

Language, Communication and the Economy

EDITED BY GUIDO ERREYERS AND GEERT JACOBS

DISCOURSE APPROACHES TO
POLITICS, SOCIETY AND CULTURE



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Language, Communication and the Economy

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Edited by Guido Erreygers and Geert Jacobs

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Preface

In May 2002 an international conference on ‘Text and Economics’ was held at the University of Antwerp (Belgium). It was organized by members of the Faculty of Applied Economics as part of the celebration of the foundation, 150 years before, of the business school which evolved into UFSIA, one of the constituent parts of what is now the University of Antwerp. One of the major themes of the conference was the interface between linguistics and economics, broadly speaking. The present volume contains a selection of the papers that were read on this topic. All of the articles are substantially revised versions of the research that was originally presented at the conference.

We would like to thank the former UFSIA for their generous support of the different activities that made this initiative possible. In addition, we are grateful to the Flemish Fund for Scientific Research (FWO), which provided a grant for the organisation of the conference.

Thanks are also due to Ingeborg Duser, who came up with the idea to organize a conference on text and economics, including literature, and who played a major role in organizing the event. Finally, we would like to thank Klaartje Verbelen, who was originally hired to do the administrative work, but who turned out to be the heart and soul of the conference.

Guido Erreygers and Geert Jacobs

Introduction

Guido Erreygers and Geert Jacobs

This volume brings together a number of wide-ranging, interdisciplinary research articles on the interface between discourse studies and economics. Our objective is a double one: on the one hand, we hope to explore in what way insights from economics can contribute to the analysis of discursive practices in various institutional settings; on the other hand, we want to find out what role discourse studies can play in economic research. That is why a number of the articles in this volume were written by linguists and communication scholars while some others were written by economists and other social scientists. What they all have in common is that they present a language approach to economics and the economy.

Aim

It would be exaggerated to say that a single thesis emerges from the book. Nevertheless, all contributions reveal the widespread influence of a broad variety of economic reasoning in many different spheres of life. This undoubtedly reflects the increasing importance of economic ways of thinking in society. It seems as if economics is everywhere. No wonder then that discourse analysts have picked up these signals and are paying more and more attention to economic arguments, metaphors, models and theories.

Of course, integrating an economic perspective into the analysis of texts is not new. Of the wide range of work on the interface between language and economics, Critical Discourse Analysis represents one of the most popular traditions. Think of the analysis of marketization that has been popularized by Norman Fairclough and a steadily increasing number of others (Fairclough 1996). Drawing on the insights of Bourdieu and Foucault, they have made it

very clear that economic concepts can help understand what people say and write in a variety of social contexts.

Likewise, since the mid-eighties, more and more economists have been scrutinizing the impact of discursive practices in economics. The pioneering work of Deirdre McCloskey (1985, 1990) on the rhetoric of economics, of Philip Mirowski (1989) on the role of physical and mathematical metaphors in economics, and of Arjo Klamer (1983) on economic storytelling have been very influential among students of the history and methodology of economics. They have shown that there is a highly discursive as well as persuasive dimension to economic theorising. Recently, Ariel Rubinstein (2000) has applied game theoretic concepts to the analysis of language. Of course, the linguistic study of economics is a lot older than that. As far back as the scholastics, textual analysis was used as a basis for economic enquiry in the form of classical dialectics (Fairclough & Graham 2002). More recently, Marx's comments on language and the media-based approach of Harold Innis should be mentioned in this respect.

Clearly, linguists and economists have shown interest in each other's fields for some time now, even if they have not really talked to each other. What is new about the present collection is that it brings together research articles from the two disciplines in what should be seen as a truly interdisciplinary volume. With our selection of articles we hope to encourage dialogue between linguists and economists. Typically, at most universities, faculty staff working on discourse studies are hardly aware of related research done by economists who are just one or two offices away. And the other way round: economists do not always realize that the foreign language and communication trainers in their economics programmes are also busy doing research that sheds an altogether new light on the very concepts that they have been using for a long time. To that extent, this volume is meant to be something of an eye opener.

As an example, consider the entrepreneurial terminology, which is a central topic in the more linguistically oriented articles in this volume: the question can and should be raised if it would not be a good idea to investigate how the positive valuation of the entrepreneur has gradually emerged in economics and business. This is exactly what the article by Campbell Jones and André Spicer further on in the volume is focused on. Hence, we would like to suggest that the critique of enterprise culture in sociolinguistics and discourse analysis can learn a great deal from economic research on the topic. And – again – the other way round of course: Jones and Spicer's own efforts cannot be complete without referring to some of the useful discourse-analytic work on the impact of enterprise in various settings. The present effort can therefore be

called ‘transdisciplinary’ in that we seek to work *across* disciplines (Chiapello & Fairclough 2002).

