

There are no such things as 'commodities': *a research note*

Rupert Read

Introduction and aspiration

This short paper is a note offering provisional results of my current research in philosophical economics and the philosophy of economics. It is offered in the spirit of promoting discussion of an interesting topic worthy of further investigation.

Now: If you google the title of this research note, you will certainly find some interesting things. The thing that you will find recurring most often is management guru Tom Peters's claim ... that there are no such things as commodities. [1] What Peters means by this claim is that every product is (allegedly) infinitely differentiable. There are no plain old commodities: there are only sophisticated shiny personalisable *products*. Taxi-rides, and even wheat and ball-bearings: all are individual, or individualisable, according to Peters and his many protégés.

I am sceptical of Peters's claim, but I will not debate it here as such. It is not my topic; although it would be true to say that my take on my topic points generally in the opposite direction from his management-speak and certainly from his market-utopianism (and I will return to this point briefly later in this paper). My claim here is *that there are no such things as 'commodities'...* in the following sense: I will argue that *all 'commodities' are constructed entirely out of fictitious commodities*. Or, perhaps more perspicuously and parsimoniously: that all putative 'commodities' are actually fictions/fictitious.

And that something made entirely out of fictitious commodities cannot in the final analysis be intelligibly regarded as a commodity, at all.

Polanyi on commodities

My claim is an extension of (perhaps, a drawing out of the tacit implications of) a famous claim made by Karl Polanyi in *The great transformation* (1944). So I first need to draw out what Polanyi argued, in this connection.

Here is Fred Block's exposition, in his Introduction in Polanyi's text, of the central points of Polanyi's argument (xxv-xxvi):

"Polanyi argues that creating a fully self-regulating market economy requires that human beings and the natural environment be turned into pure commodities, which assures the destruction of both society and the natural environment. // ...The logic underlying this argument rests on Polanyi's distinction between real and fictitious commodities. For Polanyi the definition of a commodity is something that has been produced for sale on a market. By this definition land, labour and money are fictitious commodities because they were not originally produced for sale on a market. Labour is simply the activity of human beings, [2] land is subdivided nature, and the supply of money and credit in modern societies is necessarily shaped by government policies. Modern economics starts by pretending that these fictitious commodities will behave in the same way as real commodities, but Polanyi insists that this sleight of hand has fatal consequences. It means that economic theorising is based on a lie, and this lie places human society at risk. // ...In the case of manufactured commodities, a falling price for an abundant commodity restores equilibrium by both encouraging increased consumption *and* by discouraging new production. In the case of fictitious commodities, the effectiveness of the price mechanism is reduced because automatic increases or decreases in supply cannot be assumed."

Polanyi argues that "A market economy can exist only in a market society" (74), for manufacturers must be able to purchase land and labour and have access to credit on market terms, if they are to be able to respond to fluctuations in supply and demand with any rapidity. Here is how Polanyi himself puts the heart of the matter (74-5):

"A market economy must comprise all elements of industry, including land, labour and money... But labour and land are no other than the human beings themselves of which every society consists and the natural surroundings in which it exists. To include them in the market mechanism means to subordinate the substance of society itself to the laws of the market. // The crucial point is this: labour, land and money are essential elements of industry; they...must be organised in markets; in fact, these markets form an absolutely vital part of the economic system. But labour, land and

money are obviously *not* commodities; the postulate that anything that is bought and sold must have been produced for sale is emphatically untrue in regard to them. In other words, according to the empirical definition of a commodity they are not commodities."

This line of thinking seems to me clearly sound; I will in any case at least for the sake of argument assume it in what follows.

Let us first take the case of money. I will handle this important case somewhat briefly, because I have dealt with it at length elsewhere. [3] But I would certainly argue that part of the real route to a permanent (i.e. indefinitely sustainable) culture (a 'permaculture') is through the politics (or the re-politicisation) of money. By 'the politicization of money', I'm not just talking about reining in and regulating *haute finance*, but about democratizing the issuance and creation of money itself. Money, apart from the limited amount issued through the seigniorage of states, is almost entirely created by a small segment of private individuals/corporations (bankers). [4] They create needed liquidity through debt, and ostensibly collect an income for this social service through interest. But these private issuers of money don't only benefit through the payment to them of interest on money that they to a considerable extent create digitally, out of thin air: for they also determine the incentive structures of 'viable' social production.

We can and must *re-social-ise* the issuance of money in a way that enhances equality and sustainability.

