

## The Crisis of Hyper-Consumerism: Capitalism's Latest Forward Lurch

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### Introduction

The concept of "consumer capitalism," far from becoming outmoded over the last three decades, has become more and more fashionable. Rather, it is the sense of the concept that has changed. In its older sense, formulated under the influence of Marxist cultural theory in the 1960s, the concept lent itself to a critique of capitalism. In more recent usage, formulated during the 1990s under the influence of neoliberal ideology, it has practically become a term of endearment. The earlier usage intended to capture the cultural influence of multinational corporate capitalism as it produced more and more affluence for First World unionized industrial workers, commoditized daily life, jacked up needs with the hyperbole of advertising, privatized civic space, and consolidated the ideological underpinnings of American empire. The more recent usage refers to the claims of a globalizing capitalism to have the interests of the consumer at its core. A more "inclusive," "patient" capitalism,<sup>1</sup> consumer capitalism is purported to have won the Cold War against the Soviet bloc by blandishing the freedom of movement and choice available in the West. It operated in China after the 1978 reforms to demonstrate there was no alternative economic system. It underpinned the steadfastness of the American life in the face of terrorism. Go about your business, shop; that was the sense of President George W. Bush's first consolatory words to the American people in the wake of the Al Qaeda attack of September 11, 2001. From the perspective of the turn of the twenty-first century, the capitalist system never seemed so utopian nor commerce so sweet; the global middle class to which it was giving rise, united in their needs by the freer flow of information and shared consumer habits, would, if they lived under authoritarian rule as in China or Russia, struggle to turn them into democratic polities. And these, in

turn, once they recognized their mutual investment in the liberal global orders would calm their aggressiveness. The mostly sensible Thomas Friedman endorsed this nonsense as the “franchise theory of global conflict prevention”: “No two countries that both have a McDonald’s have ever fought a war against each other.”<sup>22</sup>

In the process of popularizing this happy notion, one more or less smooth master narrative was consolidated; namely, that as the capitalist system expanded worldwide by bringing more and more workers into the labor force and delivering more and more goods, unprecedented numbers of the world’s populations outside of the West would rise into the middle classes. And another narrative that admittedly was far more jagged and hard to document was lost. That was the history of the hard-won rights of workers to a living wage (which was almost invariably accompanied by drops in workers’ standards elsewhere), recurrent speculative booms and busts, as well as violent dislocations of resources and people as capital investment moved from place to place, and waste which accumulated from dumping the externalities of production into the public domain. That history reveals it was not until the 1920s that in the US private consumption began to outstrip other sectors as a driver of national economic growth; not until the mid-1930s that political leaders and economists under the banner of the Keynesian Revolution began to experiment with stimulating demand by public investments to pull their nations out of depression; and not until the 1950s that the US in its new vest as a “consumer republic,” spurred by giant military spending, laid the basis of the Free World with capitalist consumer freedoms and abundance as its main pillars. It was only in 1989 that the socialist bloc, which, in principal, still provided an alternative model of consumer provisioning, broke apart. Not until 2008 did it become apparent that the long economic expansion of the neoliberal era was not the result of rapid growth in savings and investment (as the happy narrative claimed) but the outcome of massive dislocations in the global manufacturing economy concurrent with the rise of Asian, and the decline of Western, manufacturing. These dislocations showed themselves in unsustainable growth, increasing inequality, sloshes of excess financial liquidity, and deregulated banking institutions which aggressively grew GNPs by propelling sovereign debt and consumer borrowing.

Capitalism can never be understood in a static way; it is embedded in accumulations of human history and every one of the features highlighted in Jürgen Kocka’s introduction to define its essence—whether it is private property rights, wage labor, the corporate enterprise, or the acquisitive individual—have evolved over time. This essay addresses how over time capitalist systems have made different calculations of the worth of consumer goods and services to their

operations to decide only over the last third of the twentieth century that rising consumer demand was central to their sustenance. This argument entails several lines of reasoning. The first is to understand why historical research, which in the 1980s embarked on rescuing consumer agency from historical oblivion, by the turn of the twentieth century, practically ceased to probe its role in the reproduction of capitalist relations of exchange, social stratification, and domination, to the formation of what Pierre Bourdieu theorized as “cultural capital.” The second is to insist that the Great Recession presents an urgent research agenda, it being the first global crisis to define consumer demand as its core issue. Developing a typology for what I call hyper-consumerism, I highlight mainsprings of its development in technological innovation (e.g., the cyber revolution) and the “knowing” capitalist entrepreneurs (e.g., WalMart, Benetton, Ikea, Samsung, Apple, China Mobile), who have exploited this technology to become global leaders, but also in the new configurations of the individual, standards of living, government provisioning, as well as the moral, cultural, and political capital which global capitalism needs to sustain itself as a social system. Third, to test whether this analytical framework has explanatory virtue, I provide a reading of the causes of Europe’s Great Recession in the dynamics of the rise and crisis of Europe’s post-Fordist regime of mass-middle consumption. Originating in the postwar golden age formed out of the conjoining innovation and growth of national capitalisms, rising incomes, welfare state spending, legal recognition of the consumer, anti-Americanism, and initially sleight coordination on the part of the European Union, it saw its identity strongly affirmed in the aftermath of the dissolution of the Soviet bloc in 1990. Over the first decade of the twenty-first century, as it became the centerpiece of neoliberal integration strategies following the 1992 Maastricht Treaty, this regime would face growing disorder. On the one hand, it faced external challenges, which I identify broadly with “Made in China,” or the new Chinese authoritarian state capitalist regime of consumption. On the other hand, it faced internal challenges that arose with the implementation of the single European currency and the austerity measures of both national governments and the European Community, led by Germany, imposed to ensure its survival.

### How do consumers and consumption fit into the history of capitalism?

Consumption has always been a vexing issue for Western political economy. Classical theories of capital and the social relations in which it was embedded

and to which it gave rise famously had the problem of work, not consumption, at their core. In terms of reflecting on the amplitude of human needs and desires, the classics appear austere. Yet to read them against the grain, the consumer and the commodity are hovering in the background.

Thus, Adam Smith started his analysis of manufacture with the division of labor, only to highlight, *en passant*, that consumption was self-evidently the ultimate goal of production; it was human nature to truck, barter, and exchange.<sup>3</sup> His most important contribution on this score was to criticize earlier mercantilists for distinguishing between luxury and commonplace consumption and between immoral and moral goods, to the effect of absolving the producer of any ethical responsibility for what people consumed. Marx, too, is regarded as a productionist. Yet famously, at the outset of *Capital*, Marx writes: "A commodity appears, at first sight, a very trivial thing, and easily understood."<sup>4</sup> And the rest of *Volume I* is dedicated, *first*, to showing that the commodity form conceals the sweat and skill of the workers who made it, whose labor the capitalist expropriates for his profit and, *second*, to analyzing the tricks the commodity plays on the consumer as it appears to move on its own: as use value, as a thing, say, to sate hunger or to sit down upon and as it moves onto the market as exchange value, which derives from its scarcity, usefulness compared to other things, and prestige as compared to other markers of status. However, for Marx, class power derived from domination over the means of production rather than income or wealth. Therefore, he was more interested in political and ideological power than cultural power. And to that end, he was more eloquent about the destruction of the old than the creation of the new. Accordingly, from his reflections on primitive accumulation, capitalist entrepreneurship, in the process of proletarianizing peasants and craftspeople, deprived them of all of the goods, artifacts, and supports, including common lands, dovecotes, and the noblemen's alms, that enabled them to resist becoming so-called free labor. And in the global advance of capitalist production which he evokes in the "Manifesto of the Communist Party" processes of creative destruction were set off, new commodities replacing old, new needs being created in the quest for profit, societies being overturned, values generated and annihilated: "All that is solid melts into air . . ."<sup>5</sup> The Hungarian economic anthropologist Karl Polanyi makes this last point very forcefully in *The Great Transformation* (1944). The "self-regulating market" did not come into being nor could it "exist for any length of time without annihilating the human and natural substance of society." It operated not only by acts of expropriation, pushing people into the towns and manufacturers to labor, but also by extirpating ideals of *noblesse oblige* and social solidarity with a "creed"

that, as he wrote, was "utterly materialist and believed that all human problems could be resolved given an unlimited amount of material commodities."<sup>6</sup>

One would have to wait for the turn-of-the-century studies on capitalism of the two Germans, Werner Sombart and Max Weber, and the Norwegian-American Thorstein Veblen to have the first significant reflections on the role of luxury in stimulating capitalist investment, the use of goods to establish social status in capitalist social hierarchies, and the wildly fetishistic use of the appurtenances of vast wealth to signal "pecuniary standing," from over-the-top head wear, beplumed with exotic feathers and the gilt carriages to go to charity balls, to conspicuous bequests on the part of wealthy for the public good.<sup>7</sup> Weber's interest in power brought him to explore structures of domination; from that perspective, consumption could be wielded not only as an economic fact (i.e., as pure wealth), but also as an ideological claim for legitimacy. In effect, wielding power outright was not enough for those "privileged through existing political, social, and economic orders." They wanted "to see their positions transformed from purely factual relations into a cosmos of acquired rights, and to know that they are thus sanctified." It was not, then, "genuine charisma" that was required of them, "but the conservation of charismatic elements of an objectified nature within the structure of domination."<sup>8</sup>

We would have to wait for another great transformation in consumption, that coming about in the 1960s in the wake of the Western European economic miracle, for Western sociology to undertake a more fully-conceptualized and empirically grounded theory of the reproduction of inequalities of power and resources under capitalist exchange systems by means of the accumulation, distribution, and uses of cultural capital. Critics of American capitalism sounded the alarm, using phrases like the American "lonely crowd," "planned obsolescence," "one-dimensional man," "culture of narcissism." "Exit and voice" entered the language.<sup>9</sup> However, the most comprehensive effort of analysis was carried out by French ethnographer-sociologist, Pierre Bourdieu. In his inquiry into how people draw on economic, cultural, and social capital to compete for status or "symbolic capital" in social hierarchies, Bourdieu counterpoised cultural elites, formed to think abstractly and command knowledge, against subaltern groups who were trained in particularized trade skills and local knowledge. More generally, however, cultural capital could be understood as being embodied in individual people as practical, local knowledge, objectified in cultural objects, and institutionalized through credentials, degrees, diplomas, and even branding. Bourdieu could also be read as arguing that economic capital itself is both material and non-material and that other stocks of capital that have been

theorized, including human capital, cultural capital, social capital, and moral capital, are all in some measure inter-convertible. Why should corporate capital not be equally “knowing” and thus used to calculate how each stock is valuable to its reproduction?<sup>10</sup> Thus, following Weber, economic capital may in certain periods of history need to sanctify its social inclusiveness by claiming that it alone, and only in its purest form, can serve the public weal. And in other periods, it would cast itself as “state” capitalism. Likewise, if the political elite embraced Keynesianism, the salvaging of the system endows them with significant political capital. And so too welfare provisions, as goods reprieved from market forces and nationalized in this form, as elements of social solidarity, could be construed as moral capital for the nation evidencing both its citizens’ high standards of living and investment in social solidarity—only to become sources once more of economic capital when once more, in the name of the free market, they are privatized and returned to the market.

