Socialism has been left behind by a third kind of capitalism

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Cognitive Capitalism argues the political economy born with Adam Smith no longer offers us the possibility of understanding the value, wealth and complexity of the world economic system. Gerardo Serra holds that despite its occasional verbosity and lack of clarity, the book is valuable for the way it prompts readers into asking uneasy questions about the nature of the economic system we live in.


In an overwhelming landscape of economic publications concerned with the recession, Cognitive Capitalism is certainly to be welcomed. The relevance of the book does not stem from the way it explains the crisis, as this is dealt with only in the last chapter (an addition which came after the publication of the 2007 French edition), but from the way it accounts for the distinctive nature of contemporary capitalism. Author Yann Moulier Boutang is a French heterodox economist well versed in philosophy and sociology.

Boutang has devoted the last few years to analysing the rise and impact of knowledge as a factor of production in contemporary economies.

The book reviews existing accounts of the structure and the nature of contemporary capitalism, with labels that foreshadow the book’s characteristic wit: “old wine in new bottles”, “new wine and new bottles” and “new wine in old bottles”. Examples of the first category include the much-talked about “knowledge economy” and the “information society”. None of these frameworks, according to Boutang, provides “a shoe that really fits the foot of the new Cinderella of capitalism” (p. 46). At the same time, whilst adopting a mainly Marxist analytical template (although largely contaminated by many and varied intellectual influences), Boutang is critical of orthodox academic Marxism, which he claims remains “too busy trying to combine calculations of general equilibrium with the orthodoxy of the sacred texts of value”, and also for recycling “the old recipes of socialist planning” (pp. 6-7).

Cognitive capitalism can be explained by looking at the change taking place in three foundational elements common to every economic system: the type of accumulation, the mode of production,
and the type of exploitation (p. 56). Changes in the configuration of these three elements have
determined through human history the shift from mercantile capitalism, “based on the hegemony
of mechanisms of merchant and finance accumulation” in the sixteenth and seventeenth century,
to the rise of industrial capitalism, founded on “the accumulation of physical labour” (p. 50). Since
1975, the rise of new technologies has driven the beginning of “cognitive capitalism”. This type of
capitalism is an economic system characterised by the fact that “the object of accumulation
consists mainly of knowledge, which becomes the basic source of value, as well as the principal
location of the process of valorisation” (p. 57). Most of the book is devoted to a detailed
exploration of the wide-ranging implications of this change. The last part of the volume addresses
specifically the 2008 recession in the light of the broader history of cognitive capitalism, and
suggests new directions for policy-making.

The cognitive basis of the contemporary economy leads to a new situation in which the notion of
scarcity, which traditionally permeates economic analysis, refers less and less to physical goods,
and starts instead an application towards notions such as cognitive attention, time and affective
attention (p. 72). Furthermore, the knowledge-centred economy profoundly reshapes the division
of labour by favouring the emergence of a more horizontal structure, kept together by the
existence of virtual networks or collective intelligence systems, such as the Internet. The
production of knowledge by means of knowledge (versus the production of commodities by
means of commodities typical of industrial capitalism) has important implications for the patterns
of wealth appropriation (and therefore distribution), by redesigning property rights and expanding
dramatically the role of externalities in the creation of wealth.

However, like other historical phases of capitalism, its cognitive version carries inbuilt the source of
its own instability, represented by the “exploitation of the invention power”(versus the “traditional”
exploitation of labour power of industrial capitalism). Awareness of the novel features of cognitive
capitalism requires a radical change in economic policy. In the words of the author, “we need to
remove the epistemological obstacles to a shift of paradigm. Capitalism is in the process of doing
this in its own account. It would be tragic if society were not able to do the same” (p. 149). Among
the policies indicated by Boutang the provision of a guaranteed social income, if distributed
unconditionally, could be considered an apt response to the decentralised and polycentric nature
of cognitive exploitation.

Certainly the book shows the considerable amount of thinking and effort put by the author in
attempting to deal systematically with extremely complex dynamics but the reader cannot fail to
notice the tortuosity of certain trains of thought, and a sporadic redundancy in the presentation
of the arguments. Indeed the volume presents all the qualities and flaws which typically
characterise very ambitious works: A powerful, imaginative vision helps frame claims which
sometimes, taken singularly, do not sound too convincing. This is especially the case when it
comes to bridging the link between the cognitive basis of contemporary capitalism and the need to
rethink environmental policy.
The book will be appreciated very unevenly across the social sciences community. It might receive a warmer reception among economic sociologists, more inclined to look at the nexus of social, political and economic aspects of capitalism, than amongst economists. However, the latter category might find interesting some aspects of the underlying methodological critique which imbues the book with respect to the identification of the novel features of cognitive capitalism. Also scholars interested in the social repercussions of new technologies and media theorists might benefit from reading the book.

In spite of its occasional verbosity and lack of clarity, *Cognitive Capitalism* is valuable for the way it prompts readers into asking uneasy questions about the nature of the economic system we live in.

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