I will also note here that the worldwide financial crisis of 2007 onward is of course a massive confirmation of Polanyi's ideas. Politicians and the financial 'industry' [5] itself came to treat money more and more as if were just one more commodity, as they produced more and more exotic financial 'products', in the years leading up to the crisis. We have learnt from bitter experience since 2007 that, unless that 'industry' is leashed, it will wreak havoc first with money and then (as a consequence) with the broader economy and society. In order for the economy proper to prosper, finance must be tightly socially-regulated. [6] Money is a fictitious commodity, and, unless handled right, it will bring trade in 'real' commodities – in products – crashing down. 'Securitisation' was a misnomer: it bought/brought the holders of those 'securities' in particular and the members of the economy in general no security. [7]

Commodities ARE land and labour

My case here concerns primarily land and labour. Polanyi holds that these fictitious commodities enable the production of real commodities, and that only with regard to the latter can marketisation properly and relatively unhazardously be undertaken. But Polanyi was writing at a time when social and ecological limits to growth were far off in the distance, virtually unthought-of. The question we have to ask now is whether it is possible any longer to separate analytically the fictitious commodities from another alleged class of 'real' commodities.

For what *are* 'real' commodities anyway, except combinations of land and labour? This is my challenge to Polanyi, and my extension of his logic beyond where he took it to: How can we understand manufactured products or anything else that we buy and sell to be commodities, when they consist *entirely* of things "not produced for sale"?

Commodities – 'goods' – ARE land (admixed with labour). The idea of a (real) commodity is itself a fiction, an utterly-never-at-all-realised 'ideal (sic.) type'. Commodities do not escape their origins. They are the Earth. All that we ever do is transform parts of the Earth, temporarily.

Am I saying that a thing *is* its origins? No. Indeed, I am *of course* not denying that something changes when something is "produced" for sale. Indeed: that – such a change – is precisely what labour accomplishes. But what I am insisting on is that there is a grave danger of terms such as "produce" systematically misleading us, into thinking that somehow we have escaped the constraints — the utterly-inevitable ecological constraints — of our situation. This danger is a metaphysical danger. We too easily fall into a fantasy that denies the fundamental sense in which we never produce anything, but only re-sort and re-form the stuff of Earth in ways that enable *us*, temporarily, to resist entropic drift. [8] We harness low-entropy energy and materials, and utilise them for our purposes.

What we need to do is to do so in a way that actually can be sustained, long-term, and that is not degrading to us or to others. But the idea that what these parts of the Earth are really are items "*produced* (sic.) for sale" gets in the way of that. So long as we *forget* that the Earth (and hard work) is what made all this possible, and get caught up in the logic of alleged 'production' (and its unholy twin, 'consumption'), then placing the logic of sustainability centrally will be

impossible. For, again: there is a crucial sense in which we never really produce *anything*, and indeed never really consume anything (except low-entropy energy), either. We simply alter the form of the Earth, and of ourselves.

So that is my claim. Once we start to see clearly, we start to see that *the economy is a sub-set of the broader planetary eco-system, rather than the other way around*. This is the elementary founding claim of Ecological Economics, a revolution as profound and as simple as – and directly parallel to -- that which Copernicus affected when he displaced us from the centre of the universe. In parallel, for Ecological Economics displaces human wants from the centre of the economy, and places centrally the ecosystem – the source ultimately of all wealth – instead. (For further explication, see e.g. the work of Herman Daly, especially his *For the common good*.) [9]

One way of seeing this is to see that we ought to abandon the very category of 'commodity', except to signify something phantastical, something that we imagine but that there is no such thing as really handling, trading, producing, or consuming. There is nothing that is truly *produced* for sale. (In other words: what I am offering here is a new way of introducing (explaining, justifying) the fundamental paradigmatic claims of Ecological Economics.)

Even calling mine a 'claim' is odd, really. It is nothing more than the most trivial truth, that I am reminding you of, the most elementary true common-sense. [10] How could we manage to miss that all of our products are the products of hard work and of the Earth itself? Only under the influence of a powerful and invisible ideology.

In sum then: we need to remind ourselves of the phantastical quality of all commodities, and the need to remind ourselves of this fiction (if we are to move toward a permaculture) is pressing. It presses especially because of the instrumentalism of this fiction. The fiction, that is, conceals exploitative power relations (exploitative of Earth and of labour), and instrumentalises both the Earth and other people.

