (see Bauman 1995), liquid modernity (see Bauman 1995), or reflexive modernity (see Beck 2009). Contradictions in development are already contained here in the observer's construct of development.

for a real differentiation distributed according to principles of equality, or even just promoted according to appropriate criteria that actually enable growth for *everyone* in as equal ways as possible, remain in great parts unrealized.

- 2) *Adaptive upgrading and mobility*: education is strongly connected to mobilized agents and institutions, which should actually be promoted as learning environments and not merely perpetuated. Tensions have arisen here: innovative, better-equipped, privately financed, expensive, and even luxurious schools, which highly support individuals and provide assistance until the best degree is attained, are opposed to state-funded, badly equipped schools that select early and provide for limited mobility, where a bad degree, due to economic, social, and migration conditions, from a bad school awaits at the end. The opportunities are directly dependent on social and economic origins, and countries differ only gradually in this regard. Even in wealthy countries the opportunities are very unfavorable when compared with their economic power.
- 3) *Participation and value generalization*: participation by everyone becomes less likely the more the educational environments are determined and controlled by financial resources that only offer the best participation for those in better positions. Participation is thus reduced to protecting the interests of certain circles.
- 4) *Inclusion in the form of institutionalization of conflict resolution*: the school which is always already divided operates as an institutionalized stabilizer of inequalities particularly in those countries that already divide the school into classes through different forms and traits of education at an early age, or that, like many other countries, establish a private school system for the more affluent classes. Here, conflicts are avoided in the reification of certain educational opportunities and limited interests of mainly the ownership classes.

All four points also produce, at the social level, when they are maintained one-dimensionally in the sense of the preservation of property-oriented interests, sustained problems for both economic growth and social development. These problems result in particular from the fact that differentiation and individualization, with the qualified degrees thereby obtained and the many people who remain in limbo without qualifications, no longer suffice to effect adequately broad innovative economic growth or guarantee participation in the consumption of prosperity for all.

With regard to motivating achievement and promoting high individual health awareness and concern for oneself, missing or poor learning outcomes represent a major obstacle to future development. And lack of participation also indicates another danger that can result in a lack of willingness to engage

in democracy. The disenchantment with politics despite democratic conditions is particularly prevalent among those who have experienced few educational opportunities. Institutionalized promotion of better educational opportunities for all would thus be an excellent way to prevent conflicts that threaten democratic social development and do not sufficiently promote individual opportunities for just participation. This chapter will consider such problems.

## 6.1 The Origin and Effects of Learning Capital

The forms of action related to education can in my view be distinguished into three large groups of educational relationships, which will be investigated in what follows in order to identify learning in its changing environments:

- 1) Learning in the form of imitation, emulation, and modification, as it is described primarily in the *master-newcomer* relationship.
- 2) Learning as education and growth of collective and above all individual abilities and skills.
- 3) Learning under the conditions of the capitalization of learning and education (learning capital).

### 6.1.1 Learning in the Form of Imitation and Modification

Imitation is an ancient form of learning which humans have used since the beginning. Children and young people, provided that they can even be distinguished from small or large adults, imitate activities and behaviors that they see and experience. Such imitation arises from something that is essential to growing within a culture because general cultural and behavioral cooperation and communication are retrieved from it (mimicry, gesture, language, activities). There may always be a degree of variation built into such imitation, but in the end this degree of variety must be performed in a co-evolutionary way so a cultural and social group can still communicate. If, for example, children invent new words, they have to share them with their parents or the social group in order to interact cooperatively with each other. Interaction is the prerequisite for social reproduction and social cohabitation. Early in human history, forms of differentiation are already active that are dependent on the respective developing division of labor. Such division of labor exists in families, clans, and groups: but it also intersects with social circumstances in the emergence of particular activities up to and including professions. In early human history, all of this remains very local, but it is already in essence quite varied and legitimized in social praxis through action and its results. The model of

imitation is implemented in particular in learning and education where a qualified master encounters a newcomer and the surrounding community itself can be seen as a field of praxis (*community of practice*).

In terms of results, this kind of learning is more strongly fixated on the preservation of already existing knowledge than on rapid innovation. This expresses itself in the fact that in these practices, routines dominate, as do rituals at the level of action, which strengthen norms and values that are acted out as constraints on action, groups, and the self in order to maintain existing power relations and life circumstances. Even if the “eternal return of the same” strongly shapes such societies, modifications through more or less accidental deviations, inventions, or new resources such as natural products or processing techniques are possible and desirable. But such change is always experienced through a cultural whole and has to be established in the context of the prevalent norms and values. Learning as a processing technique and modification take place under a strong orientation toward production in an accepted division of labor that leaves little room for individual development and differentiation. This has the positive effect that existing practical knowledge can be passed on very well, but it has the disadvantage of a less mobile and dynamic professional world and life-world. That is why age generally has a privileged point of view on things and learning according to a model follows the experiences of the group more than the desires of the individual.

Overall, individual success in learning in these structures enables social success. This is both a reward and recognition in social obligations so individual freedom is neither highly valued or valued in a special way as a cultural value.

The master-newcomer relationships function particularly effectively in societies that have developed language in the form of signs and symbols to such a level that actions occur in constant and uniform practices and routines with certain continuously shared values and norms in order to create institutions with legitimized forms of organization. In generalized terms, there are symbolic constructions of reality that are initially mediated primarily orally and then later in writing. The slowdown in the development of learning, since the inertial forces in the privileging of the master are very strong, ensures social success that relies on what is tried and tested. Confucianism in China is an important historical example of this because it was able to check all newcomers according to the image of the master but also seemingly provided everyone the opportunity to participate in the associated emergence of a ruling bureaucratic class. In the European middle ages, this model was represented in particular in monasteries, which could be operated collectively and separated from the rest of society because novices and masters set themselves



off from the outside through their seclusion. The announcement of the exclusivity of distinct access to knowledge leads at the same time here to teaching from the pulpit.

Alongside religious exclusivity, there also arose exclusive occupations with their own master-newcomer models. Training in manual labor especially was always shaped by strict regulations. Historically, such models of learning and education are the basis for procedures for the division of labor, but they function widely primarily for simple and physical labor that offers little room for free action or is characterized by precise work processes. By distinguishing the different areas of mastery, into the areas of the profane and the sacred, separate elites could also emerge who produce their respective specific techniques and rituals and a certain secret knowledge that can only be passed on orally and confidentially. Certain specific technical terminology in professions (e.g. medicine) is rooted in this, which makes it impossible for the untrained to enter the world of mastery without guidance and certified testing.

This master-newcomer model continues to work primarily in vocational training today. It appears, for example, in approaches such as *cognitive apprenticeship* or *situated learning*, which also refer complicated knowledge back to practices and routines that can be developed in a controlled way in technical terms, imitated, repeated, applied, and evaluated through demonstration and emulation. This ensures in particular that the newcomer does not lose any of the master's practical knowledge.

### 6.1.2 Learning as Education and Growth

Early in human history, people already became aware that symbolic representations could replace and supplement immediate and direct imitation. In ancient Greek, people distinguished not only between *theory* and *praxis* but also between *poiesis* (the concrete production of things and making that had a purpose) and *techne* (the procedures and tools for production of arts and crafts).<sup>1</sup> Aristotle especially stresses teachability with regard to *poiesis* because individual steps can be described precisely here. This suggests the master-newcomer model. He sees *praxis*, however, as a purpose-free space for independent, creative development where action must unfold freely in leisure, art, and reflection on the world in order then not only to be a description of the world in theory but also a normative imparting of meaning to the world. It was debatable for the Greeks where the meaning of the world came from, whether it was from external ideals as in Plato or humans themselves as with the Sophists; however, what was certain was that only free citizens could oc-

<sup>1</sup> See Jaeger (1994) for a comprehensive and detailed introduction to this topic.

occupy themselves with such meaning whereas the slaves had to carry out *poiesis*. In the inheritance of antiquity, which has often been invoked primarily in the ideas about education in the West, it is fundamentally clear that people have to assert themselves in theory and practice by means of reflection on themselves and their development through education and training in order to be able to *form* themselves as social, political, and communal beings.

Antiquity returned again in the West in modernity particularly in the Enlightenment where the idea was taken up that the freedom of the pursuit of knowledge from dependence on the concerns and needs of productive manufacturing was essential to human development. Ideas about education arose from “liberal arts,” which could be understood as not being bound to purposefulness, in order to celebrate education itself as a promotion of higher consciousness in the world. The more the sciences at the same time freed themselves from narrow theological objectives and medieval feudal thought, the stronger a form of education emerged that not only a master could lay claim to but that had to be constructed in symbolic representations in a broader and deeper way. This produced a new theoretical world, which on the one hand separated itself as a theoretical world from practice and could unfold its own rules and areas of action (the birth of the so-called *soft sciences*); but on the other hand, however, it also referred to practice (the so-called *hard sciences*, particularly the natural sciences and medicine) where it increasingly investigated the object itself and was not simply dependent on the immediate usefulness of certain current ideas. In symbolic representations, people initially actually believed that the world could be represented accurately if people only researched long and hard enough. But one has to recognize today that there may be a lot of theoretical justifications, but they do not have equal validity in terms of interests or actual empirically verifiable processes and results. The rift between justification and validity is one difficulty, and the other is the rift between legitimation and truth. Not everything that is justified can also already be recognized as valid in culture and the sciences (consider the example of Galileo). Something is legitimate if it gains access as symbolic representation to the sanctioned textbooks and lectures and if people expect it to be true without, however, it being immediately and obviously discoverable outside and outside of a theoretical construct. In this respect, knowledge in its validity and legitimacy is always bound to power and domination that enforce certain knowledge and accepted truths.

When learning, people are supposed to believe what is being represented, but truth changes over time, although the hard sciences have been able to create significant advantages in the verifiability of valid knowledge through strict conventions in the procedures of intersubjective and objective confirmability and justification.

The triumph of representative knowledge is reflected not only in modern theories of education but also in school subjects and the success story of

schools and colleges. Education separates itself from individual masters and newcomers and collectivizes them in a college, which is a *scientific community* with proven scientific literature backing it up, and a student body, which expects a high degree of general education at school and scientific education in college depending on the specific orientation of the school or college. A single master can no longer deliver this; rather, a representative community of teachers stands for the comprehensive breadth of grounds and for the quality of education.

The major drawback of this representative learning or education is the artificial distinction between theory and practice. Theory for its part has become so comprehensive in the variety of possibilities for justification that practice can only follow it, i.e., often years after one's training, in order to apply the theories that were learned previously. But because humanistic education is supposed to deliver more than just an ability to apply knowledge, since education here is supposed to be a general orientation for all kinds of knowledge and all areas of action, such a division in the emergence of the Enlightenment and modernity does not appear problematic. One has to take detours and expect longer times for education.

Learning as education and growth no longer happens here according to a master-newcomer model but manifests itself as schooling. In place of family education, in which further relations, the close surroundings of the community and the city, other children, and regional, national, and primarily religious culture are included, public and private educational institutions have now emerged, which no longer are supposed to address certain youth—as the monastery schools previously did—but increasingly establish themselves as public school systems. Such schools operate in a tension that is no longer just produced by the parents (*in loco parentis*) but is understood socially and religiously as a normative force between parents and the public. Ideally, these forces are supposed to work together, but in reality, they primarily contributed to domination-based knowledge of social positions, which could only be dissolved again at the end 19th century with the start of connecting democracy and education (cf. Garrison et al., 2016). The progress of schools thus followed social and cultural development. It was constructed in modernity primarily on apparently solid norms and values of a world that is both nationally unified and class-oriented and contains a division of labor. In the change to liquid modernity it appears as increasingly contradictory and ambivalent in its ideas of education (see for example Kalantzis & Cope, 2008, Popkewitz et al., 2001 for an introduction).

In this development of schools, there are voices even today that want to preserve education in the old sense of representative knowledge. This is a very uncertain undertaking: in the art of living in liquid modernity, it is always a positive goal to develop an aesthetic style that preserves and expresses a

comportment toward comprehensive education, although the educated person knows on the basis of their education that any education is limited. A kind of education arises here where one knows how to distance oneself from and qualify one's own education with self-irony (see Rorty, 1989). However, on the other hand, education is more and more becoming an implementation of distinctions that divide the educated from the uneducated. Here, concern for education appears as "care for oneself," as care for one's status, habitus, and as recognition of one's renunciation of other pleasures in the acquisition of knowledge. Because education cannot be acquired quickly against the background of this ambivalence, the educated tell their students, with another strategy for distinguishing themselves, that they will later understand how education according to use, beauty, or pleasure "really" is. But they can hardly make adequate promises here about the uses that a broad education will have for later jobs. Does it make sense to learn languages that people no longer speak? Does it make sense to learn a music instrument if one does not want to be a musician or music is a pursuit that does not pay well? Does it make sense to consider historical forms of society if one wants to become a physician? There are so many questions here and so few answers. This is because the significance of a broad education lies in finding meaning and happiness in life and wanting to understand more about life without needing this to lead to a professional occupation. A question nevertheless arises from the perspective of learning capital that has become more and more important: who can still afford to pursue such a broad education in this way given our limited time?

A further devaluation has also taken place: today, education is no longer a criterion or guarantor of progress. The humanistic ideal of education has always had two particular weaknesses: (1) A comprehensive education can only be acquired gradually so it takes a lot of time and requires a high degree of effort and strong motivation on the part of the learner. (2) The higher and more comprehensive the education is supposed to be, the more it is directed toward elites who can even afford such education and want to have it and whose language then becomes incomprehensible for most people.

Both conditions can only be fulfilled broadly by the ownership classes so education is increasingly experienced as a privilege in bourgeois modernity. This contrasts with the idealistic universalistic hope that all people could be "improved" through education. This is precisely the biggest illusion of this approach. Education is not just a purpose-free good but can also produce and cement prejudices. Western education in particular has often been a prototype for hierarchization, colonization, missions, gender repression, xenophobia, and the constant striving to know more than others. Eastern education with Confucianism is the same only with different contents. Education therefore has to be understood increasingly in history as a varied, contradictory, and uncertain thing:

- Educational diversity allows for choices whose evaluation is increasingly heterogeneous because of social groups and their different interests. Education as a long language game of appropriation of diversity under unified key points transforms itself into a diversity of thinking that is no longer unified. There is also no inevitable progress here in progressive education according to school years. Learners can continually improve their knowledge, but this does not guarantee them a permanent “complete” education. Education in school can only be exemplary and can only in principle enable life-long learning as a methodological expertise but can no longer be reduced to a comprehensive catalog of knowledge that putatively represents the whole of education.
- Education has thus become contradictory because most educational content itself contains contradictions. The more universalizations and the grand meta-narratives of modernity collapse, the more different interest and power groups appear in the process. Even the natural sciences and technical knowledge can always be interpreted in a relativizing way at least in terms of their consequences for the environment and ethical questions while their knowledge remains secure because of high conventionality.
- Education is ambivalent because all educational content already contains the possibility of its devaluation. Education is combined here with knowledge in an ambivalent way. The more social development produces an information society in which knowledge becomes mere information whose background one hardly has any knowledge of (see especially the flood of information in mass media and on the Internet), the more the hope declines for a kind of education that would be able to save us. The ambivalence that we feel in today’s education leads to a transformation of education to knowledge. The concept of knowledge appears more neutral so opposed positions and statements can be placed alongside each other without the needing to appear ignorant in the sense of a comprehensive worldview. Just the grand narratives of education have been lost in liquid modernity; in the transition to knowledge people with “universal” educations have become humble experts.

Against the background of these transitions, a minimum level of education is nevertheless necessary to enable comprehension of the diversity, contradictoriness, and ambivalence in the decline of traditional education. This education today means primarily acquiring an overview of the various modes of understanding in a culture (and in certain school subjects) and beyond the culture; it means knowingly experiencing—in a broad reflective way—different versions of the world in order to form one’s own judgments in rational understanding. Such a reflection on education, in the way that it is pursued

as reflection on knowledge as truth for a time, on claims to power, relationships, on necessary global goals, etc., requires a dialog of understanding to get to the point of making claims about what groups of people and individual subjects could see as education *for themselves* and *with regard to others*. This would be the definition of a suitable kind of education: an education that is suitable for certain subjects and groups and does not preclude such suitable education for others. Education without such viability becomes dead weight. Such a burden often consists of the dead matter that was valid for other people in other times but whose justification is nevertheless irrelevant today or only incidental. Disciplinary traditions and generational contradictions are constantly important here. What one generation wants to preserve becomes boring outdated material for the next. Viability is thus not only produced from one perspective but requires fundamental dialog between traditional and avant-garde disciplinary claims and between generations in order to negotiate a common measure through participation and understanding.

In addition to group discussions, the individualization of measures also plays a role here, which makes decision procedures complex and difficult if individuals are not to be overlooked.

Education produces differences because it is distributed, analyzed, and evaluated in different ways. This also makes education a difference that produces additional differences. I am supported and challenged in different ways by education, but perhaps I am also devalued, isolated, or honored. The more the uniform measure for education, which has already had illusionary aspects in the past, has been lost, the more the ambivalence that characterizes our ideas about educational claims now has grown. On the one hand, education should provide an incentive for educating oneself, presenting oneself, and developing in a versatile way in order to experience and realize personal freedom. The increase of freedom with respect to educational opportunities also, however, reduces the game of education from a necessary one to a merely possible one. If in the past freedom in bourgeois modernity appeared primarily in education, which created a certain solidarity with the truly educated,<sup>1</sup> today education is just a possibility and just one of the many differences that produce differences. The education of elites was presented and monitored in bourgeois modernity through the hierarchization of education. This hierarchization has lost significance for the definition of social success, which today is primarily oriented towards available money, even if the educated in general have more money than the uneducated. But education alone is not enough in the globalized world for acquiring wealth. On the other hand, the personal freedom that appears to be contained in the will to educate oneself is also

<sup>1</sup> Hegel was still able to say that no justified knowledge has yet been refuted. For him, education continues and sublimates past knowledge. We could call this the solidarity side of the educated.

limited by education itself. The increase in educational opportunities, its contradictions, and its diversity requires that the educated person has to limit their freedom and that they choose for something and against something else. The frenzy of educational opportunities, the redoubling of knowledge, and their acceleration and disintegration times increasingly limit personal freedom because it only appears fitting in limited areas to educate oneself as comprehensively as possible. At the same time, in this way the solidarity of the educated regarding choices is destroyed because knowledge is fundamentally driven from its place as the single truth and increasingly only appears as a possible and limited space for reality for a specific time and specific needs.

Education in liquid modernity implies as a consequence of these contradictions a necessary limitation of education and removal of the illusions surrounding it. The constant possibilities and shortcomings of education are rooted in this paradox. We have to stop attempting to establish a final and decisive educational catalog, which both liberates and hinders us.

The liberation lies in the fact that as observers we can always reconsider which type of education fits us, that as participants, regardless of where we are, should always be asked what kind of education we would like to attain, and that as agents we create our own standards for what it means to be educated.

The hindrances lie in the fact that we are in danger of losing comprehensive communication with others and that a one-dimensional mission with respect to education is not sufficient for ensuring we can communicate with and understand as many people as possible. Education has entered an age in which the educational claims first have to be negotiated in order to determine educational measures and will and the validity and range of justifications for education. John Dewey in particular developed this understanding of education. Since in American English, the concept of “*Bildung*” (education, formation) does not exist, I will use the term *growth* along with Dewey. Growth, development, intentional expansion of one’s own horizon and especially gaining experience through one’s own testing and experimentation is in the focus of such education. In learning, we should not simply adopt an external cognitive schema but arrive at our own reflective actions and thus our own interests. Thereby growth is what according to Dewey many people consider education.<sup>1</sup> Dewey shows that this can lead to a deepening of the discourse rather than a flattening.

With the concept of growth, a clear shift has taken place in learning, which contrasts with the master-newcomer model. The master symbolizes external pressure that drives the self-restraint of the learner and always dominates through discipline, reward, punishment, and selection with respect to choices

<sup>1</sup> For an introduction to Dewey’s philosophy of education, see Garrison/Neubert/Reich (2012, 2016).

and education. This is also very often accompanied by the fact that the master and newcomer in certain societies joined together and shielded their future and occupation from the outside in order to assert their expertise. The new learning now distances itself from a single master and replaces the master with collective knowledge, which is acquired through the mediation of individual masters but which favors self-restraint and self-imposed pressure because it lures people to learning through freedom. It is a decision on the part of the learner to want to educate themselves by setting out on an individual, differentiated, and long path in order to meet the demands of education and growth. But the learner still remains directly or indirectly tied here to the master who checks the learner's progress through tests and tasks. People are integrated then into educational levels, school certifications, and particular careers that appear open to all but that nevertheless can be reached only after certain conditions have been met.

The masters have also changed. In order to provide them with the kind of freedom that appears to protect the free and liberal nature of education, in some places they have been protected through tenure from the risks of unemployment. Were such tenure means that one becomes a government employee, these masters have thereby become dependent on the state and governmental regulations that monitor their employment and behavior. And in other contexts, they have become dependent on the rules and regulations of university administrations. At the same time, their unburdened economic status is a prerequisite for pursuing their education in a truly free way. In liquid modernity they often lose their tenure and the costs of their education is imposed on them.

In general, education is always involved in conflicts of interest, which is true of such education from the very beginning. These conflicts include those

- between general education with an introduction to the diversity of culture and occupationally oriented preparation for specific professions (theory-practice opposition),
- between normative introductions and restrictions to certain periods of domination and openness with respect to social, cultural, scientific, etc. changes (conservation-change opposition),
- between state interests in colonial, imperial, or even racist claims and an understanding of human beings that is open to the world (nationality-humanity opposition),
- between complete education and the impossibility of only even approximately achieving such completeness (half-education opposition),
- between an orientation of education first toward knowledge and then toward skills for all and the simultaneous use of this orientation for distinguishing between achieved levels or certifications that are then used for selections according to better or worse, intelligent or dumb, successfully



qualified or unsuccessfully unqualified (knowledge and skill orientation-selection opposition).

All these oppositions, conflicts, and contradictions live on today, but they are overshadowed and qualified by the last two oppositions because they fundamentally throw the original claims to education into question. We can establish here that today in the liquid claims of modernity, as I have discussed them in previous chapters, education has become a point of conflict for different social interests, without any perspective for a comprehensive consensus, and has also become a central point of struggle in the distribution of capital in mutual competition. This reflects the inner conflict, complexity, and ambivalence of liquid and contradictory modernity as we experience it today. The increase in knowledge already quantitatively subverts any chance for a comprehensive or complete education because even the most educated now can hardly gain an overview of their own area of specialization. Since the middle of the 20th century, given the hope for completeness, education has already become half education, which is a form of education Theodor Adorno described as a necessary lack of education and as lack of an attitude that embraces educating oneself comprehensively; and today it has sunk to an increasingly limited form of education because not only is the tendency toward comprehensive education missing but the quantity and diversity of knowledge makes such education difficult even for those with a positive attitude toward comprehensive education. In this sense, half education could be cut in half again each year etc. in order eventually to arrive at an image of the incompleteness of all education, which is not thought of negatively because the division of labor moving with the same pace has simultaneously reached the smallest areas of specialization. Adorno still characterized half education in terms of an objectified education of the petit bourgeois who undervalue the vitality, diversity, and process-nature of education and instead apply their acquired knowledge in a rather schematic way in the style of external presentation; but in liquid modernity it is becoming increasingly clear that all education, even for those who are supposedly already educated, is beyond any possible completeness and has to be understood in a new way. Differentiation has thereby become a new magic word. But this magic encounters an acceleration of knowledge that quickly disintegrates the truths of such knowledge and thus also makes the position of the magician insecure. This insecurity and uncertainty endangers education itself because who, after all, could be motivated to dedicate themselves to such a long and difficult educational period when success has become so uncertain? And with this, we have already arrived at the transition to learning capital, which has asserted itself particularly quickly under these conditions and will continue to assert itself.

We accept half education, but we take the struggles about distribution seriously. We sacrifice childhood to these struggles by adopting ranked comparisons in early childhood where the “better” are supposed to come out on top as winners. We regard this as fair, and we do so often without adequately reflecting on the different starting conditions of the children or without wanting to consider collective opportunities deeply; such reflection could be useful if we want to avoid orienting the entire system from the beginning toward competition and thus selection and increasing inequality of opportunities.

### *6.1.3 Learning under the Conditions of Capitalization (Learning Capital)*

Currently, it can be observed that both forms of learning or education mentioned previously are increasingly becoming capitalized. This is directly connected to the oppositions that were discussed above with regard to education. What does capitalization mean here?<sup>1</sup>

Schools and universities are parasitic institutions that often provide no opportunity for profit according to Noam Chomsky (2002, 189) who described the role they inherit from modernity. Public schools and universities are dependent on state money, which provides them with the opportunity to freely remain open and critical toward the world, including the world of money. But in the age of neoliberalism, as was described in chapter 2, a mindset has developed that regards learning itself as capitalizable and wants to eliminate parasitic institutions. As Chomsky argues, this has already been the case for some time regarding contracts, particularly for the military in the USA, and it enforces a dependency that fundamentally attacks freedom of research and teaching. In this regard, the private economic sector, which is oriented toward profits, sets the benchmark for success.<sup>2</sup>

Colin Crouch (2004) sums up the economic strategy of the capitalization of learning with the following reasoning: the state lacks the willingness and resources to finance scientific, cultural, and other non-commercial activities. So, they ask the agents in these domains to look for private sponsors so they can save costs. And consistent with raising individual responsibility, they promise additional financing that is dependent on success in applications for private sponsorship funding or other financing bodies. Then, for example, a public theater or university department only receives support when they can show they are also attractive for private donations. This is supposed to look like it is saving costs, but when we consider it in more detail it reveals a fundamentally new “educational approach.” The new strategy that relieves the

<sup>1</sup> For an introduction to relevant literature here, see in particular Bok (2003), Geiger (2004), Krimsky (2003), Mirowski & Sent (2002), Resnik (2007), Washburn (2005).

<sup>2</sup> The studies by Robert B. Reich (1988, 1992) are classics here and still worth reading.

states of burdens with regard to general spending strengthens the power of people who already have economic and educational possessions. To defend such possessions, one no longer needs theories about talent or domination; one can simply allow the power of money to rule while still claiming to treat all individuals equally. At the same time, however, the functions of the state, which it took over in the struggles of modernity and the emancipation movements of the 20th century, and which are supposed to ensure educational opportunity for those who cannot create these opportunities through their own resources, fall by the wayside.

This also corresponds to a changed understanding of education itself. Education increasingly transforms here from a positive mediation of values and attitudes to “negative education” as in the present: it always includes what it lacks because when it wants to make something able to be acquired as positive and useful knowledge the deficiency in this acquisition already shows itself because nothing can be completely known, understood, or permanently useful for the future. Education today is more of a procedure for dealing independently and deeply with knowledge and discursive practices and with reflections on such deficiencies; it is no longer a collection of cultural goods that a person can comprehensively and determinatively form as *a particular kind* of reasoning or virtue, especially not in an explicit morality. A modicum of education as negative education is nevertheless still knowledge of communication and discursive, communicative relations with each other at the level of contents and relationships, which a communicative society that is divided into different communicative groups with different interests and expectations (and thus also with different kinds of education) requires as a claim to its openness. This is needed in order at least to clarify what one no longer can or no longer wants to communicate about completely in terms of content without this ending up in violent conflict or mere lack of understanding. An example of this is migration of Muslims to countries shaped by Christianity, which has led to controversial discussions about the diversity of religions and the acts associated with them. Democracy can grow through diversity, but the diverse groups also have to want such democracy. New concepts such as diversity, heterogeneity, or difference in learning and education also point to these changes.