Data

All contributions to this volume are essentially empirical, focusing on the details of actual language use. The type of data analysed range from the minutes of university policy meetings and relatively large-scale corpora of newspaper language, over books of economic theory from both well-respected economists and monetary cranks, to cartoons from *The Economist*. Some papers go back far in time to trace the origin and the history of economic terms which are used today. In itself, this variety of sources reflects the all-pervasiveness of the economic discourse.

Method

As far as method is concerned, a wide range of approaches are included in this volume, from Critical Discourse Analysis and ethnography to cognitive linguistics and discourse-historical close reading. The editors stress that they have an outspoken preference for a pluralistic attitude when dealing with this kind of transdisciplinary studies.

Overview

The present volume is divided into three parts: critique, method and history.

Critique

The articles in the first part present various sorts of critique of the marketization of discourse in a number of institutional settings.

Zooming in on the management of language in call centres, Deborah Cameron provides a sociolinguistic perspective on the forms of corporate capitalism which are associated with economic globalization. Among other concepts, she explores foreign language competence, styling, gendered speech and authenticity.

Gerlinde Mautner traces for-profit discourse in the nonprofit sector, including in the external communications of universities. She concludes that the hegemony of business in society at large is such that marketised forms of language are in the process of becoming fully absorbed into previously non-commercial discourse. The traces left by this process of absorption are often opaque rather than transparent, creating a need for a critical approach.

Geert Jacobs and Katja Pelsmaekers explore the relationship between education and the market by analysing the merger of two Belgian schools of applied economics. They focus on the role of the student in the newly merged school and on the merger communication itself.

Method

The papers in the second part have a more methodological orientation.

Drawing on metaphor study, Geert Brône and Kurt Feyaerts show how double grounding as a strategy of conceptual integration can help analyse headlines and cartoons in the economic press. One of their conclusions is that next to the obvious function of eye-catching, lexically ambiguous elements provide the discourse with an additional highlighting of the central thematic concept.

Just like Brône and Feyaerts, Paul Sambre works within the tradition of cognitive linguistics. He refers to blended conceptualisation to explain the use of French and Italian verbs of rising in the description of trade flow diagrams. He shows that fictive motion presents a part-whole metonymy in that it profiles some data while backgrounding others. At the same time, since language is clearly not the only locus of human cognition, he calls for a multi-modal analysis of similar data.

Chris Braecke presents a close reading of two articles from the *Financial Times* on what he calls the ‘model debate’: viz. the stakeholder model vs. the shareholder model in European business media. His is a pilot study that is meant to pave the way for future large-scale corpus research in this area.

History

The three papers in the final part of this volume present a historical perspective on discourse and economics.

Peter Rosner uses pre-Keynesian macro-economic writing to demonstrate the crucial impact of storytelling in economics. His analysis of early business cycle metaphors reveals that the *Weltanschauungen* of economists have played a

major role in the economic debate. However, he argues that it would be wrong to assume that opposing views in economics are simply a matter of convictions.

Campbell Jones and André Spicer trace the meaning and valuation of entrepreneurship in economics from the eighteenth through the twentieth century. They suggest that the way entrepreneurship is conceived of is practically relevant to economic life. Adopting a critical perspective on the history of entrepreneurship in economic theory they conclude that valuation in economic discourse is determined by the political and cultural context in which it takes place.

Finally, Walter Van Trier sets out to investigate how the fate of the famous ‘Social Credit’ movement of Major Douglas was crucially influenced by the journalist Alfred Richard Orage. Based upon a detailed analysis of both Douglas’s and Orage’s writings, he shows that Orage has made a far more substantial contribution to Douglas’s ‘Social Credit’ movement than has so far been acknowledged.

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PART I

Critique

CHAPTER 1

Communication and commodification

Global economic change in sociolinguistic perspective

Deborah Cameron

1. Introduction

In this chapter I will focus on some of the sociolinguistic consequences of economic globalization, or perhaps more accurately of the forms of corporate capitalism which are associated with that globalization. Globalization has been defined (Waters 1995:3) as a “process in which the constraints of geography on social and cultural arrangements recede and people become increasingly aware they are receding”. The emergence of a globally organized capitalism is only one dimension of the process; other developments relevant to my argument here include the ability of people and organisations to communicate very rapidly across vast distances using new technologies; the tendency of ideas and cultural products to spread quickly from place to place; and the growth of what some commentators have dubbed ‘semiotic production’, in other words the fact that fewer people are now engaged in making material objects and more people are working with signs and symbols. I want to argue that recent changes in the way capitalist enterprises conceptualize and manage their operations have produced, among other things, a new attitude to language. Rather than taking language for granted as the ordinary, unremarkable medium of social interaction, corporations are increasingly seeing it as a resource to be actively managed. It becomes less like air – something you cannot live without but do not usually have to think about, or pay for – and more like money, a commodity with a market value, whose careful management yields predictable rewards. At the same time, language differs from many other resources or commodities in the sense that managing *language* really means managing the uses and inter-