Putting commoditization into reverse

To return to where we began, with Tom Peters's claim that there are no such things as commodities, only infinitely differentiated or differentiable products.

It can now perhaps be seen more clearly how there *is* a sense in which I am diametrically opposed to Peters's claim. For, for Peters, the ultimate goal of capitalism is in effect for *everything* to be turned into a commodity. Most strikingly, not just the Earth, but people: the example that Peters uses most often of a 'commodity' become a product is that of a taxi-driver who turns every ride into a specifically-memorable experience. Nothing wrong with that, in terms of improving quality of life for the driver and his passengers; but as Peters tells the story, it is a story of the taxi-driver turning his rides into a more outstanding consumer product. Which means, in effect: turning himself into a consumer product, at least insofar as his labour power / his working-time is much of his life. Peters might just as well have – even better have – used the example of a particularly-effective prostitute... only, this would hardly have made the point he wanted to make positively and uncontroversially. In short: Peters's idea is of the fictitious commodities becoming through and through *products*. Zygmunt Bauman has argued recently that this is indeed the ultimate logic of late capitalism, the hidden secret of our 'consumer' society: that we are all more or less willingly turning *ourselves* into consumables. [11] As social safety nets are targeted or crumble, we more and more are thrown onto the mass market, needing as the catchphrase has it *to sell ourselves*, to earn a crust.

Furthermore, contemporary hyper-consumerist capitalism even sells us the fantasy that we can directly purchase the things that we normally purchase certain goods in order to (hope to) attain: namely, emotions, feelings. Tourist-trips, music, greeting cards, and of course drugs: these are sold as if what is for sale, what has been commodified, are moods and emotions themselves. This absurd and in fact obscene idea, that emotions themselves are commodities, discloses the danger inherent to the expanding logic of the commodity. It indicates another aspect of the necessary work of the philosophical economist: To generate a new critique of capitalism, by reminding citizens of the madness of the idea of emotions-as-commodities. Our culture itself needs a radical 'therapy', such that such an idea comes indeed to appear as mad, and not as logical.

Once we start to see through the true commodity fetish – namely, the fantasy that there can *be* any such thing as a non-fictitious commodity – then we may be able to transform our world for the better. The great transformation that we require is one of resistance to the commoditization of life and Earth and ourselves and our hearts, resistance for instance to the very idea of 'natural resources' [12] (an idea which figures the world as one gigantic mine (and

dumping ground)). The idea of commoditization has to be stood on its head. We need to commoditize less and less of life, not more and more of it. It is possible that the late capitalist project of commodifying people themselves, and of commodifying even the emotions, is a fatal over-reach: maybe it can be used to help to expose just how dubious the general logic of commodification is, and just how far back it can be pushed. All the way back, in fact, I have argued. Rather than everything becoming commodified or at least commodifiable, we ought – I have argued – to hold that *nothing* truly can be.

Thus I reject both 'incomplete commodification' and 'market compartmentalization' as strategies to address the drive towards commodification that is profoundly present in capitalism [13]; neither strategy is nearly sufficiently radical. If we prevent the complete commodification of certain things (sex, body parts, etc.), then we are doing some good; but that is no more than a holding operation. If we merely compartmentalize some things off from the market, then we punish those people more or less forced into commodifying those things, and we do not address the underlying drive towards commodification. As Joel Kovel (2007) argues, we must put commodification into reverse. We must sell less and less of the Earth for money; we must sell ourselves and buy and sell other people and aspire to *purchase* feelings and emotions *less* and not more, and we must move from a capital-centred economy to an economy which is smaller and which is centred on co-operation and zero-waste (and which not only defends existing commonses but creates new commonses). Polanyi's 'fictitious commodities' approach is, in itself, only a strong version of market-compartmentalization. We need to go further: if we start to understand that there are nothing but fictitious commodities, then we can start to move beyond market-compartmentalization altogether, and put commoditization into reverse.

Conclusion: Putting the 'commodity' concept radically into question

The term "commodity" derives etymologically from the term "commodious", meaning basically *good*, useful, convenient, pleasant. It has been horribly abused by classical and neoclassical economics, which turned a 'commodity' from being something that is good into meaning simply: something that is saleable, something that is or can be treated as if it is produced *for* sale. Unless, of course,

what it is for something to be good simply is for it to be saleable (If it is bought, then its buyer must judge it to be good – a supreme 'vindication' of Homo Economicus and of preference-based positivism in economics...). [14] What "commodity" originally meant was: good. What it has come to mean now, by contrast, is such that we must work for there to be less and less of it – of them – in existence, if we and our descendants are to have a good life, for an indefinitely long future to come...