Achievements in terms of communication in a culture and in its dealing with other cultures require a minimum level of such “negative education,” which can no longer be established one-dimensionally from outside but has to result from the learning process itself. This means that no authority can simply impose an education of whatever kind from the outside; rather, in learning we have to increasingly independently construct the standard of education that fits us. Educational experts are managing this process more or less efficient. Here, the educational standard gets shifted more to the side of self-imposed demands or self-restraint than previously. Where the state and its institutions formerly allowed or did not allow a clear range of values, norms,

access, and degrees through external constraints, now a diversity of individual possibilities emerge, which allow not only state-organized but also privately organized approaches and degrees where the costs, however, are strongly passed on to the individual. Private revenue in schools and universities has risen enormously worldwide in the past decades so that many states have arrived at the idea that their services can be financed through fees. This means a growing capitalization of education in all its forms, approaches, and degrees, which raises the cost of living for individuals significantly and tends to disadvantage families from the perspective of society (when they do not receive any relief or grants from the state) and thus at the same time radically shifts expectations about necessary education. The rapid increase of private schools worldwide to meet the needs of the differentiation of learning opportunities and social differentiation as well as constantly increasing tuition fees at elite universities or even just increasing costs for learning resources at state institutions or tutoring organizations are symptomatic of a capitalization that is already established and will continue to grow. Thus, education or knowledge as a (supposed) end in itself is limited by doubled pressure of expectation:

On the one hand, paying individuals want to get through their education, which has transformed into training, as quickly as possible and thus optimize their degrees; at the same time, they appear in masses in global migration movements. This affects competition for places (paid and increasingly associated with stipends) in particular at so-called elite universities.

On the other hand, students become paying customers who accordingly want to have their needs met through the competition of institutions, which means a radical change in the role of the educator.

Against this background, the analysis of action of capitalized education suggests a clear starting point. In the phenomena, the following recurrent claims circulate, which are often presented as inescapable constraints:

- The securing of jobs is often adduced as an argument when learning outcomes are supposed to be increased in order at the same time to increasingly push the main cost burdens of the state systems onto private households.
- In order to make sense of the capitalization of learning, new structures are created that formalize training courses and make them more evaluable; this is particularly supposed to be concerned with raising academic cross-border mobility through international recognition of educational achievements and degrees; at the same time, periods of study are supposed to be manageable and limited in time; but in reality this really often means that the costs for such systems are increasingly distributed to those that hope to secure their status or upward-mobility through such systems.

- A variety of degrees that correspond to different occupational uses are offered in a targeted way with cost-benefit promises. They increasingly have to present themselves in the globalized context of the international division of labor, occupational migration, scientific-technical innovations and changing markets, and an increase in services and technical differentiation with broad needs for skills.
- Selective entrance (entrance exams, *numerus clausus*, high tuition) and achieved certificates, which identify internationally comparable skills, make later ranked comparisons of graduates possible in order to mark differences in qualifications and allow positions to be allotted in the struggles over distribution and occupations.<sup>1</sup>
- The emphasis on procedures requires a transition to management, which operates at different levels: it operates at the level of the individual as self-organization of learners and educators (self-management); in the classroom as “classroom management”; at the institutional level as self-management of institutions; in academic programs as science management, called “new public management” (NPM), which in addition to actual research requires increasingly more time and resources for securing research money, i.e. outside funding. Educators often complain here that they can hardly keep up with their own teaching duties because they are increasingly occupied with the documentation, legitimation, and evaluation of procedures in such management. In place of old-fashioned professional ethics, there is an orientation toward outputs with agreed-upon targets, cost-benefit analysis, monitoring, benchmarking, etc., which are all instruments that could be useful for avoiding waste if one lived in abundance, but which given the notorious underfunding of schools and universities only produces frustration rather than understanding. Behind this, there is often an image of educators as rational, highly interested subjects who through skillful organization of teaching and learning activities through management could maximize benefits. In reality, money is supposed to be saved, i.e., it is supposed to be redistributed. In neoliberal form, high emphasis is placed on autonomy and freedom of choice, but at the same time this favors the educated ownership classes in particular, who already have autonomous aspirations and actual choices (see *ibid.*, 124 f.).
- The pressure to achieve a high degree of comparability leads to a standardization of contents and procedures. Education is converted to skills that primarily aim at being able to independently acquire knowledge widely and deeply according to needs. Methodological and social skills

<sup>1</sup> This is propagated in Europe as the Bologna Reforms. The democratization of education aimed at here through broad access and the elimination of social hurdles is more political propaganda than reality (see e.g., Lorenz, 2011).

are becoming increasingly important in comparison with other specialized skills, and easily evaluable tests and measuring procedures are supposed to ensure an objectification of comparability. A comprehensive credentialism,<sup>1</sup> which is expressed in *credit points* for achievements and certifications of all kinds, replaces the personal judgments and recommendations of a designated master or the elite degrees of academics in earlier periods. This credentialism in combination with certification leads to compartmentalized thinking in education, which is divided into small modular units of subjects with sub-certificates (for each subject or division) for all sub-areas,<sup>2</sup> so that *credit points* are earned in a piecemeal technocracy which then is supposed to present a fictional whole. Seen soberly, this can also be understood as a move away from a critical perspective on the whole.<sup>3</sup>

- Through the NPM quantitative judgments about production and knowledge are given priority. Output in terms of publication, participation in ranking procedures according to a citation or relevance index, quantity of external funding, awards received, or other symbolic exchange values become the standard for quality, although in research quality should go beyond such criteria. Ground-breaking quality is something in works that moves against the current of previous works and creates new currents. Anyone who wants to evaluate quality primarily in quantitative terms narrows the horizon and is particularly unfair to the humanities and social sciences, which often operate with a non-quantitative concept of quality.
- The important contents that were previously representative for education or necessary knowledge are in constant decay because symbolic representations are always only versions of constructions of reality that are quickly supplanted by new updates. In this regard, educators often minimize their knowledge of content in order to activate only relevant practical knowledge with reference to required application and aims. This orientation toward skills endangers both basic knowledge without direct uses in application (in the sense of market-related gains) as well as disciplines (e.g., philosophy, sociology, the arts, etc.) that also conduct basic research that runs counter to the mainstream.

<sup>1</sup> On credentialism, see for example Collins (1979). The danger of credentialism is that in hiring practices the certification can be evaluated as more important than actual experience and existing qualitative skills. In a global comparison of the best credits, which are expressed in grades, grade inflation is occurring, which makes the ranked comparisons appear even more arbitrary and thus leads to additional forms of differentiation in elite education (see chapter 6.3).

<sup>2</sup> The divisional chairs that no longer represent parts of fields can then disappear in the long run.

<sup>3</sup> Drori et al. (2003) show that this leads to a decrease in the diversity of academic subjects and directs research worldwide onto a uniform path. In the long term, this will not support quality but decrease it because research requires diversity rather than uniformity.

- A new socio-technological paradigm with electronic and web-based approaches supports the operationalization of knowledge in accessible modules and technically-prepared, scheduled assignments, accessible content, examination regulations, etc. in order to manage learning. Behind all of this, there are shifts, which Fuchs (2010), for example, describes including the emergence of new social groups such as the Internet user, intangible workers, an adapted and successful or precariously living new high-technology proletariat, a new petite bourgeoisie anchored in networks, and a rather unproductive new service class. In such descriptions, it becomes clear that the previous world of education is unfolding primarily in a new socio-technological structure that for its part affects the contents and methods of learning. Technology simultaneously functions as both a funnel and filter here: it only lets through content that fits its formats, and it filters ways in which such content can easily be controlled with technical measures. Thus, contents can be prepared on the Intranet in order to be learned for the test, and the test can be taken in real time online, and the results can be reported back immediately without participation on the part of the teacher. And the fact that this occurs in real-time creates the illusion that something really important has been learned.
- Whereas previously the educated habitus itself appeared to be the great aim, the certificate is now replacing it. The accumulation of as many certificates as possible appears to provide more guarantees for jobs than a comprehensive education could. In the habitus of learners, this devalues their own learning to a certain degree because they are more concerned with easily obtained certificates than with the long difficult road of learning and actual attainment of expertise. More and more degrees and diploma mills are being created. According to (Morrow & Torres, 2000, 42), these are primarily institutions that cannot reach a tangible good position on the university market because of their bad reputation. Especially in the US, they try to increase enrollment overseas in distance-learning programs in order to make money. Universities become corporations (regarding universities in the US, see Bok, 2003, and on Australia, see Marginson & Considine, 2003). The Bologna Reform in Europe also aims at a direct implementation of economic functions especially for the job market. Here even the scientists are under attack. Tenured positions are being reduced or eliminated,<sup>1</sup> and salaries are being reduced. This has occurred in Germany some years ago in the conversion of scientists from C salaries to W salaries. Professor's salaries are thus moving in the direction of teacher's salaries. Because the components of the W salary

<sup>1</sup> On this, see Donoghue (2008) who analyzes the US as a pioneer country in this regard. There are signs of the disintegration of tenured positions and a move toward limited-term professors.

can be negotiated at the university with a low base for allowances, an internal distribution struggle also arises, which profit-oriented subjects and disciplines with high external funding are winning with higher wages compared with the less profitable subjects and disciplines.

- A very large danger resides in the fact that this leads to the flattening of education or knowledge or its reduction to the superficial movements of the times. Slaughter & Leslie (1997) conclude that universities in particular are losing all the achievements in terms of freedom and teaching that they fought for 100 years ago. Even if resources were always scarce at universities, they are becoming extremely scarce in universities for the masses. This primarily affects the state universities more than private universities, which can rely on high tuition fees and have thereby created distorted competition. But the more additional economical capital enters into public universities as well as private universities and comprehensively dominates the direction of research and its results there, the more money might be saved on the side of the state, but at the same time the autonomy of the academic world is thereby fundamentally subverted. This may even lead to the paradoxical phenomenon that the private universities can maintain a higher degree of freedom in teaching and research in the long term because of their high tuitions than the public systems that are under immense cost pressures can. On the whole, the development will result in particular to a decrease in critical worldviews and an elevation of the areas focused on profitable applications. If we want to preserve positive elements of previously broad and independently constructed forms of learning and research, a multi-perspective habitus is needed, which not only wants to see things diversely but also does not shrink away from depth and complexity. But this can only happen and develop if the people who later take on the certified graduates also want and request it.
- There is a two-class form of learning capital: a highly-valued use value ensures qualified gains in competence, which expresses itself in high investment costs (regardless of how much “actual education” is involved), upon which higher income etc. can be achieved in the capitalization of education through better jobs. Chris Lorenz (2008) sums this up aptly in his book title: “If you’re so smart, why aren’t you rich?” And there is an unskilled group of learners who have more or less been excluded early on, which leads at an early age to tenuous positions with few exchangeable use-values on the market; this means these people either end up in the low-wage sector or remain excluded from the beginning because of lack of education.

The critics of such changes in education and academics, however, have a vague idea of what a positive image of education or academics actually could



or should look like in contrast. Such ideas either involve an idealized distortion of the past, despite the fact that the old schools and universities had many weaknesses, or they stick to general set phrases such as that knowledge should spread freely through the world regardless of profit interests, or knowledge for knowledge sake, and that a mandate for the education of people should be carried out without prejudice or limitation to certain interests. But in contrast I want to ask: how are we supposed to structure education, academics, sciences or the universities in a way that is free from its environment? The capitalization of education, knowledge, and learning is not some evil intention on the part of some group or individuals; it is a constant phenomenon of life and the professional world and of capitalism in all its forms of expression. In this respect, we may still be able to negotiate and direct the forms of expression but can hardly eliminate this basic phenomenon currently with realistic perspectives.

The new requirements in terms of capitalization of education are in a tense new relationship with changes in the capitalist labor world. Heavy capitalism is transforming into light capitalism. According to Bauman (2000, 63), in modernity there were authoritarian leaders as well as teachers who always knew the best way to do things. In liquid consumer society, people experience growing individualism, which reveals a change in mentality that is also important for learning. Here, the individual has to fight for their own biography, education, opportunities, and advances in competition with others. The basic framework that everyone expects is part of the basic capitalization of education: identity itself has to be constructed as fragile and uncertain, and individuals have to actively balance their biographical needs and opportunities by also conceiving of themselves as autonomous, independent, mobile, flexible, and dynamic (= *de-jure definition*), even if they have already long inhabited a zone of vulnerability or exclusion (= *de-facto definition*) (see Bauman, 2000, 31 f.). Against this background, in the design of one's biography of learning, there are two groups of learners. Although everyone has departed from the old bonds, constraints, and values of a supposed complete education, some have parents with an educational background that helps them realistically define their own position and construct it with a lot of help, and the others from so-called educationally deprived households are set back in their parentage. Where one group gets advice, support, and assistance, the other group has to be satisfied with what they officially receive in schools. When educators, under the influence of the dogma of individualism in light capitalism, expect that all students are able to start with the same resources, the educationally deprived have already lost from the beginning.

### 6.1.4 *The Interaction of the Three Forms of Learning*

None of the three forms of learning has disappeared or has prevailed over the others. Nevertheless, one can see that the capitalization of learning and education is continuing to grow and has permeated and modified the other two forms of learning. The master-newcomer form of education today also requires a certain general education to be relevant to culture. But professions are also changing with increasing rapidity, and it is striking that hardly anyone remains in their original occupation throughout their life; people often have to change their profession or job, which is something that not only affects low-skill jobs but also skilled jobs as well. Even if the forms of learning work together, it is also clear that new forms of use-value production for learning capital are increasing more and more. The master-newcomer model is used primarily today in certain training phases because it is mainly useful for routines in crafts, industry, and management, and is especially applied in apprenticeships. Some current concepts here are, for example, “situated learning” and step-based training methods. The education/knowledge model is the classic model for school and pedagogical subjects, which has transformed our world of knowledge into a division of labor for subjects that today have become extremely hungry for material from their special perspectives. Knowledge in these subjects has become so complex that it is increasingly more difficult to break things down in school in introductions to the subjects. Because each subject increasingly claims more space, cross-subject perspectives often fall short. Thus, the time is approaching for schools to dissolve individual subjects and present a group of themes, which are taught in an interdisciplinary (with the help of several subjects) or transdisciplinary way (by moving beyond individual subjects). Some countries have already begun to react to this in their reforms.<sup>1</sup>

The capitalization of learning can have the benefit of transforming the learning of reproduced knowledge with unclear relevance for action in later life in favor of greater skills in the application of knowledge for practical life if clear use values can be created for later applications. This allows for the necessary fitting of theory to practice, which is increasingly difficult in the educational model. At the same time, however, this capitalization is exactly what has afflicted learning: on the one hand, there is the danger that use values are aligned only with usefulness for certain specialized applications. On the other hand, capitalization as efficiency in cost management and lowering costs raises the pressure on all subjects and topics to offer a really superficial overview examinable through quick and effectively monitorable tests. The shape of this capitalization is very different depending on the subject, but in general there is the tendency toward reproductive knowledge that is quickly

<sup>1</sup> With respect to the expenditure side of things, see OECD (2010, 2012).

testable and just as quickly forgotten by the learner. This limits the usefulness for practical applications and leads in the long run to additional costs for professional training.

The acceleration associated with pressures on costs and certifications can be achieved in various ways. For learning, the aim is to achieve the highest possible degree of knowledge and its application in the shortest possible time. The danger in all educational systems here is to shorten the learning time without sufficiently cutting material. This leads to a heavier load for students and homes without being able to demonstrate any actual benefits for learning. But the pressure exists to start learning earlier, attempt to cover more material, increase the length of training courses but shorten the individual training elements, and to orient ourselves toward quick learning that can produce a lot at once in order to derive general norms of comparison from this. Educational research and a lot of educational biographies, however, show that education can only be accelerated to a degree, and problem-oriented and application-oriented education actually needs to decelerate rather than accelerate so forgetting does not become too powerful an opponent to learning. Unfortunately, the capitalization of learning has not had the effect up until now that the actual customer, the learner, is the respected client; rather, this client is often given a deal that turns out to be a sham. In almost all school subjects or courses of study, there is a ton of material and compartmentalized knowledge that appears important overall from various individual perspectives but really just leads to acceleration: we learn a little bit from everything but not properly, and we learn too little in a deep and exemplary way that is also adequately application-oriented. We learn how to solve problems according to the book instead of learning to solve problems ourselves. Thus, we seem to get more at the end because we know and can describe so much at once, but in the end, we really have little to show for it. That is why in almost every job in the world one first begins after the training certification phase to actually understand the relevant problems for which an applied solution can be found only after the stress of certification. We are thus satisfied because in comparison with others we do not see any advantages or disadvantages with respect to our own accelerated education. At the same time, endurance and discipline are tested as secondary virtues in our education, and they appear in ranked comparisons for jobs to be a highly accepted use value that can easily be exchanged.

This change in capitalization and acceleration can be felt today especially at universities. Thus, for example, with the change from traditional demonstrations of achievement to credit points in Bachelor's and Master's degrees mathematical operators have been introduced that are supposed to guarantee accelerated study. As a student, I apply via an electronic system for the modules and credits I am still missing, and through operations of electronic

choice or a distribution system and the free spots in my schedule, I am assigned to the classes that I still need to take. Someone who is not familiar with anything else will not miss the personal choices of an educated person where in the past one might have registered at a particular university in order to receive a particular kind of education. In the patchwork of mass operations, one does not need geniuses; one only needs a modularized system that delivers the mass goods to everyone according to uniform standards. That is why mathematical operations can also take over choice and guarantee acceleration where in the past one had to decide for or against a choice using one's own thought. The surplus value of learning capital lurks in this new form of acceleration, and we need to understand it thoroughly if we want to more accurately assess the social and individual opportunities and risks of this form of capital.

## 6.2 The Surplus Value of Learning Capital

Here, as in the other forms of capital, I would like to distinguish four forms of surplus value in the analysis of the use of learning capital and its propagation:

### 6.2.1 *Production of Surplus Value through Educational Labor*

Three aspects are especially important for describing and analyzing the surplus value of learning capital:

- 1) *Time*: it always requires time for learning to take place, to work on contents, behaviors, and skills of different kinds, and to retain and apply these skills. This time dedicated to learning is part of one's time in life, but in educational labor under capitalism it also requires special windows of time that are kept open for school and education. A formal and universally standardized obligation related to schooling, higher education or training is opposed to the learner's free time. Both define in combination the invested time and costs that are involved in the creation of use values (qualifications, skills, etc.) in order to achieve benefits from wages or income on the market.
- 2) *Effort*: learning can mean endless breadth and depth of effort, and the limits here are always determined by the abilities and preferences of the learners themselves. How broadly do I acquire skills or use values in my learning? Is a certified degree enough, or do I want to know more? Do I also continue my studies when they no longer bring me any monetary advantages? My effort strongly determines my windows for action because the narrower the spectrum of my skills is, the more the likelihood

sinks of finding numerous opportunities for exchanging my qualities. And if my spectrum of skills is too broad, I could quickly appear overqualified and thereby have also a disadvantage.

- 3) *Resources*: learning requires resources. These resources are dependent on the family and are available to greater and lesser degrees. Even if the state can intervene in a regulatory way here, the amount of resources required (my books, my tutoring, my study-abroad trip) determines differences between competitors on the markets.

What kind of values do I derive from educational labor? For Marx, there is a direct link between economic capital and upbringing. Upbringing itself generates certain costs, and these costs contribute to the value of the labor and its later exchange value. But there are also additional costs that have to be considered. Marx mentions, for example, natural and climate costs, which lead to different costs of living in different countries, living standards that are achieved through political struggles, and supply and demand costs that can vary depending on population density and education levels. Historical and moral considerations also contribute to the reproduction costs that determine wage levels. This determination is so open that it can explain all ups and downs in wages because the degree to which wage levels are seen as justified or exaggerated depends on the concrete achieved conditions that have been fought for and are held to be morally acceptable in a society. In the previous chapters, I already discussed how different wages and incomes are possible depending on the occupation and degrees of qualification. Here in particular supply and demand play a role so that income cannot be calculated or predicted precisely on the basis of reproduction costs alone. Wage levels always reach a limit here where the profits no longer appear sufficient to the capitalist who wants to make use of their private capital with the intention of making profits. The gains can really never be enough here. Because when labor is so expensive in a country that profits appear lower in comparison with others, then in this globalized age the exodus of many companies to low-wage countries in order to secure greater profits becomes common. So how, against this background, can we define surplus value of learning labor?

Learning basically happens through all actions. But directed learning with acquisition of specific knowledge requires a certain time period and resources because time dedicated to learning is analogous to time dedicated to labor. It is a labor period without wages, i.e., without an exchange or immediate reciprocal consideration; it is only after the acquisition of particular certificates and degrees as use values that exchange takes place and that a job is secured, which then retrospectively “compensates” for the expenditures, i.e., the expectation arises that very high expenditures for learning will later be reflected in particularly high remuneration or income, whether it is from entrepreneurial or corporate activities.

The compensation for educational achievements in later income can be calculated, but this involves a high degree of uncertainty. Generally, it can be said that a higher degree, training, or academic education will accordingly bring in more money in the form of wages or self-employment, but the variation is substantial depending on the occupation and the labor-market situation (see OECD, 2012). Similar to economic capital, people do not calculate the difference here between educational labor costs and later gains in terms of wages or income; rather, they act pragmatically by comparing themselves with others and by habit come to expect a certain level of wages or income for specific educational periods and the quality of certifications. Also, a basic amount of time has to be spent on learning in order to be a part of and participate in a culture. From the perspective of economic capital, this belongs to the reproduction costs of wage labor as well as other kinds of labor, and time spent on educational labor cannot be ignored in this context. Time spent on educational labor does not just include certain subjects that are preparatory for occupations; it also includes general cultural techniques the mastery of which is a prerequisite. People who do not have a sufficient amount of such techniques and whose training profile is thus strongly regarded as unskilled are often thought of as uneducated.

The costs of educational labor (time, effort, resources) are primarily carried by the individual or their family, although the state in public school and higher-education systems distributes a part of the costs through taxes. Government spending is, however, usually limited; it is easily based on a standard that only wants to make the essentials available, and in general these expenditures are much lower in comparison with privately funded systems. The privately funded systems finance themselves through high and even exorbitant fees, which secures their exclusivity and promises a particularly high return on learning capital through better jobs and income.

In the analysis of action of use and exchange values for learning capital, I see two tensions:

On the one hand, learning capital can vary strongly historically and culturally in its various forms. In the context of globalized world markets, competitive conditions are created locally and globally even within educational labor between different markets, which does not remain without consequences for learners. The constant improvement in modernity of the education of as many people as possible and thus the broad masses is qualified as an expression of the expansion of education. It is contrasted by the fact that the elite schools and universities are inaccessible for the masses despite their scholarship programs. As with economic capital, we can speak of an impoverishment of learning where the expenditures in relation to the better institutions show the poverty of the public and mass educational system in the expansion of education compared with the new elites or elite schools.

On the other hand, the labor market or the opportunities for self-employment only demonstrate in hindsight the degree to which the invested costs were usefully applied and what incomes are actually achieved. Here, one can see the tendency in learning capital that the high expenditures and the quality of the achieved certificates offer good protection for the future, i.e., are able to secure good jobs in comparison with the less skilled or are able to increase opportunities for higher income. The school and university system itself, however, generally has no direct influence on the market for which it produces graduates. This also reveals the private character of educational labor, which does not produce a right to work but only a chance to be employed or a chance to act oneself.

The general population often adopts a rule of thumb that relates invested learning capital directly to achievable wages or potential earnings: the more investment is made in learning capital, the higher the expected income later. Even if this rule of thumb is not entirely wrong, it has to be qualified strongly when we consider actual practices in capitalism. This is because the division of labor for learning capital has two tendencies: one toward skilled labor and another toward unskilled labor. Regarding concrete work, I already established in the economics chapter that two possibilities appear here: on the one hand, there are skilled use values that help produce not only skilled or part-time workers but flexible, available, mobile, cooperative, and communicative workers that can adjust professionally as well as methodically and socially to accelerated and changing jobs. In their lifestyles, the workers must also act according to high health and living standards, which requires a broad education. On the other hand, there is the low-skilled training of part-time workers according to private needs sometimes in combination with narrow-mindedness. Often this consists in physical labor that is based on simple action sequences where the degree of simplicity, however, is dependent on the respective level of education achieved in a society as a whole. Such labor is especially true for mind-numbing factory work involving simple activities or for services that can be learned relatively quickly. Compared with complicated, skilled work, this is simple work that is often shifted to the low-wage sector. The serial nature of operations in particular suggests a lower level.

In his economic studies, Marx for example understood skilled labor as multiplied simple labor, which expresses the different level of such work. As skilled labor, it is complicated and often intellectual work, which can demand a higher wage level on the market than simple (often physical) work. Marx thought that complicated labor only reflected a multiplication of simple work because it was composed of a multitude of simple kinds of labor. This is, however, thought of in a strongly quantitative way and abstracts the exchange-value side in a preferential way while neglecting the concrete diversity of different activities. Purely quantitative models are no help here because people regard the value of their labor from completely different points of view:

- Different kinds of labor are valued highly or lowly depending on the culture; thus, for example, in one country a doctor or judge may be highly regarded, and in other countries teachers or bank directors, etc.
- Supply and demand strongly determine the respective ascribed value of a work in the course of time according to local and global viewpoints.
- The expected respective level of difficulty of a skilled kind of training makes people value it highly.
- The restrictions on admission and selectivity of certain kinds of education and training suggest a higher quality.

If we consider the distribution of learning capital in industrialized countries, it becomes clear that the qualification quota has consistently increased in the past decades. In this expansion of education, more and more people spend so much time on learning that they achieve university-entrance qualification and complete studies at the university. The previous elites see this as a decline in the quality (which was never adequately evaluated) of their own education, a prejudice that is often adopted to maintain ownership statuses and continues today to lead to a slowing down of educational openness. Nevertheless, cultural and professional changes under globalized capitalism require higher education levels for more people, and the high costs are foisted onto the individual and their family: “If a male person decides to study in Germany, they can expect a loss of around 59,000 USD (EUR 50,000) during the time they are studying. There are also additional costs of nearly 5,900 USD (EUR 5,000). This, however, is balanced by an estimated income of over 200,000 USD (EUR 170,000) so that the bottom line is an additional income of almost 140,000 USD (EUR 120,000). He can thus chalk up an annual return of 9%.”<sup>1</sup> Such figures fluctuate, however, particularly when tuition fees raise the cost of educational labor. The differences between countries are very high here. But as a general international trend, it is clear that

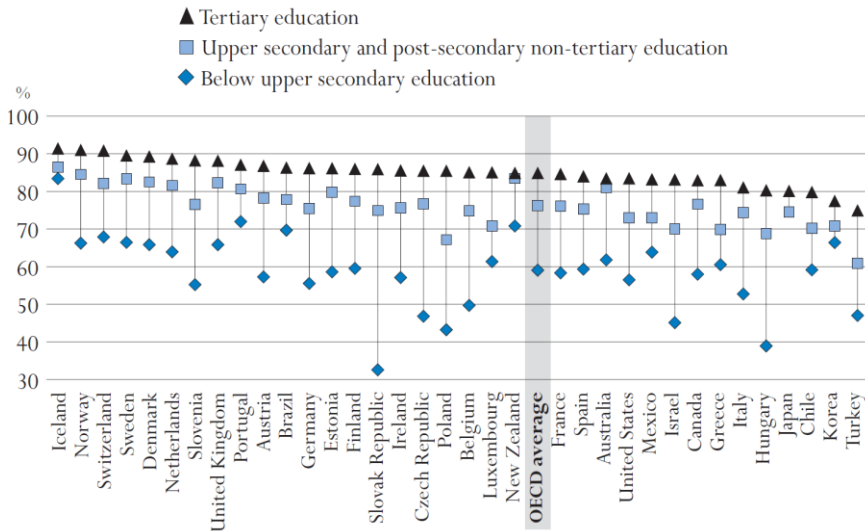
- the state also profits in the long run when as many people as possible achieve as high a degree of learning as possible because they then bring more money to the state through skilled labor and create less costs because of lower unemployment and health and social costs,
- this is also favorable for the individual because it opens bigger and better opportunities in life.