Had historical inquiry into the origins of mass consumer society originated on the Continent, rather than in Anglo-American research on the origins of the consumer revolution in the West, Bourdieu’s interest in consumer habits as power and status might have had wider influence. As it happened, some of the most exciting historical research of the 1980s, wanting to understand the origins of the acquisitive instincts of modern Western entrepreneurship, repudiated Max Weber both for his emphasis on religiously ordained abstinence and on class and status struggles. In his *Embarrassment of Riches* (1987), Simon Schama indicated that, far from being abstemious Calvinists, Dutch burghers were exuberant rationalists. Having calculated the risks of long-distance trade and reaped the profits, they indulged themselves and their households with fabulous exotica.<sup>11</sup> In *The Romantic Ethic and the Spirit of Modern Consumerism* (also 1987), Colin Campbell probed the pulsating sensuality of the early nineteenth-century British as they stepped on to the “hedonic tread-mill” of consumer desire.<sup>12</sup> As an economic historian of wide scope, Jan De Vries argued that it took powerful economic forces, both from global commerce in new commodities and domestic demand, to press industrious cottage workers to subject themselves to new work disciplines to earn the monies to consume the new offer of goods. Carol Shammas added an important piece to this history when she discovered that the standard of living of late eighteenth-century American rural women reveals trade-offs, which critics of capitalist consumption often excoriate; namely, that they chose goods for socializing and displaying status, such as tea and tea sets, sugar, spices, and crockery, to the detriment of spending for sound nutrition.<sup>13</sup>

In sum, by the turn of the twenty-first century, historians had rescued the people as consumers from the condescension of history. No longer dupes of commodity fetishism as in the Marxist tradition nor defined by their incomes as insensate dots on the supply and demand curves of neoclassical economics, consumers, considered in the vest of acquisitive individualists, emerged at the forefront of historical progress.

However, as the study of Western consumer habits flourished, driven by the same excitement which had motivated early scholars to study the industrial proletariat, women’s emancipation movements, or civil rights activism, the many disciplines embarked on that effort lost interest in capitalism per se, not only in the term itself but also in the whole idea of consumption being embedded in market exchanges and highly variable according to economic status. Maybe it was the tediousness of orthodox readings of Marxism, together with the investment ethically and culturally of Western socialism in Western traditions of asceticism. Maybe it was the culturalist turn across the disciplines during the 1980s, which privileged the intuitions from textual readings to the formalism of economic analysis. Maybe it was the illegibility of academic neoclassical economic model building. Maybe it was that political economy no longer mattered for the so-called postmaterialist generation, which, born postwar, had by and large experienced higher and higher levels of wellbeing over the course of its lifetime, barely saw factory manufacture before it was displaced by service industries, and saw commodities as social goods betokening fuller forms of citizenship, to the degree they were experienced together with the expectation of substantial economic growth, the expansion of welfare states, and the ever more visible saturation of the world with material goods through the immediacy of cyber culture. What is more, when the socialist model collapsed, and scholars could access documentation about daily life under socialist regimes, it turned out that socialist citizens, too, made meaning with consumer goods, oftentimes under the long shadow of capitalistically organized consumption.<sup>14</sup> This discovery only reinforced the neoliberal notion that, all things being equal, the individual consumer agent-actor sought to operate according to his or her choices, the major constraints on them being income, scarcity, and political repression.<sup>15</sup>

Indeed, historical inquiry was more and more inflected by neoliberal ideas of acquisitive individualism. In that framework, the United States’ hegemony during the Cold War was interpreted as almost wholly a function of its consumer ideology rather than in function of its military, political, and economic hegemony. The Marshall Plan could thus be re-read as having ignited the

European economic miracle rather than for what it was; namely, the world's first experiment in economic structural readjustment, with the effect of compressing renescent consumer spending and crushing labor bargaining capacity in the interest of securing and stabilizing capital investment.<sup>16</sup> Accordingly, consumer society emerged as an important if elusive concept, as an open terrain where people could express their subjectivity more or less freely, develop relationships, and even engage in collective struggles. The new canons of international and global history required that we think about consumption as an element of universal modernity, rather than the outcome of particular kinds of capitalist exchange. Feminists and activists of all stripes latched on to its study. More and more, historical research used the study of consumer habits to trace the story of progress (often contradictory and conflicted, to be sure) of the one-time repressed: the "new woman" of the 1920s and the postcolonial male.<sup>17</sup> Some of the most interesting research regarded fair trade and environmental movements. This illuminated the meaning of "sustainable" and "unsustainable" development in terms of the unequal burdens borne across classes, nations, and globally, and between laborers and consumers and present and future generations.<sup>18</sup>

If anything prepared us to recouple the study of capitalism to consumption, it was the renewed effort to explore with global scope those moments in which the traffic in new commodities reflected planetary change in the dislocation of markets such as to propel the rise and decline of great powers, new patterns of labor exploitation, violence, piracy, smuggling contraband, and property rights theft. Maxine Berg added a whole new dimension to the study of the consumer revolution in Great Britain by highlighting the enormous movement of goods out of Asia, which acted as the impetus. The birth of Western consumer society thus arrived when goods-poor European commerce connected to goods-rich Asia, especially Chinese and Indian manufacture, and European (especially British and Dutch) long-distance capitalists took the lead with respect to their Asian counterparts to improve navigational tools, ship design, and weaponry, as well as to gain state support to capture more and more of the value out of trans-regional trade. In turn, competitive struggles between long-distance merchants and local producers concatenated innovations in product types and distribution (one thinks of the China shop and village peddler circuits in England). In the West, these were times of struggle between national manufactures and importers, and consumers; piracy was rife, with contraband, counterfeit, and speculative commodity bubbles, new property laws, sumptuary codes, tariffs, and trade regulations. These times also saw the growth of unfree labor, the sprouting and destruction of cottage industries, widespread anxiety about changing material

habits, and increased state violence to regulate these trends.<sup>19</sup> Above all, the China trade stimulated the well-off urban bourgeoisie and country gentry to refashion themselves as middle classes, distinct with respect to the aristocracy and proletariat in respect to their acquisitive individualism and, in the long run, self-involved with styling the social relations and fashion systems arising from Western commercial mores as civilizationally superior to the rest of the world. In the process, Asia practically disappeared, except as material to explain why the West advanced with respect to the rest of the world.

Historians have to be deeply indebted to the anthropologist Sidney Mintz. In *Sugar and Power*, he provided us with the first truly critical commodity history, by revealing the substance of sugar not just in its so-called innate qualities, but also in the nature of the demand; the transplant of cultivation from Asia to the Caribbean, and the circuit of supply and demand embedded in the changing relations of manufacture and trade in the Atlantic World. The social outcome in London was the modern British working class, whereas it was enslaved Africans in the USA and Caribbean; worlds of consumers and laborers both exploited, differently, with no knowledge of one another.<sup>20</sup> Leora Auslander, as well, laboriously reconstructed the economic and social circuitry of craft manufacture and luxury consumption in nineteenth-century France, against the backdrop of the revolutionary struggles of the first half of the century, following up with another study demonstrating the upheavals in the meaning of consumers and commodities against goods in the midst of the eighteenth-century Atlantic Revolutions.<sup>21</sup> Sven Beckert accomplished a formidable feat by expanding commodity history to the world plane, focusing on cotton. It was a story Marx's co-author Friedrich Engels first alerted us to in *The Condition of the Working Class of England* in 1845, as the two of them began to theorize the scope of the creativity and destructiveness of capitalism on a global scale.<sup>22</sup> From the perspective of the recent history of and on Asia, however, the narrative is very different from that which started with Adam Smith, if not earlier. Beckert's history has none of the automaticity that had Western entrepreneurship catching on to the prodigious efficiencies of the division of labor while China and the rest of Asia wallowed in economic otherness only to capitulate to Western technology on colonial terms. In his account, "war capitalism" preceded "industrial capitalism." State support, in effect, created private entrepreneurship with war-making, laws, and law enforcement; the creation of free labor in Europe went hand in hand with the spread of slavery in Africa and the destruction of cottage industry in Asia.<sup>23</sup>

Great transformations arising through the clash of material civilizations occurred again during the early twentieth century, this time over the North

Atlantic as American commodity and consumer wealth exerted huge pressure over mercantilist Europe. The former, its more and more fully-fledged Fordist economy mobilized by partaking in the two world wars, came out of the Second World War as the global hegemon on every count, militarily, economically, and as the first mass democracy based on high-levels of mass consumption.<sup>24</sup> In his *Wages of Destruction*, Adam Tooze takes this argument to its catastrophic finale: in the Third Reich, Adolf Hitler, the obsessive Darwinian, sought to break the German people out of the constraints imposed by their lack of rich agricultural lands, fats, petroleum, and colonial goods; in Nazi-led imperialism, Tooze sized up the struggle to live like the others (the Americans, mainly, but the British too with their huge empire), and the effort to preempt by total war what seemed like Germany's inevitable decline in the face of this immense new bio-power.<sup>25</sup>

To pull the historical drama out of these accounts: to see in the fifty-year rise of British-Dutch manufacturing industriousness and, in the same span, the dissolution of the great empires of the Moghul and Chinese, roughly from 1780 to 1830; to see the material-civilizational struggle across the Atlantic World, roughly from 1900 to 1950, does that not urge one to reflect with similar breadth and apprehension on the period, say, from the 1970s to 2010, when dislocations of an even greater magnitude have accelerated?