This historical turn has involved of course a betrayal of the founding insights of Adam Smith, who is wrongly used nowadays as a poster-boy for deregulation and for rampant marketisation. This point is stressed by Greens such as Lucas and Woodin (2004) and Porritt (2005): what is commodious, what pertains to and advances the common good, simply *is* what economics as the practice of the theory of moral sentiments ought to promote.

For: There is no prospect of an ecologically-survivable future, let alone a decent future, unless we start to make *this* great transformation – away from the concept of the commodity – a reality. The needs of our time are plain. And thus Polanyi offers us some hope – for the transformations that he described were *necessary* responses to the crises of their times. We need to make the transformation that is necessary for *our* time. It begins with the recognition urged here: that we have been – literally – labouring under an ideological delusion, in thinking of commodities as real things. Actually, they are only real insofar as and so long as we continue to labour under that delusion. As soon as we start to see that the concept of a commodity is tacitly a tool to keep us from recognising our humanity and the centrality to our lives and our economy of the Earth (rather than of individual preferences and the inegalitarian system we use to satisfy (some of) them), then we inevitably start to act so as to change the system, and the ideology that has held us captive not only becomes visible, but instantaneously starts to dissolve, too. The commodity melts into air...

That is as far as I am going, here, in this research note. I have not sought here to set out the philosophical transformation – the revolution –, involved in the shift to the new paradigm of ecological economics, let alone to advance ecological economics in detail. (In relation to those tasks, the reader can already consult the books and articles of Herman Daly, John Cobb Jr., etc.) My exercise rather has been one of ground-clearing, and of finding a philosophical and rhetorical means of making plausible the founding conception of ecological economics. A

new way of thinking of land and labour, of Earth and its people. And thus of radically putting into question the commodity-concept.

We would do better, indeed, to say that (in the sense laid out above) there aren't really any such things as commodities.

It may seem hard to envision what it would be like to think beyond the very idea of commodities. And the building-down of our commoditized life-world will in any case of course not happen overnight. But I think we can start to get an idea of what it would be like, if we think of genuinely living lightly on the Earth, in co-operative communities. If we replace in thought the monetized and commoditised world of agribusiness with an existence founded on the principles of 'permaculture', a zero-waste food-production system. In the long run, energy and materials that we use will have to be fully renewable, and equitably shared. We will be one more animal, co-constituting an ecosystem. But we will be the thoughtful animal. The animal that has successfully thought beyond the concepts and practices that (at present) threaten its own future: concepts such as 'commodity'.

Acknowledgments

Thanks to Earl Gammon, Angus Ross, Shahrar Ali and the editors and referees of the *Journal of Philosophical Economics* for comments which have improved this paper.

Endnotes

[1] See for instance <http://www.aipmm.com/html/newsletter/archives/000169.php> [accessed May 17 2010]

[2] For argument as to why we ought to take labour as indeed a category understood to refer to *all* productive human activity, see my (2002).

[3] I discuss this case in some detail for instance, in my (2009) (and also in my *Wittgenstein among the human sciences*, forthcoming with Ashgate, and also in my *The end of liberalism and the dawn of a permanent culture*, forthcoming). I suggest there that we are easily duped by a 'natural' view of money as a 'socially neutral' store of value, and that we fail to see money's nature as a call upon or

taking of the labour-time of others, and as a standing threat to ecology. (Because the money-store is something that can be 'cashed in' as a call upon or a taking from the Earth). Money is the weirdest of social constructions, yet one we seldom pay reflective attention to.

[4] For justification of this claim, see the "Afterword" to Daly and Cobb (1989). The need endlessly to produce a return on money and interest borrowed (especially on debt-based money) tends, they suggest, to distort society's interests toward the unsustainable practices. (As of course does the imperative upon corporations to maximise profits.)

[5] My use of scare-quotes here is deliberate. There is surely something troubling about the extension of the term 'industry' beyond areas of activity where something is actually produced to apply instead to areas of the economy which are essentially parasitic upon actual productive industry. For justification of the factual claim that most banking activity is parasitic upon the real economy, and destroys value rather than creating it, see this report from the New Economics Foundation (<http://www.neweconomics.org/publications/bit-rich>) [accessed Feb.10 2011].

