

### Kristin Maria NICKEL: Inequality in Transition Economies

multicollinearity between possible determinants. Therefore, it is difficult to discuss the determinants of inequality without considering a plethora of factors.

Policies *and the quality of the institutional transformation* are instrumental in determining the trajectory of inequality in transition economies. Although policies and reforms have a clear influence on inequality in transition (which has been emphasized in the literature), the role of institutional development seems to be an essential factor distinguishing the diverging levels of inequality, which has been neglected in the literature on inequality.

The structures and institutions that promote efficiency *and* prevent high levels of inequality must be established to avoid the self-enforcing partial equilibrium, characterized by the entrenchment of inequality.

The importance of a successful institutional transformation is that it breaks down the old system, creating space for the development of a competitive structure that is regulated and inclusive, and therefore more likely to promote equality.

The goal of a dynamic and equitable transition consists of promoting institutions that balance different aspects of transition: deregulation with appropriate re-regulation, social assistance with individual independence, open competition with employment creation, and so on.

The intricate relationships between elements of transition suggest that the same approaches that encourage growth and development may promote equality, but disentangling the precise determinants of income inequality in transition remains beyond grasp.

#### Suggested Reading

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### Jakub Jerzy MACEWICZ

## The Air We Breathe: Capitalism and Mythology

*Connecting capitalism with the problem of faith has had a very long tradition. Almost immediately, one thinks of the classic work by Max WEBER, The Protestant Ethic and the Spirit of Capitalism.<sup>1</sup>*

*However, he is not the only great thinker to have found some deeply rooted connections between the system of beliefs and capitalism. Another good example is Karl MARX with his dialectics. If the whole of ideology is created to explain why some own the means of production and some do not, then religion is also a “product” of the existing economic system.*

*One also can not forget about Friedrich NIETZSCHE, with his concept of resentment as an essential part of Christianity—a religion which is supposed to diminish the level of frustration among those who are not the beneficiaries of the economic system.*

*Yet, the capitalism Karl MARX and Max WEBER were familiar with is completely different from today's postcapitalism. As a result, the social problems it generates are very much different, and the system itself, as well as the people who exist in it, are bound to find different ways of dealing with this.*

### I Am What I Do

According to Max WEBER, ascetic Protestantism remained in close relation with capitalism, as well as being the reason for its rapid growth. However, this does not mean that Protestant ethics were actually the same as capitalism; they were only “a speed-up factor.”

The key role was played by, according to Max WEBER, inner-

<sup>1</sup> WEBER Max, *The Protestant Ethic and the Spirit of Capitalism*. London – New York, 2002.

worldly asceticism—behaviour typical for most members of a society and existing in everyday life. Its opposite is other-worldly asceticism such as monastic life.<sup>2</sup>

Almost immediately one thinks that asceticism and capitalism are two contradictory ideas: the first one says: “Accumulate capital, and get richer”; while the other says: “Possess, and want as little as possible.”

MAX WEBER claims that this contradiction is false, because a “waste of time is thus the first and in principle the deadliest of sins [and also] loss of time such as sociability, idle talk, luxury, even more sleep than is necessary for health, six to at most eight hours, is worthy of absolute moral condemnation.”<sup>3</sup>

Moreover, this attitude is not about doing any job, but about doing the one that is *rational, effective, profitable* and *full time*. The desire for poverty is something disgraceful and should be condemned to the same extent as laziness, because it does not praise God. Furthermore, those who do not take the opportunity to earn more contradict the goal of a *calling* (in German this is the term ‘Beruf’ which, according to MAX WEBER, is strongly connotated with religion and faith) and, as a result, offend against God.<sup>4</sup> What we see here is a double feedback mechanism: hard and continuous work is the most important value; the usage of its fruit, however, for one’s own pleasure or profit is a sin:

“This worldly Protestant asceticism (...) acted powerfully against the spontaneous enjoyment of possessions; it restricted consumption, especially of luxuries. On the other hand, it had the psychological effect of freeing the acquisition of goods from the inhibitions of traditionalistic ethics. It broke the bonds of the impulse of acquisition in that it not only legalized it, but (...) looked upon it as directly willed by God. The campaign against the temptations of the flesh, and the dependence on external things, was (...) not a struggle against the rational acquisition, but against the irrational use of wealth.”<sup>5</sup>

This is how the process of ever-growing capital started—the acquisition of capital became possible thanks to a double self-feedback mechanism of the obligation of effective work and ascetic economizing, along with permanent self-control of one’s own doings.