The higher level of qualifications and skills also means that the expectations for better paid jobs can only function in a limited way because there is now a wide range of qualified candidates. Although this qualifies the level of income,

<sup>1</sup> Translated from German Government in OECD Publication “Education at a Glance,” major statements from the 2010 edition in: [http://www.bmbf.de/pub/bildung\\_auf\\_einen\\_blick\\_10\\_wesentliche\\_aussagen.pdf](http://www.bmbf.de/pub/bildung_auf_einen_blick_10_wesentliche_aussagen.pdf), p. 5. It is interesting that women in all countries, and especially in Germany, achieve a lower rate of return.



finding any employment at all is increasingly becoming more of a problem than higher incomes. It can also be seen here very clearly that the gap in qualification levels differ between countries:



Countries are ranked in descending order of the employment rate of 25-64 year-olds with tertiary education.

Source: OECD, Table A6.3a. See Annex 3 for notes ([www.oecd.org/edu/eqa2010](http://www.oecd.org/edu/eqa2010)).

StatLink  <http://dx.doi.org/10.1787/888932310187>

Chart 24: Qualification Levels in Education. OECD (2010 a)

The pressure on degree-oriented educational labor that this generates strengthens the capitalization of learning and leads to the fact that through a variety of paths certificates of all kinds are produced, which are becoming a necessary condition for economic earnings. The stronger the pressure is, the more quickly the capitalization of learning moves along.

The uneducated in contrast are among the “dispensable” (see also Bauman, 2004). They call into question the extent to which integration into working life can be successful when features for exclusion have become solidified and the state has not already taken sufficient measures ahead of time to avoid or minimize exclusion processes. The question, however, remains open whether in current capitalism especially in the vortex of supply and demand anyone might run the risk of getting on the wrong track or ending up being apparently dispensable.

If we look at the surplus value of learning capital as a whole, it becomes clear that high investments in learning capital in order to achieve the highest possible certificate in the most preferable position are always in principle a favorable prerequisite for later securing the most secure and highest income

possible. However, this only works in accordance with other additional kinds of surplus value, which will be shown in moment.

In the analysis of the action of the use of the difference between educational labor costs and better gains through better jobs or income, there are at least four aspects that are necessary to capture the essential elements of action in dealing with learning capital:

- 1) Learning capital can actually be expended in any country and is available in principle to anyone, i.e., there are social standards for education, for certification of education and various degrees, which are made available publicly or privately in the social division of labor as school and university systems and are mutually recognized internationally. Such public or private (but also state-approved) educational environments are standardized insofar as they enable comparable and evaluable certifications of all learners and enable these to be judged. There is a standard compulsory education with compulsory educational periods. The filling of these educational periods through contents and methods involves various divisions into subjects and various quantities depending on the country.
- 2) Educational labor is a basic condition for social action, i.e., all people have the opportunity to learn in a group-oriented way according to standards and thus prepare themselves for their future life or profession. However, in the capitalization of learning the respective expenditures that are made here by the public and guarantee free or paid access for learners differ. These differences indicate a high or low degree of equality of opportunity particularly for those learners that come from educationally impoverished groups and have no means to privately fund their educational labor. In most industrialized countries, there is the tendency to maintain the compulsory education of all learners for as long as possible so that opportunities for education can be held open as long as possible. If distinctions and selections according to particular educational forms or offerings requiring higher qualifications are introduced, points are first set in order to channel different types of learners with different types of certifications and degrees. This is measurable through the distribution quota for the respectively available school and university paths of higher or lower types.
- 3) There are observable advancement mechanisms in actions, according to which learners divide into different groups of learners and according to which they are later admitted to advanced degrees or selected for professions. Such advancements either happen through the school system through forms of education and grades or they are required after schooling through examinations and admission conditions.

- 4) Finally, a certificate is created for all actions, which can be added to your curriculum vitae. These certificates document a state-tested or institutionally recognized use value from educational labor, which symbolically attest to the time, effort, and resources spent as a codification of comparable value. The capitalization of learning appears in a number of certificates that are granted for educational labor but that cannot be used as exchange values as universally as money can.

### 6.2.2 Production of Surplus Value through Supply and Demand

If we take the chapter on economics as a basis, then learning capital belongs to the costs that wage workers or dependent employees of all kinds have to incur in order, through time spent on education, to achieve certificates and socially recognized degrees that first make an application for a job possible in the first place. The possible wages that result from this job serve to cover the costs of living that have been established as a historical-cultural achieved position. The wage level that can be reached in individual cases depends on many factors:

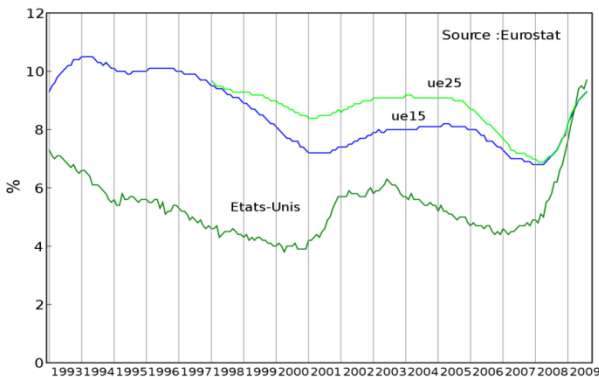
- What tariff agreements and wages are being fought for in order to ensure a way of life appropriate to the culture not only for workers but also for their families?
- To what extent can the living standard be maintained with this income, or does inflation eat up large parts of it?
- Which reproduction costs in the material and ideal determination of the wage level are regarded as necessary and accepted and defined as dignified in the society?
- How much does the state intervene in distribution through taxes and levies, and what do they take away from whom?
- What opportunities are there on the capitalistic market to realize benefits through supply and demand in the struggles over distribution?

Supply and demand decisively determine the labor market and in large part also determine the struggles over distribution. Even policy, which intervenes in the distribution structures through state regulations as a steering force, is subject in its regulations to the pressure of supply and demand. The movements of capital thus determine locally and globally which workers with which qualifications are needed where. In simple terms: if the workers are abundantly available, then wages sink, or unemployment climbs and the wage level remains the same; but if there are too few workers, then people can expect a good income in comparison with others. This is how reserves of workers arise of those that always are kept available or thrown out—in order to be taken up again or thrown out depending on the fluctuations in economic

activity. It is also how others arise who can only find their income through self-employment. The state assumes the costs for the reserves and for many of the general reproduction costs by primarily burdening the masses of wage laborers through taxes and levies. In this regard, the state is already involved in distribution struggles according to supply and demand.

In addition, those who work independently in various occupations, including entrepreneurs, in order to secure income profits are liable for investments in their education. These investments are generally particularly high for independent professions because they are associated with special training (e.g. physicians or attorneys). In particular, fluctuations according to supply and demand have strong consequences in these areas for possible earnings.

The fluctuations of supply and demand on the labor markets are substantial, but they are also a fiction on the other hand. They are especially significant for those who are in demand. Such people represent an illusion for others who are permanently kept in reserve. It is striking that all industrialized countries have to maintain a certain percentage of such reserves. If we look at the continuity of global unemployment (a statistical tip of the iceberg, which includes only those who are seeking employment, and those who are already written off are no longer counted), a fluctuating but always high percentage of reserves is evident:



*Chart 25: Unemployment Rate in Europe (UE) and the USA (Etat-Unis) – 1993-2009*

In the analysis of the action of the utilization of the difference arising through supply and demand, there are again at least four aspects that are especially important when we observe learning capital on the markets:

- 1) There is a market where a need for labor or independent professions (in various trades and services) either exists or is created. There is a range of different workers with different times dedicated to educational labor

and different profiles (use values). There is a demand for workers on a labor or service market.

- 2) The supply of workers or independent professions can be seen and assessed by the participants in the market. On the side of the workers, there are application procedures and assignment opportunities (e.g., through employment offices); on the side of the companies, there is choice with regard to employment contracts; on the side of independent professions, there is an ability to practice the profession on the basis of certifications.
- 3) There are labor wages that allow the company to use the worker for a certain fixed time. For the independent professions, there is an income that can be self-generated. There is an incentive for the formation of learning capital, which consists in the fact that for particularly high investment costs higher wages or income justify the investments or educational efforts.
- 4) The exchange of labor or time spent at work or income for services is actually realized in market competition, and the market mechanisms are respected, i.e., the wages paid or the income sink with high supply and rise with lower supply in relation to demand. If there are external regulations, such as minimum wages or maximum limits, the mechanism of supply and demand is limited through regulations.

Economists as well as unions have developed differentiated theories regarding these aspects, which cover each of the aforementioned points in detail in their dealings with and against one another. It is important to recognize that exchange is processual and circular, i.e., that one's own actions in the areas of supply and demand, which are important for capitalism, also changes one's own initial conditions. The limit here is still that no capitalist will pay wages over the long term if they cannot also at the same time make a profit.

The state generates the bulk of its income from taxes paid by dependent employees. In this regard, it also has an interest in the proper functioning of wage labor. For the most part, capitalist states have a positive effect on job placement, vocational training, and occupational education, i.e., the state also assumes some costs, which relieves companies of the burden and delivers reasonably priced workers to them as needed. At the same time, the state generally organizes systems for unemployment, health insurance, social security, and self-management, which also protects companies from long-term costs. The mass of people that find themselves in wage labor finance this system through their own labor since proportionally the tax contributions of companies is generally significantly lower than that of workers. This is often justified by pointing out that the capitalist enters into the entrepreneurial risk, which should not be inhibited by commitments that are too far-reaching.

### 6.2.3 Creation of Surplus Value through Illusion, Deception, and Fraud

The two types of surplus value mentioned previously can also be influenced, directed, and manipulated directly for learning capital in at least three ways in production and services:

*Illusion:* anyone who promotes their labor as a good on the labor market or competes with others in independent employment can emphasize the quality and uniqueness of their position or exaggerate it in order to have better chances of success. In this regard, applications and advertisements in services are always colored in an illusionary way. Accordingly, certifications are also under the pressure of illusion because anyone who expends labor on education expects a large part of the illusionary pie in return so they can outdo others in competition. The mechanisms for making this happen are similar to the mechanisms for the sales of other kinds of goods:

- Projections regarding one's own educational success and fantasies about associated effectiveness are part of the necessary instruments of learning today. In self-reflexive portfolio work, I not only sum up what I have already achieved (my knowledge) but I also extensively describe my personal educational steps, what I have succeeded in doing and where I still have room for improvement. This generally useful method of self-reflection, however, becomes counterproductive when I no longer give or receive honest feedback over the state of my projections as a customer of a school or university with a high tuition price or as the evaluator of my teachers.
- My personal showcase, my application portfolio or homepage, my Facebook profile or other form of aesthetic self-expression is supposed to raise my market value, but this increase always also presupposes a bit of illusion. The transition to deception or fraud is gradual.
- In the expansion of education too many people become qualified through education so that competition always already devalues my own achievements. The status, which I can achieve through registration in respected, expensive schools and universities, my networks, which I demonstrate externally through symbols, and additional education, which adds decorative elements to my educational biography, help in this regard.
- In a comparison with students across the world, I am just one in a mass of individuals. That is why I have to emphasize my uniqueness in all areas of life and especially in my occupation. For applications, the great art is in creating a position when one is not even really needed but one can offer so much individual, unique potential that one creates a position for oneself. Often, an internship is the best way to get in this way.

*Deception:* deception is a heightened form of illusion, which often occurs in learning today. There is so much knowledge, and it is so easily accessible. Using *copy & paste*, one can quickly generate someone else's knowledge as one's own, and no one really knows any longer how much is original on the Internet and how much is just copied. What is important is not just whether the deception can be hidden, i.e., you cannot get caught just stealing information, but more importantly how and with what natural habitus one can reach back to other's knowledge. The perfect deception deceives itself by claiming as a public good what it wants to reclaim as its own for egoistic purposes without citations or references and without being reminded of or wanting to be reminded of the original source. This kind of deception is most common in the naturalness of a bourgeois or at least middle-class habitus, which finds it easy to take what obviously belongs to it or has always belonged to it.

*Fraud:* because illusion and deception in learning during the school years is less consistently punished today since many teachers understand the difficulties of competition and the superficiality of comparisons and thus react "mildly," it is no wonder that attempts at fraud are increasing. The more PhD theses are checked for plagiarism using software, the more perpetrators evade this through foreign languages. Translations are difficult to check, but it is not enough to attempt this with a lack of language skills because plagiarism is often recognizable then through sentence and word choice. Recently, as a countermeasure, academic ethics codes have increased and penalties have been advertised. Also, the fraudsters in learning capital run the risk of being discovered at some point. This is especially true when they reach a high degree of popularity. They have cheated to become famous, but it is precisely their fame that brings them down.

The question arises of the degree to which actual educational achievement can be simulated through these factors, an achievement that is not only useful for attaining advantages, capturing a position, or meeting a requirement but is also an asset in practice and application. This can only be answered specifically and varies greatly depending on the area of action. A fake medical degree will not help one successfully carry out operations, but there are enough examples from medicine that show that fraudulently obtained titles and occupations can remain undiscovered for a long time. The mere possibility is already sufficient for being successful. So far, school and university systems have been completely overwhelmed by these factors because they are still beholden to an old idea of loyalty that is grounded in the collective norms and values of authorship, a trust that has long been fundamentally undermined in capitalism. And how is one supposed to clearly distinguish in such a culture forgery in material production, industrial espionage, and the search for individual advantages in education, from occasional cheating in

school all the way up to forged examinations or documents? One rather has to expect an increase in fraud.

Analogous to the four aspects in the analysis of action of other forms of capital, there are also certain aspects here that are important in the analysis of actions:

- 1) An educational biography is based on costs, is comparable to others, and differentiates itself through forms of grades, degrees, and the profiles of certain schools, universities, and careers, and there are always status symbols, symbolic honors, or fictional attributes that can be displayed when presenting this educational biography on the market or in competition.
- 2) The fictionalization of an educational biography can be described and demonstrated in a logical and plausible way for “common sense” in order to be credible and in order actually to generate benefits (use of fictional strategies and self-promotion).
- 3) In exchange, an educational biography can be successfully marketed or used in actions through sales, exchanges, contracts, obligations, bonuses, etc.
- 4) The additional profit for the previous points is either realized in addition to an actually existing value or purely fraudulently, i.e., it either increases the existing realization of use value and surplus value and increases demand, compensates for disadvantages in both areas, or generates profits without any trade off.

#### *6.2.4 Production of Surplus Value through Parasitic Gains*

The largest parasitic gain in learning is primarily an educated childhood home. The habitus developed here not only helps to construct and apply one’s own educational biography; when it is well developed, it also leads to favorable inheritance, and facilitates the search for a partner with the possibility of upward mobility, and helps avoid learning difficulties through extra measures such as tutoring and international stays abroad. Anyone who cannot claim such parasitic gains has to accept significant disadvantages in terms of educational opportunities.

The luck of being born in an educated family of the upper bourgeois or at least the middle class can also not simply be compensated for with money (such as a working-class household winning the lottery). First of all, such cases are already extremely rare. But the accumulation of education in order to develop a corresponding educational habitus and outward presence also involves a different logic. It is the logic of the elites (see e.g., Hartmann, 2007). And it is characterized primarily by the following features:



- Career successes are not only associated with achievements but are fundamentally related to social pedigree (see also chapter 3).
- Careers are primarily regarded by the elite as business careers. Only such careers can attract a lot of money and power gains. When children from the upper bourgeoisie are making a choice about a career, they tend to prefer business.
- The bourgeois habitus also has a clear advantage here: even for management with PhDs (engineers, lawyers, economists), according to the available data, those from the upper bourgeoisie have a 50% higher chance and those from the upper classes have a 100% higher chance of reaching an executive position than PhDs from the middle or working classes (Hartmann, 2002, 93).
- Advantages in achievement through investments in learning capital such as the length of study, age, the PhD attained, study abroad, occupational experience before beginning studies or a PhD also have an effect on careers in business, but they do not compensate for the disruptive effect of social pedigree, even if these effects have decreased in the last 50 years (see *ibid.*).
- It is only in association activities or leadership positions in the public sector that one sees the advantages for children of the upper bourgeois persisting but gradually weakened (*ibid.*, 94).
- The habitus (according to social, cultural, physical, and learning capital) is crucial in the selection of elites: being on the “same wavelength” and having the “right chemistry” are important. Here, “at the core there are four features: familiarity with the dress codes and behavioral codes of the upper levels, a broad general education, a developed entrepreneurial attitude (including the optimistic attitude toward life that is regarded as necessary), and the most important element, personal sovereignty and self-confidence” (translated from German, *ibid.*, 122).
- The habitus generally not only means a good education with a college-entrance diploma, trips abroad, university study, access to optimal networks, very good internships etc. but also a high tolerance for risk because the family provides adequate security and support.
- The habitus constantly changes itself and the consumer behavior of the elite over time. Among the commonplaces here are always being informed about luxury consumption habits regarding living areas, trips, leisure activities, and invitation circles for leisure and parties, and having a self-reinforcing network of good relationships and a certain recognized status (see also chapter 4).

### 6.2.5 Summary

If we consider all the profitable uses of learning capital and its circulation—surplus value production through educational labor, supply and demand, illusion, deception, and fraud, as well as parasitic participation—then the analysis of action here shows (as with the other forms of capital) that benefits are always derived from a difference. This can be summed up in a simplified way as follows:

	Form of learning capital	Surplus value arises as difference	Profit in its form of action
1.	expenditure of learning capital in an educational biography according to different forms and profiles	between individual costs of educational labor and the later pay or profits from independent employment in comparison with others	profit is determined by the wage level of the gains, which are conditioned by the duration of employment and the opportunities for income
2.	supply and demand	between common/existing and unusual/rare abilities/certifications <i>versus</i> later gains in wages or profit actually achieved through independent labor	the market qualifies the invested costs and realizable surplus value through competition and fluctuations in wages or other profits
3.	illusion deception fraud	between the actual costs of educational labor <i>versus</i> the fictional value of it due to illusion, deception, or fraud.	the market is actively influenced in order to secure wages/profit and make extra profits through overpricing
4.	parasitic participation	between participation in already existing learning capital in a family <i>versus</i> one's own efforts	existing learning capital in relationships secures possessions that can be used to one's own advantage

Chart 26: Surplus Value through Learning Capital

### 6.3 Societal Use of Learning Capital

In industrialized countries, the change in labor markets has caused demand for simple skills to decline steadily or be restricted to limited areas. The following factors in particular have been central to the societal changes in skill profiles:

- Simple work is done in low-wage countries under globalization. Jobs in manufacturing are disappearing due to automatization or require significantly higher skills than previously due to scientific-technological advances.
- Communicative, cultural, and social skills are increasingly in demand in the service sector and beyond. Overall, there is increased importance attached to the flexibility, free availability, and increased mobility of workers, which is associated with increased cognitive, emotional, and social skills.
- The new information and communication technologies, which cross with other innovations, already presuppose a basic skill level in this area. The new “technologies of the self” (Foucault, 1988) increasingly make it necessary that one make one’s own body, fitness, and mental and emotional health and development an object of self-observation and self-monitoring (see chapter 5).

The state and the respective governments have to react politically to such developments. In this respect, the political level is conditioned by at least five factors (on this in part see also Burbules & Torres, 2000, 10):

- 1) Pressure through transnational, global capital, which always threatens migration when profit interests are not adequately met.
- 2) Pressure through national capital and specific local power and lobby groups, which are important to and provide support for the legitimacy of the ruling political order as donors or allies.
- 3) Pressure through mass media, which connects the first two groups into a majority of economic and power interests through the media’s own capital structures and articulate these interests in a pointed way—this pressure is personally placed on politicians who can thereby gain or lose popularity.
- 4) Pressure from the electorate, which has to be motivated at the end of voting periods to prefer certain parties and their specific interests over others.
- 5) Pressure through international organizations such as the United Nations, the OECD, and other institutions that promote the general development of human rights and dignity, anti-discriminatory practices, and educational opportunity as well as expenditures for public interest.

Faced with these pressures, it is difficult if not impossible to assume a single individual approach and set of individual interests on the part of a country with regard to the societal use of learning capital. Policy will advisedly often follow markets and their pressures here, which is particularly evident in the neoliberal economic phase of the past few decades. Although it has been clear since the 1970s that increasing capitalization of education would produce losers particularly in socio-economically weak families, most industrialized countries have increased compensatory expenditures in education only slightly or not at all in relation to other economic growth and thus the effects of discrimination have increased. In the long term, they are then subject to costs that are significantly higher than if one had reacted in a timely manner over the long term. But such a reaction would contradict the neoliberal doctrine that the market will address what needs to be addressed. But this has not happened.

The societal use of learning capital is always also connected with the accepted and widely applied pedagogical and educational ideas as they are shaped by educational sciences, the social sciences, and educational psychology. It would be naïve to believe that the process of scientific observation, description, and application is not shaped by the respective attitudes of the time. They contain all strengths and weaknesses of this attitude. We may certainly welcome it today when educators and learners are increasingly more diverse, heterogeneous, and individual, when they are active, participate, and solve problems on their own, when they want to and should work together, and at the same time are oriented toward local and global cultures; however, all of these attributions and desirable characteristics also exist in a time of ambivalence. They may be used in the sense of democratic participation, but they could also draw on neoliberal one-dimensionality in order to ensure that those who already are educated get more of it and those that do not have enough education do not get much more. All those involved in the system have to recognize clearly that there is no space here that is free of power or interests; rather, there is a very hybridized space in which different and opposed interests mix,<sup>1</sup> a space which is an object of political struggle in which policies regarding equality of opportunity and equity first have to be fought for.

I would like to further specify the societal significance of learning capital in a few steps: (1) First, I will briefly discuss the expansion of education and its effects. (2) Then, I will discuss the main shapes in which the concealment of learning capital in capitalism takes place, i.e., why one often does not want to know how learning capital functions and what is particularly problematic about the concealment. (3) In a third step, the relationship between science and

<sup>1</sup> On this, see for example Popkewitz (2000) who along with Foucault also sees the danger of hegemonic practices in hybrids.

scholarship and learning capital will be discussed. It will also be shown here how surplus value can be encountered in science and scholarship. (4) Finally, in the section on learning capital and equity/equality of opportunity I will show the direction social perspectives can take so that we do not increasingly lose sight of equity and better equality of opportunity for learning capital.

### 6.3.1 *The Expansion of Education and the Dissemination of Learning Capital*

After the Second World War, there was an agreement in all industrialized countries, which played an important role in the postwar rise of education into the 1970s, in particular to make sufficiently trained workers available. Liberal politicians demanded in the 1960s that the social stratification of education be deconstructed to provide more openness because the changing labor world required broader education. Most countries had common education of all students in a class in *comprehensive schools*,<sup>1</sup> i.e., selections according to differences were made after the eighth or ninth grade. However, in this time of the rise of education, the differences in results in light of differences in the quality of education and the reproduction of inequality were not discussed sufficiently (cf. Bourdieu & Passeron, 1990). Especially with the family education among the less educated, it became increasingly clear that the state had to establish provisions in order to make an effective school system possible for large groups of learners because the development of industrial production and services increasingly demanded more skills particularly since unskilled work in a global world is cheaper at other places than in traditional industrialized countries. All education and training systems throughout the world came under cost pressures during the expansion of education, and in the neoliberal and partly neoconservative phases since the 1970s many countries first encountered expansion and then had suffered deteriorations in their educational systems.<sup>2</sup>

The deterioration is especially felt by economically weaker groups. Those without training or education or inadequately trained or educated people are not produced by economic capital, as is the case with the unemployed, but by the state itself (see for example the different interpretations in Collins, 1979, Oakes, 1985). Unjust educational systems in particular, which do too

<sup>1</sup> This expression refers to the British system, but late selection is also a model in the US, Canada, and many other countries. Only the German-speaking countries present a different model with early selection after the fourth grade.

<sup>2</sup> On this, see for example the overview in Apple (2000), Giroux (2008).

little for the disadvantaged, produce significant effects. If we look at the statistical findings for the industrialized countries in a summary, we can recognize both progress and regress. We see

- that a large proportion of students in the last few decades under the *expansion of education* have moved into higher forms of education and attained higher qualifications, which means these forms of education and qualifications have lost their status (however, internationally the value of such expansion differs),
- that women in particular have caught up in comparison with the past and are even tending to surpass men in qualifications in the educational system,
- that however at the same time students with poor resources—poverty, migration, lack of education, experiences of discrimination—also appear to be pushed toward the bottom.

In Lomborg (2004, 238 f.), T. Paul Schultz points out that in areas of reform there is little chance of success for equal access to education when there is no political agreement among the different interest groups that more money should be invested in these areas. In addition, it is beyond doubt for educational economists such as Lant Pritchett (in Lomborg 2004) that in addition to adequate funding (1) more autonomy for teachers and school administrators on site is particularly effective, (2) a decentralized approach and monitoring of measures involving parents and communities is needed, (3) transparent empirical studies on actual success should be done, and (4) clearly achievable goals in education should be set and aspired to. If these measures are not sufficiently present, structural school reform is necessary. If the state wants to raise equity and equality of opportunity, this has to be achieved not only through social services, although these have become increasingly important to larger parts of the population in light of low-wage areas and consistently high unemployment. However, in the long term a structural improvement of the educational system regarding these four points appears crucial in order also to open access and good opportunities for disadvantaged people independent of their socio-economic status or other disadvantages. The learning capital generated in this way appears as the main possibility for regulation in order to sustainably create a certain degree of equity and achieve more equality of opportunity.

The international school comparison studies (PISA), however, show wide disparities in learning capital. The reason for this is that in industrialized countries, neoliberalism as well as neoconservatism have had very uneven influence (see Apple, 2000). If neoliberalism relies on the power of the markets but also emphasizes the role of the household in education and, as Fraser (1989) works out, thereby strengthens a patriarchal worldview, neoconservatism in addition also evokes the “Western tradition” of the family and helping

so people can help themselves. Dale (1989) gives an example of how this impacted upbringing under Thatcherism: it increases the division in society between those who already have possessions (and continue to have them in the future) and those who do not.