[6] For further argument to this conclusion, see my www.business-spotlight.de/news/head-to-head/should-the-government-nationalize-all-banks [accessed Jan. 10 2011]

[7] In a longer work to come, of which this research-note is a 'fragment', I question the concepts of 'natural capital', 'natural resources', 'human capital', 'human resources', and 'social capital'. By now, my basis for so doing should be relatively obvious. These concepts involve modelling land and labour – the Earth and people – as if they were only: kinds of resources for economic activity, essentially saleable, monetizable. In other words, these concepts inevitably figure fictitious commodities as if they were simply: commodities.

[8] For a detailed explication, see Sayre's (2010).

[9] Polanyi himself already made some steps in this direction of course. His book analyses and describes the remarkable transformation by means of which "the control of the economic system" is turned over to markets, a transformation that "is of overwhelming consequence to the whole organisation of society: it means no less than the running of society as an adjunct to the market. Instead of

economy being embedded in social relations, social relations are embedded in the economic system." (*The Great Transformation*, p.xxiv) Given Polanyi's own stress on land as being a fictitious commodity, it takes only a little imagination to take Polanyi's point on to the impossible 'achievement' of the system of modern economics: the embedding of the ecosystem too within the economic system (as merely the location of sources and sinks, in standard economics; as something itself to be monetized, in environmental economics (which is merely standard economics with a few added bells and whistles – see my argument against Robert Costanza's project of monetizing nature, in my (2007)). It is the reversal of that systemic madness which a genuinely green Ecological Economics of course aspires to.

[10] So my essay in fact operates very much in the spirit of Ludwig Wittgenstein's philosophy, which he said consisted only in assembling reminders (of things that we tend to forget under the influence of confusions and propaganda), not in asserting opinions or theories as if they were fact. See his (1958), sections 127-9.

[11] See his (2007). Bauman takes Facebook to be one of many major symptoms of this transformation.

[12] Compare Heidegger's attack on the conceptualisation of more and more of the world as a 'standing reserve' for human use.

[13] These terms are Margaret Jane Radin's, from her thoughtful (1996) book, *Contested Commodities*.

[14] In my "Are goods good?" (forthcoming), I extend this line of thinking to argue that the appropriation of the term "good" to refer to consumer...goods (one cannot even yet find another suitable word!) has been disastrous, and that unpacking the disaster fundamentally undermines approaches such as John Rawls's with his 'primary social goods' (sic.).

References

Bauman, Zygmunt (2007), *Consuming life*, Oxford: OUP.

Daly, Herman and John Cobb Jr. (1989), *For the Common Good*, Boston: Beacon Press.

Read, Rupert (2011) 'There are no such things as 'commodities': a research note',
The Journal of Philosophical Economics, IV:2, 93-104

Lucas, Caroline and Mike Woodin (2004), *Green alternatives to globalisation*, London: Pluto.

Kovel, Joel (2007), *The enemy of nature: The end of capitalism or the end of the world?*, revised edition, London: Zed.

Polanyi, K. (2001 (1944)), *The Great Transformation*, edited and introduced by Fred Block, Boston: Beacon.

Porritt, Jonathon (2005), *Capitalism as if the world matters*, London: Pluto.

Radin, Margaret Jane (1996), *Contested Commodities*, Cambridge: Harvard.

Read, R. (2002), 'Wittgenstein and Marx on vampirism and parasitism', in G. Kitching and N.J. Pleasants (eds.) *Wittgenstein and Marxism*; London: Routledge, pp.254-281.

Read, R. (2007), 'Economics is not science – Economics is philosophy', *International Journal of Green Economics* 2, 307-325.

Read, R. (2009), 'Towards a green philosophy of money', *Eco-Politics* 3, Spring / Summer, 3-26; reprinted as 'A green philosophy of money' in John Barry and Liam Leonard (eds.), *The Transition to Sustainable Living and Practice*, Advances in Ecopolitics 4, Dublin: Emerald, pp.195-212.

Sayre, Kenneth (2010), *Unearthed: The Economic Roots of Our Environmental Crisis*, Notre Dame: U. Notre Dame Press.

Smith, Adam (2009 (1759)), *The Theory of Moral Sentiments*, New York: Liberty Fund; also available at www.econlib.org/library/Smith/smMSCover.html [accessed Jan. 10 2011].

Wittgenstein, L. (1958 (1953)), *Philosophical Investigations*, Oxford: MacMillan.

Rupert Read is Reader in Philosophy, University of East Anglia (UK)
(r.read@uea.ac.uk)