The psychological stimulant was the assumption that work as a

<sup>2</sup> Ibid. 72–80. / <sup>3</sup> Ibid. 104. / <sup>4</sup> Ibid. 108. / <sup>5</sup> Ibid. 108.

*calling* is the only way to gain mercy. On the other hand, thanks to the idea that to be an entrepreneur was also a *calling*, it was acceptable to use the willingness of ordinary employees to work. However, in the case of the latter the pressure on asceticism was much bigger than in the case of businesspeople.<sup>6</sup> It had to lead to a situation where workers earned more and more; so, as a result, at some point they could save some money, but they were not allowed to spend their savings freely.

As MAX WEBER observed, the *spirit of capitalism* left its ancestors (Protestant ethics and asceticism) behind very quickly and spread to all societies, no matter what their religious background was, and eventually, became the universal secular attitude of the modern era.

“One has only to re-read the passage from Benjamin FRANKLIN [“Time is money.”] (...) in order to see that the essential elements of the attitude which was (...) called the spirit of capitalism are the same as (...) the content of the Puritan worldly asceticism, only without the religious basis.”<sup>7</sup>

Nonetheless, with time something else did change: “The Puritan wanted to work in a calling; we are forced to do so. For when asceticism was carried out of monastic cells into everyday life, and began to dominate worldly morality, it did its part in building the tremendous cosmos of the modern economic order. This order is now bound to the technical and economic conditions (...), which today determine the lives of all the individuals who are born into this mechanism, not only those concerned with economic acquisition, with irresistible force.”<sup>8</sup>

## I Am What I Buy

MAX WEBER himself pointed out that sooner or later, as a result of the accumulation of capital, the bonds of asceticism would have to be loosened, particularly in the case of the bourgeoisie. The bourgeois, provided they did not disgust or shock others too much, could afford not to be too obedient to the common rules of asceticism.<sup>9</sup>

What could not have been foreseen then was the fact that capitalism would change. The rule of continuous and effective work, along with asceticism, was bound to bring the creation of

<sup>6</sup> Ibid. 116–120. / <sup>7</sup> Ibid. 123. / <sup>8</sup> Ibid. 123. / <sup>9</sup> Ibid. 120.

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*Net Disposable Income (NDI)* to an extent which had not been known before. It included not only the bourgeois, but vaster and vaster groups of ordinary employees as well.

Net Disposable Income (NDI) occurs when the spending on food, drink and various items connected with safety (such as rent, bills) do not exceed eighty percent of the income. The surplus is *NDI*.

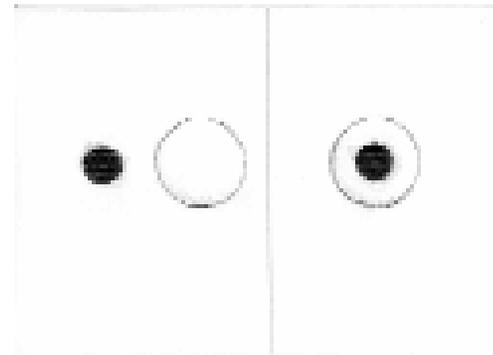
In the United States, workers started to gain NDI just after World War II; in Europe, not much later. The ascetic bonds had to be loosened, also because consumption was a very effective cure for the trauma of World War II.

We very often use the term *capitalism*, when speaking not only about the eighteenth century and the nineteenth century, but also when meaning the twentieth century and the present days as well. Max WEBER claimed that the motive for a *calling* was created because of the solitude and fear of an individual who had to deal with permanent stress, caused by the existence of the rule of predestination. It says that it is predetermined who will be granted a state of grace and one cannot change this by means of her or his own doing.

Actually, today's capitalism is not the one Max WEBER knew. It has shifted from the paradigm of *production* to the paradigm of *consumption*; becoming *postcapitalism*, a totally self-referential socio-economic system.

A short set of characteristics<sup>10</sup> is shown in Table 1. (III. 98–122.; IV. 43.; VI. 63–64.)