### How hyper-consumerism contributes to understanding the history of the present

Crises are properly called crises when they force us to rethink our intellectual premises. If I hesitate at Immanuel Wallerstein's notion that the world is in the final stage of capitalism, I would argue that the Great Recession is usefully characterized as the first general crisis of the global consumer capitalist system.<sup>26</sup> To put this event in perspective, let us look at the development of global capitalism coming out of the 1990s, not as neoliberalism or the Washington Consensus, which may be construed as its ideological dimensions, but rather structurally as based in the dynamics of "hyper-consumerism." Formed out of the 1970s—the decline of rust-belt Fordism, the unfettering of US finance capital in the wake of the end of the Bretton Woods Agreements in 1971, and the effort on the part of Europe to counter the US with a post-Fordist flexible, solidaristic global capitalism—we see this hyper-consumerism consolidate itself concurrently with the opening up of China and in the wake of the collapse of the Soviet bloc. It is at its *acme*, circa 2005, as personal consumption occupies upward of 70 percent

of GDP in the North-Atlantic West and the bulk takes the form of services rather than manufactured and non-durable goods; international finance capital is at home with the household consumer (and vice versa), sovereign indebtedness surges in Europe; corporate giants pride themselves on spending hugely on "cultural strategy"; and the United States, to refurbish its badly sullied image as the world's leading consumer democracy, takes the lead in "nation branding."

More analytically, hyper-consumerism signals global capitalism's latest lurch forward, investment in consumption in goods and services being its core dynamic while also becoming its own central contradiction and the cause of its recent grave and as yet unresolved crisis. At its base, hyper-consumerism rests on cyber-technology, its development originally issuing from US government and corporate investment, the accompanying surge of inventions changing everything everywhere. Hyper-consumer innovations dropped the costs of logistical and distribution systems, such that WalMart, the cut-rate grocery chain founded in 1940s rural Arkansas, had surpassed the world's leading manufacturers in number of employees by the turn of the millennium. The king of outsourcing, champion of the new US model of non-unionized labor relations, boastful of providing "everyday low prices" to minimum wage workers, WalMart became the first Western corporation to install its world headquarters in China. From that position, as the United States' leading importer from China, it contributed not insignificantly to the US trade deficit, while simultaneously boasting that it had a hand in keeping down inflation and it was giving a hand up (with its everyday low prices) to working people suffering from US de-industrialization.<sup>27</sup> Hyper-consumerism also reflects the new extremes in consumer habits, the rise of Indian, Chinese, and Malaysian middle classes going hand in hand with the hollowing out of their Western counterparts; the ultra-luxury of the 1 percent set going hand in hand with the stripping away of everything which Saskia Sassen analyzes in *Expulsions: Brutality and Complexity in the Global Economy* (2014). Hyper-consumerism has the speculative, financial element of capitalism at its core.<sup>28</sup> Big retail operations are always in some way speculative operations, to the degree that they provide what are in effect loans at high interest rates to their buyers to contract their suppliers. From the early twentieth century, American industrial capital acted as banks to extend credit to consumers to prevent sags in the annual sales cycle. To begin with, American wage and salary earners used credit, as well as withholding income tax, to smooth the ups and downs of spending in the annual household budget cycle.<sup>29</sup> From the 1990s, however, in Europe as well as the US, consumer credit moved from encouraging simple indebtedness (which was calculated to improve standards of living by smoothing

consumer needs over the time) to over-indebtedness such as to incur debts that become unsustainable. Unsustainability in this sense was the effect of the dilemma salaried and wage earners faced; namely, that incomes were declining after decades of seeming to rise, whereas the needs for education, housing, and communication services were increasing to prepare for jobs in the knowledge society. Consumers were empowered by easy credit, welfare reforms, and the pick-up in service jobs, which brought women back into the workforce, but also by the populist political discourse about freeing the stock market for the little guy, home-ownership for all, and getting the government off your back by doing it yourself. Rental prices were high, the price of housing as an asset was rising, and housing ownership brought cultural capital by giving access to better schools; if the house were mortgaged, the monies could be used to refinance credit card debt at lower interest, pay college tuition, confront unexpected costs not covered by social security, including medical care and divorce, and invest in stock-based retirement schemes. By the same token, financial institutions awash in liquidity and unfettered by regulations showed lots of creativity to parse what had been regarded as high risk clients, engage them, and package the risk so it looked perfectly viable even to the bankers and pension funds of phlegmatic northern Western Europe, where previously neither consumers nor banks had reputations for indulging in easy money.

Hyper-consumerism also rests on the devaluation of the nation-state. From the mid-1990s, critics of the Washington Consensus spoke of “K-Mart States.” The image came from the notoriety of the American discount chain store for exploiting non-union labor and delivering no-frills service and trashy stock—which today, though faltering, is still the third largest chain in the world after WalMart and Target. The K-Mart State was a metaphor for government on the cheap, one that gave international capital easy access to local financial markets, stripped away the Keynesian cushions which protected against high unemployment rates, beat back powerful unions, and whittled away social services.<sup>30</sup> The K-Mart State also stood for government with diminished sovereignty over national culture, one that enabled the stock of local cultural goods to be undersold by the American “infotainment” conglomerates which were the cultural hallmarks of the new global economy. Contributing to the creation of the K-Mart State, critics of the welfare state argued that public spending was a drag on growth and there was an inexorable conflict between economic openness and social protection, though much evidence pointed out that neither contention was true.<sup>31</sup> The result was that from the 1990s government turned more and more public goods into private services, subject to the notions of value, price, and scarcity previously reserved for commodities.

The hollowing out of the personality of the state went hand in hand with the enhancement of the personality of the corporation. WalMart had a social conscience and heart of gold in Sam Walton, whose folksy figure was far better known globally than Uncle Sam's by the turn of the millennium. WalMart changed according to the needs of its vast clientele; if working people rushed the shelves for diapers and beer at 6 o'clock on Friday evening, the phenomenon was noted, the need satisfied. If dispossessed Americans needed parking for their mobile homes, it was provided. If they needed more credit, WalMart acted as a bank. The “knowing capital” of the service economy took a step further in terms of its marketing philosophies: to become what management experts characterized as “markers”—as opposed to “marketers”—whose strategies regarded their customers not as supine consumers but rather as partners to be consulted as elements of a “non-hierarchical structure”; the firm itself needed to become “embedded in society,” to become a simulacra for civil society, a force for creating social identities that the nation-state and social solidarity no longer provided (having been undercut by market forces!).<sup>32</sup>

Hyper-consumerism entailed a new definition of the individual. In the good times of the 1990s, consumer society was increasingly conceived as an open terrain on which, by accessing a more segmented production and more multicultural and mixed gender self-images and styles, consumers overcame the barriers of social difference to express themselves more or less freely. This was the age of what the exuberant Colin Campbell called the rational, self-interested, and creative “craft consumer.” Others were more critical. The mass of people had been turned into “prosumers”: they had to labor at work; they also had to labor to extract more and more hierarchically organized goods and services. The elite, meanwhile, acquired more and more prestige from interfacing, filtering, information-processing, checking—the start of the factory day in Dongguan, the stock market closing at Frankfurt, Milan, or Tokyo, customs clearance at the containership terminal at Piraeus, etc.—so that staying in place becomes practically “synonymous with inaction.”<sup>33</sup> Feminists have argued that post-feminism is of an ideological piece with this trend. Nothing is left unturned in the process of “accumulation by dispossession,” to use the expression of David Harvey. The operations of contemporary capitalism, he argues, have to be understood on a capillary level, as well as on a planetary scale. Hyper-capitalism thus operates to enclose the global communication commons and privatize shared resources, such as water, wind, and sun: it would also appropriate and disavow feminist imaginaries, which in another moment had been generated to overcome oppressive relations. In our terms, how much has been accomplished in the media and punditry to construct

a Western model of female freedoms based on mass consumption to contrast with the un-freedoms of the anti-materialist non-West, as a world of religious fundamentalism, patriarchal tyranny, and scarcity?<sup>34</sup>

Not least, hyper-consumerism has unleashed awesome clashes over property rights. Who has the right to regulate the Internet, much less to press to have rights to the Internet commons? Who is responsible for paying off sovereign debt? Who owns a fetus? What is authorship, when everything is potentially available through the Internet? What is wrong with industrial espionage if it yields innovation, or with counterfeit and contraband if they provide work and satisfy the buyer? What about the ownership rights to clean air and clean water? Who owns the environment if it is properly the property of future generations?

To consider the Great Recession as the crisis of hyper-consumerism calls attention not just to the conjunctural feature—that it is the result of a financial crisis, the bursting of a speculative bubble, and sovereign state and individual debt crises—but to the structural elements that make responses so difficult and ill-conceived that they have begun to concatenate the crisis of the other forms of capital—political, cultural, and moral—which were invested in the system. In the first place, the crisis has occurred in the US and Western Europe, whose economies had generated the world's highest standards of living and on that basis built solid middle classes to which was linked the progress of liberal democracy and a leading global role in sustaining demand. In effect, with the triumph of Keynesian economics in the mid-twentieth century, capitalist systems built in the idea that the expansion of the middle was indispensable, not just economically to consuming the product of capitalist manufacture but also politically to reinforcing liberal democracy against totalitarian regimes. The crisis has thus seriously undermined the credibility of the liberal international order as a leading model.

Second, the crisis calls into question the feasibility of Keynesian responses. As Thomas Piketty's *Capital in the Twenty-First Century* demonstrates, the slowdown of Western economies, by generating high degrees of inequality of income between tiny elites who enjoy returns on capital and the overwhelming majority who do not, is no longer susceptible to the forces of supply and demand, thus eliminating the virtuous circle based on priming mass consumption to stimulate mass production which, as the experience of the twentieth-century Transatlantic "miracle" seemed to attest, promised an escape from the cyclical crises of capitalism.<sup>35</sup> In the face of weakened state sovereignties and the undermining of institutions set up in another era, namely, at Bretton Woods, what institutional forces could provide a new framework for action?

Third, the crisis calls attention to the crisis of sustainable development; whether or not the capitalists of the present, doing what capitalists have always done, namely, to externalize as many costs as possible, can continue to dump the costs on future generations.

Fourth, failing progressive solutions, the crisis of hyper-consumerism falls back on the market fundamentalism found in earlier moments of great transformation: the social effects, to recall Polanyi's eloquence, the depletion of moral capital of the market economy; the shattering of bonds of solidarity, trust, and craft; the loss of generations; the expiation of sumptuary pleasures in grim austerity; society becoming a great debtors' prison for the impenitent until, having learned the rules of market society, they are released into the new world of free capitalist labor.

### The rise and crisis of Europe's mass-middle consumer regime

The contention that "austerity" is not merely an economic policy and that the crisis that goes under the name of the "Great Recession" is structural, such as to call for a substantially transformed notion of the living standard appropriate to being a European citizen, becomes clearer if we examine the development of the European mass-middle consumption regime over the course of the postwar era up to the present.