In the empirical research on education, there are some explanatory theories that attempt to explain the phenomenon, namely why despite the expansion of education significant differences between social classes or levels persist. Such explanations are for their part not free from the attitudes of the time and certain fashions in research. Thus, they have moved in particular way from economically determined social classes in order increasingly to present models in which the educational opportunities of the parents—neglecting the class question—are passed on to the children (a classic here is Boudon, 1974).

As a primary effect of pedigree, differences between social classes are measurable as expressions of education, resources, and targeted support, which show that children from uneducated families in comparison with those from educated families have disadvantages particularly in cognitive areas, language achievement, social behavior, and social skill. At the same time, the parents from uneducated groups are less aware of how important investments in education are. Usually they cannot muster their own resources to make adequate investments in order through education to increase the opportunities for their children for jobs and income, avoid social decline, or secure a better status. A secondary effect of pedigree here is which educational decisions the parents make for their children (e.g. preferably not send them on to higher education because there will be too little help available versus absolutely invest in higher education and organize tutors if they are not doing well). The effects of pedigree also touch the existing school system, which increases such effects through selective practices or minimizes them through comprehensive support and an inclusive design.

Such an explanatory model has the advantage that empirical researchers can construct countless points of measurement to reconstruct the household resources, attitudes, and decisions of the parents. The data thus collected has significantly expanded our understanding of educational inequalities at the level of the phenomenon. However, we cannot forget with these models that we should also consider the economic status in the background, which has effects on the choices of parents. The decisions that are made strongly depend here on the forms of capital in the parent's household. Decisions are based empirically on more easily measurable educational inequalities as an object of investigation instead of deriving systematic connections from the forms of capital and reflecting on them. The downside of such models is that economic capital, as a crucial condition for resources, and educational inequalities are made invisible through this kind of research because it does not play a sufficient role as a metric.

### 6.3.2 *Concealment Tactics in the Capitalization of Learning*

People have always thought about learning and education, but they have very often tended to create simplified images, which have shaped learning according to the spirit of the time and the mainstream in cultural contexts. These images included in the modern past (1) naturalizations and (2) universalizations,<sup>1</sup> which I regard as two fundamental errors and which still occur in academic descriptions of learning and assessments of the forms of learning capitalization. This is followed by (3) empirical reductionism, which makes it difficult to understand this form of capital in its interactions.

#### *(1) Naturalizations*

Humans observe nature and draw conclusions from this about seemingly “natural” beings. They thus create analogies between plants and animals and human beings. Just as plants need water to grow, humans need material for learning. Just as the animal needs a hard hand and guidance, humans need to be disciplined and led in education. There is a tremendous wealth of such analogies, which allow arbitrary values and norms to be projected into learning in order to generate desired behavior from the cultural contexts. Naturalization is at the same time a very convincing tool of legitimation because it appeals to common sense and allows everyone to talk about education. Such naturalizations can be found even today in elaborate theories of learning, particularly in behaviorism.<sup>2</sup>

Naturalizations are always meta-narratives, great stories that promote the plausibility of respective constructed truths in a general and easily comprehensible way by concealing the difficult societal background and simplifying the complex interrelations and struggles over power and knowledge. Theories of learning easily fall into such practices because all people have their own experiences with learning, which they like to see presented in a comprehensible “story.” In order not to be taken in by such errors, it is necessary to refer the putatively certain new naturalizations (e.g., from neurobiology, brain science, etc.) back to the historical, cultural, and social context from which they arise. My proposal for working with learning capital follows the strategy of social recontextualization, which seeks to avoid a naïve naturalization of scientific facts. This does not dispute that social bodies are also bodies with a biological background and are involved in physical, genetic, etc. evolution; but solely or primarily looking at the nature of such bodies cannot offer an explanation of the social or of learning. Currently, we are unfortunately still far

<sup>1</sup> Jürgen Habermas (2008) sees two tendencies of the modern age in orthodox religions and naturalistic worldviews, both of which always require critical reflection.

<sup>2</sup> The high level of fictionalization and speculative power here can be seen for example especially in Skinner’s famous educational novel “Walden Two.” A classic criticism of these ideas can be found in Devereux (1976, 1979).



away from the transdisciplinarity needed in this area. A theory of learning capital may help us to avoid simplifications in education, at least it helps to resist naturalization.

### *(2) Universalizations*

Some representatives of disciplines look for universal laws that are supposed to determine once and for all what reality “is” and how it functions. However, this contrasts with the qualifying and legitimate claim that in the sciences it is also about verifying all claims again and retesting them. Even if because of conventionality more agreement can be found in the hard sciences than the soft sciences, every form of universalization has shown itself to be a hindrance for scientific advancement. This is especially true for learning, which is always associated with expectations that are culturally dependent and is also constructed and executed in a way that is embedded in cultural contexts. In Confucianism it made sense to memorize entire books in order to pass tests requiring reproduced knowledge and to ascend as a civil servant. But in today’s world, this method would be totally counterproductive because and insofar as learners have access to a wealth of information sources and are in need of lifelong learning to acquire and apply knowledge oriented toward skills and tasks. This may change in the future. At the same time, we have to admit to all learners that it is at any rate impossible to make universal claims about the correct and most effective method of learning. Why is this? There are a few reasons:

- In modernity, learning was organized in lockstep form for large groups in order most effectively to fill a limited amount of time with as many heavy topics as possible and present them in a way that could be monitored. Inevitably, learners were constructed in a unified model of development, which appeared to have universal stages of development and could always be used in the same way. It was only later that research on education could see that this model only served the practice of teaching but did not correspond to the abilities of learners. When considered up close, learners are all very different, learn at their own time, and have preferences in learning, which are not supported enough in the lockstep learning approach.<sup>1</sup> In this respect, we see significant disadvantages as a result of this approach and attempt to compensate for these through additional methods of differentiation, even if individualized teaching is offered far too seldom because of costs. The functionalism of this universaliza-

<sup>1</sup> Because these characteristics can only be seen in longitudinal studies that are very costly, there is insufficient empirical research here. But in a comparison of very different individual studies, the differences in pace and paths can be seen very well. On this, see e.g., Howard Gardner’s results and projects (Gardner, 1991, 1993, 1997, 1999, 2000, 2004).

tion shows results in practice that are based on the idea of equal treatment in lockstep, but comprehensive individual support for all cannot be promoted sufficiently against this trend toward education factories and the advantages primarily for the better off.

- For us today, learning appears to be a strongly subjectively determined process, which particularly includes emotional aspects in addition to cognitive accomplishments and social motives. People are very different with regard to such factors and cannot be judged without individual and concrete approaches. What we measure when we undertake comparative measurements on learning pace, outcomes, certificates obtained, and degrees, etc. are social comparisons, which only describe what we produce in the now dominant lockstep approach. If we want to draw universal conclusions from this, then we would have to say that learners from better-off families *are* also better learners, which is a fallacy with regard to the possibility of learning because they are this way only because of *their* better position. We first need to investigate what happens if the disadvantaged learners are better supported in order to be able to make a fair comparison.
- There are additional factors that strongly determine learning and that also vary subjectively: adaptation and assimilation strategies, perseverance and toleration for frustration, resilience, and coping strategies. Any universalist view becomes clouded by this variety of relevant factors and impossible to maintain.

However, even if such universalizations regarding learning and theories of education cannot hold against this background, this does not mean that learning should be described arbitrarily. We really have to change our horizon of expectations: learning can be conceived of as different learning for different people; common expectations and experiences, especially comparable results regarding degrees that were attained or not, can be statistically evaluated in order to identify trends in success or failure; and we can, for example, also learn from successful or failed educational biographies as examples. We also have to recognize that as participants in a culture we always make context-based claims and cannot occupy an objective viewpoint outside of these contexts. A theory of learning capital may help us to care for all these contexts and to avoid abstract universalization.

### *(3) Empirical reductionism*

The capitalization of learning and education exerts enormous pressure on the sciences. In order to legitimize the use of financial resources, whether this relates to customers or the state, strong cost-benefit analysis have been developed, which are more or less supposed to lead to a constant evaluation of educational systems. Empirical research methods have thus become dominant, which attempt to make the most significant possible claims about the

success or failure of education in the shortest possible time. One turn oriented toward empirical research is clear to the educational, social sciences and psychology. But because the desired measurements are generally not designed in terms of long-term basic research—these are too costly and counterproductive for fast academic careers—and instead follow the quick flow of changing learning contexts, strongly reductive methods have had to be developed both with regard to quantitative and qualitative research aims. Contradictory developments can be observed here in this regard:

- On the research side, reductionism leads to limited questions that are usually investigated in very small groups and tend to involve simply constructed surveys on attitudes, expectations, and so-called objective data (such as degrees attained and grades received etc.) rather than concrete on-site observations according to previously formulated comprehensive theoretical models. Because of the pressures to publish in academic careers, this tendency is increased on the research side because the number of publications takes precedence here over the quality of a comprehensive study. The consequence is a tendency toward isolated individual results without a complex relation to action or theory. An accelerated research methodology with constantly new specifications and minimal modifications leads to short-term and often short-sighted results.
- On the legitimization side regarding sponsors or the academic mainstream, people often like to hear about and see confirmed what they already expect or what is politically desired. This is often also due to the award practices for third-party funding that is provided for such research and that is bound to a previously approved application, which has to pass the hurdles of review by those who often act as buyers (the pressure of legitimization) or who embody the academic or scientific mainstream or at least strongly support it (the pressure to adapt).
- Finally, empirical research is also left with little time to develop theoretical foundations because the measurement period for third-party support for empirical studies only rarely exceeds two years and is accordingly aligned with its own cost-benefit conditions.

When learning capital is studied today, particularly for example educational inequality and its causes, there are very different structures for observing the problem, collecting data, and interpreting this data. Because empirical studies always proceed reductively, i.e., they pose questions in a way that reduces complexity, certain aspects and perspectives are always chosen according to selective interests. In order to assess these selective interests, it is very important to look at the background theories upon which such research is based. Educational inequality is a metric here, which is certainly closer to the question of education and further from the economic situation. Assuming that the state would provide more support for the economic resources of the lower

classes through a minimum wage and special tax benefits, this would not at the same time logically mean that education would thereby increase in the households. But it would be equally rash if we would therefore only focus on educational inequalities that are passed down through generations because in the final analysis without better economic resources the educational level of families in disadvantaged positions would not rise. Unlocking such systemic connections is especially difficult for empirical research because and as long as it relies on the simplicity of explanations suggested by easy measurability.

To determine the nature of educational inequality, empirically the inequalities of opportunities as well as the inequality of results have to be taken into account. The first aspect refers to structural components that have to be defined and related to one another. This also includes, for example, a concept of forms of capital that have to be interpreted in their volume and their ratios to each other if structural statements are to be made. The second variant can already be satisfied with statistical results, which it interprets as statements about the actual conditions. But it cannot thereby sufficiently draw conclusions about causes or concepts that might possibly lead to an improvement in the situation. Through this variant, one learns very little about causes but a lot about the distribution of results with regard to different groups. If the difference between research approaches that is associated with both aspects is not sufficiently noticed or recognizable, then confusions are inevitable.

Another example: from the educational results, one cannot necessarily draw conclusions about the educational participation of certain social groups, as is evident in particular with elite groups (nobility or the business elite). They can, for example, decline the usual bourgeois education or interpret it in a very special way without at the same time having to suffer disadvantages in social or economic status. The statistical results thus also cannot reveal the delicate mechanisms that arise in the process of social differentiation and are then used. Nevertheless, the results are not unimportant. However, they always require a complex model of interpretation, i.e., also critical reflection on the adopted perspectives, so that they do not just end up in a mere survey of data, which also does not even survey certain empirical data because the approach remains blind to it.

For Bourdieu it is crucial here that there are many lines of difference in the forms of capital, but not all are in every case equally relevant to the production of inequalities. What is important for him are those that demonstrably produce inequality by not merely being used for the individualization of certain wishes or forms of life but act as differences that produce social inequality. It is relatively easy for empirical studies to represent differences in lifestyles, expectations, wishes, and results for people in a comparison, but it is more difficult to reconcile this with an interpretation of mechanisms that at the same time

also grasps the process of the emergence of inequality. In particular, in educational research, the all too rarely practiced qualitative research areas of empirical reviews of life histories and deep investigations are seldom seen.<sup>1</sup>

Statistical analyses, which are currently dominant in the research on inequality, show correlations, for example, between social position, participation in education, and educational outcomes. Generally, GPA, achieved grades by parents, scores or test scores in schools, PISA tests, dropout rates, college or university entrance statistics, and college or university completion rates are used to measure educational success. However, such data alone cannot explain how exactly these results have come about. For the most part, these studies even consciously leave this out of the picture by only showing the results, which appears equivalent to a scientific explanation. But this reductionism capitulates when faced with the real task at hand. Through the positing of multiple variables that measure differences, this reductionism has lost sight of the task of interpreting the actions of agents and reflection on their participation in certain social conditions. It should not just be a matter of only checking phenomena according to lists of features. An associated blindness to theory leads to a blindness in empirical studies because increasingly they commonly investigate what is statistically available as material and not what a theoretical model suggests is relevant for the investigation and through which new measurements are supposed to result.<sup>2</sup>

Even limited reductive empirical approaches obtain data that is still controversial in terms of its legitimacy. An example here is the PISA studies that allow for comparisons of countries through the international comparison of school achievements for skill-oriented performance. PISA is also reductive. In particular, the instrument does not present long-term studies about how a learning environment can be designed on site sustainably over a long period positively with regard to the educational success of as many learners as possible and developed in an individually differentiated way (such studies are very rare) but surprises us with snapshots of certain comparisons of achievement from different subject areas. It has to be clearly recognized here that the PISA researchers are by no means neutral observers of the development of education and skills in different countries but attempt to comply for their part with the capitalized form of action of learning. It is regarded as fitting for people's needs in life today.

In light of the capitalization of learning, some are calling for the old standards of education and training, which they would like to pit against any changes. But the problem of capitalization cannot be dealt with in this way if

<sup>1</sup> Bourdieu (1999) provides an exemplary qualitative analysis in his study "The Weight of the World: Social Suffering in Contemporary Society."

<sup>2</sup> David R. Freedman (1987a, 1987b, 1991) already complained about and criticized this at length several decades ago.

we construe a dualism in the schema of old forms of learning action (= secure middle-class education) and new demands (= deep capitalization) in order in the end to play the advantages of the old system against the weaknesses of the new. If arguments lament the growing capitalization of learning and education, and if they see the decline of the educated West in this capitalization, without at the same time sufficiently considering that the state of the educated middle-class world already had its own major difficulties and injustices, then they approach things in a way that ignores history. A broad study of the history of forms of capital and the way they operate will protect us against such one-dimensional thinking. At least it allows us to better assess the interests of different groups in the economy, politics, and expertocracies. I also do not believe here given the real power relations between economy and science that the current knowledge community has actually made science and its expertocracy so powerful that it could play a particularly assertive role against the ownership interests in economy and politics. Rather, the reverse is more likely: the expertocracy is repeatedly used by the assertive powerful groups in society in order, by means of evaluations, legitimations, discourses etc. to support what is supposed to be defended or demanded in the existing ownership situation for the advantaged (see Crouch, 2004, 2011). This is precisely where, for example, PISA or the OECD requirements present a model that stands in the ambivalences of liquid modernity:

- We should no longer expect from any model that it is constructed free of domination or power. The PISA model reflects the forms of action of capitalized learning insofar as it constructs applicable skills for the economy and life in a cross-country comparison but does not want to examine the quality of educational knowledge. The demand in view of the forms of capital here is that education and training are seen as essential factors in order to convey skills as widely as possible among the population; this is supposed to work against inequalities and allow as many learners as possible to achieve high skill levels (measured according to the PISA test). Behind all of this is the simplistic idea of “human capital” (see Keeley, 2007), which defines people as economic factors (for themselves and others) but at the same time wants to provide all people with such capital in accordance with the democratic conception of equality of opportunity.
- From this basis, PISA and OECD initiatives are directed against the hegemonic ownership practices of national groups, such as conservative groups that are primarily oriented toward elites in order to exclude other groups. Comparing the school-systems worldwide, there is the hope to open the highly closed and often strongly and too prematurely selective school systems, to show developments in the global understanding of

education and training, which by means of capitalization of learning aims at an improvement in opportunities for as many people as possible.

- In the OECD or United Nations expertocracy, the comparison of countries has led not only to the fact that criteria for comparison are discussed with more awareness but also to the fact that the results have produced pressures on democratic legitimacy in underdeveloped countries.
- Nevertheless, such studies are always applied in a highly reductive way. Comparison itself leads to the neglect of national particularities, and the construction of tests increasingly produce more neglect. Comparisons therefore always have to be considered in conjunction with other investigations.
- It can also not be denied that the expertocracy assumes capitalization. It shows that the shift to learning capital has already happened because currently no other dominant model of action can be seen in the globalization of education.

What is interesting is how the countries studied react to the PISA results against this background. Finland, which is consistently a top country, took the results as an opportunity to continue reforming the school system because they knew they were on the right track, but they still saw certain needs in the details (for example, better training of teachers for special needs education). Germany, on the other hand, did not undertake any fundamental reforms and instead raised the pressure with more material, less opt-out opportunities, and central exams without putting its own system in question in comparison with other countries. Instead of focusing on the options and measures in other countries with better results, it pointed out that measures from other systems could not be transferred to its own system, which it would not want to change under any circumstances. In this respect, the pressure on legitimacy through empirical studies fizzled here when it encountered the ignorance of the dominant policies and a reinterpretation of the results. In contrast with the hard sciences, where justified claims also flow into new methods of application, the results of the soft sciences are so interpretable politically that an interest-led reinforcement of ideas or a resistance to advice can take place easily. In Germany, this ultimately concerns the preservation of the *Gymnasium* (university preparatory secondary school) as the established educational path for the better-positioned middle and upper classes, which do not want to institute solidarity for the disadvantaged in the form of the education of similarly performing groups. The step toward a joint school over nine or ten years would sound like a revolution in Germany.

The easiest way to get around such awkward comparative studies such as PISA is through contract research in which the results are more predictable according to one's own interests. In this case, the government promotes the opinions that confirm what it would like to make politically legitimate. Or, one

relies on the power of habits. But in a time of academic globalization countries can hardly strike out on their own path if they want to avoid creating disadvantages for themselves.

Learning today is under pressure to prove its effectiveness. This also means the emergence of an age of empirical evidence. And this unfolding age of the dominance of empirical evidence in research and teaching has an important effect: it is ushering in the end of grand theories, which are the last meta-narratives of the educated. There may always still be some people who apply to the increasingly fewer positions for fundamental research, but given the decline of old education and the power of capitalization a broad knowledge foundation disappears. People who do fundamental research and who started entire movements and changes in the past with their thoughts independent of their empirical relevance and thereby became empirically relevant have become rare and will become increasingly rare in the future. They will be replaced by researchers and teachers who at the same time need to be managers and administrators of the third-party funds, which today are at the center of scientific careers, appointments, and awards. Professions are turning into jobs, which is also at the same time ensuring the elimination of secure and permanent positions with the elimination of tenure, for example (cf. Donoghue, 2008). Because the awarding of third-party funding has become a key criterion in the evaluation of performance for research institutions and individual researchers an appointment now also involves a certain dependency that leads the empirical claims in certain directions.

### *6.3.3 Science and Learning Capital*

Science has for a long time appeared in modernity to be an unassailable fortress of truth in which a scientific community has been assumed and idealized on the basis of the financial independence of professors (freedom for research and teaching on the basis of a life-long permanent position, i.e. tenure), a community that sees itself as obligated to increasing human knowledge independent of economic and personal interests. Josiah Royce offers a central explanatory theory for this, which begins from the idea that scientific truths cannot be produced by scientific observation alone but require the existence of a scientific community that examines and endorses such truths in accordance with ethical and social norms. The old idea of the university is in the background here which had to free itself from the bonds of ruling powers and religion over the course of centuries. Robert K. Merton (1973) created a nice meta-narrative on this in 1942, in which he focused on four aspects in the value of such science (see also the analysis provided by Radder, 2011, which I rely on):



- 1) *Universalism*: according to this idea, scientific claims have to be free from personal criteria (such as origin, race, gender, religion etc.) and should also not be subject to social factors. Even if socio-cultural contexts influence scientific knowledge, in the long run, the opposition to claims in a democratic process should give everyone the chance and opportunity to examine the claims for themselves if they have a certain level of talent. Universalism then shows what can be regarded as valid in the long term through the consensus of independent researchers (Merton, 1973, 270 ff.).
- 2) *Communism*: Merton alludes here to the collective possession of truth, which he regards as a good. Scientific truths are the product of collective work and thus cannot be private property if science for its part is not to be destroyed. The researchers can of course claim a discovery for themselves or claim to have discovered a truth, which can bring them recognition and fame, but keeping such truths confidential or patenting them has to be limited to a minimum through rational scientific ethics (ibid., 273 ff.).
- 3) *Disinterestedness*: a certain altruism or lack of self-interest should be exercised in the examination of scientific truths because science can be sustained only through publication, openness, criticism, and evaluation by others, the repeatability of experiments and studies, and thus the intersubjective verifiability of results. Self-interest in contrast has to be focused on motivating such research, on curiosity, and on openness for the results of others. Scientific and technological advancement in particular shows that science can present its “truths” in verifiable applications. However, the authoritative status of science can also be misused for improper purposes, which is why the freedom of scientific objectivity and integrity must absolutely be protected (ibid., 275 ff.).
- 4) *Organized skepticism*: science must impartially examine all claims and their justifications. This is a methodological imperative for research and a necessity for science as an institution. Claims have to be examined for their logical and empirical validity. Meeting the threat to this imperative arising through external interests that, for example, are not satisfied with scientific results that run counter to their interests requires the strict organization of science as an institution that remains skeptical of external influences and defends the freedom of science with its rules for testing validity against external influences.

These values describe very clearly how science is constructed in an idealized way today or would like to construct itself in order to resist capitalization, but the “grand history” of such a value-free and independent science is for its part really only an idealization. Although today a lot is being written against the capitalization of science, and often with good reason, unfortunately people

constantly forget that the past also never lived up to this ideal of freedom.<sup>1</sup> This can be shown in a short criticism of this meta-narrative about science:

- 1) *Universalizations* have always proven problematic in the history of science. “The Structure of Scientific Revolutions” (Kuhn, 1996) shows in contrast with such universalism that there is a certain conventionalism of the cultural time even in the hard sciences. The soft sciences are directly dependent on the respective attitude and mainstream of the time because of their very direct connection with the development of culture. The capitalization of science can be observed in the following aspects:
  - Not all people with similar talents find access to science (previously the disadvantages for women were very strong; today the previously existing disadvantages for those who are distant from education or are in a weak socio-economic position continue to exist).
  - The financing of certain research areas and topics limits the free pursuit of truth.
  - New and unusual theories are often overlooked in mainstream peer review and funding because they find little confirmation.
  - It is difficult to find funding for long-term research because its benefits and applications cannot be evaluated and demonstrated in the short term.
- 2) *Communism*: particularly with respect to results as a common good, limitations through confidentiality demands have been common for a long time due to military and economic interests; the ideal is overthrown everywhere where profits can be made through research (in terms of the economic interests of a country, corporations, companies, or groups of individuals) or where military advantages can be gained.
- 3) *Disinterestedness*: in the capitalization of their own careers, scientists are no longer focused only on motivation for new results, curiosity, and openness but are increasingly forced in their competition with each other to reject disinterestedness. The question is who in the past could really afford to put concern with science or humanity before their own personal fame or high income; in the practices, routines, and institutions of science itself it is clear because of the increasing influence of cost-benefit calculations, new management systems, and evaluations that self-interest increasingly underlies the idealized standards.
- 4) *Organized skepticism*: religion and state regimes were often the enemies of science in the past, but it is clear that the enemies are still lurking today: particular groups or “schools” want to promote their interests and

<sup>1</sup> See in particular the following standard works: Bok (2003), Krinsky (2003), Mirowski & Sent (2002), Resnik (2007), Slaughter, S. & Leslie, L. (1997).

preserve their power; dogmatism is constructed in methodology or approaches in order to offer protection from changes; economic use in particular is honored with confidentiality for research results; excellence initiatives strengthen the selfishness of certain people, disciplines, or universities; and differences in income and equipment determine the importance or insignificance of different disciplines and people. At the same time, in political speeches the old ideal of the supposed freedom of science and the university is praised, although such measures have for a long time in fact undermined this freedom. To keep the system from getting out of hand, the codification of scientific behavior that was previously obvious in the scientific habitus now has to be set, monitored, and evaluated in comprehensive rules, regulations, and guidelines.<sup>1</sup> At the same time, more and more cases of fraud against this code are coming to light.<sup>2</sup>

It thus appears inappropriate for these reasons today to draw on Merton's criteria as values in the discussion of the capitalization of the sciences, as Radder (2011, 91) proposes,<sup>3</sup> because the meta-narrative leads us to believe in an illusory idea rather than pushing us toward reality-based analyses. Even if Merton wants to defend science against attacks from the outside, as well as the profit interests of capitalization, his narrative was already too unrealistic in its time to provide more than a vivid characterization of overly high expectations. I am convinced that we should focus more comprehensively on the effects of forms of capital on the sciences so that we remain realistic enough. From my point of view, capitalization should be understood more broadly than previously with regard to the interaction of the forms of capital. The following basic points should be discussed from my perspective:

*Scientific labor as wage labor, and its surplus value:*

The commodification of science is the new technical term for describing the commodity character of knowledge. It expresses the idea that knowledge itself has become a commodity that can be exchanged for money (tuition fees, costs for literature, time required for dealing with information, high education costs exchanged for a later—better?—job as well as the idea that science itself now appears on the market as a buyer or seller, which, for example, means that schools and universities have to increasingly establish themselves on the market. When, however, the market with its profit-orientation

<sup>1</sup> On this, see the overview in Kourany (2008); see also Radder (2011, 94 ff.).

<sup>2</sup> The dark numbers have to be very high here given the enormous competition. It is not just that literary works are easy to copy; empirical data is increasingly also being doctored when it is difficult to verify by others. On famous cases of misconduct, see for example: [http://en.wikipedia.org/wiki/Scientific\\_misconduct](http://en.wikipedia.org/wiki/Scientific_misconduct).