<u>Production</u>	<u>Consumption</u>
1. be rational	1. trust your feelings
2. save money, avoid debt	2. spend money, take loans
3. asceticism, discipline, self-control	3. fulfilment of "needs and wants"; life as the source of pleasure, excitement and satisfaction
4. work as a calling (as a value itself)	4. work as the source of satisfaction and the means of achieving goals
5. the rule of predestination	5. self-realization, life as a self-reflective project
6. demand exceeds supply (ordinary products as well as signs)	6. supply exceeds demand (ordinary products as well as signs)



Puritanism and Protestant ethics, which were the background for the *spirit of capitalism*, disappeared, but also a qualitative change of the socio-economic system took place (capitalism became *postcapitalism*). Thus, a new spirit of capitalism was bound to develop. This new spirit of capitalism, simply put, is *postcapitalism* itself.

Postmodern capitalism is, to say it once again, totally self-referential. It is the source of ideology for itself and the only thing that the system (*postcapitalism*) refers to. There is no 'outside.' This, of course, brings us to say that there is no 'inside,' for everything is 'it.'

Jean BAUDRILLARD says, "Consumption is not a material practice, nor is it a phenomenology of 'affluence.' It is not defined by the nourishment we take in, nor by the clothes we clothe ourselves with, nor by the car we use, nor by the oral and visual matter of the images and messages we receive. It is defined, rather, by the organization of all these things into a signifying fabric: consumption is the *virtual totality of all objects and messages ready-*

<sup>10</sup> GIDDENS Anthony, *Modernity and Self-Identity: Self and Society in the Late Modern Age*. Stanford, 1991. 98–122.; SZACHAJ Andrzej, *Co to jest postmodernizm? [What is Postmodernism?]*. In POTOGA Maria Anna (ed.), *Postmodernizm. Teksty polskich autorów [Postmodernism. Texts of Polish Authors]*. Kraków, 2003. 43.; BAUDRILLARD Jean, *Symbolic Exchange and Death*. London – Thousand Oaks – New Delhi, 2004. 63–64.

constituted as a more or less coherent discourse. If it has any meaning at all, consumption means an activity consisting of the systematic manipulation of signs.”<sup>11</sup>

Thus, signs have lost any connection with what they used to refer to. We have shifted from the *order of production* (capitalism) to the *order of simulacra* (*postcapitalism*),<sup>12</sup> where signs, and thus the whole system as well, are self-referential. They do not refer to anything that is ‘outside’ as was in the case of the Weberian *spirit of capitalism*, a calling by God.

Figuratively speaking, *postcapitalism* could be described using terms connected to religious studies.

There is a whole set of beliefs that ‘explains’ the reality: for example, capitalism is the best of systems, an individual can only be free and happy in capitalism, the one “who works hard, will get there.”

There are also doctrines: the right to own, the free market, the freedom of entrepreneurship. There are places of worship: shopping malls, banks, financial centres, or television programmes devoted only to the economy.

There are organizations and institutes: G8, Organisation for Economic Co-operation and Development (OECD), World Bank (WB), International Monetary Fund (IMF). Finally, there is the area of *sacrum*: the “*Invisible Hand of the Market*”; and virtual money, the “wealth.”

## This Is the Air

Yet there is another, probably better, way of looking at the things—we could say that we live in a world where *postcapitalism* has developed its own *mythology*. Commonly used, the word ‘myth’ connotes something ‘fake,’ ‘false,’ ‘not true.’ This is because from the very beginning at school we are continuously reminded that Greek myths are only fables. For the Greeks themselves, however, they were not just ‘stories’ or ‘fables’: they actually *did* tell the story of the world and explained it to the people.

This is what Roland BARTHES means when he uses the words ‘myth’ and ‘mythologies.’<sup>13</sup> It is what we speak, think, act, breathe

<sup>11</sup> BAUDRILLARD Jean, *The System of Objects*. London – New York, 1996. 200.

<sup>12</sup> BAUDRILLARD Jean, *Symbolic Exchange and Death*. London – Thousand Oaks – New Delhi, 2004. 50. ff.

<sup>13</sup> BARTHES Roland, *Mythologies*. Montreal, 2001. 109. ff.

with. Yet, we do not realize it or notice it; we can not look at it as something ‘outside.’