At least since the 1990s, as the era of Fordist capitalism appeared to have definitively ended, it has become common to speak of varieties of capitalism in order to capture the mix of private initiative, production factors, and state support which goes into organizing investment and markets nationally and regionally together with the deep-seated cultural and social factors that reinforce its peculiarities. In a similar vein, it is time to speak of varieties of consumption regimes: how they coincide with the latter chronologically, geographically, or otherwise is open for debate and conceptual refinement. Accordingly, "capitalist consumption regimes" refer to the multilayered sets of institutions and policies which structure, constrain, and enable behaviors around consumption on the part of individuals, social groups, and whole states. The would-be outcome of consensus, however asymmetrically arrived at, whereby social classes, basing themselves on some estimate of their nation's place in the international system, decide on the allocation of resources to balance social provisioning against private purchases, determines who has access to the positional goods yielding



distinctive status as opposed to the basic goods indispensable to all, and struggles over the trade-off across generations. Specific consumer regimes would be rooted in how states position their economies as export- or import-oriented; prioritize needs by regulation, pricing, taxation, and tariffs, incentivize or discourage higher levels of consumption as percentages of gross domestic product, and decide what goods are extreme and should be outlawed, and what are precious to national security and wellbeing and thus to be preserved at whatever cost.

In this sense, the European consumption regimes of the post-Second World War era might be regarded as the consumer face of European welfare state capitalism. True, its underlying characteristics arose far earlier, out of the urban-oriented aristo-bourgeois stratification system, the myriad regional and local ways of life, the massive organization of work-based collective protests against inequality, and the deep divide between city and country and between "Horse Power Europe" and "Ox-cart Europe" (the latter identified with the less urbanized areas of East-Central Europe). With respect to the American model, the European model was also characterized by a greater emphasis on social spending and on the legacy of high and low cultural distinctions the state was supposed to protect in the name of elite notions of European civilization.

From the founding of the European Community, this European model was built into the idea of a united Europe. We can see the evolution over three phases. The first began with the Treaty of Rome in 1957, the premise being that a deregulated, integrated, and more efficient common market would raise the standard of living and that Europe, once it had renounced its mercantilist ties to its colonies in the name of building strong intra-European and domestic markets, would be reborn as a center of commerce and consumption as well as manufacturing. This notion was affirmed from 1975, when the European Community set out various consumer rights. In 1985, these were elaborated upon in directives on consumer protection, which, when incorporated into the Maastricht Treaty in 1992, set out the rights of the consumer as part of the *acquis* for new member states.<sup>36</sup>

The second phase starts from the 1970s, with the emergence of the consumer protection measures arising in the face of new multinational consumer chains—Ikea, the bright light of Swedish home furnishing design; Carrefour, representing the high skills of French food distribution, its ambitions of scale outstripping France's collective stomach; and Benetton, the casual apparel multinational, which crafted "Made in Italy" into a global icon, signaling European fashion style and Italian craftsmanship. Going into the 1990s, this consumer regime acquired more and more awareness of itself, building out of

the converging of the single nations of the European Union and becoming more ideologically pronounced as a marker of their unity as all sought to seize economic as well as ideological advantages from the dissolution of the Soviet bloc.<sup>37</sup>

Looking eastward, the Federal Republic of Germany displayed the triumphal power of Western consumerism by its efforts involving huge expense and significant indebtedness to annihilate the failed regime of socialist consumption, epitomized in the German Democratic Republic. The Italians, too, celebrated the fall of the Berlin Wall with the expectation that their small and medium entrepreneurship, as a paragon of post-Fordist flexibility, could connect well with the capital-poor emerging markets of Eastern Europe, not seeing what German textile firms immediately grasped; namely, that rapidly de-industrializing Eastern Europe, with high unemployment rates and low wages, coupled with growing demand for Western goods, made these areas good places in which to invest.

Looking to the West, the French took the leadership in defense of the developing European cyber-space, to stand off the US, whose technological lead threatened another round of Americanization. Picking up on the European human rights agenda of the post-Helsinki era, French elites put forward a novel defense against the economic and cultural aggression being mounted by the increasingly globalized trade in information and communications against local and national undertakings; namely that by destroying a community's cultural heritage, they were crushing its autonomy, its rights to self-expression and, therefore, its human rights. European negotiators won a victory of sorts when the Uruguay Round of the talks within the framework of the General Agreement on Tariffs and Trade (GATT), which was undertaken in 1986, concluded in 1994 with a "cultural exception" that afforded some tariff protections to European markets in cinema and other media goods.<sup>38</sup> Of a political slant was the Italian-born Slow Food movement, which had as its nemesis American-led globalization.

The third phase, starting with the Treaty of Maastricht in 1992 and going into the single currency in 1999, saw neoliberal convictions combining with an optimistic belief in identity politics to satisfy the euro-elites that the cash nexus provided by the single currency would add to the legitimation of the EC-led European project. If the technocrats' calculations proved right, the European standard of living would converge more and more, facilitated by the ability of consumers to avail themselves of services and goods from across Europe. Thereby, the European Union's political purpose would be strongly enforced. If we cock an ear to the solidaristic rhetoric of the EU's so-called first prime

minister, really the first president of the European Commission, Romano Prodi—elected in 1999 with the support of both conservatives and socialists and presiding over the EU expansion until 2004, a Catholic like the founding fathers as well as a socialist like Jacques Delors—he speaks of social citizenship, based both on the free market as well as the solidity of welfare state provisioning expanding European well-being eastward, as central to what observers were coming to call “normative Europe.” In his view, this process would be greatly reinforced by the single currency.

### “Made in Italy” as European bellwether

Short of analyzing the national building blocks, the elements being incorporated into Europe’s post-Fordist model of middle-mass consumption are hard to see. “Made in Italy” was an especially important element, given the significance of what we might call “taste capital” to European consumer aesthetics, especially as it set itself up in contrast to the assembly line qualities of US mass production. The Italian textile and apparel industry (until the rise of Chinese manufacture) became the global leader, propelling Italy to becoming the third largest exporter in Europe after Germany and France in the 1980s.

The Benetton Company was central to moving Italian textile enterprise from the low end of the value chain in the postwar Euro-American market, when Italy was sometimes called the “*Corea* of the West” (from the Romance language spelling of Korea) in regards to its standing as paragon of Europe’s cyber-connected, flexible export capitalism, emerging out of the impoverished industrial districts of the 1950s. At its outset a prototypical SME or small/medium family enterprise, by the 1980s Benetton was regarded as having superseded America’s sclerotic mass production industries with their long production lines, high fixed capital and labor costs, long product cycles, and inflexibility to respond to the fast changing and more variegated or segmented demand structure of the increasingly affluent middle classes.<sup>39</sup>

In fact, Benetton was formed when a family of smart and talented small Italian entrepreneurs from the outskirts of Treviso, seeing that the “Made in Italy” label attached to knitwear commissioned from abroad to use cheap Italian labor added no particular value to the articles which were being manufactured, began to pick up on their proximity to Milan and through the Alpine highways to the fast recovering German markets.<sup>40</sup> This was the framework in which the Benetton family, comprising Giuliana and her three brothers, combined her

craft skills and design sense with their sales experience and business acumen to identify a new product: namely, brightly colored wool knitwear, scarves, sweaters, and vests. With only a small fund of capital, they connected to a new marketing niche; namely, the young professional middle classes who were influenced by American casualwear yet wanted something more chic and better finished than American blue jeans, khaki slacks, and cotton flannel work and T-shirts to distinguish themselves from their parents’ dull-colored gabardine and woolen wear.<sup>41</sup>

Identifying their main resource in the low-wage mainly female labor of the cottage industry organized hierarchically and stably under tough local middlemen, the Benetton Company tackled several issues. To deal with the vexingly inefficient national and export-oriented distribution networks, Benetton established its own tightly-controlled retail franchise system, exploiting the transparency of the wide glass store fronts and open display shelves designed by Milanese architect Tobia Scarpa to showcase the connectedness of shopper to manufacturer and vice versa in the new retail capitalism. To “eliminate the filters between the customer and production” the firm pioneered the use of cyber-information technologies. Practically instantaneously, the franchise manager in, say, Paris, where Benetton established its first shop in 1969, could communicate back to headquarters the garment style, color, and sizes moving off the shelves. Equally rapidly, thanks to the company’s investment in CAD (computer-aided design) and CAM (computer-aided manufacturing), it could develop new inventory quickly. More importantly, the firm decoupled the manufacturing process, so that it could outsource the labor intensive work of knitting the pieces, then take them back to be dyed, before sending them out once more to be finished, thereafter to receive the final item, check it for quality, pack it up, and ship it to the franchises. In effect, it was outsourcing in the neighborhood. The biggest capital investment was thus in dying and handling. At the cusp of the 1990s, Benetton’s Robotic Distribution Center operated 24/7 with a staff of twenty to quality control, box, and dispatch to its far-flung franchise network the 20 million items produced annually by its local sources. By 1990, of the 60 percent of its merchandise it sold abroad, 45 percent went to Europe; its 6,000 retail franchises operated across 83 countries, including Eastern Europe, which it entered in 1985. Setting up franchises in Budapest and Prague, it was the first Western manufacturer-retailer in those cities since 1948.

The rhetoric of heroic entrepreneurship belied the centrality of the Italian state to this undertaking. Benetton availed itself of the significant public subsidies and tax-exemptions being granted to develop the backwards Veneto region from

the 1960s. It benefited hugely from the 1976 labor laws which, by exempting family-style firms with under twenty employees from union protection, made it possible for management to formalize its control over its outsourcing systems in the northern Italian countryside. One effect was to avoid the contentious labor relations that wracked the factory-based clothing industries of the 1970s. Being able to conceal its labor relations would also have its aesthetic dimension: even before it began to outsource abroad in the 1990s, it had occluded every image of the labor process at its core.<sup>42</sup> It is true that circa 1990, Benetton was still so far in advance of other firms technologically that it could afford for 90 percent of its labor to be local. Wage inflation was offset by repeated devaluation of the lira, which kept export prices competitive with other Western exporters. For the time being, Benetton had nothing to fear from Asian producers: under the Multi-fiber Arrangement of 1974, negotiated by the US and European Union, they were forestalled from entering Western markets until 2004.

In effect, Benetton soared by creating a lifestyle brand identified globally as “Styled in Europe” and “Made in Italy.” In that sense, it was deeply shaped by, and in turn shaped, the emergence of Europe’s model of middle-class consumption. Instantly recognizable for its Kodak colors, soft texture, relaxed styling, tidy fit, and excellent finish, Benetton’s casualwear found its market in the upper-middle slice of the large demographic cohort born postwar and in its earliest-born children. From the capitals and large towns of Western Europe (and from the mid-1980s from some Eastern European locations as well), it reached out to similarly positioned youth in the US and Japan, as well as countries whose elites were awash in petro-dollars, notably, Venezuela, Mexico, and the Gulf States.