<sup>3</sup> They are still suitable for discussing and criticizing the idealized illusions that science still likes to present today.

enters the calculations of science in its pursuit of truth, the idealized criteria and values that I pointed out with Merton are threatened. Now even those who still believed in the meta-narrative of the free sciences recognize that interest-oriented profit seeking can destroy the old image of knowledge. The consequences are abundantly clear: the sciences are judged only according to costs and efficiency; the production of their results is subordinated to measurements of benefit, and they are managed constantly in their research. Everything is for sale here;<sup>1</sup> profit maximization determines the price of truth,<sup>2</sup> and particularly in health and medicine profits determine the research;<sup>3</sup> students cannot escape this market because of the privatization of many institutions and high tuition fees nor can instructors who under this new form of management no longer primarily develop their knowledge but have to demonstrate their customer orientation.<sup>4</sup> Universities are also drawn into the struggles over the markets, which are typically reserved for companies. It is about securing competitive advantages against others, and these advantages are expressed in elite monopolies, good marketing, high external funding, placement of professors in commissions, and advisory boards with high “impact” (= high citation volumes). If we consider this competitive situation in the sciences, competition might drive society, but the concentration of resources on a few at the expense of creating a bad situation for many will not necessarily contribute to increasing knowledge in a broad sense. At the same time, someone who pays extremely high tuition fees at Harvard (Shanghai Ranking, 2011, 1st place) in contrast with the Technical University of Munich (ranking 2011, 47th place) no fees will not acquire x-times that much more knowledge at Harvard in comparison with Munich. People do not pay for knowledge but for a status that as a cornerstone of their personal biographical planning appears exchangeable as fundamental learning capital. In face of the shortages in places at elite universities, this pays off for applicants, but even those who do not secure a place have a good chance at significantly cheaper investments in their career as long as they acquire a degree that is in demand on the market.

Resnik (2007) clearly shows that even in earlier times political, social, and economic interests intervened in the acquisition and dissemination of knowledge, but the thoroughgoing capitalization of all areas of life in today's society leads to an ecstasy of knowledge as a commodity form with profit interests where more and more private profit interests become connected with science (see also Krimsky, 2003, Radder, 2010). This happens

<sup>1</sup> For a critical perspective, see Ridgeway (2004).

<sup>2</sup> Some classics here are Resnik (2007) and Mirowski/ & Sent (2002).

<sup>3</sup> On this, see for example Healy's (2004) studies of the pharmaceutical industry.

<sup>4</sup> This is not unfavorable for the sustainability of teaching, but instructors are prevented from doing their own research because of their high teaching duties.

- through the university that either markets knowledge as a commodity through patents, licenses, or training or helps the scientists by founding their own companies along with contractual obligations,
- through the awarding of private and state money that either follows private profit interests (by means of contract research) or in the case of state funding follows the scientific mainstream or certain lobby groups,<sup>1</sup> whereby the bureaucratization of distribution is often undertaken by means of application verifications and complex regulations,<sup>2</sup>
- through collective research facilities on the entrepreneurial and governmental sides,
- through the preferential establishment of certain complex research facilities that are well equipped (particularly in medicine and the natural sciences),<sup>3</sup> whereby money then is only handed out to these strong facilities according to the award criteria (*winner takes all*),
- through the posing of certain research questions or problems that could be eligible for funding,<sup>4</sup>
- through the concealment of negative research results and unsuccessful experiments particularly in the natural sciences,<sup>5</sup>
- through the establishment of management models that often allow universities less liberty than in private companies (factory model rather than research model).

Because the image of education has consistently been defined through the development of science, it is not surprising when these aspects spread in their effects all the way down to the lower levels of education. In their behaviors, many people adopt such capitalization as an attitude in their expectations for the future; but depending on the existing use values and their ability to be exchanged, they can draw different conclusions for the winning or losing sides.

<sup>1</sup> In 1919 in “Science as a Vocation,” Max Weber already discussed how universities separate the workers from the means of production just like capitalistic companies and create hierarchies that apply between the president of this company and its academic chairs. Weber reconstructs the logic of dependence in capitalism from its beginning in a vary far-sighted way.

<sup>2</sup> A shortage on the side of the university has always already been inscribed here because people who give money in general want free resources from the university in mutual competition (so-called overhead costs) as a prerequisite to give external funds.

<sup>3</sup> At the University of Cologne, where I work, and which is the largest university in Germany in terms of student enrollment, a little over 50 percent of the resources go to medicine.

<sup>4</sup> For example, about 90 percent of biochemical research funds go to the 10 percent of diseases that are the most well-known diseases in the Western world. Money thus clearly determines the direction of research.

<sup>5</sup> Thus, databases are not made available to competitors, and as a result of competition they often have to expend unnecessary costs just to repeat unsuccessful approaches. From the perspective of science, such databases of failed attempts would be indispensable, but capitalization prevents this particularly in the natural sciences and medicine.

Scientific wage labor is chronically under-financed at its lowest levels, and junior people are mostly supported with precarious half positions (or other such partial positions) in order to produce results through full commitment that allows them gradually to advance in the system. In the publication of research, it is common in many disciplines that advisory professors are listed as co-authors, which in capitalistic factory work expresses the private property rights of the company over those goods, but this is not compatible with the scientific code of originality and priority of research results. If people constantly talk about the increase of knowledge today (roughly a doubling every 10 or 5 years—people disagree here), this reflects a conflict about surplus value in scientific wage labor. The “publish or perish” motto reigns in this competition, which means that the old is discovered as new, the new is reconfigured, the forgotten presented as new output, collected in a multitude of works people can no longer read, and anything that can be compared is compared, etc. Anything really new, creative, and unique is increasingly rare given this pressure, and in light of peer review, which relies on trusted and recognized approaches, it is increasingly difficult for new things to be seen, read, or understood. The proliferation of knowledge is itself one of the greatest illusions today, although the applied sciences in particular will do everything to defend progress through the marketing strategies of profit-oriented companies. There are certainly advances, but the steps are significantly smaller than the self-marketing strategies of scientific wage labor would have us believe in order to find and secure work.

Scientists are classified into various merit groups for wages, which can be seen in a ranked comparison of educational occupations. Even the salaries of professors in comparison with income from businesses appear undervalued and unattractive. As an author, one’s contributions to journals and books are for the most part unpaid and even have to be subsidized privately out of pocket. At the most, with increasing fame, income opens up in the form of ancillary activities, which the state usually also wants to participate in.<sup>1</sup>

Under such conditions it is not primarily economic benefits that drive people to careers in the sciences. The central motivations here are the attainment of the specific cultural capital of the academic elite, the attainment of cultural capital with high symbolic value, and the attainment of learning capital that expresses the special ability to prevail in scientific systems oriented toward competition. In scientific wage labor, people are increasingly striving for higher wages in comparison with other professions (even if this is never achieved in comparison with business), whereby private institutions pay significantly more than state institutions. Both have to offer a secure, permanent position as a compensation for declining the economic benefits that might

<sup>1</sup> This is often governed by regulations on ancillary activities. Many universities now also register patent rights for the professor so they can be significantly involved in the proceeds.

come with another profession. But the more tenure is threatened, the more the academic elite position sinks to the level of a mere job (see Donoghue, 2008, Washburn, 2005).

In such wage labor, a two-class system is also becoming increasingly visible: the subjects that produce profits involved in the application of patents, medical care, and monetary benefits—i.e., primarily medicine and the natural sciences, economics and other applied sciences—are regarded as “real sciences,” which are associated with better paid positions and amenities in comparison with the social sciences, cultural sciences, and humanities, which leads to a struggle for the distribution of resources at universities. The output-oriented measurements in university rankings such as the Shanghai Index<sup>1</sup> contribute significantly to this.

On a whole, the surplus value in science labor can be measured by the difference between the invested costs and the later income plus a secure job if tenure is achieved. In addition, the power of the academic habitus and the seemingly high freedom of work compared with other jobs is still a motivator to engage in science.

*Surplus value in science through supply and demand:*

Supply and demand girdle universities in two ways: on the one hand, they offer places for students, which are particularly expensive on the market if the supply of elite institutions can be restricted in the struggle with other institutions so that the learning capital of its graduates can significantly increase; on the other hand, the capitalistic market offers research funds in order to maximize private profit and appear to support the sciences through joint ventures. If both demands are ignored, then places will slide lower in the rankings, and if sufficient supply is not developed in the market the expansion of education or local shortages in study places can ensure the survival of the university.

The fear of universities being on the market appears new, but it has accompanied universities from the beginning. It was and is a labor market, a market of ideas that are sold and put into practice; and just because theoretical ideas cannot be patented, or because Kant, Dewey, Wittgenstein, Rorty, or Habermas cannot be economically capitalized beyond the sale of their books, or because the criteria for the evaluation of such research is very open and dependent on the attitudes of the time, it does not mean that they have to be less valuable than others. The recognition of the value of such theories occurs in part when at least the less valued theories can be transformed into symbolic use values (socially respected, culturally valuable, indispensable for education) in order to raise the position of the university in the rankings. But

<sup>1</sup> See <http://www.shanghai ranking.com/ARWU2011.html> (updated annually). This ranking is however highly controversial in terms of its methodology. On this, see also [http://en.wikipedia.org/wiki/Academic\\_Ranking\\_of\\_World\\_Universities](http://en.wikipedia.org/wiki/Academic_Ranking_of_World_Universities).

for the users of such rankings, the question always remains what this will offer them as a use value directly in terms of their status, which they can later transform into an exchange value on the market. The more they pay, the higher the expectations are for a return on their money. One could back away from a peer evaluation of all research only if the state would have preserved the universities from the market as a refuge for independent research, but in the globalization of the markets this is increasingly being abandoned by all countries.

*Surplus value in science through illusion, deception, and fraud:*

It is primarily the desire for more money or recognition and fame that drives illusion, deception, and fraud, and this drive is a constant and complex factor connected with social, cultural, body, and learning capital. The competition for external funding has triggered a war in the academic world of all against all in less well-funded areas. To gain advantage in this war, scientists inflate their publications. In riskier forms, there are technical tricks for making your low-risk and uninspired research look good by referring to what already seems well-established and thus more readily supportable. This strategy is common with young researchers whose career and job prospects are the site of highly competitive struggles. Fraud through omissions and faked data, especially fraud that will not be detected as long as it appears plausible, is an opportunity to produce surplus value. Because these surplus values can be produced particularly easily, an increase of fraud is to be expected in this area just as has occurred in the economy in recent decades. The resulting loss of value can significantly contribute to the reduction of surplus value through scientific work because the objectivity of such claims proves to be too big a promise in the sciences. We have long ceased expecting such objectivity in other jobs.

Four forms in particular are used to construct status hierarchies as illusions (see Münch, 2014): (1) for visibility effects, you have to make the size of your institution and its stars present; (2) for complexity-reduction effects, you have to focus on significant data, for example, available external funding or the number of high-impact publications or other distinctive features; (3) the position achieved in a department through evaluations is regarded as “sacred”—this is the consecration effect, which serves as a benchmark for everyone else; (4) a significant additional mechanism is the well-known Matthew effect (“the rich get richer”), which has a particularly seductive effect because you cannot do anything wrong here: someone who has already received research funding has already proven that they deserve it, so it cannot be wrong to give them more in the future. This is how experts and project evaluators are pulled into illusion and deception in this field because they do not want to do anything wrong.



*Parasitic surplus value in science:*

The relationship between researchers has begun to be reversed after a long phase of autonomy and freedom in research and teaching. Where previously academic chairs participated parasitically as part of the university in its services through the use of its resources and support as well as symbolic status, the situation is changing today. More and more professors are now carrying the name of their sponsor, and the professors stand behind the brand with their own name. They end up resting on borrowed capital as a parasite, and this means they have obligations.

In the struggle for the distribution of resources, the parasitic status becomes even clearer with the so-called “excellence initiatives” that are being promoted in Germany today. These measures are fundamentally destroying what was previously a university system based on relative equality, high autonomy, equal status, and approximately equal infrastructure at least within disciplines. Using keywords from business—such as the introduction of competition, moving from equality to the elite, and the institution of elite universities—they advertise changes that sound market-oriented but that in reality fundamentally introduce a new central, regulated distribution system and re-evaluation of the sciences. The reason for this is simple. Throughout the world, tuition fees are being collected, which flow into services at the universities. In Germany, as in other countries that hardly collect tuition, there is an economic disadvantage, which is supposed to be mitigated by an internal reallocation of funds. The new figures are full of assumptions about efficacy, which are biased in a one-sided way by capitalization:

- “The rich get richer,” that is the apparent neoliberal concept that is constantly mentioned. This means that the winners and losers are set from the beginning. Someone who can get external funding in particular from business is ahead of those who still get at least something from state funds, and both are ahead of those who are left with empty hands. This consciously creates first, second, and third-class scientific disciplines and subjects. The first class is strong in research, aligned with the elites, and receives additional “excellence” funding; this class is also relieved of teaching duties and showered with profits. The second class still does teaching and research together, but it is under constant pressure to come up with the remaining modest funding without ever being able to reach the top ranks of research. The third class remains a mass of places and subjects that have to provide for a mass of students. Some countries already demonstrate what this means. In the United Kingdom, Cambridge and Oxford, or Oxbridge, embody the elite; in the USA it is the Ivy League, which is a league originally composed of eight football teams, in which Harvard, Yale, and Princeton have set the tone for a long time, but

today Stanford, MIT, Berkeley, California Institute of Technology, Columbia, and Chicago also appear under the top 10. Cambridge and Oxford also make it into the top 10, while Yale is in 11th place. What are the results of such rankings? Exorbitant tuition fees, high recruitment of the best researchers. Today Germany also wants to orient itself toward such “excellence.” But it does not have the high tuition fees that would allow it to finance this. So, the only idea that remains is to redistribute the university resources, which means some get a lot and the rest get little.

- Because of competition, the reorientation toward elite universities in Germany will in the short or long term have to take on models that are based on high tuition fees because the distributed resources will not be enough in competition with others. But in contrast with the leading private universities the question will also arise of why the public should use taxes to fund something that benefits only a few. The fiction that through the concentration of such funds more will come out of research on the whole is just wishful thinking and still has not been proven. This is because more might come out though such funded excellence initiatives, but at the same time the concentration of resources at specific locations will take funds away from others so that the resulting research will be limited in breadth, which may impact innovation through a lack of diversity. One result is certain: there is a merciless struggle for the distribution of the limited available funds for universities that favors subjects that do applied research for the natural sciences and medicine.
- It can by no means be claimed that the old state-supported university alone was very effective. It was often characterized by narrow-minded chairs, sclerotic forms of teaching, lack of interest in students, and deficient facilities since the transition to the mass university. Some reformation of this system would not hurt. But today’s reforms operate on the basis of mere redistribution and not better infrastructure. The ratio between instructors and students in particular remains unsatisfactory and cannot be compared with elite universities worldwide. The fraud in Germany university development lies in the fact that a minority will be relieved and the majority will be left with inadequate facilities.
- There will be significant consequences. Internationally, which university a person studied at is already important if someone wants to pursue a career at the top. Regardless of the individual achievements a person brings into the competition with others, they have to have a degree from a top-ranked university.
- The global disappearance or shrinking of tenure for professors is an indicator that the certification is increasingly more important as a cost-benefit calculation in contrast with education or knowledge as an end in itself according to the Enlightenment concept of modernity. Where previously the teaching and researching profession was saved from the worries of

the constant struggle for maintaining a position in order to preserve freedom and allow for the development of an educated habitus without commercial interests, teaching and researching now is just one job among others. This applies even at the highest levels of education, namely for professors.

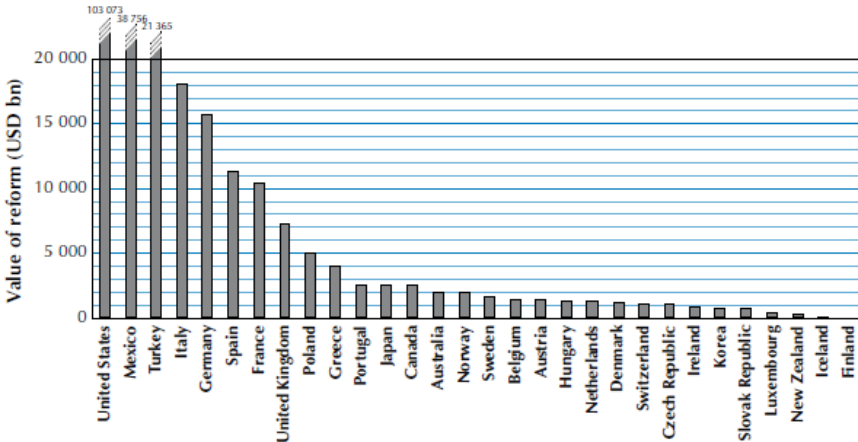
If we consider these points in context, then the orientation and development of science as a political task becomes clear. Politics and the state cannot expect that the sciences themselves wrestle themselves from these clutches alone if they do not consider and reflect on their own development. What is at stake here are not only small “exotic disciplines,” which struggle for survival at universities because of their lack of relevance, but fundamental research in all areas particularly in the humanities, social and cultural sciences, which provide for the development of reflections on democracy, freedom, and claims to human dignity, justice, education, and other essential questions. In view of the relationship between public services, as embodied by the sciences, and commercialization, the tension between the egalitarian support in democracy and the inequalities that result from capitalism become a persistent problem, which has to be addressed in order even to come to constructive compromises and make opportunities for the just treatment of people possible. The system as it is, is founded on money in two ways: tuition fees and funding. The students as well as professors obtain parasitic gains if they are attributed to the elite levels by comparison. The way to access these levels is costly and bound to alumni and tuition (impossible without inheritance in the background), but the surplus values then are often extraordinary.

#### *6.3.4 Learning Capital and Equity*

The international comparisons of school performance have revealed significant differences between the OECD countries. These differences initially already consist in the effort countries put into education. Thus, the quality of education in many countries and the concern with greater equality of opportunity for disadvantaged learners is undervalued because the effects on the economy and society of such investments do not show themselves immediately but only do so in the long term. At this point, I would like to consider the connection between governmental policies with regard to learning capital and economic growth (see OECD, 2010).

When we look at the comparisons of school performance between industrialized countries, we see very different results. In some countries there are favorable relationships between socio-economic origin and migration background regarding school success, and in other countries these relationships are unfavorable. Particularly in countries that offer adequate provisions in

structural, financial, and social terms, one can see success that could raise equality of opportunity and equity in education. What is also measurable in contrast is that in some countries far too few educational degrees are obtained by broad groups of students. OECD experts have tried to measure the economic gains in view of an increase in the GDP of economies that would happen if states reached the level of Finland, the former top Pisa country, through reforms and investments. In chart 27, the estimates show what significant effects could be expected:



Note: Discounted value of future increases in GDP until 2090 due to reforms that improve student performance in each country to reach the level achieved by Finland, at 546 points on the PISA 2000 scale (average of mathematics and science in 2000, 2003 and 2006), expressed in billion USD (see also Table 2).

*Chart 27: What Economic Benefits Would Pisa Countries See if they Achieved the Level of Finland? Data expressed in billion US Dollars. OECD (2010, 7)*

The claim here is that a good education and qualitative educational system is also essential to economic growth. Even if projections such as those in chart 27 can never be exact, from an economic perspective they clearly show the main tendency that a high-quality educational system can produce positive effects for the society as a whole:

- In particular, there is higher economic productivity because skilled learners have the cognitive abilities that are necessary for innovative technologies and companies (this allows for targeted scientific and technical progress).
- There is a high degree of flexibility, mobility, and availability of workers, which allows for stronger responses to fluctuations in the market and innovations.

- Skilled workers generate less costs through unemployment, health costs, and costs due to deviant behavior.
- Skilled workers better contribute to the development of a common social consciousness, democracy, and culture that also involves diversity, respect for others, and communicative skills.

It is critical, however, regarding such exclusively economic analyses to note that these demands on citizens and workers should not be understood in a one-dimensional way but also involve obligations on the part of the state and sufficient motivating incentives for individuals:

- Students' skills have to exceed the needs of narrow capitalistic profit interests in breadth, depth, and individual opportunities because the school systems do not just serve the purpose of orienting students toward the labor market and the use of their labor. But the reverse, namely that schools should not do this at all, is naïve and illusory because the education system cannot be a world that is isolated from capitalism.
- In liquid modernity, the increase in flexibility, mobility, and availability leads to students developing skills that are relevant for the labor market. But the educational system cannot just understand and design this as purely economic training but has to help develop skills that also enable critical attitudes that confront the demands, the changes in liquid modernity, and the growing insecurity in all professions and jobs realistically. It should enable the highest possible degree of freedom in respect to different approaches to the labor world and life and the use of choices.
- Skilled students cannot prevent unemployment, illness, or behavior that is harmful to society. But they acquire skills and attitudes that in general allow for better success in dealing with such phenomena than if the students were unprepared or unskilled.
- Skilled students more easily become responsible citizens who use and defend their opportunities for participation. This is crucial for the security and development of democracy itself.

If we take these points together, then it must be in the interest of all democratic states to create as effective an education system as possible, which operates at as high a level as possible in comparison with other countries in order over the long term to secure growth, raise productivity in society, and at the same time distribute opportunities in society as equally as possible. Chart 27 regarding the OECD countries also shows that the countries that can strengthen their GDP in the future currently are in poor starting positions because they do not sufficiently use the learning capital in their societies. They are countries in which the gap in equity is particularly large.

One can also ask along with Crouch (2004) whether—given the increasing over-emphasis today on the role of economic enterprises in Western democracy—the imbalance with regard to state duties that are supposed to prevent disadvantage has become so large that democracy as a whole could perish. This is because the changes in neo-liberal markets have become so massive and affect so many areas that state policies regarding better equity are at a disadvantage. There may of course be occasional possibilities for diverting political development at least in its approaches from following a seemingly unstoppable course in the direction of post-democracy as Crouch calls it. According to Crouch, one can try to do this at three levels: first, with measures that attempt to limit the dominance of economic elites; second, with reforms of political praxis in the direction of more democracy; third, through the expansion of opportunities for action that can and should be opened for citizens.

These three possibilities have to be realized in the social as well as individual development of learning capital. Learning capital in particular can help people, even those who are educationally disadvantaged, increase their opportunities when they lack economic capital. Other possibilities for evening things out can of course also be seen in cultural, social, and body capital, but learning capital has the most sustained effects. It already begins with the first point mentioned by Crouch. But how can this happen concretely?

One important question is the extent to which learning capital can take precedence over other forms of capital in a way that promotes development and can be realized in a way that opens opportunities. We usually cannot just socially transform an existing ownership of economic, social, cultural, or body capital fundamentally overnight, but through state regulations, there is the possibility of directing learning capital over the long term, and steering and weighting it in such a way that to a certain degree it also supports people who would otherwise have worse opportunities in their development. This, however, can happen only through clear increases in educational spending which would allow us to meet the basic requirements. The international comparison already shows significant differences here.<sup>1</sup> What is interesting in development is that previously underdeveloped countries have realized more clearly than industrialized countries where the worthwhile investments in the future are. Thus, in a comparison of Korea with the US and Europe, it can be seen that 40 years ago the comparative strength of South Korea did not lie in the manufacturing of microchips or cars but in rice farming. The Korean Government decided to invest in education and technology, change the comparative strength of the country, and raise the standard of living of the population. They were successful and thereby changed Korean society. Korea's experience and the experiences of other successful countries hold some lessons for the

<sup>1</sup> On the expenditures for educational institutions for all educational areas, see for example OECD (2010 a, 235).

United States and Europe: where should our dynamic comparative strength lie in the long term, and how do we achieve this? (For a concrete analysis see Stiglitz, 2006, 2015)

When it comes to increasing educational equity, the increase in education spending is, however, associated with other conditions, which leads us to points two and three in Crouch. Even if there is disagreement in the research here since a lot of different interests, particularly for securing existing ownership conditions, are involved, and there is no value-free description, I would like to point out some crucial things (which are often elements that are already proven with regard to countries with more equality of opportunity) from my perspective the following insights should be pursued:

- The establishment of an inclusive school system with clear rules against discrimination.<sup>1</sup> Free early childcare with comprehensive support as an essential means of working against early disadvantages.
- The loosening of the narrow time frame for decisions about educational paths by delaying it as long as possible in order to sufficiently support students' potential for development.
- The education of heterogeneous groups of learners because adequate support for all without sacrificing performance is possible only in such a heterogeneous setting. These classes cannot be too large,<sup>2</sup> and in this inclusive setting comprehensive assistance in terms of special education and cooperation with social workers, psychologists, and medical services have to be secured.
- Curricula can also be streamlined, simplified, oriented toward higher skills, and targeted language support in heterogeneous class groups can also be undertaken even for those who have less familiarity with education. Specialized subjects should no longer dominate school subjects in terms of content and method; rather, the material has to be prepared pedagogically and didactically, referred to everyday practical educational content, and made linguistically accessible for all.
- There should be an orientation not only toward successful school certificates but also toward training certificates that are prepared for at school in cases where businesses do not offer training spots for particular students.

There are also additional tasks that can be added here. In economic development, the wages and incomes, incentive systems, rewards, and bonuses have developed very differently for different activities. This diversity applies

<sup>1</sup> This is a matter of rules for inclusive education. On this, see also Booth/Ainscow and the “Index for Inclusion” under <http://www.csie.org.uk/index.shtml>.

<sup>2</sup> Accepted class sizes are very dependent on customs and cultural styles. Already Dewey claimed in “School and Society” that a teacher-student-ratio one to eight would be optimal. We are still a world away from this profound understanding of a good learning environment.

to different activities both across sectors and within sectors. The arbitrariness of payment is especially evident when the same work is paid differently, e.g., pay differences between men and women, between different locations, and within a company. In the banking sector, one can see a special tendency toward enrichment because payment is set arbitrarily high here. In particular, the bonuses granted by banks appear disproportionate. Thus, for example, in 2008, a year of record loses, the US banks offered almost record bonuses totaling 33 billion dollars. Six of the nine big banks paid more in bonuses than they made in profits (for a comprehensive discussion of this see Stiglitz, 2010). But what would more equitable performance-oriented compensation look like? And what is its relationship to learning capital?

I first want to consider the kinds of wrong incentives that should be avoided in society through regulations. Let's begin with piecework. If one pays according to piecework, workers will try, if they have any freedom, to undercut the intensity of labor and produce inferior goods, i.e., somehow escape high burdens in order to make their numbers. Such piecework also existed in the finance sector when, for example, real estate agents concluded as many contracts as possible without regard for creditworthiness. They were motivated by the wrong incentives. Managers who are provided with stock options have the incentive to drive the stock prices up in as short a time as possible, make their balances look better, or in the worst cases manipulate profits so that the markets react positively. Stiglitz (2010) sees this as a major factor that drove the financial crises. Bonuses that are oriented by short-term incentives and based only on profits and not losses are socially problematic even if they appear beneficial individually. Individual benefit is opposed to society here, which has to make up for the damages in some way. What did the financial crisis show? The mismatch between overall economic effects and personal incentives caused problems in the crisis. On the one hand, financial market players pocketed whopping profits, but they did so on the basis of high risks. And when the risks had to be paid for, it became clear that the risks were not backed by the profits gained. Society then had to pay for the risks because they threatened to throw the entire economy into chaos.

This kind of piecework also exists in the educational sector when less focus is placed on people's individual development than on certifications in ranked comparisons gained under high pressure with regard to time and material. The more education as a mass commodity is placed under this pressure, the stronger the effects of piecework are and the more teachers are rushed in terms of schedules and material. The risk here is in the growing reluctance or "burnout" on the part of teachers and apathy on the part of students for which society will also eventually have to pay the costs.