pretations made of it by human language-*users*. Though there is evidence that many contemporary capitalist organizations do think and talk about ‘managing *language*’ (see e.g. the case studies in Czerniawska 1998), what they are usually in practice doing, or attempting to do, is primarily to manage the linguistic behaviour of their employees. The exploitation of linguistic resources, in other words, cannot be separated from the exploitation of human resources more broadly. Below I will consider some of the implications of this point.

2. Language as a valuable commodity

2.1 Foreign language competence

To make the notion of ‘managing language’ more concrete, let us consider the example of Customer Assets, a call centre in Bangalore, India. Customer Assets has contracts with various American companies to provide telephone service to their customers in the United States. The customers do not know that the American companies they are doing business with have outsourced their call centre service to far-off Bangalore, and the companies do not want them to guess. Therefore, the Indian call centre operators must pretend to be Americans on the phone. They are intensively trained to produce authentic American pronunciation; they spend time watching American TV and reading magazines to make sure they have got their idioms right; they are asked to invent fictional personal histories as Americans and to give themselves American-sounding names. One operator interviewed in the *New York Times*, a woman whose Bengali name is CJ Suman, calls herself Susan Sanders when she answers the phone. If customers ask, she says she is from Chicago, and has a business degree from the University of Illinois. At other centres in Bangalore, which now has a considerable concentration of them, operators are pretending to be Australian or British. India is not unique in this respect. In 2001 the Madrid-based newspaper *El Pais* reported that in the Spanish North African enclaves of Ceuta and Melilla, call centre operators with Arab names are talking to customers on the Spanish mainland in impeccable Castilian.

In the relatively new phenomenon of the ‘offshore’ call centre we see layers of social and linguistic complexity. The fact that this work gets exported from centre to periphery – North America to India, Spain to North Africa – reflects the general logic of a globalized economy. With few restrictions on the transnational movement of assets, companies can shift production to wherever it is cheapest: India is far cheaper than the US, where a call centre operator’s

starting salary is approximately ten times higher. However, in the new economy which is increasingly dominated by services and dependent on technology, low labour costs are not the only consideration. Call centres need a well-developed telecommunications infrastructure which has only recently become available in places like India. They also need a pool of potential workers who have the right skills for the work. In the case of call centres, the skills in question are primarily linguistic: operators have to be able to speak to the customer in a certain way, and in the case of offshore call centres, they have to be able to do this in the customer's language, which for many or most workers will not be their own native tongue. Second or additional language competence thus becomes a valuable commodity for individuals competing in the local labour market, for businesses competing with each other for customers, and for nations competing to attract inward investment. Language is one of the things that determines who invests where: Spanish companies cannot outsource call centre work to India, and North African businesses are not going to get contracts from Australia. Then we have the additional factor of language variety: not only do Bengali or North African operators have to be able to speak English or Spanish fluently, they also have to master a non-local variety of it – Indian English or Arab-accented Spanish is not good enough.

In the Canadian province of Ontario, where Monica Heller and a team of associates are looking at the effects of economic and cultural change on the French-speaking minority, call centres serving the domestic rather than international market have identified bilingualism as a valuable commodity: they are prepared to pay bonuses to workers who can interact with customers in either English or French. This demand for bilingual workers might seem to favour members of Ontario's francophone minority, who certainly need the money, since the industries that traditionally employed them are now in terminal decline. Economically depressed areas with significant francophone communities have made efforts to attract call centres for precisely this reason. But it has turned out that the local bilinguals are not the 'right kind' of bilinguals. What the call centres value is the ability to speak standard French and standard English, without ever mixing the two languages. Members of francophone communities in Ontario do not fit this definition of bilingualism as, in Heller's phrase, 'double monolingualism'. The French they speak is a local vernacular variety, and code switching is a normal part of their behaviour. Paradoxically, therefore, the ideal bilingual call centre operator is more likely to be an anglophone who learnt their French at school – or an educated francophone from a French majority area like Quebec – than a local person from a genuinely bilingual community.