Benetton’s real genius was to invest in what Luc Boltanski and Eve Chiapello characterized as “knowing capital”; that is to say, the firm used its youthful management’s considerable cultural savvy to incorporate commonplaces from the contemporary cultural critique of capitalism into its operations. Other firms did this by eradicating status division between staff and line workers or by showing off to potential clients that they worked within modern networks rather than old-fashioned hierarchies.<sup>43</sup> Given the intense competitiveness of the apparel market, Benetton had to have a high-profile brand to exercise tight control over its franchise system. To show that it was a ruggedly competitive global player to automobile-loving Europeans and Italians, especially men, Benetton invested hugely in its Formula 1 racing team from 1983 to 2000, when it sold the team to Renault.

However, its most important investment was in the advertising artist Oliviero Toscani. A Milanese-born *figlio d’arte*, being the son of the first photo-reporter

for the *Corriere della Sera*, he trained at Zurich’s Hochschule fur Gestaltung from 1961 to 1965, and worked as an activist photographer during Italy’s turn-of-the-1970s political turmoil, before becoming Benetton’s creative director from 1982 to 2001. In that position, he developed the first global advertising campaign to exploit what three decades later would be characterized as “cultural brand management.” This was not to be confused with the retrograde “mind-share branding” which, in its emphasis on the timeless qualities of the good, asked management to oversee its qualities, insist on consistency, and spend heavily on market research to discover consumer wants. Rather, it claimed to see the consumer in history and the brand as bringing social substance to that history. Management therefore had to immerse itself in “the populist worlds” the public inhabited and identify its “emerging cultural conditions.” Not a “snapshot” of consumers from market research, then, but their genealogy achieved by close study of the cultural contradictions in which they were immersed. Accordingly, the campaign had more in common with the production of a Hollywood film or the activism of a social movement.<sup>44</sup>

How precociously Toscani responded to this myth making. The campaigns worked with giant posters showing, say, three bloody hearts, one black, one white, one yellow; a Madonna-like mother with a white nursing at her black bosom; an American boy dying of AIDS being embraced by his mother like the Pietà. The ad campaigns, focusing on themes of multinational and multiracial harmony, on AIDS, sexuality, the environment, interracial relationships, and the war in Bosnia-Herzegovina, took the social communication of capitalist enterprise a step further: to appear seriously socially engaged as it equated its share of the global market arising from the “union” of all (colors) of people, “The United Colors of Benetton.” Toscani would later describe Benetton’s status as “First class industrialism”: “Benetton was pure wool, pure cotton; it did not speculate on cheap labor in the Far East like certain American companies.”<sup>45</sup>

## The euro-moment

Short of research, I would hazard that Benetton’s CEOs were as unenthusiastic about the euro as the Confindustria, the Italian Confederation of Industry—except to the degree that it could be persuaded by then Prime Minister Romano Prodi and other political leaders that the European Union convergence criteria to join the euro (an annual target of 3 percent for inflation and 2 percent for national debt) could be exploited on the domestic front to discipline the

unions, cut labor costs, and reduce state spending by cutting back on social welfare and privatizing wherever possible.<sup>46</sup>

As it was, Benetton had come under significant pressures from three directions throughout the 1990s. The first pressure came from new European players, notably, Zara, the Spanish fast fashion chain, and the Swedish Hennes and Moritz (H&M). Arriving on the global consumer market more than two decades after Benetton, these firms not only offered a full line of apparel but also accommodated a fashion cycle that, under the influence of “fast fashion,” which we will discuss below, had moved from two seasons to season-less, year-round ten-day cycles.

The second pressure came from within Italy itself: from Italian fast fashion, which was being propelled out of the very terrain from which Benetton had emerged; namely, the industrial districts and the small and medium family firms that populated them. In his 2010 memoir *Story of My People*, Edoardo Nesi, the third-generation owner-operator of the Prato textile enterprise that bore the family name, underscores the changes that made this possible through the 1990s, starting from the loss of the prosperous middle-class German markets for fine woolens, which had once been the pillar of their business. Prato itself was Europe’s oldest textile manufacturing center, dating from the thirteenth century, when the merchants of Prato were surely Europe’s, if not the world’s, leading globalists. The districts had begun to thrive after the Second World War: local manufactures that had been there since the 1920s used Marshall Plan aid to rebuild the industrial plants blown up by the retreating Wehrmacht, promoted exports by exploiting very low local wages, and endorsed the local artisan culture through their close networks, linking their own fortunes to rising incomes in Northern Europe. By the 1980s, Prato was the prototype of the territorial districts idealized by neoliberal political economy as being Europe’s response to Fordism. By the 1990s, as Nesi recalls, the firm had no need for advertising, product innovation, and research and development for new textiles, going to trade fairs, or new communication technologies. The slow turnover of taste in social market Germany and Austria was perfectly suited to the family company’s specialties, namely, velour or piled velvet for women’s coats and processed wool for men’s loden coats in charcoal gray, black, navy, or green. Their “Prussian” agent, Dieter Maschkiwitz, sped all over Western Germany in his BMW 520; he arranged for the owners to meet clients to push a new product, say, loden in a new tint of green and with a touch of polyester to make it more silky and water resistant. It was still a sellers’ market; they would take, say, three minutes to sell the fabric at 16.95 Deutschmarks per meter, and at 10 cents more than expected. The remainder of

the time was given over to small talk about the German weather, the Bayern Munich soccer team, and Fat Fritz (Strauss), the Bavarian Chancellor. They used telex for orders, sent invoices by mail, and settled accounts with bank transfers.

The good times of the 1980s were distant in 2005 when the family sold the nearly bankrupt firm. Costs had become too high; nobody wanted loden or velvet pile once cheap Asian down feathers and Dacron-pile became popular. The firm faced Eastern European competition. The male heir to the firm wanted to go to the US and write novels. The Italian state, determined to cut its debt to join the euro, applied a new tax, the IRAP, to catch value added in the production process, rather than on net income after profits. Since the tax included the wages paid to labor in the value added taxes, it discriminated against the small firms which used local labor in favor of the larger companies such as Benetton that outsourced their labor, whether to rural Italy or abroad. Small Italian firms thus ended up with the highest rate of taxation in Europe—they called the new tax “Iraq” after the US invasion and were strongly motivated to evade it. Once Italy entered the Eurozone in 1999, it could no longer devalue to promote exports as it had seventeen times since 1985. In 2005, facing profitless years once the Multi-fiber Arrangements ended and China could come in with impunity, in 2005, the Nesi family sold their firm.

It was not the Nesis, then, but the districts’ new entrepreneurship that presented the challenge to Benetton. These were Chinese immigrants mainly from Wenzhou, the one-time capital of Chinese textile manufacture. Arriving in Italy from the mid-1990s, they brought with them several elements of the success of “Made in China”; namely, tight family networks, incessant work, and close-fisted savings and consumption patterns. In Italy, the immigrants thrived by exploiting the country’s ever more lax system of labor regulation and collecting taxes. Working with Italian designers, cutting costs to keep apparel competitive in view of the fact that with the euro, Italians’ firms could no longer benefit from devaluation, they worked the new system of knocking off fashion designs to develop a whole new fashion system called *pronto moda* (fast fashion). Small firms, capable of reducing the fashion turn around to six days from design to production and introducing their creations into distribution practically immediately by skipping the wholesale system and exploiting informal and illegal commercial traffic—facilitated by the single currency, powerful Mercedes sedans, and the nearby A1 superhighway—presented a big challenge to Benetton’s franchises by offering a wide variety of apparel styles on a continuous basis year round. Benetton’s well-off 1980s demographic had moved on from the familiar sweatpants and hoodies, slacks, sweaters, scarves, and caps in any color but black. Benetton ceased being up-scale. Wanting to look good on a tight budget, and

facing the choice between Benetton's trademark "Made in Romania," "Made in Croatia," or "Made in China"—the usual goods often lacking the quality control for which they had been famous—and rip-offs of fashion goods made in Chinese-run sweatshops called Wembley Road, Miss Mimi, S.M., or Paprika Moda with labels reading "Made in Italy," more and more customers chose the latter.

They were facilitated in making their choice by significant changes in the distribution system, which filled downtowns with Chinese wholesale districts, cut-rate retail outlets, and counterfeit merchandise pushed by street vendors. From the mid-1990s, Chinese state enterprise invested heavily in cargo container port facilities, and the contraband filtering in, together with immense volumes of legal goods, turned Italy into a porous gateway for Chinese goods to challenge the authenticity and value of "Made in Italy."

Worse, the trade links with Italy's best European market, Germany, frayed. There was the matter of the high costs of Italian goods: Italy became 44 percent more expensive relative to Germany in the period from the Madrid Summit in 1995 to 2007. At the same time, wage compression and high unemployment in Germany, together with the euro-illusion, which made Germans, in particular, see the euro as inflationary, made working-class Germans poorer and thus more diffident about the pricey reputation of "Made in Italy." For the same reason, they ceased the "Teutonic barbecue" (returning to Germany sun-roasted from holidaying on the Italian Adriatic). Meanwhile, leading retail firms like H&M purchased more and more goods from China. And there was likely some significant leakage of Chinese-made goods to smaller retailers through Hungary, Budapest being the second biggest location of Chinese textile manufacture after Prato. The problem came to a head in 2005 when the European Union, caught completely off guard as the Multi-fiber Arrangement expired, was faced with responding to the ship containers from the People's Republic piling up at the docks way over quota. Symptomatically, it was the Chinese fast fashion lobby of Prato that first sounded the alarm in Italy. When Italian trade officials tried to organize a European lobby to galvanize Mediterranean countries, including France, to allow in the goods, German and Dutch-led lobbyists sprung into action to urge their release from customs, their efficient giant-scale retailers on standby to put the goods into the hands of low-wage customers. In no time, the European Commission ruled on the side of the retailers and consumers.<sup>47</sup>

Of course, Benetton, by operating at the peak of the world-system, had all kinds of cards up its sleeve. In 1997, the family-owned company Edizione Holding Spa took the imperialist high road by purchasing 2.2 million acres of grazing land in Patagonia. Free market reforms backed by President Carlos

Menem in the 1990s had encouraged wealthy North Americans and Europeans to come and take advantage of Argentina's newly open economy and low prices. It was the biggest land purchase in Argentine history. Benetton profited as wool prices quadrupled in the late 1990s, then profited again from wool and leather exports after 2002 when the country, bankrupted by free market policies, devalued the peso. Not that Benetton had to manufacture to profit. It took advantage of the privatization of national enterprises in Italy by purchasing the national telephone company, Telecom. In 1995, it also bought into the service sector at the very top by purchasing Autogrill, the chain of rest and recreation stops along the national super-highway system formerly under the control of the state holding company IRI. In 2001, it re-launched Autogrill globally with a telethon tie-in, mimicking the television-fundraising events Jerry Lewis had hosted on primetime US television from 1977 to support good causes like eradicating polio. Cause-based marketing had jumped after September 11 with the public awash in humanitarian feelings, and Autogrill doubled its points of sale in the next few years.<sup>48</sup>

From the outset, Benetton had always kept labor costs low by local outsourcing inside Italy. "Made in China" had demonstrated that cheap goods can always be made cheaper to the consumer by scouring the world for cheap labor. From the 1990s, Benetton then sliced away at labor costs by outsourcing to Eastern Europe and Turkey. By 2005, 90 percent of Benetton's garment production was taking place outside of Italy. In 2006, it was among the very first Western firms to enter Bangladesh once that country joined in the textile tariff accords and its government came up with the tax breaks and other inducements to welcome foreign capital. By 2012, Benetton had no workers in Italy.