Another comparison also makes sense here. Economic capital has for the most part left the direction of companies to third parties such as managers



and executives. Thus, today most producers are employees rather than owners of companies. The well-known economist Herbert Simon describes how this has led to a completely new mentality of company management: who monitors the maximization of profits if the owners no longer have direct access? Basically, “there is no difference between for-profit companies, non-profit organizations, and bureaucracies. All of them have the same problem of motivating their employees to work toward realizing the goals of the organization” (Simon, 1991, 28). But what Simon could not yet see at the beginning of the 1990s is the exorbitant increase in “wages” and bonuses for these managers who are oriented toward maximizing profit and through this incentive promote short-term gains. This can lead to a major disadvantage because in contrast with non-profits, the companies are at greater risk. In the educational system, these opportunities for profit obviously do not exist for individuals nor do such economic failures exist, but a similar problem of leadership and failure effectiveness does exist. While it was still expected in older conceptions of education that all teachers at the same time symbolize and embody what “comprehensive education” should be, they have now become employees of an underfinanced and overburdened system whose goals they are often involved in too little and whose structure they themselves believe does not make sense. When, for example, we look at schools today even in rich Western countries in addition to a lack of readiness for leadership we also get the impression from the facilities that they are actually bankrupt. Only those countries that finance their schools well and give responsibility for curricula, material, and the educational environment over to their teachers can expect a better performance record and positive attitude.

Against this background, the state has a double duty to ensure greater equality of opportunity:

On the one hand, they have to create better conditions for greater equality of opportunity and more equity. The bottom line for actual governmental actions is very clear here. The level of education and educational participation should be as high as possible especially in the secondary and tertiary levels in order to meet the challenges of a differentiated but at the same time highly developed country with increasingly skilled labor. There have to be comprehensive state efforts to leave no adolescents behind. Although politicians in different parties in different countries repeatedly emphasize this, these efforts are in fact quickly abandoned in difficult budget situations because such measures only work over the long term.

On the other hand, state regulation in the educational domain cannot deliver everything itself. It is also crucial to give the responsibility for good basic facilities to local stakeholders in order thereby to enable participatory and democratic action that monitors the success or failures through local authorities. The Scandinavian countries in particular show that such a system is more successful, makes the stakeholders happier, and can further equity.

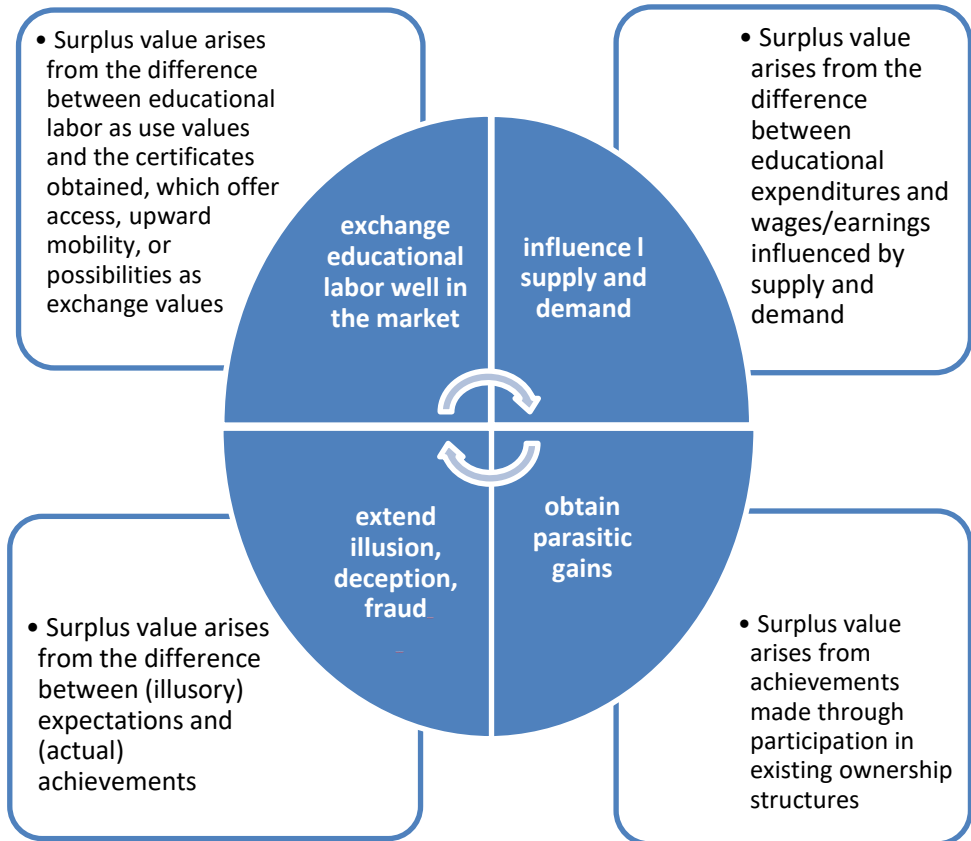
## 6.4 The Individual Use of Learning Capital

For surplus value and its creation, the owners of this form of capital have to recognize the forms of difference from which gains can be derived in relation to costs: if you want to plan, change, or positively shape learning capital as an individual, the main limiting starting points are always the other forms of capital that the individual possesses. Here we must be especially aware that a big gap exists not only between the rich and the poor in the rich Western countries but between rich and poor countries, too.

The unequal distribution of wealth shows that even the affluent society is no idyll where great opportunities for individualization are convened through learning for the masses. However, in the field of education in particular there are opportunities for action because upward mobility from socially, culturally, and economically unfavorable positions can primarily be achieved through learning capital if it can be achieved at all. Here, the owners of this form of capital have to recognize the forms of difference from which gains can be derived in relation to costs. And as with other forms of capital, it is always in the interest of the individual to make as many preparatory efforts as possible through intensive educational labor in as many educational environments as possible in order to be able to make use of the advantages afforded by learning capital. Chart 28 (see *next page*) presents a summary again of the individual strategies from which surplus value can originate.

- 1) First of all, it is the difference in time, effort, and resources expended that can produce benefits with regard to access, advancement, and improvement in positions for oneself or one's descendants or family. The currency for the effort is the use values attained and certificates achieved in connection with a habitus (a habitus that is culturally, socially, or bodily shaped) in order to realize opportunities for capitalization.
- 2) Everyone is in competition regarding use values, learning outcomes, and certificates, not only with each other but within different groups and circles and in disciplines and specializations with different inclusion and exclusion mechanisms. If I as an individual can only show learning outcomes that are common to the masses, i.e., I do not distinguish myself in an obvious way from many others through particular achievements or additional skills (more degrees, foreign languages, youth, age, etc.), I have to look for opportunities where my use values and skills are often in demand at low prices. The study of subjects that are in demand professionally but are unattractive for most students is particularly effective.
- 3) "More apparent than real" is the motto that all learners are operating under today in learning capital. In a time where knowledge is increasingly available online, it is more important than ever to present oneself, com-

municate well, and practice skilled knowledge management. This increases the tendency toward illusion, deception, and fraud. The more surplus value there is to be gained in an individual area, the greater the incentives are to use dishonest practices for improving gains.



*Chart 28: Forms of Surplus Value for Individual Learning Capital*

- 4) Social and, above all, cultural capital are essential components in addition to economic capital of parasitic gains in learning capital as well. The learning capital gained through parasitic participation in the family household varies across countries depending on educational equality, but it is consistently effective.

Learning capital, which has been described here in terms of the four aspects of the creation of surplus value, grows as such surplus value in actions. It is essentially nourished by the differences that were pointed out above. But the differences are only effective when they can be put to use in actual actions

as exchanges on the market. Thus, for example artistic or musical skill remain mere use values, but they remain silent as capital if they cannot be brought to the market. Often there are only limited moments for action or windows of opportunity for which learning capital is formally relevant such as hiring, promotion, a raise, or opportunities for freelance work. Once we have cleared these hurdles, these use values reveal in our concrete work whether we meet the expectations and can actually achieve a wage or income over the long term. We quickly forget then that learning capital was the starting point because we have to deal with other things while we are performing concrete work. And we also perhaps all too quickly forget the others that are still standing in front of this window looking with concern at their unrealized opportunities.

A measurement of the differences in surplus value in learning capital cannot be made precisely, but learning capital is clearly expressed in the incomes people attain (whether it is wage work or self-employment). As accurate measurement variables, we have the expended costs that are necessary for the production of a commodity and the pre-products that go into the commodity, and the price that can be commanded. But learning is only ever included here implicitly; it is never counted precisely as a cost factor and then deducted from the wage amount or counted as a price for independence. In short, we do not list the costs that were necessary for all use values in learning. Nevertheless, the costs for an educational history do not remain entirely uncalculated. In the calculations according to market practices, the following considerations at least are included:

- In many countries, payment regulations determine groupings into certain wage and income levels according to educational qualifications (learning capital expressed in use values and proof of certifications and time expended). This partially ensures comparability even if supply and demand in particular cause the actual incomes to fluctuate dramatically.
- Comparison scenarios for careers show that certain specialties and skills command significantly higher incomes than others. This is particularly true for the finance and real estate sectors. However, such calculations should also always include job security and other factors such as stress and time spent at work.
- Long-term effects of learning capital over an entire professional life can make clear that some fluctuations balance out over the long term but others increase. Learning capital shows precisely in liquid modernity that not everything is regulated by the market but is also regulated by the motives and interests of learners who do not always choose disciplines or skills that would ensure a higher income.

If we consider the current findings on the present situation of learning capital in context, the following points can be established regarding individual opportunities:

- Inequality in opportunity already begins in Kindergarten because it is here in particular that the linguistic requirements for educational success are set. The risk factors for lower attendance are a lower socio-economic profile and migrant status. This also affects secondary schools and is strengthened there through selection. The reverse is also true: the higher the degree one achieves, the more likely it is that one will have higher and more secure earnings (see OECD, 2012).
- In the course of recent decades there has been success through the expansion of education on the one hand in expanding educational opportunities, which, however, on the other hand, has led to devaluation of previously elite degrees. Today one receives significantly less money for titles and degrees that were previously coveted. Thus, in an international comparison readiness for college is increasingly seen today as the minimum goal of a first degree.<sup>1</sup> The expansion of education has started a cutthroat competition that pits higher and lower qualifications against each other as distinguishing features.
- The costs for investment in one's own learning capital thus increase significantly. The more self-evident the achievement of a college-preparatory qualification becomes, the more distinguishing features are sought in private schools, long stays abroad, elite internships, and international elite rankings for universities. The height of costs is nearly unlimited. Social access to a university also becomes a social hurdle. The fundamental trend is evidence that the higher degrees consistently command better incomes.<sup>2</sup> The acquisition of learning capital is thus crucial in a sustained way not only for better-paid jobs but also for lower unemployment, better health and a longer life, and less social costs through deviant behavior and social problems.

The pressure on individuals to acquire learning capital in a more comprehensive way grows at the same pace as the growth in the tendencies of societies toward individualization. This also leads to costs for learning capital increasingly being seen as an obligation on the part of the individual, which cements and further promotes inequality in society. In demographic change, as has been pointed out with regard to social capital, the reduction of the population and the aging of a society can in many countries lead to a loss of opportunities for young people; in learning capital in contrast there may be the opportunity for more equity. The high cost pressures of an aging society require an active

<sup>1</sup> See for example OECD (2010a, 2011).

<sup>2</sup> On this, see for example OECD (Table A 7.1) under <http://www.oecd.org/edu/eag2010>.

society in which the workers produce high values through skilled labor. This will only be possible through a significant expansion of learning capital. The more success there is here in not merely sacrificing the use values of education to practical applications for the economy but also in offering a relatively broad education, the more society could profit from this. If we miss this opportunity, increasingly more skilled and working people have to support the old as well as unskilled younger people, which will run up against significant limits in terms of burdens.

As in the other chapters, we may also consider the consequences here of learning capital for important areas of life:

- *Income*: learning capital directly contributes to securing income insofar as it functions as a prerequisite for entry into and advancement in jobs as well professions and self-employment. Society fundamentally expects people to participate in school and further education and training, which it also offers free or at a cost depending on the country. The less a state makes provisions for the creation of common and widely distributed learning capital, the stronger educational inequality will be in comparison with other countries that do make such provisions.
- *Unemployment and employment*: people who lack learning capital may not be able to find work or may more easily fall into long periods of unemployment. At the same time, low learning capital increases the likelihood of backup, part time, and temporary work, which are generally poorly paid. The resulting significantly lower income is also associated with higher dissatisfaction and high social costs for society.
- *Opportunities for social mobility*: learning capital facilitates upward mobility, for example in a new professional field as well as in changes in orientations that allow one to adapt flexibly to changing market dynamics. And low learning capital often only can be used in the low-wage sector and for simple work. In the context of globalization, such work is in much less demand in industrialized countries.
- *Opportunities for consumption and housing*: learning capital is above all an opportunity for people who through the economic, social, and cultural conditions of their family are less favorably positioned than others to participate in consumption and better housing and living conditions. The capitalization of education, however, implies that more and more individual contributions on the part of families are becoming a prerequisite for the acquisition of sufficient learning capital. As a democratic state, the state is responsible for not cementing the divide between people in the direction of sustained educational inequality as well as for not letting consumption on the part of large parts of the population sink so low that it could negatively restrain the economy overall.

Summing up the considerations in this chapter, there are three scenarios that best capture individual dealings with learning capital:

- 1) *The ownership scenario*: greater learning capital arises particularly through parasitic participation (socialization in the family home, educational level of the parents) and cultural and social appropriations in the family. The level of education achieved is generally seen in families as a necessary acquisition that must be defended and transferred to the children. This, however, happens only through personal commitment, i.e., the transfer is not always secure, although it is statistically successful in the majority of cases. The owners of such capital have less interest in the upward mobility of circles that do not have such possessions, and they often defend their property with claims about talent and performance in order to minimize the competition.

For these people, it becomes a question of the degree to which classes with less education or less property is given the opportunity to participate sufficiently in education and training and to be included in heterogeneous learning groups through elementary school so that the overall level of education can be raised to produce more equity and equality of opportunity.

- 2) *The upward-mobility scenario*: because learning capital always requires individual interest and effort, it constantly happens that upward-mobility from lower educational classes to those with higher education is possible. If someone wants to acquire learning capital in unfavorable conditions, this requires help that is associated in one way or another with social, cultural, or body capital. Even the greatest talent is useless if it is never discovered. And a special ability will never be realized if it is not supported. As with the acquisition of social capital, for upwardly mobile people, societies that are open and permeable and rather flat in terms of social hierarchy are better off than societies that are strongly exclusive or exclusionary in terms of education and social circles (e.g. Scandinavian countries).

The upwardly mobile themselves always have to do more than others in order to prevail in competition with others. It is thus important for them to find positive role models and supporters that provide assistance for them.

- 3) *The uncertainty scenario*: learning capital is subject to strong changes and thus high degrees of uncertainty. The highest possible degrees or occupational training and university degrees at a reasonable cost are essential for learning capital. Their significance and effectiveness are, however, connected with the demand for or overcrowding of certain occupational fields. Communicative, cooperative, and linguistic skills combined with a high degree of self-organization, persistence, good management of time, multiple skills, and a good attitude in particular embody an ideal

habitus in which learning capital provides a basis for professional success and social, cultural, and body capital enrich it. Low-skill forms of education in particular prevent the formation of good use values for learning capital. And the lack of use values in competition with others reinforces the precariousness and insecurity of a life that relies on the social services and achievements of society but can never secure them permanently. A group of highly skilled people who have a high use value for possible learning capital but who cannot or will not convert this use value into an exchange value shows that the market in capitalism is always unpredictable and thus produces arbitrary effects even for the individual planning of the implementation of one's own skills and qualifications.



## 7. Forms of Capital and Equity

### 7.1 Forms of Capital and Their Volumes

When people have the choice to decide between different forms of capital, economic capital generally exercises the greatest attraction because most people understand that a lot of resources can be drawn from economic capital for the other forms of capital. In a ranking of thoroughly capitalistically organized societies, learning capital in contrast is especially important for those who have to earn their living on their own or want to be upwardly mobile. Social, cultural, and bodily aspects of capital are in such processes also involved, and the preferences here may often vary. Those who have more, may be more easily satisfied with a mix of individual variants in their forms of capital, and for those who do not have a lot, learning and in part body capital primarily hold opportunities for raising their social, cultural, and also economic capital on their own.

However, one cannot assume a deterministic model here. The forms of capital are always tied to concrete forms of power in historical and cultural situations and contexts. On the one side, only concrete historical analyses according to the state of social constitutions and their local forms can help us work out and determine in more detail the interaction of forms of capital for certain historical periods and local specialized forms, while on the other side, the complex world of different local forms is increasingly becoming more global with different tensions between the local and global. The combined effect of forms of capital show on this background that we will not be able to give a complete analysis. Such a desire for a complete analysis will always be disappointed given the complexity of forms of capital and their interaction in these complex contexts. But critical inquiries that offer diagnoses for concrete periods can help us to interpret observations and make justified claims about the effects of forms of capital.

Today, economic capital is a basic resource but is not the only effective form of capital. The social recognition that accompanies power, status, and a successful habitus has become crucial with the increase of personal autonomy in the choice of a partner, circles of friends and acquaintances, and leisure behavior. Culture as a differentiating factor has changed its face between old and new capital, but the explicit and implicit rankings of cultural levels and claims are like an external mirror that accompanies economic capital. Cultural linguistic behavior already affects whether a person is sufficiently perceived, recognized, and valued. Body capital mixes with this form because the rich always want to be the beautiful or possess and represent the beautiful. Learning capital forms a certain sub-total, but it is primarily interesting and attractive

for those who need education as a distinguishing factor and aid in their struggle for upward mobility or for those who have grown fond of it. One can consider these statements to be hypotheses that may not fit in each individual case, but in the great mass of peoples' desires and realized biographical strategies it is not difficult to demonstrate the truth of these statements empirically as well. In reflective self-observation, we constantly recognize the special effects and the successful and unsuccessful variants.

However, even with these expanded forms of capital one cannot deny that economic capital still essentially divides people into rich and poor and thus according to their basic resources. But on the whole, the old view on capital since Marx has transformed into different *forms of capital*. The forms of capital work together systematically and mutually condition one another even if they are dominant in different ways in different lifestyles. And the forms of capital can also be transformed into each other, i.e. they can all be exchanged and converted, which is something that can be demonstrated easily in biographical studies of individual cases in terms of differences in success or failure regarding life opportunities.

The determination of economic capital has changed since Marx if we assume different forms of surplus value and capital. This is connected with the fact that from the perspective of a theoretical determination of action, the dualism between capital and wage labor is no longer sufficient for understanding the production of surplus value; rather, the analysis can be conducted in a significantly broader way when we look at peoples' practices. Under capitalism, everyone is caught up in capitalization. Such capitalization happens at both a large and small scale. It establishes a difference between expended costs and wages or income that allows surplus values to be realized, and this can happen not only in production but in all forms of distribution and exchange. The additional production of surplus value through supply and demand, illusion, deception, and fraud, and finally through parasitic gains, weakens the Marxist model and other theories based on paradigms of ownership so much that value and surplus value production appear in a completely new light. This opens our eyes to activities that would otherwise escape our viewpoint and its constant search for simplifications in a dualistic way of thinking. It is only against this background of a determination of surplus value for all forms of capital that it is plausible to distinguish forms of capital according to costs and benefits more precisely and not just reconstruct them in a general way according to everyday practices as Bourdieu did in his excellent way.

The development of economic capital, which now owes a large part of its profits to speculation and speculative exchange transactions, itself vividly shows that what Marx still regarded as an extreme or special case in history has now become the rule. And this rule includes the fact that markets can collapse and must be restarted if capitalism is to survive. But despite continual crises capitalism survives precisely because it has discovered so many

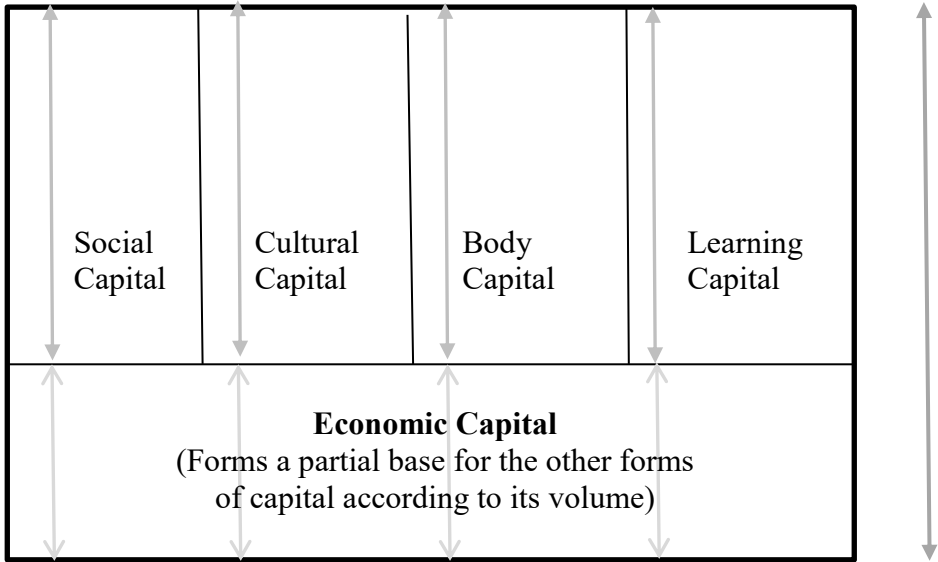
possibilities for generating surplus value and has fully drawn everyone into capitalization (even if it does so in different ways and with very different gains). This is because regardless of higher or lower economic and social positions capitalism has established a habitus that people can hardly escape and usually do not want to escape. This habitus is always under the influence of different forms and possibilities of financial transactions under capitalism; it situates itself in them and acts in the market; it is aware of necessary investments as an individual obligation without, however, always being able to or wanting to make these investments, and it differentiates activities for the production of various kinds of capital that are individually constructed, more or less longed for, and led, experienced, suffered, observed, and criticized. This capitalization is not only a matter for the rich but also affects the actions of even the poorest people. Even if Marx recognized that such a “social existence” with its different starting points determines consciousness, he could not foresee how thorough capitalism was embodied even by the lower classes as an own habitus beyond their objective economic position as non-owner of the means of production. Today, the insight has grown, namely that all agents, both rich and poor, are involved in capitalization, even if they are involved in unequal ways. In the aftermath of Marx, theories of interaction, communication, action, and power have emerged, which now help us better understand that all peoples’ positions in the capitalistic domain are connected with each other and thereby limit and strengthen each other; and we can also see and recognize here that there is no neutral, innocent, non-capitalized form of action.

If we consider the interaction of forms of capital, then it makes sense to see in economic capital a base that offers an essential foundation for all other forms of capital. Chart 29 (see *next page*) is supposed to make this clear.

Economic capital is given preference because it plays a presupposed role in all forms of capital. In addition, the other forms become capital only when they can be converted into economic capital and exchanged over the short or long term. Here in particular, we have to consider the volume, breadth, and density of distribution as well as development potential and competition, which can at the same time be used as measurements in empirical studies and compared with each other. The arrows in chart 29 show the possible different proportions of each form of capital with respect to the others, which will always look different for individual cases.

*Volume: on the significance of the quantity of the different forms of capital*

The volumes of forms of capital may fluctuate, but in the chapter on economics it was shown that a certain quantity of property (convertible into money) is necessary to allow for the possibility of participation in the other forms of capital. This money transforms into capital at the moment it achieves returns on the market—as an exchange value based on a use-value—on the basis of an



*Chart 29: Forms of Capital and Their Volumes*

investment in a form of capital. For a very low volume of economic capital, we can speak of capitalization on a small scale, a microeconomics; and the democratic state in a halfway equitable society has to ensure that all people have a minimum standard and minimum wage in order to participate in such microeconomics. This is quite contradictory: in order to limit the redistribution and injustices of capitalization between the rich and the poor in a thoroughly capitalistic society, the state must raise the opportunities for capitalization for lower incomes and thus eventually produces new gaps between poor people that become richer compared to the rest. However, as long as no completely different form of life and economics is available and desired, this is the only possible way to prevent the growing gap between the owners of capital and those who do not own sustainable capital. By raising equality of distribution, the state can make the gap smaller. If the state imposes higher taxes on the rich the gap can be minimized from the reverse side. This can be captured in the following rule: the higher the volume of basic economic capital is for the multitude, the better the chances are for the development of other relatively higher forms of capital.

Capital is, as has become clear in this book, not only high economic capital but also low economic capital. Even small-time savers who barely have any money and only save a small amount of economic capital expect that this low share of capital will “work” for them, i.e., produce gains. Wage-workers expect that contributions they make toward retirement will produce gains that will be

of benefit to them later etc. Capitalization means that all social forms of exchange are transformed from money into capital in all forms of action, and it works in the smallest amounts of actually achieved gains. Such an increase becomes measurable when as a rule the actual exchange value in the form of money can be exchanged for goods or services and through exchange on the market also be turned back into money. It is precisely this interweaving of exchange transactions in the area of microeconomics, extending down to even the poorest people, that makes capitalism so unassailable because other actions that go beyond capitalism can hardly be carried out and are rarely even seen as imaginable.

But beyond what is shown in the chapter on economic capital, the other forms of capital show that such exchanges back into money are also mediated by values that do not just appear directly on the market as an exchangeable good with a price but can also be indirectly connected with personal use values. Capitalization then happens here when invested costs can be transformed into monetary benefits. Use values have the potential to be transformed into exchange values to a greater or lesser degree. People and their characteristics and attained use values are not “capital itself,” but when a personal habitus which is associated with certain costs, leads to someone getting an employment contract, better income, or surplus value through their investments, which will in turn allow them to support their life, having children, and getting an education, capitalization is at work.

However, in practice people do not keep tabs on these benefits with a balance sheet for forms of capital because this not only is not common but the sum of individual costs is difficult to calculate.<sup>1</sup> Nevertheless the necessary and possible costs are constantly evaluated and subjectively measured in the available budget because people know that the forms of capital cannot be developed without resources and investments. Averages are also often assumed here because the use values for all forms of capital can be found and purchased on the market. The values become objectified through comparison and competition. According to standard economic models, the values of goods and services also fluctuate according to supply and demand. In the private production or construction of value, a competitive relationship can always be observed, which usually helps correct deviations upward or downward. The typical average, as chapter 2 shows, is often measured in a balance sheet according to expenditures and income with an actually expended volume of money. But beyond economic capital, a balance sheet for other forms of capital seems too cumbersome, and people instead rely here more or less on their feelings. Thus, for example, people say that it always pays to have a good education, to accumulate learning or body capital, to establish

<sup>1</sup> Nevertheless, OECD is concerning itself with model calculations that show such costs and provide indications of the effects. See for example OECD (2010, 2010 a, 2011, 2012).

social networks, and to gain cultural education. Individual expectations are compared with an idealized typical average of success with these strategies without, however, ever being precise. There are, nevertheless, rules that many people follow. And there are possibilities for measurement, which can lead to objectification:

- In social capital, there are countless measurement variables that allow costs as well as effects (uses) of the network to be determined. People determine what could be a successful social strategy through experience and constant comparison with others. Here it is in particular important to maintain social relationships in the networks where one would like to establish oneself and which can offer good relational opportunities. It appears particularly important here to maintain as great a volume as possible of such relationships especially in critical phases of professional orientation, in seeking a new position or returning to a position, when trying to move up, and when overcoming crises. In addition to the economic cost-benefit analysis of such contacts, there remains—so the participant may hope—a social interest in circles of friends and acquaintances, which are also maintained without direct interests in capitalization simply because they bring pleasure, entertainment, or are socially interesting. It is an important area of empirical research here to investigate the actual degree of freedom in such choices in the capitalized society of today.<sup>1</sup>
- In cultural capital, the ambivalence between economic utilization and cultural freedom is particularly evident today. First, culture in any form always costs money, and it is an immediate commodity and object of economic exchange. At the same time, culture, for example, in the form of language, art, music, etc. is always also supposed to be an aesthetic use value alone, which is opposed to economic utilization. Socially, a high degree of culture is expected, but it is supposed to cost as little as possible. The public expenditures for culture at least are rather modest, and they usually only affect certain layers and milieus. The volume of cultural capital was more important for the bourgeois and upper classes in modernity than it is for them in liquid modernity, which is shaped by fast capital. A minimum level of cultural techniques plus the culturally informed lifestyle of a consumer appears adequate today in order to be an adequate user of culture. The mass media facilitates access, but through its omnipresence it also deceives people about who actually can have cultural access. A very high one-dimensional volume of cultural capital often represents sophistication and erudition but less economic success, because sophisticated cultural use values today seem outmoded with

<sup>1</sup> Krishna (2002), for example, has investigated this for India. Social capital always requires agents who can stage this capital and transform it into economic success.

regard to economic success. Empirical studies help further determine the distribution of cultural capital in a society and describe the effects of this distribution. At the same time, it becomes a socially relevant problem to define and evaluate what the minimum cultural components that can allow for a pluralistic and diverse society should be in terms of their depth and breadth. In particular, the reduction of cultural support and the commercialization of all areas of culture need to be examined more closely in order to hold the mirror of its ideals and the realization of these ideals up to society (see Nussbaum, 2010).