In each of the two cases just described, the offshore call centre in Bangalore and the bilingual call centre in Ontario, there is a disjunction between the language that indexes identity for local communities and the language that has high value as a market commodity. Companies cannot get what they want simply by situating a call centre in a region where bilingual workers are available and then letting the workers get on with it. Workers' ability to speak two languages is the basic raw material, but companies expect to mould it to their own specific requirements. They must invest, therefore, in processes that add value to the language workers bring with them: designing ways of speaking and training workers to produce them.

2.2 Styling

These processes are also observable in monolingual contexts; indeed they were the focus of my own research on British call centres (Cameron 2000a, 2000b). In Britain, the code itself is a given – workers speak a basically standard English with the accent of the locality where the centre is situated. But this does not mean no effort is made to add value to employees' existing ways of speaking. Rather, it means the effort is put into other aspects of communicative performance, those a sociolinguist would gloss as discourse style or interactional style – especially those aspects of style which are most relevant to the construction of interpersonal and affective meanings. Attention is paid to features like pitch, loudness, rate of speech, level of formality, the address forms and politeness formulas operators use, the way they ask questions, the attitudes and emotions they project through their words, intonation and voice quality.

I have called this regulation of interpersonal aspects of discourse 'styling', contrasting it to the technique of 'scripting', which many call centres also use. Scripting – writing down a form of words which must be repeated verbatim – is a way to control *what* operators say, and it is used to ensure that they manage business transactions efficiently and predictably. Styling, on the other hand, is an attempt to regulate *how* operators say things, and it generally exemplifies the phenomenon Norman Fairclough (1989) has dubbed 'synthetic personalization': it is intended to compensate for the impersonality of a scripted or formulaic transaction by giving customers the impression that the operator genuinely cares about them as an individual. Styling practices are designed to create rapport with the caller, display empathy with the caller's feelings, show explicit concern for the caller and provide evidence that the operator is positively disposed to the caller. What all this involves in concrete terms is a discourse style that is towards the informal end of the spectrum, markedly

co-operative, emotionally expressive and larded with markers of positive politeness – the kind of politeness that connotes closeness and approval of the other rather than distance and reluctance to impose on the other. Below is a sample of the instructions given to operators at three British call centres.

– *Smiling*

1. Remember, smiling can be heard as well as seen (*employee manual*).
2. Have a smile in your voice and avoid sounding abrupt (*telephone performance guidelines*).

– *Using intonation ‘expressively’ to project emotion/attitude*

1. Remember voice intonation is also very important... You must never sound bored on a call. Your telephone manner should convey the impression that you have been waiting for that individual call all day. ... Our commitment is to give the caller an impression of excitement, friendliness, helpfulness and courtesy (*manual for directory assistance operators*).
2. The objective at the beginning of a call is to demonstrate sincerity and warmth. Try to make the caller feel you are there for them... [avoid] a disinterested, monotonous tone to voice (*telephone performance guidelines, insurance company*).
3. The depth of pitch in the staff’s voice will determine the degree of sincerity and confidence associated with the message they are giving the caller (*appraisal checklist used by ‘mystery callers’, i.e. people posing as genuine customers who are actually employed by the company to report back on operators’ performance*).

– *Active listening*

Use words of acknowledgement: yes, OK, thank you, I understand, I see. ... [avoid] disruptive, disinterested or challenging use of listening acknowledgements, and using the same listening acknowledgement throughout the call (*telephone performance guidelines, insurance company*).

– *Rapport/demonstrating empathy*

Creating a rapport and showing empathy is about adding the human touch to a business call relationship. ... This means treating the caller as a person, recognising their situation and building a genuine conversation to reflect this. ... Use language which conveys understanding of and empathy for the caller’s individual situation, e.g. ‘are you OK?’ ‘was anyone hurt?’ ‘that

must have been very distressing for you' (*telephone performance guidelines, insurance company*).

These instructions come from employee manuals and training materials, and from the checklists used by supervisors, managers and 'mystery callers' to appraise employees' performance. They are of course specifications for the ideal way of speaking rather than descriptions of real speech behaviour, but employees who consistently ignore the specifications know they are taking a risk. Surveillance in call centres is extensive – supervisors can listen in silently to any call, and calls are also taped for later assessment.