## Scenes from the future

Hyper-consumerism has as many path trajectories as there are varieties of regimes of consumption. In this sketch of its evolution within the European region, it appears first as a force to unify Europe as a region of high mass consumption with qualities that distinguished it from the American model. Consumers identified with particular iconic goods, notions of the good life with relatively ample leisure and social provisioning by way of the European welfare state, more and more segmented markets suited to the production and marketing skills of regional producers, rising household wealth increased by credit, and a project for collective European identity-construction around the ideals of good,

sustainable, slow, responsible, flexible, and segmented. The cultural cohesiveness of the European regime, having been boosted by the dissolution of the socialist bloc and hostility to American-led globalization, was reinforced in the second half of the 1990s to help compensate for the “democratic deficit” in the European Union. Some fits had been especially good, as for example, between “Made in Italy” and German goods and leisure markets. From the outset of the twenty-first century, this model began to schism in the face of the uneven capacities of European states to thrive under the European currency; pressures from German-led austerity policies; growing inequalities especially among the youth; the new model of manufacture, commerce, and value, price, and craft from “Made in China”; and conflicting notions about the appropriate standard of living for European citizens (and whether that should be extended to immigrants). “Made in Italy,” which was once a signal of Europe’s leadership of post-Fordism, lost its caché. The Ordoliberal strain in German political economic thinking, which had been so rule-minded about appropriate consumer behaviors in the 1950s, re-emerged not just as a West German intellectual construct, but also in the EU’s punitive policy of debt relief with respect to Greece.<sup>49</sup>

My subtitle, “Capitalism’s latest forward lurch,” underscores that we cannot write the history of the capitalist system either as a narrative of decline or of its final expiration in crisis. If we start with scenarios from the present day, we see that the one-time icon of “Made in Italy” has re-positioned itself once more. Wanting to secure market share, it relies more and more on the Italian market, though aiming at a lower segment of the middle classes than in the past. From the low levels of traffic in the remodeled stores in central shopping districts, it looks like the foreign tourist trade bypasses them for the more prominent newcomers, notably Zara, and in higher income brackets for international luxury brands like Hermes and Prada. However, the latter, too, have suffered from growing doubts about the authenticity and value of “Made in Italy.” It is not just the issue of whether the goods are actually made in Italy or in the EU or that they might be counterfeit, but the logo-mania of tens of thousands of Asian consumers has caused them to be devalued as positional goods. Accordingly, the new supra-luxury Western consumer defines her standing by searching for “authentic” and “rare” fashion items on Net-à-Porter.

To serve the European market, Benetton has returned to investing more and more in the European region, though not in the EU. In 2013, it began production in Niš in Serbia by taking over the former Yugoslav state textile works, Nitex. Wages are one quarter of what it would pay in Croatia, an eighth of Italian wages; the relocation was generously subsidized by the regional government. Given that

the Fiat Automobile Company, too, has set up in Serbia at Kragujevac, and Benetton also operates a Fordist-type factory, Serbia holds out the prospect that sometime soon it will reach the state of Italian capitalism in the 1960s, with Fiat workers buying Benetton casual wear and Benetton workers buying Fiats.

At the same time, Benetton has committed significant resources to rebuilding its brand image. In part, it has been forced to do so by, finally, having had revealed to public opinion that it uses sweatshop labor. This happened in April 2013 when, after the eight-story Rana factory building at Savar in Bangladesh collapsed killing 1,138 workers, sky blue T-shirts labeled Benetton were photographed in the soggy debris. It is also eager to build the market among the European precariat—the so-called NEET (Not in Employment, Education, or Training) generation. Its new foundation, called UNHATE, has as its goal “to challenge clichés about youth non-employment and asserts a belief in the creativity of the world’s youth” and to “support youth to become actors of change against indifference and stigma.” Its first communication campaign, aimed at the 100 million people under thirty in search of a job, had as its centerpiece the first “Unemployee of the Year” contest. With the hashtag #UNHATE, contestants were urged to “[t]ell us about your non-work experience” and to submit a project or “vote for one that inspires you.” The top one hundred would receive support.<sup>50</sup>

From the perspective of craftspeople, the processes of manufacturing de-location have not only driven down wages but also risk dissipating the social capital accumulated over several generations, connecting the taste, trust, skills, and networks which concentrated in economic units that were, by all economic assessments, highly viable and originally gave rise to “Made in Italy.” Interviewing the owner of a local boutique selling hand-crafted knitwear, its bright colors and playful invention akin to the products Giuliana Benetton concocted in the 1950s, I hear this artisan-owner reveal she is connected enough to cyber-commerce to worry about getting top ratings from the TripAdvisor community. If Mariella runs her family operation capitalistically, her calculations about costs and profit lie somewhere between Fernand Braudel’s second order of market exchange and his third, the household. She, the owner, operates the small electric machines together with her husband; she nets more if she has one store than she would with two, given the tax structure; in any case, she could not supply sufficient merchandise for the demand if she had the two unless the two of them worked 24/7 “like the Chinese.” One daughter knows how to run the shop; another is learning the labor process, though it is unlikely she will ever acquire the skill at turning a sleeve her mother has, having learned from her own mother while

doing piece work around the gas-lit table in the 1950s. Mariella hopes her son will lend a hand. He recently graduated from a London college with an MA in computer technology. At the moment, however, he is working in China on a two-year contract teaching English in a private school to striving kindergarteners. She is not without sympathy for the Chinese at Prato. At some point, when she wanted to start a new line of apparel and needed workers to sew up the dress and pantpieces, she visited a nearby farmstead. The half-naked, pot-bellied kids reminded her of the sharecroppers' homes in the Val d'Oria when she was growing up. But she wouldn't trust the Chinese to work for her, nor any other immigrants. Otherwise, business is slow: the woman with the shop next door to hers at Montepulciano invariably copies her window displays to show off the stock of Chinese-made garments. She is exasperated with Americans who cannot tell the difference between "Made in Italy" and "Made in China" and complain about her high prices. Northern Europeans have stopped spending and just window shop.

Bringing in the perspective from China, we would head to south of Wenzhou to Fujian province and to the town of Shishi where a group of 25-year-old or so entrepreneurs have hatched what they call their "Milan Plan." This would channel a \$700 million state investment through their city's International Textile and Garment Center to enable the more than 1,000 textile and apparel companies clustered in this smallish town of 640,000 people, 90 percent of which are family-owned, to transform the district into a fashion capital, like the Milanese industrial triangle, and thereby move it up the international value chain. Aside from fashion savvy, they recognize that clients of a certain status want their goods to have "heritage." Accordingly, in addition to attracting designers and building up their skills, they are working out their "genealogy," which at present traces back to the Tang (618–906 CE) and Song (960–1279 CE) dynasties when Shishi was practically part of Quanzhou, one of the world's most prosperous port cities and famous for its fabulous textiles. Arab merchants called it Zayton, whence the word for the cloth satin. Textile workers to the north at Wenzhou also draw on global practices. From interviews conducted in the course studying networking between Italian and Chinese industries, US anthropologist Sylvia Junko Yanagisako heard young Chinese workers argue that if Western companies used them, saying their skill sets were just as good as Italians, they should be paid more and have the same standard of living.<sup>51</sup>

"Made in China" operates in coordination with the highest levels of state power in the Republic of China. As the European debt crisis ran down the value of Mediterranean Europe's companies, Chinese multinational enterprises turned

more and more from focusing on commodity deals in Asia and Latin America to purchasing shares in European infrastructure, including port and telecommunications facilities and other privatized national assets. They have also begun to buy into medium-sized firms. This process, though relatively new, has already generated its own narrative. This has European capitalism rebuilding in a wholly new direction: no longer westward across the Atlantic, but rather eastward to Asia. Thus stated William Xu, board member in charge of marketing and strategy at China's giant telecom company Huawei: "Six hundred years ago it was Marco Polo who built the bridge [between Europe and China]. Two thousand years ago it was the Silk Road. Now . . . we are building the Silicon Road to bring the West and East closer together." For Luigi de Vecchi, chairman of continental Europe for Citigroup, Chinese investment signals "the dawn of a new Marshall Plan": not US capitalism, which has withdrawn its investment in European manufacture, nor German capitalism, but rather the munificence of the Chinese.<sup>52</sup>

Meanwhile, EU political leaders have become engaged in the bitter showdown between sovereign debtors who cannot pay and international creditors who argue that they have to since the Eurozone guaranteed their investment. As government by policy-making has given way to government by accounting rules, the elite has become more and more involved in a fundamental distributional dispute over unresolved debt issues. In effect, the conflict has slipped from being about market arrangements to becoming out and out political conflict between those who would claim the rights to the goods and services as citizens of nations sharing in the high European standard of living and the privation of these rights in the name of the capitalist legal community protecting corporate creditors' property rights. The meanings of the terms "consumer" and "capital" have thus become more and more tortured. Thus, "consumer sovereignty" would only be realized in a perverse way, when nation-states, saddled with their own structural indebtedness (partly the result of social spending), are held responsible by the international banking system to pay back consumer debt to foreign banks (who did not subscribe to *caveat emptor*) at the price of forcing the costs on their citizens. Consumer debt has thus been collectivized, with the effect of depriving a sovereign people of one of its most fundamental rights as citizens; namely, the right to the customary standard of living; the latter being determined not just by belonging to Greece, in this instance, but by being part of the European community. Political leaders fuel national and ethnic stereotypes about consumer behavior to explain why, say, Spaniards or Greeks allegedly do not save, whereas Germans or Dutch do, adducing notions such as religion (the Protestant ethic

versus some combination of Catholic and Orthodox, *Hidalgo-noble* attitude promoting slacking, corruption, and habits of careless spending on borrowed money). The term “austerity,” ostensibly a technical term, has been revitalized with all of the moral catechism of the Victorian Age. Greece has been consigned to a “debtor’s prison” as if, to recall Polanyi’s words, the “self-regulating market” has to annihilate “the human and natural substance of society” before society once more rises up to break the violence of its grip.<sup>53</sup>