A different kind of observation that seems necessary is about the cultural distinctions that are produced in the competition over cultural capital that people engage in. Here too, capitalism seems to transition from its heavy form, with its old furnishings and permanent decorations, to a lighter form involving customization, volatility, and constant renewal. New empirical methods such as image analysis, biographical and milieu studies etc. can help us understand such processes and their effects better.

- For body capital, a high volume of capital in the presentation of the body is currently connected with longings and expectations that continually require higher investments in fitness, beauty, health, eroticism, or biotechnology. Inherited appearance and genetic dispositions appear as lucky components of a volume of capital that promises self-sustainment and extra gains. Nobody can escape an increasingly comprehensive engagement with the body today. Considerations of such body labor, however, are still only at the beginning. New areas of research and empirical studies such as those on the erotic component of body capital or studies about the actual utility of cosmetic surgery for those who have it are becoming necessary for attaining a critical understanding that makes us conscious of the dangers of capitalization for the body and our way of dealing with the body in society.
- Learning capital is already being researched comprehensively. This shows the social and individual importance of investing in education sufficiently and sustainably if one wants to avoid consequences of being outpaced by others and risks of unemployment. In the OECD (2012) competence offensive, it is fundamentally assumed that all investments in educational spending and raising the quality of education will have positive effects on raising competence and skills. But what is left unsaid in this offensive are the effects on the market according to supply and demand. If everyone actually makes high investments then the expansion of skills will not remain without consequences for the market. It will lead to the sinking of actually attainable incomes if supply and demand become out of balance. Nevertheless, this trend is irreversible and makes sense because raising skills has become essential not only for the market but also for independence of lifestyle and the broadening of

opportunities. In light of these opportunities, which can be achieved through raising competencies and skills, it is also, however, astounding how some industrial countries are currently sleeping through this capitalization on the investment side by offering too few sustainable options in their educational systems. The costs for too low a volume of this form of capital for the population overall will be correspondingly high and lead to a lack of social and democratic values and a descend in democratic participation, just as today inadequate skills and education lead to poverty for individuals. The OECD initiative is primarily growth-oriented so people can achieve better general well-being and living conditions through the development of economic relations. But this must also be accompanied by a political initiative on equity because initiatives such as the OECD's have not yet been able to hinder the fact that inequality in all forms of capital has increased.

Whatever increasingly detailed measurements for volumes of various forms of capital show for differences between groups of people and countries, a basic insight for specialization in one form of capital should not be forgotten: real wealth and the associated social power, status, and independence first begins with higher economic capital. This economic capital is usually restricted for normal working people. It distinguishes between the rich and the poor, the elites and the masses. At the same time, it embodies the ideals of freedom and happiness in capitalistic society because everyone knows that it also offers liberty with respect to other forms of capital. The higher one's individual economic capital is, the less important body and learning capital can be because they might round out one's existence but hardly support it. These forms of capital can today easily be bought. Cultural capital is also no longer a large distinguishing factor because money increasingly makes the difference. Social capital in contrast often comes to one automatically depending on one's volume of economic capital because a large volume of economic capital can quickly be used by other parasitic participants.

Empirical studies on the life situations of people and social inequality often exclude a profound investigation of the volume of economic capital as if they want to deny deeper insights into the elites and economic power. They involve an easily measurable quantity that should be socially transparent and available for the discussion of different starting points, justification in the context of certain duties and taxes, and effects on merely subjective and general well-being. Tax systems in particular have to be connected with questions of justice and equity because beyond envy, which may come to the front here, there is the basic question of social justice, which has gone astray in current capitalism (see chapter 2). In the meantime, some of the super-rich have already recognized that they can donate a large part of their income without really feeling any loss. Warren Buffet, one of the richest people in the world, has set



a goal since 2010 of donating 99 percent of his wealth to charities. Bill Gates and 40 other billionaires have also joined a program to share their wealth.<sup>1</sup> The question, however, arises here of why the state does not undertake a just distribution through taxes when people are already voluntarily offering such services. The profits in globalized capitalism have taken on dimensions that are leading, despite such donations, to a split in society, and therefore this requires not only personal insight but state regulations promoting better equity and more just equality of opportunity.

## 7.2 Breadth and Density of Distribution in the Forms of Capital

Two scenarios are particularly striking regarding the breadth of distribution. A person can have some of each form of capital, but no form is highly developed; or a person can have a particularly developed form of capital but low volumes for other forms. Both variants and all the possible degrees in between represent opportunities and risks.

If I have a little of each form, then I am at the mercy of a ranked comparison with others who are competing with me for an average position. I am positioned in the competition depending on my existing volumes of capital and can only elevate my position when I am above average or lower my position if I am below average. Many sociological studies show that what matters for people here is that they always have a group in mind that is doing worse than they are. The satisfaction drawn from this provides the consolation that one has not failed completely. And this attitude is socially exploitable because people accept conditions that in sober analysis would lead them to resistance. One form of resistance here is the “outrage movement” described by Hessel (2011), which I mentioned already in the introduction. This movement is outraged by discrimination against foreigners, cuts in social services, especially social security, the one-sidedness of the press and its dependence on capital, and also by inadequate access to education, and a misguided environmental policy. Up to this point, movements such as the “occupy movement,” which condemns the rigid pursuit of profits in stock exchanges without consideration of the resulting consequences for people, are still too marginal to affect politics in a sustained way. The masses endure things as long as they have hope, even with low forms of capitalization, that things are better for them than others.

If I possess a particularly developed form of capital, it can already contain a great opportunity for me to distinguish myself from others. However, the various forms of capital operate in different ways here. The best example may

<sup>1</sup> Stephen King, who is also calling for higher taxes, suggests “I’m rich, tax me,” in *Guardian*, Tuesday 1, May 2012.

be learning capital, which offers me the opportunity for advancement in society when it is certified and my certification is in demand. Body capital, particularly as an erotic use value, can also guarantee upward social mobility with financial benefits. However, for both variants a certain existing social capital is also necessary because an autistic student with the best grades may not be sufficiently compatible with the professional world. And the erotic capital of pure beauty without appropriate forms of expression and presentation in situated social contexts ends up leading more quickly to prostitution than upward mobility.

Cultural capital, as one can see with current capitalism, is also increasingly becoming an ambivalent form of capital in terms of its breadth. In terms of basic cultural techniques, everyone needs cultural capital even to be able to orient themselves adequately in society, but in developed, outdated, traditional as well as avant-garde forms of education, language, art, science etc. this capital also becomes problematic and marginal. The expectations of earning money in particular through high cultural achievements as well as cultural recognition by certain subcultures are all too often disappointed. When it is too specialized, culture under capitalism appears to be something reserved for starving artists. In addition, culture and education are becoming increasingly fluid. They are accelerated by the media and reconfigured. Education in its forms of consumption, and shaped by knowledge of consumption, increasingly affects the cultural habitus because mutual comparison and comparisons in the ecstasy of consumption are increasingly becoming forms of expression for this habitus. The profanation of culture finds its counterbalance in the cultural specialization of some highly educated people or artists, but they are increasingly marginalized in culture, and such culture first becomes expressible when it is prepared for consumption. Anything that exceeds a certain level of difficulty and mass media intelligibility quickly appears specialized and unsellable; complexity and reflection are not seen as a measure of advancing enlightenment and education but as the borderline of unintelligibility. The triumphal procession of the superficial, cultural consumer advisors, and dummies for everything appears unstoppable. This is true not just for the humanities and social sciences but also for language, art, and music that goes beyond the mainstream. This development is mirrored in learning capital, which only provides basic skills and dials back achievements in cultural communication to an average minimum level. In central forms of examination in education today, solution patterns are simply memorized, i.e., consumption also gets the upper hand here over independent reflection that could only be produced through spontaneous tasks assigned by educated and responsible teachers. But we train such teachers less and less, and they are also not in demand. The certification mechanisms run contrary to this sort of teaching and lead through obsession with the comparability of achievements at the same time to the consumption of superficial appropriation. And

this system has now already spilled over from the schools into the universities.

However, it is precisely these certificates that are really the key to upward mobility or obtaining a position. The individual is simultaneously a producer as well as a consumer of education as a commodity with which it must always concern itself both internally and externally in a calculating way. The previous philosophy of education believed in a slow climb by means of reflection to the higher spheres of reason and thus also morality, but the capitalized form of such education in the present shows both the pressure of consumer-oriented offerings as well as a demand calculus that is always supposed to keep in mind the factors involved in the production of surplus value. Anyone who focuses primarily on learning capital due to the lack of other resources also has to work on broadening other forms of capital, particularly social capital, in order to raise their chances of success. A good degree is often not enough here; it has to be complemented with relationships so that it can open up the opportunity for an interview and later advancement.

Within each form of capital, there are strengths and weaknesses, denser points and perspectives or gaps and omissions. All forms of capital and their corresponding habitus condense in a biography that has to be represented externally as plausible so one can assert oneself in competition. In social-psychological terms, one can see that middle and lower levels in particular whitewash the distribution densities and try to make the distance between themselves and high economic capital appear smaller. But in fact, this distance is not only large, it is becoming increasingly larger each day. High economic capital is associated with influence and power as well as important social decision-making. But at the same time the myth of a participatory society for everyone is touted in political Sunday speeches and nourishes the hope that people still have the freedom to decide. More is suggested here than is actually put into practice. The resulting narratives especially appeal to people when individuals actually succeed in climbing from difficult living conditions to the world of the rich and beautiful. When through erotic capital, learning capital, social relationships, cultural exceptionality or sheer luck someone makes this climb then why can't I do the same in a world with so many possibilities despite my less favorable starting position? The capitalistic world breathes in large part through such hope and longing, which promise profits for everyone; but in reality, few are able to reap these profits.

The masses usually have to work painstakingly on the density of distribution of a form of capital. Certainly, there is always momentary luck or a chance chain of events that flushes individuals upwards, but without previous work on the density of forms of capital many already lose the possibility of realizing such opportunities. A meritocracy is a world of dependent employees that the rich just smile at. The myth of achievement serves ranked comparisons up to the higher levels, but not to the elite levels, because beyond performance one

can gain wealth for which there is no equivalent in terms of achievements (i.e., wealth that could be compared with others' wealth in terms of time at work and recognized achievement-dependent income). In the rat race of a meritocracy in contrast, the steps toward making a form of capital denser are as few as the advances that can be made in the struggle of competition. Satisfaction with minor successes has to be cherished while those in the higher levels earn 1000 or more times what those below them earn. It is amazing that envy is kept within limits and that the occasional outrage given the data of the rich and the poor remains limited. The hope, nourished and fired by mass media, that one will somehow be able to see this meritocracy as an opportunity and not merely as an illusion and actually attain what one hopes for may be too great. Instead, one can apparently be sufficiently satisfied as long as one can see that there are others who are lower. If this is not the case, one can hardly explain how the current losses of the middle class in developed countries function, how real wages decline, pensions are reduced, and the safety umbrellas of speculators are paid for by the masses without this—with the exception of a few cases—leading to mass protests or comprehensive counter movements.

Reflecting on the individual density distributions for each form of capital and comparing them with each other appears to be a promising instrument for comprehending capitalization and its extent and for regulating one's own behavior or supporting policies that make such conscious regulations. There is a basic demand here on current education that in addition to other important factors in life such as the environment, food, diversity, peace, democracy, and others it should also make capital and the forms of capital an object of reflection. Schools worldwide become parallel societies without adequate connections to life when they focus only on school subjects as mirrors of specialized knowledge and hinder the broadly relevant questions of the present through the filter of their own narrow specialization.

### 7.3 Democracy and Forms of Capital

#### *The tension between democracy and capitalization*

Success stories show that from a single advantage, for example, a form of capital or special cooperation, someone can obtain an advantage overall that makes it easier to realize higher surplus values compared to invested costs. Seen statistically, however, these success stories are an exception rather than the rule. At the same time, every individual under capitalism has to learn to appreciate their own potential for development and plan, correct, and if necessary alter their profile. Before others look after my potentials through employment relations or self-employment, I have to show in my forms of capital the efforts I am making in order to improve myself in comparison with

others. But governments also have to undertake measures in their countries to strengthen their potential for development and not sacrifice everything for momentary well-being. As arbitrary as attributions may appear in individual cases for persons or societies, a comparison reveals regularities. What one gains, the other very often loses.

Sure, everyone can profit from economic growth, but in the long-term there are always differences between winners and losers. Capitalization in all forms of capital means that it always comes down to comparisons. So, we wrestle with volumes of forms of capital, their distribution in terms of breadth and density, opportunities for intervention, and development potential in order constantly to distinguish ourselves from those lower than us and orient ourselves toward the top. That is why it is particularly interesting empirically how people in a society behave to those groups that appear to be above or below them. There is a primitive but impactful force involved here. A projective process is at work here that indicates to others below that in comparison with oneself they have not sufficiently been able to use their freedom and carry out their own capitalization. Individuals as well as entire countries can be constructed as losers or scapegoats that threaten their own existence. In doing so, the worry that one will decline in this direction must at the same time be repelled. This reinforces a lack of solidarity because it is easier to attribute fault to others for their own situation in order to claim that one's own position is independent of chance in life or socially unjust circumstances. From such a perspective and construction, one retains one's own position of freedom. The paradox here is that people fend off worries about decline and at the same time use this worry itself as an image by defining positions below them in terms of their failure. They attribute to themselves certain abilities so these worries do not arise and maintain that others lack these abilities.

However, in the upward direction individual desires are modeled increasingly strongly on consumption, which also makes wealth more mundane. Previously there were strenuous and labor-intensive cultural distinctions used to develop a cultural profile similar to wealth, but this profile is increasingly being reduced to high-value luxury goods according to the often-patriarchal model of "my house, my car, my boat, my wife and mistress" that has often been mentioned in this book.

Both strategies at the same time reveal an unquestionableness in capitalistic relationships: beyond the dualism of the capitalist and the proletariat, and having arrived at the ubiquitous capitalization of everyone and everything, there no longer appears to be a way out. It becomes an individual and social burden when something goes wrong. And the comparison always remains: others can still consume and have it better, so the problem must be with you or your country. The complete failure of the capitalist system alone could produce a drive to resolve the paradox between worry about too little and the desire for more, but the likelihood would be great that the structural system

as a whole would not be held responsible but only certain scapegoats would be publicly accountable. The materialism of consumer society is too convincing to be replaced by other forms. Thus, the hope remains for solidarity in the competition. Solidarity would be necessary when someone, through bad luck and tragedy—this is often how these events are referred to even if they could be the result of social structures, insufficient aid, and unjust distribution—, can hardly find the means for survival.

All these conditions and events can be measured, and there is a lot of data available. What is not surprising is that it is not always or only rarely used. With the data on the forms of capital, the conditions, structures, dependencies, distributions etc. that present problems for democratic societies that are subject to claims of equality and the claims to individual and just opportunities for dignified living conditions become visible. Democracies end up in a state of fundamental contradiction with their own claims when the division of forms of capital leads to an irreconcilable dualism of the rich and the poor. As the financial crises since 2008 have shown, democracies cannot rely on the capitalistic market because this market has no conception of morality or justice but would completely destroy itself through short-sighted strategies if the profits are right at the time. Democracy in contrast requires a kind of reason that looks at things in more detail and over a longer period. Democracy is dependent on long-term equity and a reasonable equality of opportunity to enable and maintain sufficient participation for all. Freedom in social action is possible only against this background of relative equality.

What could be the basis of such a democracy with regard to the forms of capital? Learning capital offers a critical opportunity in today's capitalistic society to develop democracy as a society for the possible growth and development of as many people as possible, not immediately but in light of the demand for the greatest possible equality of opportunity, and to thereby work against the hegemonies of selective capital. But the current development of learning capital reveals an individualized tendency toward capital extraction, which requires a lot of private resources at high costs. Inequality has arisen in this regard worldwide, and more strongly in some countries than others, because the states have withdrawn too much from these costs or have not adequately changed them. These states often fail to recognize that with state provisions regarding learning capital not only can gaps in equality be narrowed for all but society as a democratic community can also win. This also opens economic opportunities. However, we also have to admit that in a globalized world such wins or losses are always made in competition with others on the world market and thus also at the cost of others.

There has been repeated discussion of the core economic dimension connected with questions of democracy. Down to the present, it involves opportunities for social participation, equal and just educational opportunities, the

emancipation most particularly of women, the rights of children, migrants, discriminated groups and individuals. It is reflected across the world in discursive movements standing in a field of dynamic tension. There is a pressure felt to be ever more powerful, the more one still clings to the old hopes for “value-free” fields not imbued with economic concerns. Compounding this, the democratic vision of equality of opportunity proved illusory (Bourdieu & Passeron, 1990) because the assumed equality was unmasked as a grand fiction. Given the very different starting positions of individuals, the best one can hope for is a certain equalizing of opportunities especially with rising learning capital. This can be connected with the concept of fair equality of opportunity (Rawls, 1971/1999, 73ff.) or as we may better more realistically say “the fight for fair equity.” Whenever positive ideas, especially from the realm of human rights and their implementation did not remain merely theoretical but were indeed implemented on the ground in practices, just routines and human institutions, what emerged was always also the capitalized downside of a structural underfinancing of precisely those spheres. The popularity Stéphane Hessel (2011) has achieved with his memorandum “Time for Out-rage,” grounded on his experiences fighting in the French Résistance in World War Two, clearly show that he has touched on a sensitive nerve, a problematic point in our present, in a space over and beyond the ideologies of utility connected with the forms of capital. He calls upon us to take action against a greedy capitalism contemptuous of human beings, with a disdain for genuine human rights, egoistic and destructive of the environment, a capitalism cloaked in freedom and equality as its empty shell and shroud. This is because we cannot put our trust solely in material progress. There must also be cultural and politically organized social progress, advance in fair and equitable opportunity, as the slimmed down concern of reason is now expressed. The legacies of the Enlightenment appear here as contradictory; the purported unitary power of reason people formerly believed in now split into different interests, into vague hopes. We wander from the ideal of equality of opportunity to the more “realistic” field of fair equity of opportunity. The question arises as to whether we will be able to achieve at least an adequate modicum of relative fair and equitable opportunity that still can be called a democratic way of life.

There are discourses that have evolved within the matrix of a critique of precisely these hopes and repressions of contradictions, developing—via larger schools of theory such as critical psychoanalysis, poststructuralism, discourses of post-modernity and power, feminism, cultural studies, (neo-) pragmatism, and social constructivism—in particular as a critical foe of all euphoric faith in progress, the lack of justice in opportunity and an economic utilitarianism. The breadth and multifarious nature of these oppositional discourses were at the same time able to hold out the prospect for a new diversity of thought. They play an important role in the background of the construction of my arguments in this book. These approaches have been central

for me in dealing particularly with the illusions of the Enlightenment and the meta-narratives of modernity. Hessel, who as a man well into his nineties appeals to human hope, urging readers now and after his death to oppose a world that seeks to regulate everything via the power of money and capitalizations, was active in helping to frame the UN Declaration of Human Rights. This imbues his concern with especial power. The General Declaration of Human Rights, passed in 1948, brings together, as a normative legal claim to entitlement, everything that is necessary for a life in freedom and democracy. Nonetheless, it has not yet been implemented in all its radicality and humanity in a comprehensive manner in our world. For Hessel, this is an outrage. And he adds that it is even more outrageous if under the seemingly sane and reasoned cloak of the market and human self-interest, the capitalization of all spheres of life acts to increasingly undermine precisely those same human rights, rendering them impracticable. That is because states and their politics do not adequately manage to combine the desire and longing for ever greater material wealth and prosperity—seen more narrowly as the quest for maximized utility—with the social task of the development and enhancement of human dignity, independent of origin, race, gender, personal socioeconomic starting point, in-come, and resources. And to do so in such manner that living conditions as equal or at least as fair and equitable as possible emerge for all, and not just the minorities of the wealthy.

Noteworthy in Hessel's argumentation is that he sees very clearly: it is mainly economic developments that pose a threat to human rights. In relevant studies on human rights and theories of justice, that often is clearly far less the case. They mainly remain abstract because they necessarily try to train their sights on the bigger picture of a humane and just development (see Nussbaum, 2006, 1). But they would have to become very concrete, lest they remain a mere hollow political shell of words, an empty political intention or a formulaic excuse of absence for conditions and structures that at present still appear impossible. It is precisely human dignity that falls under the category of the fleeting and fugitive, as long as people have but little outrage, faced with merely superficial solutions and empty unrealized promises. And as long as opportunities of all are not enjoyed in great breadth and rich diversity in order to develop different but dignified and just courses of life, as long as wealth is constantly redistributed to only a tiny few, the democratic promises for adequate participation by all will remain superficial and nugatory.

Since the onset of modernity, many thought that Enlightenment and the struggle for more equality, democracy, and participation would suffice over the long term to achieve an increasingly better development, ultimately more humane for all. In particular, equality before the law, in democracy, in the educational institutions from kindergarten to university, would serve to guarantee that all have equal opportunity if they behave in a suitable way—this as a



pathway to surmount “self-incurred immaturity“ (Kant), a self-caused dependence widespread in the dark ages before the Enlightenment. By contrast, the underfunding of educational and training-systems seems to be inherent to our era, and this impacts in its effects especially hard on those who from the outset are less privileged. To that extent, the self-incurred immaturity or tutelage is transformed into a dependence imposed by the state. It is discernable here that countries across the world community which recognize human rights have very different approaches regarding funding for more fair equity of opportunity. That is reflected, for example, in the fact that opportunities to advance from the lower social strata up the ladder or to be able to take part in exclusive forms of education and training, in some very rich countries, such as the USA and Germany, are especially poor (see chapter 6; OECD, 2008, 2010).

Why is it that democracy and human rights are implemented so differentially in concrete practice? The modern democracies and systems of law build on classic theories of the social contract. These are liberal models as can be found in the writings of John Locke, for example, or Jean-Jacques Rousseau. In such a perspective, every person enters into a silent contract with another, and both individuals submit to the authority of selected institutions that regulate a range of questions for them, legal, political, social, and educational. This is so that they can avoid direct argument and strife and can agree jointly on a shared prosperity and well-being for mutual benefit on the basis of reason. Humans enter upon such a contract because it provides them advantages in mutual interaction, facilitating greater security in a non-violent relation of cooperation, while opening up opportunities for individual self-realization in all forms of capital. However, this social contract presupposes relations of equality, because in dealing with and against one another, all humans should be able to be equal, free, and independent. In particular, an independent justice system and division of power are meant to ensure that freedom and equality can be guaranteed. However, the founders of these contract theories themselves recognized that there is a need for solidarity within the citizenry (so-called fraternity) in order to offset differences stemming already from birth if not before. And it is precisely this solidarity that turns out to be so very different in different instances.

As a theoretician of culture and educator, John Dewey already sensed just how important the social and economic background was for the shaping of democracy and education. His relation to Marx was significant (see Gavin, 1988). As a theoretician of culture, he often used the concept of capital in his writings. He understood this, in analogy to many present-day theories of human or social capital, as a resource not only for designating the profits of a capitalist—but also to show that individuals require skills and competencies, that society should make sufficiently accessible and thus possible for them through education as social capital. That is why he wrote: “It is therefore the

responsibility of society as a whole, conceived from a strictly scientific standpoint leaving out all sentimental and all moral considerations—it is the business of society as a whole today, to see to it that the environment is provided which will utilize all of the individual capital that is being born into it” (Dewey: MW 4, 157). On the other hand, Dewey saw very clearly that an equalizing and just relation between capital and labor is decisive for the living conditions of individuals. Only if a compromise between interests can be found, where labor is compensated in such a manner as to be in keeping with humane conditions for life, and when wealth is utilized for social ends to a point where the entire society can benefit, did he also perceive adequate chances for the maintenance and development of democracy. He wrote: “When individuals start in the race handicapped by differences in birth, education, family, business, friends, and inherited wealth, there is no selection of ability; there is selection of the privileged” (Dewey: MW 5, 470-471). And Dewey raised decisive questions regarding the effects of capital: “If property is so valuable morally, how many are profiting by it under the present system, and how many are without its beneficent effects? Is the number of property-owners increasing or diminishing?” (Ibid., 493).

Such questions are important but also require a concrete answer rooted in the historical epochs and—following the arguments in this book—in the development of the forms of capital. Dewey’s analyses provide significant stimuli for this, because he views capital as an operative force alongside others, although he could not yet suspect the huge pressure that would be generated from the capitalization likewise of public and private spaces. As an educator and cultural theoretician, for him was in particular decisive to illuminate education as a focal point of our attention, in order to make a degree of prosperity for all possible, and with the highest degree of justice and satisfaction by furthering as many individuals as possible through changes in attitudes and views. For Dewey, justice and satisfaction in society and for all individuals always have an educational meaning, since it is through education most especially that some manner of equalizing of unequal opportunities can be achieved already in the early years of an individual’s life; and because on the other hand, education also provides possibilities to allow individuals to take advantage of different paths and opportunities in lived diversity (for a more extended discussion, see Garrison/Neubert/Reich, 2012, 2016).

Similar to a situation like Hessel’s hope that ever more will rise up in outrage as solidarity massively dwindles, the classic democratic theorists also have great faith in human self-regulatory capacities. But the declaration of human rights itself shows that such hopes must always also contain an entitlement that can be fought for legally, a possession even for those unpropertied, which can actually be successfully claimed and adjudicated in a court of law, because the mutual daylight robbery under capitalism in modernity is

omnipresent. Learning capital could be the area where such justice as enhancement of the opportunities for all can be socially planned, implemented, and controlled. (see, for example, Hutmacher et al., 2001). That has also become evident at the political level, because both in the UN and the OECD, various initiatives have been repeatedly pursued to bolster human rights in democratic societies by raising demands for an inclusive educational system, since a view prevails that only on the basis of inclusive education can sufficient diversity be facilitated in practical terms within a democratic process of development.