It is the same as water for fish: if we asked a fish to describe the world, would it say that it is ‘wet’? If asked to describe the room you are in, would you say there is some air? It is ‘natural,’ obvious, something not worth discussion.

Capitalism and its ideology by most of us (Westerners) is seen as something so ‘natural’ that one finds it extremely hard to be deeply critical about. In Max WEBER’s time, socialists or communists could propose something completely different, fight the whole system, propose a new one, prepare revolution.

But today “the rhetoric of the market has been a fundamental and central component of this ideological struggle, this struggle for the legitimisation or delegitimisation of left discourse. The surrender to the various forms of market ideology (...) has been imperceptible but alarmingly universal. Everyone is now willing to mumble, as though it was an inconsequential concession in passing to public opinion and current received wisdom (or shared communicational presuppositions) that no society can function efficiently without the market and that planning is obviously impossible.”<sup>14</sup>

## This Is Only My Job

Shaquille O’NEAL is one of the biggest stars of the National Basketball Association (NBA). He refers to himself as ‘Diesel’ or the ‘Most Dominant Player in History.’ For the 2004–2005 season, for example, he was paid 27.696.429 USD (not including the income from advertising), the biggest salary of all the players in the NBA. Once he said: “I have never liked this sport. I prefer football. This is only my job. I come here every day and do the work. I hate basketball.”

There is no doubt that most of the people in the world do believe in capitalism and want to be a part of it. This binds society so it does not collapse. We share the same consumption needs and we speak the same language of the market.

We even sometimes, without noticing it, speak about our relations with others using the language of economy: “I had to make it up to her,” “You can not buy love,” and so on.

We are children of consumptionism. Consumption is not only the

source of pleasure, but it also never comes to an end; it always exceeds its own limits, because it is based on a feeling of *emptiness* and *need*.<sup>15</sup>

People usually tend to want more; even if 'objectively' they do not lack anything. Exactly. If it were not for the 'lack' of something, there would have been no consumption. One of the examples which depicts this fact very well is the study cited by Robert K. MERTON, where *each social class* says they would like to have approximately twenty-five percent more money than they have at the moment. People do not buy, because they are brainwashed by the advertising industry. They buy, because they want to own in order to differentiate themselves from others. This differentiation becomes the source of one's identity. Moreover, even those who can only participate in capitalism through the media (like people who live in non-capitalistic countries, eg. Cuba) are willing to 'sink deeply' into it.

They are willing, even if this means literally sinking with your raft into the ocean, while trying to get to the U.S. coast. Passionate believers...

on the other hand, there are some who disagree with the system. According to the classic analysis by Robert K. MERTON, we face the problem of deviancy when there is no cohesion between the common cultural goals and the universally accepted norms of behaviour that lead to these goals.

The actual balance is held as long as individuals who are made to meet the two types of cultural requirements (goals and norms) are satisfied with the cultural goals they achieve thanks to fulfilling the norms.

Naturally, there have to be some deviants. There are four types of deviancy in Robert K. MERTON's typology: innovation, ritualism, retreatism and rebellion. They differ from each other, based on the attitude towards the cultural goals and norms. They can be accepted and rejected in different combinations. For example, a *rebel* is an individual who rejects both the goals and norms, but proposes new ones; while 'innovator' accepts the goals, but not the norms, so she or he breaks the norms to achieve the goals—a thief, for example.<sup>16</sup>

<sup>14</sup> JAMESON Fredric, *Postmodernism or The Cultural Logic of Late Capitalism*. Durham, 2003. 263.

<sup>15</sup> BAUDRILLARD Jean, *The System of Objects*. London – New York, 1996. 204–205.

<sup>16</sup> MERTON Robert K., *Social Structure and Anomie*. In *Social Theory and Social Structure*. New York, 1968.

Using Robert K. MERTON's typology, there are always some *rebels*. The rebels, in Robert K. MERTON's understanding, are people who not only disagree with the cultural goals and norms, but propose new ones while locating their source of frustration in the old ones. They usually do not originate from the lower classes, but exactly the opposite.<sup>17</sup>

It seems that we could put antiglobalists in this category: we have seen a few spectacular "rebellions" (Praha, Seattle, Davos). These said a harsh 'No' to the system, protested against globalization and proposed alternative norms and values. However this did not last long. Antiglobalists quickly became *alterglobalists*.