## Notes

- 1 As in the recently founded Coalition for Inclusive Capitalism: <http://www.inc-cap.com/leadership/>; see also Bloomberg Business, “Consumers Can Help Make Capitalism Inclusive: Rothschild,” June 26, 2015, <http://www.bloomberg.com/news/videos/2015-06-26/consumers-can-help-make-capitalism-inclusive-rothschild> (accessed September 2015).
- 2 Thomas L. Friedman, “Foreign Affairs Big Mac I,” *The New York Times*, December 8, 1998, [www.nytimes.com/1996/12/08/opinion/foreign-affairs-big-mac-i.html](http://www.nytimes.com/1996/12/08/opinion/foreign-affairs-big-mac-i.html) (accessed September 2015).
- 3 For our purposes, Adam Smith, *The Wealth of Nations* (1776), book 1, chap. 3, ed. Edwin Cannan (Chicago: Univ. of Chicago Press, 1976), 21–25.
- 4 Karl Marx, *Capital*, vol. 1, trans. Samuel Moore and Edward Aveling (New York: International Publishers, 1967), 71, 84–85.
- 5 Karl Marx and Friedrich Engels, “Manifesto of the Communist Party (1848)” in *The Revolutions of 1848*, ed. David Fernbach (Harmondsworth: Penguin, 1973), 67–98, at 70.
- 6 Karl Polanyi, *The Great Transformation* (1944) (Boston: Beacon Press, 1957), 40 et seq.
- 7 Werner Sombart, *Luxury and Capitalism* (1913), translated by W. Dittmar (Ann Arbor: University of Michigan, 1967); also *Economic Life in the Modern Age*, edited and with an introduction by Nico Stehr and Reiner Grundmann (New Brunswick, NJ, and London: Transaction Publishers, 2001); Max Weber, *Economy and Society: An Outline of Interpretive Sociology* (New York: Bedminster, 1968); Thorstein Veblen, *The Theory of the Leisure Class: An Economic Study of Institutions* (1899) (New York: New American Library, 1953).
- 8 Max Weber, *Essays in Sociology*, trans. and eds H. H. Gerth and C. Wright Mills, (London and New York: Routledge, 2009), 262.
- 9 These include: David Riesman, the German-American Herbert Marcuse, John Kenneth Galbraith, Christopher Lasch, and Albert Hirschman. Marcuse worked off of Marxist critiques of commodity culture coming out of the German Frankfurt

School of Sociology. Albert Hirschman, working as both a political economist and cultural critic, conjoining American and European critiques of market society, dedicated practically the whole corpus of his later essays to trying to work out a general theory of social action that would connect how people make choices on the market as consumers to how they make choices as political actors; see especially *Rival Views of Market Society and other Recent Essays* (New York: Viking, 1986) in which he elaborates on the themes of his earlier essays; *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States* (Cambridge, MA: Harvard Univ. Press, 1970); *The Passions and the Interests: Political Arguments For Capitalism Before Its Triumph* (Princeton: Princeton Univ. Press, 1977).

- 10 Luc Boltanski and Eve Chiapello, *The New Spirit of Capitalism* (1999) (London: Verso, 2005). Students of Bourdieu, their work was prescient on this score, amply confirmed over the next decade by advertising campaigns emphasizing the importance of “local knowledge” and the training and recruitment of knowledge elites to staff global corporations, not to mention the burgeoning of immense corporate foundations.
- 11 Simon Schama, *Embarrassment of Riches: A Reinterpretation of Dutch Culture in the Golden Age* (New York: Alfred A. Knopf, 1987).
- 12 Colin Campbell, *The Romantic Ethic and the Spirit of Capitalism* (Oxford: Blackwell, 1987).
- 13 Jan De Vries, “Between Purchasing Power and the World of Goods: Understanding the Household Economy in Early Modern Europe” in *Consumption and the World of Goods*, eds John Brewer and Roy Porter (London and New York: Routledge, 1994), 85–132; also see the chapters elaborating on the arguments of their books by Maxine Berg, Carol Shammas, and Lorna Wetherill in *The Oxford Handbook of the History of Consumption*, ed. Frank Trentmann (New York: Oxford Univ. Press, USA, 2012). All of the foregoing, undertaken with a Euro-centered focus, can profitably be re-read in the framework of John Hobson, chapter 9 of *The Eastern Origins of Western Civilization* (Cambridge: Cambridge Univ. Press, 2004), in addition to burgeoning studies on the Asian dimension of world commerce, starting with K. N. Chaudhuri, *The Trading World of Asia and the English East India Company: 1660–1760* (Cambridge: Cambridge Univ. Press, 2006).
- 14 A wide-ranging research and exhaustive bibliography can be found in Paulina Bren and Mary Neuburger, eds, *Communism Unwrapped: Consumption in Cold War Eastern Europe* (London and New York: Oxford Univ. Press, 2012).
- 15 Roberta Sassatelli gives a tidy overview of theories and approaches and a strong bibliography in *Consumer Culture: History, Theory and Politics* (London: Sage, 2007).
- 16 From the US vantage point: Laura A. Belmonte, *Selling the American Way: US Propaganda and the Cold War* (Philadelphia: Univ. of Pennsylvania Press, 2008); and from the European, using visual and related sources focusing on the Marshall Plan:



- Sheryl Kroen, "Negotiations with the American Way: The Consumer and the Social Contract in Post-War Europe," in *Consumer Cultures, Global Perspective: Historical Trajectories, Transnational Exchanges*, eds John Brewer and Frank Trentmann (Oxford: Oxford Univ. Press, 2006), 251–277; cf. Bradford DeLong and Barry Eichengreen, "The Marshall Plan as a Structural Adjustment Programme," in *Postwar Economic Reconstruction: Lessons for Eastern Europe*, eds Rüdiger Dornbusch, Wilhelm Nölling, and Richard Layard (London: Anglo-German Foundation for the Study of Industrial Society, 1993); also Victoria de Grazia, "Visualizing the Marshall Plan: The Pleasures of American Consumer Democracy or the Pains of 'the Greatest Structural Adjustment Program in History?'" in *Images of the Marshall Plan in Europe*, eds Günter Bischof and Dieter Stiefel (Vienna: Studien Verlag, 2009), 25–38.
- 17 Combining Foucault's micro-powers with Marx's commodity fetishism, see Timothy Burke, *Lifebuoy Men, Lux Women: Commodification, Consumption, and Cleanliness in Modern Zimbabwe* (Durham, NC: Duke Univ. Press, 1996); on a planetary scale, see Alys Eve Weinbaum, Lynn M. Thomas, Priti Ramamurthy, Uta G. Poiger, Madeleine Yue Dong, and Tani E. Barlow, eds, *The Modern Girl Around the World: Consumption, Modernity, and Globalization* (Durham, NC: Duke Univ. Press, 2008).
- 18 Consumer activism calls for more theorizing, together with more historical research: Juliet Schor, *The Overspent American: Why We Want What We Don't Need* (New York: Harper Perennial, 1999); *Born to Buy: The Commercialized Child and the New Consumer Culture* (New York: Scribner, 2005); and *Plenitude: The New Economics of True Wealth* (London: Penguin Press, 2010). From the European perspective, see: Alain Chatriot, Marie-Emmanuelle Chessel, and Matthew Hilton, eds, *The Expert Consumer: Associations and Professionals in Consumer Society* (Farnham: Ashgate, 2006); also Frank Trentmann, ed., *The Making of the Consumer: Knowledge, Power, and Identity in the Modern World* (Oxford: Berg, 2006).
- 19 According to Eli Hecksher, in Louis XIV's France 16,000 people were killed, principally through execution and military actions, for resisting bans against producing calico cloth domestically; see *Mercantilism*, trans. M. Shapiro, 2nd edn (London: George Allen and Unwin, 1955), vol. 1, 173.
- 20 Sidney Mintz, *Sweetness and Power: The Place of Sugar in Modern History* (New York: Viking Penguin, 1985).
- 21 Leora Auslander, *Taste and Power: Furnishing Modern France* (Berkeley: Univ. of California Press, 1996); also *Cultural Revolutions: Everyday Life and Politics in England, North America, and France* (Berkeley: Univ. of California Press, 2009).
- 22 Friedrich Engels, *The Condition of the Working Class of England in 1844* (New York: Cosimo, 2009).
- 23 Sven Beckert, *The Empire of Cotton: A Global History* (New York: Alfred A. Knopf, 2014).