What does this mean for the results of the present study? If we wish to evaluate the capitalization of life today, then many oscillate between two discursive worlds: increasing enlightenment and conjunct critical theories on the one hand, and its deconstruction by means of discourses confronting the rational image with the diversity and inequality of actual realities on the other. At the same time, many people wish to maintain the hopes associated with the greater distribution and realization of human rights and democracy. Interesting here is the fact that in many discussions, questions regarding economy and justice are not internally connected with each other. Of course, all can clearly see that human questions always necessitate financial answers, but the “human element” in itself is also simply never just a question of money or financial contribution or allocation. In this dilemma, the cultural sciences, the humanities, and social sciences, and most particularly the educational sciences, often tend to forget the need to think about the economic questions involved. That is because they view such questions as coming from the outside and shaping realities externally. But they address such questions as focal areas they cannot adequately ground on the basis of their own reflection. In the process, we quickly become the victims of a division of academic labor; this renders it difficult for us to look beyond the boundaries of our discipline. When in theory and practice we come up against structural conditions—such as are especially evident as a result of the underfunding in particular of education and culture, and we perceive the mounting capitalization of all spheres of life—we are always reminded of a key imperative: to work out with greater clarity the dimension of such capitalizations and their impact for society and the individual. It is not enough to determine only the communicative, social, cultural, or educational aspects of a life in diversity and the associated opportunities for inclusion and educational justice. Rather, we also have to examine the foundations of the mounting capitalization that generate for all our efforts a frame, a background, and often enough, structural prerequisites as well. If this sphere of action is overlooked, then it is very easy for overly superficial images of absolutized freedoms to arise, over and beyond actually operative economic necessities. Conversely, in this way it is also possible to specify degrees of freedom in a more realistic manner over against economization.

*Justice, “capabilities,” and forms of capital*

This is the point where theoreticians of justice today elaborate their views. The development of modernity to liquid modernity showed that although political rights were able to become more democratic, the economy in particular and general conditions of life did not progress in the same evenhanded way toward the expected levels of equity. In his theory of justice, John Rawls (1971) employed and extended the theory of social contract in a comprehensive manner (see also Nussbaum, 2006, 2009, 2011). He presupposes the existence of free and reasonable human actors in order to show how they can begin to deal with one another on an equal basis. However, the problem is that equality, here presupposed, is at a very abstract level. It is determined in a highly formal manner. If, for example, someone in free, equal, and secret vote can freely participate like others, that may signify equality on the general political level. But this does not tell us to what extent this individual can then, like others, actually espouse, press for, and implement his or her interests in the prevailing relations of power and property in a given society with different volumes in the forms of capital. Rawls attempts to meet this by proposing a procedural justice, where the correct procedure in a sense of transparency and equal treatment assists in determining the correct outcome. Here he emphasizes that it is no longer external nature that defines for us what rights we should have. Rather, he views the construction of such rights as a social and political task. Since we do not act solely for rational motives, as human history amply shows, in Rawls' view it is especially integral to our moral obligation to wish to be just and to implement this in concrete action so as to fulfill the ideal of such an equal contractual relation. In practical terms, the call for justice becomes a commandment to deal fairly with one another (see Rawls, 2001).

The analyzes of the forms of capital in this book showed that inequality is unavoidable but can differ in its consequences. Yet that is problematic for the commandment of fairness, because it presupposes that the parties to the contract have equal rights. How should this function though if the contracts, right from the outset, turn out to be one-sided due to differing prerequisites?

Nussbaum (2006) mentions three main unresolved problems: physical and mental inequality, the inequality of nations, and the forgotten animal world, devoid of rights. This list is doubtless correct but clearly too short. Inequalities surface particularly when it comes to material resources, money and capital available and distributed through channels engendering huge inequality. This leads today to ever greater inequalities in money and capital, but also in regard to opportunities available and attainable for finding a job, obtaining training or a useful education in a manner in keeping with the highest demands of fair equity of opportunity.

Amartya Sen (1985, 1992, 1993) and Martha Nussbaum (2000, 2006, 2011) in particular espouse today an approach building on the debates over human dignity and human rights which deals with questions of fair equity of

opportunity. Their view is termed “capability approach.” Among the capabilities are potentials that are not just something the individual alone must develop, because often he or she lacks the possibilities. Rather, these potentials must be reserved for this individual, they must be offered structurally by society from the resources available so as to ensure the possibility of a life in dignity. This approach, as much as I agree with it, remains too limited regarding the salience of economic conditions in its diagnosis of the difficulties lurking along the path to greater justice. In their list of enablement only rights appear. But how do these touch on the capitalist relations of forms of capital? How can we focus on prosperity that as personal wealth has in the meanwhile become so salient for differing levels of opportunity and chances for success in society? This is in keeping with an array of problems present already in the approach of human rights, where the right to employment and also to a minimal livable wage (geared initially to local conditions) are excluded, because these questions belong to the sovereign sphere of individual states and in capitalism tend currently to be more commonly compensated for by state redistribution and funding programs than to be ensured by legal claims. In the “capabilities approach,” capabilities are regarded as characteristics and abilities that people have, which enable them to choose a life of dignity in the context of rights and freedom. The discussion of human capabilities as potentials or abilities has the advantage that it need not be tied to certain cultures and states, as rights are, but helps express in general what people presently do and how they want to be. The list of such “capabilities” consists of 10 central areas (see Nussbaum, 2009, 23 ff.):

- (1) To lead a human life of normal length in circumstances that are worth living in.
- (2) To live with good health, adequate nutrition and protection.
- (3) To be able to move freely, and in particular to be protected from sexual violence and assault, and to lead a sexually satisfying life with free choice about producing offspring.
- (4) To be able to use one’s senses, imagination, thoughts, and mind in a human way without restrictions, i.e., to be adequately cultivated and educated and be able to freely make decisions and follow one’s preferences.
- (5) To be able to develop emotional connections with others and not be guided by fear in one’s dealings with others.
- (6) To be able to use practical reason and critical reflection in planning one’s own life.
- (7) To be able to maintain relationships with others in human solidarity and respect the needs of others, i.e., to engage in social interactions and develop a sense of self-value, which also attributes human dignity to others, in order to avoid discrimination.

- (8) To respect and protect other species in the environment.
- (9) To be in a position to laugh, play, and rest.
- (10) To be able to create a way of life, i.e., on the one hand to be able to participate politically in a free and open way, and on the other hand to respect rights to ownership of land and goods on an equal basis, to possess the right to search for work as well as civil rights, and in particular to be able to work as a human being, i.e., to be able to shape one's practical reason and social interactions in meaningful relationships of mutual recognition.

All states are urged to promote and sufficiently develop these “capabilities” in the sense of human rights. This also involves inclusive rights for all people who have disabilities or experience discrimination. But today individualizing and neo-liberal views stand on one side and approaches that strive for justice and equal opportunities in life for all stand on the other side in opposition. One group sees intervention on the part of the state as an attack on their personal possessions and obtained privileges; and the other group no longer wants to claim supposed “natural” conditions for inequality and instead recognizes that life opportunities always involve social constructs and agreements that have to do with distribution and equitable opportunities in life. The struggle of both approaches, which is always particularly dramatic in the confrontations between republicans and democrats in the US, can be made concrete if we refer these struggles back to the forms of capital. It has become clear that the appropriation of capital in its various forms always happens in a tense relationship between social use and individual opportunities for participation. That is why it makes sense to consider opportunities here and focus on the topic of justice as is done in particular in Rawls (1971, 1999, 2001), Sen (1985, 1992, 1993) and Nussbaum (1993, 2000, 2006, 2010).

One fundamental message is that it would be unjust if existing family conditions primarily or solely determined the opportunities that a child has. Rawls' position compels us to take action if justice is going to be realized:

- It requires effective institutions in political, economic, cultural, and social terms, which justly and equitably distribute goods and opportunities that are important for peoples' lives.
- Such goods are primarily the rights, freedom, and opportunities that people need to participate in society.
- Income and assets that represent the basic conditions for a free and fair life and that represent a fundamental social condition for the development of self-esteem are also essential here.
- According to Rawls, socio-economic inequalities are permitted only if they can offer benefits for all, and they must be associated with positions and offices that are fundamentally open to all.

From this perspective, equity is necessary to reduce inequalities, and individual wealth only makes sense when this at the same time leads to benefits for all. But these are idealized statements because it is often claimed by the wealthy that they create jobs, although this does not happen consistently. Rawls did not develop an explicit political theory for equality of opportunity that looks at the problem of distribution in connection with the creation of surplus value and capitalization.

The “capabilities approach” and the list provided by Nussbaum also significantly fades down the problem of distribution because they tend to focus on human characteristics, potential, and capabilities and leave open how such a “capability” can actually be lived out in a just way. The analysis of the forms of capital showed that the development of economic capabilities clearly and consistently is based on human capabilities (on potentials, skills, and use values in the various social and cultural domains). Although it is quite right and essential to keep such a list of human and social rights at the legal level, as well as at the moral level of the “capabilities approach,” and always make it part of the discourse in society, such attempts remain blind with respect to the real conditions when they do not also fully consider capitalization. The very broad concept of capital as it is often used in human, social, and cultural capital etc. gets its revenge here because in this regard people do not often distinguish adequately between use values in the use of social relationships, cultural activities, human abilities, skills etc. and exchange values that first allow such characteristics and skills to be transformed into capital. If we do not make this distinction, then it seems normal and reasonable to see everything human already as a “capability” without closer consideration of the economic implications, which makes us forget the differences in the production of surplus value. We then overlook the fact that not only human freedom is rooted in economic exchange, as is addressed in point 10 of Nussbaum’s list, but so too is the unequal appropriation of surplus value in all forms of capital that lead to social differences and distinctions and thus to the problems of inequality and injustice. In capitalism, the mechanism of the production of surplus value cannot be eliminated unless capitalism itself is completely given up, but it can be regulated. And such regulation (a point which is overlooked by the “capabilities approach”) is fundamentally necessary for overcoming hindrances to fulfillment of the list because the hindrances that are not overcome will otherwise always show that the complete list of what is humanely desirable is always belied by the political practices.

## 7.4 Equitable Regulation of the Forms of Capital

But what would just and equitable regulation look like? Every strategy is involved in a tension here from the beginning. On the hand, the differences in

the production of surplus value affect peoples' opportunities to orient themselves toward maximization of gains to their own benefit and thereby to find motivation for commitment and perseverance. On the other hand, the gains made in this way produce social inequalities, which minimize the chances many people will have for equitable participation. Regulation means establishing a system of levying of gains from surplus value of all kinds, which also maintains adequate motivation for investments without excluding large groups of people from their own investment opportunities. Regulation thus means active redistribution. This can be done all the more easily if regulation for its part invests in social, cultural, and body capital and especially learning capital in order to raise the opportunities for participation for all, but particularly those who are disadvantaged. This means focusing on equity in the political domain while taking into account the effects of surplus value for all forms of capital. Taxation of economic gains from these surplus values is a particular regulatory measure that is available. And there has never been so much unequal wealth in the world available for this purpose.

After reflecting on the forms of capital in terms of their volumes, breadth, and density, and discussing questions of democracy and capitalization, I want to sum up some of the possibilities for intervention that are on the horizon for individuals and particular groups. All interventions require redistribution at the state level, i.e., regulation of the necessary resources for the individual forms of capital (see *chart 30 next page*).

In view of the individual forms of capital, this redistribution concretely means that there are interventions that could allow for greater equity. In a rough overview, there are the following perspectives:

- Fair taxation can help to reduce the drifting apart of the rich and poor and thus to absorb profits that either appear exaggerated in their amounts or are highly speculative (based in illusion, deception, or fraud) or parasitic in how they are acquired. What is gained here can be given back in the form of basic income to those who are easily left behind by the system. At the same time, work incentives for both companies and workers can be positively influenced so that the tendency toward investment can be aroused for economic capital through regulations (particularly incentive systems) and employees can continue to be motivated to work. Inasmuch as the profits from speculation of all kinds are taxed at a high rate similar to luxury taxes, it will again become attractive for economic capital to demand labor for production and services that goes beyond speculative financial transactions so profits can be made in a more non-speculative way. Because previously there was sufficient motivation for the use of economic capital even for small profit margins, it is a reasonable hypothesis that small differences already provide a drive to action through



Forms of capital	Interventions for society as a whole	Interventions for specific individuals	Risk factors
<b>Eco- nomic capital</b>	<b>High taxation</b> particularly for high, illusory, or parasitic profits	<b>Basic income</b> particularly for securing participation in consumption	decline of investments or low motivation to work
	Hypotheses: high taxation is possible because even minimal chances for profit drive and reduce the risks of declining investments; basic income can be paid by higher taxation of the rich but there have to be measures for motivation		
<b>Social capital</b>	<b>Strengthen forms of direct democracy</b> particularly through participation and high transparency	<b>Increase participation</b> particularly by taking on individual responsibility	local and particular interests prevail
	Hypothesis: self-organization is more effective than central bureaucracy but has to be supported by resources		
<b>Cultural capital</b>	<b>Cultural programs according to cultural standards</b> particularly as support for cultural breadth and depth	<b>Strengthen cultural perspectives, access, and events</b> particularly through support and incentive systems	culture only arises where there is a rich society engaged in cultural consumption
	Hypothesis: culture is an important driving factor for the economy and other forms of capital and the state has to engage in diverse forms		
<b>Body capital</b>	<b>Biopolitics for humane life</b> particularly for long-term health, old age, broad diversity, and inclusive participation	<b>No exclusions from healthcare, care for the elderly, workers compensation, or social aid</b> particularly for poor people	a biopolitics of rich countries against poor countries or rich parts of the population against the poor
	Hypothesis: Preventative expenditures mitigate later follow-up costs		
<b>Learning capital</b>	<b>Expansion of education</b> particularly as a higher increase in skills and qualifications that supports everyone	<b>Inclusion of all learners</b> particularly as a boosting of equality of opportunities for all disadvantaged people	a devaluation of qualifications and skills through the devaluation of attained educational titles
	Hypothesis: A general expansion of education offers individuals as well as society more and better options for development		

*Chart 30: Interventions with Regard to Forms of Capital*

surplus values. However, there are two issues that complicate implementation here: the debt burden of countries that can hardly be met, and the global market that allows such regulations, e.g., through taxes, to be avoided through evasive maneuvers. But since in a democracy the electorate also chooses what will happen, these difficulties can always be

subjected to critical examination again, and alternative solutions can be sought. Here, greed is increasingly the gravedigger for unilaterally accumulated wealth: if only very few people have something to lose, the majority will not mind opting for alternatives in which debts are denied and globalization is paused for a moment. The insolvency of certain countries will not destroy capitalism but redefine the starting conditions for distribution.

- Social capital is always present through pedigree, and interests and power can be concentrated in people who can connect social dominance and economic dominance. At the level of society as a whole, an important counter-regulation consists in developing and strengthening as many direct forms of democracy as possible at all levels of social action. Social opportunities can grow through basic common education of all youth in kindergartens and schools over as long a period as possible. Participation by as many people as possible locally in municipal decisions, where it is clear what is being decided, helps as much as thorough transparency through the disclosure of incomes, taxes, offices, and positions of power. Because corruption is always the shadow of social capital, demands have to be made in particular on non-discriminatory hiring and advancement practices. And particularly for those who have little social capital at home, participation has to be developed through special support programs in school and through youth work in order to increase self-awareness and self-reliance and above all an awareness of personal efficacy. The suspected risks that local or particular interests of certain parts of the population could become dominant are often themselves expressions of high selectivity: if poor people with an immigrant background are forced into the ghettos on the outskirts of cities, this leads to a lack of participation which is also associated in the future with a denial of rights to participation because people no longer expect them to have an awareness of democracy. And vice versa, social policies must consider the regulations they establish so that displacing selectivity does not get the upper hand and participation through an emphasis on representative forms is not denied but comprehensively supported.
- Capitalist states are increasingly cutting their cultural budgets and are allowing culture to be equated with consumption. The markets take over the cultural domain, which leads to a displacement of specialized and experimental cultural achievements that are in little demand. Cultural standards help a culture maintain and shape an adequate breadth and depth of cultural activities in educational institutions, which offer varied possibilities for expression and the development of creative potential. All aesthetic fields have to resist the market if they want to remain an expression of human freedom. Policies that offer support through regulations must continuously provide funds and enable as many people as

possible to have easy access to culture. Culture is above all what is made, experienced, and shaped locally. It is an opportunity to get outside of passive reception through consumption and the media, experience and shape cultural activity, and develop cultural use values that articulate and realize cultural consumption in a differentiated way and not merely by conforming to the taste of the masses. Currently, there are too few people working in the cultural domain in industrialized countries, and the opportunities to develop cultural activities in an economically attractive way are taken advantage of too infrequently. A cultural offensive is needed so culture is not sacrificed to profit (see Nussbaum, 2010).

- Biopolitics is already happening extensively, but capitalist countries differ significantly in their care for their people. Healthcare, care for the elderly, workers compensation, and social aid are social systems for maintaining a dignified life, but the expenditures in these areas differ significantly. These expenditures are politically contentious within industrialized countries and with respect to the poorer countries in the world. The global consequences in particular of environmental pollution and climate policy flow directly into biopolitics. The more strongly developed the forms of capital are, the more people can be prepared, also in the area of biopolitics, to fight for their own rights and opportunities and not completely forget their solidarity with others. But this assumes that this field is more regulated, not just the utility of economic capital. The example of the unequal distribution of unhealthy and healthy living conditions shows how large the difference has become between countries and people in this area. But in developed countries as well, a huge gap is opening between the different chances for a long and healthy life.
- There is no stopping the expansion of education worldwide, and it will decisively determine the shape of this century. It is evident that some countries are missing out on this development because they cling to traditional educational habits that have long lost their timeliness. Even if educational titles are devalued and expected career success is diminished through the expansion of education, nevertheless the higher educational level of larger groups of people will be the standard for social development. The opportunities for the expansion of education at the same time lie in raising equity for as many people as possible; the danger lies in the possibility that elite and costly education and training will introduce a new hierarchy.

The aspects mentioned here can be concluded from the analysis of the individual forms of capital. In the struggle for raising equity, however, more political actors are needed who concretely institute such ideas in governmental and statutory regulations through democratic procedures in order to revitalize these ideas.

There is a central paradox in liquid modernity: the more individualism there is, and the more there is a lifestyle that strives for better starting points, possessions, living conditions etc., the stronger the pressure is on competition that amplifies differences for the purpose of gaining a better position. However, since all individuals strive in the same way, their competitive behavior leads to precisely those worries that they actually want to repel. It is only when a society as a whole can decide, through political decisions that are legitimated in democratic processes, to at least introduce a certain degree of solidarity as a foundation that individualism, with its benefits for individuals, will remain interesting for the majority of society and not merely serve a minority at the expense of everyone. Comparisons of developed countries show that countries that invest more publicly for everyone in solidarity are perceived as more just and equitable than others. And all countries, particularly those that work on their education systems, should understand that this work is an essential prerequisite for whether democracy will be taken up and how it will be shaped. Schools are the places in society that all people must inevitably go through, and they are also the place where peoples' lives are *shaped*.

An increase in equity is needed so a majority of people can actually be in the position to realize their life opportunities fully in relation to others through their own power and efforts. If we relate this thesis to the forms of capital and their interaction, it becomes a social and thus also governmental task at least to pursue the following rules of justice and equity more forcefully and implement them in a way that can be monitored:

- 1) With regard to economic capital, it is important above all to avoid poverty for broad groups of people and not allow the economic division of society to continue to grow. The welfare state, which for many with a lot of possessions is a ghost of redistribution, requires performance incentives especially with respect to equity, i.e., it must be possible through participation to actually get out of impoverished conditions by means of targeted support and incentives. Minimum wages and minimum incomes help to avoid poverty and help people be able to live a dignified, relatively autonomous life with better opportunities than before. It is true that income differences are part of the essence of capitalism, but the state can ensure that the gap between rich and poor does not get increasingly larger. This is where just and equitable tax policies can play a role by helping avoid extreme differences in income. When managers earn up to 1000 times more than their employees, this can no longer be justified by actually measurable differences in performance; rather, it requires redistribution regulations by the state that do not seek to level all the differences. Performance incentives stimulate human action, but they become counter-productive when they are opaque and arbitrary.

- 2) In order to make equity actually possible in the current state of capitalism, education and thus broad access to learning capital has to be developed for all as a priority. Education must be free, begin early, and be compulsory for all in order to give children who have short-sighted or uneducated parents' better opportunities as well. Investments in education and training should serve the measurable and monitorable aim of attaining the highest degrees possible for as many people as possible. Even if the expansion of education appears to be an inflation of education today, and even if a higher overall income level leads to the fact that income and wages are adjusted downward in certain circumstances according to supply and demand, the opportunities for all people in comparison with each other nevertheless climb, and the performance incentives have positive effects for all areas of life. Education is not only a key for better and more secure jobs and sufficient mobility, flexibility, and dynamism in a quickly changing world, it also represents better health prospects and lower social costs in the long run. At the same time, education also opens up additional social and cultural spaces for action. The forms of capital however never reveal a healthy, harmonious world in their development but reveal problems of distribution, inequalities, and tensions as well as risks and opportunities. That is why inclusive objectives are needed for education in order to limit inequality of opportunity and discrimination according to socio-economic origin, ethno-cultural background, gender, sexual orientation, or disability.
- 3) The labor market has to be connected with incentives for hiring young graduates and inhibiting precarious working conditions in a sustainable way by means of a minimum wage and the avoidance of using temporary labor. Even if the ownership class wants to maximize its gains in particular in this area, it must become an issue for the overall well-being and the democratic structure of future society not just to pursue their own egoism. A productive balance between sufficient income or wages, even for the lower classes, in order to ensure participation in the development of society and consumption, and capitalistic investments and opportunities for profit is a basic construct of capitalism that always becomes a problem for the capitalistic system and for profits in the long run when this balance is off. In neo-liberalism without policies for equity, the capitalist state has placed itself too one-dimensionally on the side of the owners of capital. The financial crises since 2008 show all too clearly the darker side of these policies and the associated dangers that capitalism faces now.
- 4) Social safety-net systems are necessary in order to help people in distress, especially when they face poverty. Such systems also require incentives so those affected are sufficiently motivated to take advantage of their own opportunities. Such systems are always inadequate when

they merely distribute without stimulating development and connecting people with work. And they also need to be systemically designed in order, for example, to offer single parents free childcare and affordable housing so that they can even have the opportunity to work.

- 5) Intergenerational justice can occur only when Rawls' principle of just savings is observed (see also Pogge, 1989, for an expansion of this). Every generation has to ask how much they would save or spend and how much debt they would then also incur if they gave an account of how willing earlier or later generations would be to do this. It is a question of why we would allow ourselves to spend so much more than earlier generations or how we could expect that our children will even be in the position to or want to pay back the accumulated debt. If you do this thought experiment, it becomes clear that the current levels of state debt for most countries has nothing to do with justice and has much more to do with social folly. It has arisen because there is so much money on the market that is not taxed or levied, and it drives debt so a minority of people can realize opportunities for profit. The resulting inequality and injustice between generations also then requires redistribution between the rich and the poor. It will be a question here in particular of education of the broad masses and thus the electorate whether people want to continue to follow the promises of parties that lead us into debt traps or whether they can or want to free themselves from this expectation. The more their individual forms of capital grow, the more people may come to see and understand what is in play for them in terms of losses.
- 6) Justice as a basic stance and as a social and individual habitus is, in light of the growth of capitalization in the forms of capital, an opportunity to see meaning in life that goes beyond monetary benefits and redistributions and limited and limiting egoism. The capitalistic markets are blind to this. Markets appear ethically blind because they can no longer provide a sufficient criterion, whether it be performance-oriented or moral, for why some make exorbitant profits compared with others whose profits are barren. The market also does not regulate anything that people really need in order to assert themselves on the market: education and training, active labor market policies, anti-discrimination, support for families and offspring, protection of the environment, generational justice, protection of developing countries against exploitation, etc. A change in these scenarios in the direction of justice and equity will be a political and social struggle, which will require new majorities if the fears and self-ignorance of the present are to be overcome.

### *Escape capitalization?*

Against the background of an increase in capitalization in all forms of use in life, many people long to win back an original space of action not based on

surplus values and exploitation, where human communication and cooperation, self-will, reflection, a relationship to culture without prices and debts, and the social, cultural, bodily, and educational worlds return without struggles over differences, positions, and possible income. Many long for a world where the ecological disaster, ruthless consumption of resources and nature, changing of climate, and the long list of challenges driven by capitalism can be stopped. The quality of human life appears especially high where it is not just a matter of gaining ever more surplus values.

However, given the capitalization of the present, we have to ask whether and in what way the idyll of freedom from capitalization still really has power. Often, we only see quality where a surplus value has transpired and then been forgotten. We have invested costs and received income from an occupation, and now we have forgotten that not everyone can do what we have done. We now look at the use values in our life and no longer need to look at the investments we have made or the investments that will be made in the future. Quality and a space free of exchange values come to the forefront when we focus on our personal relations, intimate relationships, and “real” wishes. Even if such an attitude immediately becomes fragile in times of crises, it is still characteristic of those who no longer experience capitalization dramatically because it only seems to have affected them for a short period in their life or is dismissed as insignificant in daily consumption because they can afford something without needing to think of the implications. The apparent freedom comes after the costs. And this freedom to use all those values that we appreciate appears to offer us at least in part an escape from capitalization. This seems like a return to the beginning of capitalism in which the freedom of an autonomous and enlightened subject was seen as an opportunity for people to do what they love and not what others force them to do. However, we must then ask whether there were times in which such freedom actually ever existed. Although capitalization has only increased in the present with such tremendous force and significance, this does not also mean that we previously lived in an idyll of freedom. Another paradox of capitalization appears here: whereas previously personal dependencies, power, and selective interests according to one’s status from birth and privileges in the world ruled, money and capitalization have made everyone equal and free by introducing money and capital as objective authorities for coexistence. In the distribution of financial and capital resources, however, the inequalities return, which now appear impersonal in comparison with earlier personal dependencies and seem to be rooted in the objectivity of capitalism itself. In essence, no one is able to escape this objectivity anymore. Even the last lonely islands have been capitalized, and the Robinsonade that appeared at the beginning of bourgeois education as an imaginable place of freedom, where mutual self-discipline through labor and patience would ensure survival, no longer appears possible. Nobody can escape anymore, but it may be possible to be

satisfied with having enough in relative terms to survive on but less than the excesses demanded by the ecstasy of consumption. People in underdeveloped countries are available as a warning that what is enough for survival today is still not sufficient. At the same time, there is a desire for forms of life that do not equate freedom with capitalized ways of life so people can be placed before things and objectification. The more success there is in keeping capitalization out of the social, cultural, bodily, and educational domains, the greater the hope may be of going against the trend and seeing human values in terms of purpose and not primarily the calculus of utility. The dilemma here is that it always requires economic values, especially money, in order to be able to experience this in reality. But the possibility of overcoming this dilemma lies in the fact that economic values themselves can also be distributed more equitably.



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