They want capitalism, but with a 'human face.' One is immediately reminded of Fredric JAMESON's words: "The rhetoric of the market has been a fundamental and central component of this ideological struggle, this struggle for the legitimisation or delegitimisation of left discourse."

Roland BARTHES states that there is always some dominant myth, and there is always an anti-myth. Of course, the rhetoric of the market is a dominant one. An anti-myth could be the rhetoric of alterglobalists.

But what is also important is the fact that while the *myth on the right wing* is ubiquitous, is our air; the *myth on the left wing* is always weak, barren and piecemeal. It concerns only a small part of social life.<sup>18</sup>

It concerns only a small part of social life. An example could be the fact that alterglobalists found themselves fighting not against the ubiquitous globalization, but only for 'a human face' of the same system.

Meanwhile, nobody who asks questions such as "Why do we have to work?"; "Why do we have to develop all the time?"; "Why do we consider a holiday a gift?" is treated seriously.

"Yes. Myth exists on the Left, but it does not at all have there the same qualities as bourgeois myth. Left-wing myth is inessential. To start with, the objects which it takes hold of are rare (...) unless it has itself recourse to the whole repertoire of the bourgeois myths. Left wing myth never reaches the immense field of human relationships, the very vast surface of 'insignificant' ideology. Everyday life is inaccessible to it: in a bourgeois society,

<sup>17</sup> *Ibid.* / <sup>18</sup> BARTHES Roland, *Mythologies*. Montreal, 2001. 148.

there are no 'left wing' myths concerning marriage, cooking, the home, the theatre, the law, morality, etc. Then, it is an incidental myth; its use is not part of a strategy, as is the case with bourgeois myth. (...) Statistically, myth is on the right. There, it is essential; well-fed, sleek, expansive, garrulous, it invents itself ceaselessly. It takes hold of everything, all aspects of the law, of morality, of aesthetics, of diplomacy, of household equipment, of literature, of entertainment."<sup>19</sup>

Even if it is rightly assumed that (alter)globalists are *rebels* in Robert K. MERTON's sense of the word, Shaquille O'NEAL's words seem to illustrate a completely different type of aberration.

### Masta' Betrayed Us <sup>20</sup>

Shaquille O'NEAL's type of doubt and disbelief is not connected with frustration caused by a lack of cohesion in the social structure (Robert K. MERTON's point of view). It is rather found among those who have access both to common cultural goals and to the commonly accepted ways and norms of behaviour leading to these goals. The frustration here is rather connected with emotional, physical, and psychological 'overload.'

In this case (Shaquille O'NEAL is an example), an individual does not fight against the system, does not propose new ways, and does not withdraw. This is not *resentiment* either.

Moreover, one locates the source of frustration in the system itself. Her or his disbelief has to be expressed/communicated somehow (in order to lower the level of stress/frustration), which becomes a way of building one's identity.

We live in a society where the best medium of communicating is consumption. So this is the way our disbelief is stated: we buy "different" products:

We buy anticonsumptionist films (*Fight Club*, *American Beauty*, *Matrix*, *The Beach*); underground and niche music (jazz); music 'against capitalism' (*Eminem*); music 'against the lack of individuality and conformism' (*Marilyn Manson*).

We buy antiglobalist books (*No Logo*); anti-monopolistic computers (*Apple*); anti-cars (fashionably unfashionable *Volkswagen Beetles*, *Smart*). We become a *Rebel Consumer*.

And it all happens within the very boundaries of the system,

which is "amassing great sums by charging admission to the ritual simulation of its own lynching."<sup>21</sup>

Is it possible to fight against the system while being outside of it?

What we can learn from the example of Neo in *Matrix* is that every rebel who wants to fight the system has to accept its rules. However, every system takes into account some degree of disturbance and crisis.

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<sup>19</sup> Ibid. 148.

<sup>20</sup> The subtitle, "Masta' Betrayed Us", refers to Gollum's words in *The Lord of the Rings* by J. R. R. TOLKIEN.

<sup>21</sup> HEATH Joseph – POTTER Andrew, *The Rebel Sell. If we all Hate Consumerism, How Come we cannot Stop Shopping?*  
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