- 24 Victoria de Grazia, *Irresistible Empire: America's Advance through Twentieth-century Europe* (Cambridge: Belknap, 2004).
- 25 Adam Tooze, *Wages of Destruction, The Making and Breaking of the Nazi Economy* (London: Penguin, 2007).
- 26 Lenin's *Imperialism: The Highest Stage of Capitalism* (Petrograd, 1916) resonates in this essay's title. Whether hyper-consumerism should have the same status (including its strong imperialist tendencies) is in question. That I regard hyper-consumerism here as a great lurch rather than a stage is to question whether we should still be using Enlightenment notions of progress as analytical/narrative frames.
- 27 The problem of the new scale and global weight of retail capitalism is advanced in Nelson Lichtenstein, *Wal-Mart: The Face Of Twenty-First-Century Capitalism* (New York: New Press, 2011) and needs to be both theorized more and brought to bear globally, including European retail capitalism. See Gregory P. Nowell, "Hilferding's Finance Capital Versus Wal-Mart World: Disaggregating the Dollar's Hegemony," *Perspectives on Global Development and Technology* 8 (2009): 315–346. To appreciate the differences of scale and social policy with respect to Woolworths, the leading retailer of the Fordist era, see Victoria de Grazia, "Globalizing Commercial Revolutions," in *Transnationale Geschichte: Themen, Tendenzen und Theorien*, eds Gunilla Budde, Sebastian Conrad, and Oliver Janz (Göttingen: Vandenhoeck & Ruprecht, 2006).
- 28 Saskia Sassen, *Expulsions: Brutality and Complexity in the Global Economy* (Cambridge, MA: Harvard Univ. Press, 2014).
- 29 On the definition of consumer debt as sustainable and unsustainable, see Daniela Vandone, *Consumer Credit in Europe* (Berlin: Springer Physica-Verlag, 2009). On credit in global perspective: Jan Logeman, ed., *The Development of Consumer Credit in Global Perspective* (London: Palgrave MacMillan, 2012); conceptually sophisticated comparison of the US with Europe: Monica Presad, *The Land of Too Much: American Abundance and the Paradox of Poverty* (Cambridge, MA: Harvard Univ. Press, 2011). On debt, see the thought-provoking anthropologist David Graeber, *Debt: The First Five Thousand Years* (New York: Melville House, 2011).
- 30 Daniel Drache, "From Keynes to K-Mart: Competitiveness in a Corporate Age," in *States Against Markets: The Limits of Globalization*, eds Robert Boyer and Daniel Drache (London and New York: Routledge, 1996), 31–61.
- 31 Numerous studies highlight that the rise in expenditure on welfare state provisions was not the cause either of growing debt, as a percentage of GDP, nor the fiscal crisis of European states in 2008. To start with, see the classic by Peter A. Hall and David Soskice, *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford: Oxford Univ. Press, 2001).
- 32 Jean-Claude Thoenig and Charles Waldman, *Marking Enterprise: Business Success and Societal Embedding* (French edition, Fontainebleu: INSEAD, 2005) (London:

- Palgrave Macmillan, 2006). Authored by INSEAD professors and drawing on John Ruggie's notion of "embedded liberalism," this book might be regarded as the continental counterpart to Douglas B. Holt's Anglo-American emphasis on cultural strategy, *How Brands Become Icons: The Principle of Cultural Branding* (Cambridge: Harvard Business School Press, 2004).
- 33 Excellent on historically changing notions of the acquisitive individual: David Blanke and David Steigerwald, eds, *A Destiny of Choice? New Directions in American Consumer History* (Lanham: Lexington Books, 2013) and Jonathan Crary, *Late Capitalism and the Ends of Sleep* (London: Verso, 2013); cf. Colin Campbell, "The Craft Consumer: Culture: Craft and Consumption in a Postmodern Society," *Journal of Consumer Culture* 5, 1 (March 2005): 23–42. For a more sanguine view: George Ritzer and Nathan Jurgenson, "Production, Consumption, Prosumption: The Nature of Capitalism in the Age of the Digital 'Prosumer,'" *Journal of Consumer Culture* 10, 1 (March 2010): 13–36.
- 34 Nancy Hartsock, "Globalization and Primitive Accumulation: The Contributions of David Harvey's Dialectical Marxism," in *David Harvey: A Critical Reader*, eds Noel Castree and Derek Gregory (Oxford: Blackwell, 2006): 167–190.
- 35 Thomas Piketty, *Capital in the Twenty-first Century* (Cambridge: Harvard Univ. Press, 2014).
- 36 Gunnar Trumbull, *Consumer Capitalism: Politics, Product Markets, and Firm Strategy in France and Germany*, 1st ed. (Ithaca, NY: Cornell Univ. Press, 2006). Trumbull builds on the notion of "varieties of capitalism" notably from Hall and Soskice, *Varieties of Capitalism*.
- 37 We have no overarching history of consumption and the consumer, distribution, retailing, etc. in Europe from the 1970s. In effect, historians have worked from other premises, namely, the convergences of identity, which involve factors like secularization, education, demography, etc. In that framework, for example, Hartmut Kaelble, *A Social History of Europe, 1945–2000: Recovery and Transformation after Two World Wars*, trans. Liesel Tarquini (New York and Oxford: Berghahn, 2013), finds strong social convergences. Ivan T. Berend, *Europe in Crisis: Bolt From the Blue?* (London: Routledge, 2013), 30 and esp. chapter 4, "The Social Causes: Living Beyond Our Means," which contains a truly illuminating overview of the pace of change in consumption habits from the 1970s, together with assorted debatable judgments comparing the atavistic habits of the "backward" periphery of Europe with the evolved ethics of the north-western core.
- 38 Annemoon van Hemel, Hans Mommaas, and Cas Smithuigsen, *Trading Culture: GATT, European Policies, and the Transatlantic Market* (Amsterdam: Boekman Foundation, 1996). Whether the cultural exception presented a real defense against new satellite and digital technologies that render local media quotas meaningless bears further study.

- 39 Fabio Antoldi, "Industrial Districts in Italy Caught Between Local Tradition and Global Competition" (Collana Working Paper of the Centro di Ricerca per lo Sviluppo Imprenditoriale, Università Cattolica, January 2007), [http://centridiricerca.unicatt.it/cersi\\_CERSI\\_CWP\\_1\\_2007\\_\\_Antoldi\\_.pdf](http://centridiricerca.unicatt.it/cersi_CERSI_CWP_1_2007__Antoldi_.pdf).
- 40 For a tidy overview of the industry with good bibliography, see Marianna Greta and Krzysztof Lewandowski, "The Textile and Apparel Industry in Italy: Current State and Challenges to Further Growth," *Fibres and Textiles in Eastern Europe* 18, 6 (2010): 20–25. For the postwar historical background, see Nicola White, *Reconstructing Italian Fashion: America and the Development of the Italian Fashion Industry* (Oxford and New York: Berg Publishers, 2000).
- 41 For a short history: Jay Pederson, "Benetton Group S.p.A. History," in *International Directory of Company Histories*, vol. 67 (Farmington Hills, MI: Gale, 2005). For expert studies, setting Benetton's history in the framework of the industrial districts literature: Fiorenza Belussi, *New Technologies in a Traditional Sector: The Benetton Case* (Berkeley: Univ. of California, 1986). Belussi, "Benetton: a Case-study of Corporate Strategy for Innovation in Traditional Sectors," in *Technology Strategy and the Firm: Management and Public Policy*, ed. Mark Dodgson (Harlow: Longman, 1989), 116–133. Peter Dapiran, "Benetton—Global Logistics in Action," *International Journal of Physical Distribution & Logistics Management* 22, 6 (1992), 7.
- 42 *Corriere della Sera*, October 18, 1998; on a visit to the Kadıköy street market on the Asian side of the Bosphorus in 2003, I found stalls jammed full of factory seconds, including plushy mauve women's tracksuits labeled "Benetton Made in Italy."
- 43 Boltanski and Chiapello, *The New Spirit of Capitalism*, passim.
- 44 Holt, *How Brands Become Icons*.
- 45 Toscani quoted in "The Colorful Dissenter of Benetton," *Salon.com*, April 17, 2000, [http://www.salon.com/2000/04/17/toscani\\_int/index.html](http://www.salon.com/2000/04/17/toscani_int/index.html) (accessed September 2015); see also Pasi Falk, "The Benetton-Toscani Effect: Testing the Limits of Conventional Advertising," in *Buy This Book: Studies in Advertising and Consumption*, ed. Mica Nava (London: Routledge, 1997), 73–74.
- 46 The liberal-social eurocrat Thierry Vissol oversaw the EU commission to coordinate consumer policy in view of the introduction of the euro. The collective study *The Euro: Consequences for the Consumer and Citizen* (Dordrecht: Kluwer Academic, 1999) gives vivid expression to the fact that contemporaries focused on the rights of consumers as citizens, thinking of everything: namely, the social meaning of money; the inflation illusion, which convinced people the euro had raised prices; the need to keep the confidence of a top-down operation by utter transparency, equity, and accuracy of administering the transition, etc. But no attention was paid to the risks from cheap money arising as credit markets opened up in high-interest (and high-risk) areas like Greece, Spain, and Portugal; nor, as important, to the risks of inflation, given the big gap in competitiveness among the different states; nor the

- prior need to have harmonized wage and welfare policies. On the implications for labor bargaining and wages, especially with a view to what would turn out to be Germany's compression of worker income, see the prescient Fritz Scharpf, "The European Social Model: Coping with the Challenges of Diversity," *Journal of Common Market Studies* 40, 4 (2002): 645–670.
- 47 Scott Miller in Brussels, Peter Wonacott in Shanghai and Greg Hitt, "China, EU Forge Textiles-Trade Deal," *Wall Street Journal, Eastern Edition*, June 13, 2005, <http://www.wsj.com/articles/SB111860981097057279> (accessed September 2015); Antonella Ceccagno, "The Hidden Crisis: The Prato Industrial District and the Once Thriving Chinese Garment Industry," *Revue européenne des migrations internationales* 28, 4 (April 12, 2013), 43–65.
- 48 Mario Molteni, *Il cause related marketing nella strategia d'impresa* (Milan: Franco Angeli, 2004), 155–156.
- 49 Mark Blyth, *Austerity: The History of a Dangerous Idea* (New York: Oxford Univ. Press, 2013).
- 50 Unhate Foundation, Benetton, [http://unhate.benetton.com/unemployee-of-the-year/image-gallery/unemployee\\_of\\_the\\_year\\_01/](http://unhate.benetton.com/unemployee-of-the-year/image-gallery/unemployee_of_the_year_01/) (accessed September 2015).
- 51 Lv Chang and Hu Meidong "The Milan Plan," *China Daily*, January 25, 2013, [http://usa.chinadaily.com.cn/weekly/2013-01/25/content\\_16173015.htm](http://usa.chinadaily.com.cn/weekly/2013-01/25/content_16173015.htm) (accessed September 2015); Sylvia Junko Yaganisako, "Transnational Family Capitalism: Producing 'Made in Italy' in China," in *Vital Relations: Modernity and the Persistent Life of Kinship*, eds Susan McKinnon and Fenella Cannell (Santa Fe: SAR Press, 2013), 63–84.
- 52 Alessia Mighini and Stefano Chiarlone, "Rischi dell'integrazione commerciale cinese per il modello di specializzazione internazionale dell'Italia," *Rivista di politica economica* VII–VIII (2005), 63–85; Rachel Sanderson, "China Swoops in on Italy's Power Grids and Luxury Brands," *The Financial Times*, October 7, 2014, <http://www.ft.com/intl/cms/s/0/1bd60160-4496-11e4-bce8-00144feabdc0.html#axzz3liZ8lGlC> (accessed September 2015)
- 53 Polanyi, *Great Transformation*.