2.3 Gendered speech

In offshore call centres like the ones in Bangalore it is easy to see that a particular language variety is being commodified – workers have to take on a clearly 'foreign' speech persona, pretending to be American or Australian by adopting American or Australian English. In the British case by contrast I would argue that what is being commodified is not an ethnic, national or regional form of speech but a *gendered* one. Anyone familiar with the literature on language and gender will probably have noticed a striking resemblance between the prescribed discourse style for call centre operators and the folklinguistic stereotype of 'women's language'. This is not a coincidence. Synthetic personalization in service work is the linguistic concomitant of what sociologists of work call 'emotional labour' (Hochschild 1983) – the work of managing your own and others' feelings. And the management of feelings, generally speaking, is culturally coded as a female domain. Women make up approximately 70% of call centre operators in the UK, and when asked about this gender imbalance, managers often invoke women's allegedly natural ability to produce the required communication style, as in the following extract from an interview between a call centre manager and a sociologist.

The vast, vast majority of the agents we select are women... [women] just seem to fit better, they're better at it... we are looking for people who can chat to people, interact, build rapport. What we find is that women can do this more, they're definitely more natural when they do it anyway. It doesn't sound as forced, perhaps they're used to doing it all the time anyway... women are naturally good at that sort of thing. I think they have a higher tolerance level than men... I suppose we do, yes, if we're honest about it, select women sometimes because they are women rather than because of something they've particularly shown in the interview. (Tyler & Taylor 1997: 10)

This sort of comment reflects a long history in which women were identified with the private sphere of home, family and intimate relationships, while men were identified with the public sphere of commerce, politics and the professions. In the past, women's alleged inability to master the communicative norms of the public sphere – formal, impersonal, rational and instrumental – was used as a reason to exclude them from various kinds of paid employment. But in an economy dominated by the provision of services, where rival products are often interchangeable and competitive advantage depends on less tangible factors, the more emotionally expressive, empathetic and caring style associated with non-market transactions in the private sphere becomes a valuable commodity in the sphere of business and commerce. The ability to deploy this style of speech becomes a form of what Bourdieu (1991) calls 'linguistic capital', different from, but in present-day conditions arguably becoming as significant as, the literacy and standard language competence to which Bourdieu originally applied the term. What the manager quoted earlier is saying is that he considers women better raw material than men, easier to mould into the right kinds of language-users because they start out with more of the desired linguistic capital. This does not mean he can simply leave the women he employs to do whatever comes naturally: they are subject to the usual regime of styling and surveillance. But he and others like him see it as logical to exploit the continuities that clearly do exist between femininity as performed outside the workplace and customer service as performed in the new economy.

So far, I have been explaining and illustrating the argument that language in the new service economy is viewed as a commodity. Companies increasingly see it as necessary to add value to the linguistic raw material embodied in their employees, by designing a way of interacting which is believed to appeal to customers, training workers to reproduce the prescribed design in their behaviour, and keeping them under surveillance to make sure they stick to the specifications. But this strategy raises certain problems and contradictions which businesses have to contend with, and I want now to turn to two of them in particular: the issue of authenticity, and the issue of skills.

3. Authenticity

One of the most striking things about the management of language in call centres is that it treats speech as detachable from the speaker. It assumes a very high degree of linguistic flexibility or plasticity on the part of workers; at Customer Assets in Bangalore, operators are expected to be both able and willing

to produce a language unconnected to their social location, personal history or cultural experience. This is not an unproblematic expectation, because it runs counter to what is still the dominant understanding of spoken language as a particularly direct and natural expression of the speaker's authentic identity – both her social location in terms of age, gender, ethnicity, nationality and regional provenance, and her personality as a unique individual. When the case of Customer Assets was reported in the western media, critical commentary focused mainly on this issue of authenticity, or rather, inauthenticity. The Indian writer Arundhati Roy, for instance, called it 'demeaning to Indian workers' to oblige them to conceal their Indian identities. But when workers at Customer Assets were interviewed by the media they did not seem to feel demeaned. Instead they stressed that they were well rewarded financially for their ability to pass as Americans.

Yet this draws attention to a paradox: authenticity does matter, in the sense that the goal of the Indian workers is to sound like *authentic* Americans. The customer is not supposed to guess that the person on the other end of the phone is not what she sounds like. The strategy can only work because most people still do see the way someone speaks as an authentic expression of the self rather than a calculated performance which may have nothing to do with the speaker's real identity. The same point applies to the synthetic personalization of service styles in Britain. In instructions to operators like the ones quoted above, the ideal speech style is recurrently described using words like 'genuine', 'natural' and 'sincere'. What is valued most is the ability to simulate the prescribed qualities and dispositions without giving the customer any reason to question that they are authentic expressions of your real personality and feelings.

The existence of these contending views about what language is or should be is currently giving rise to both ideological and material conflict in workplaces. My own informants who worked in call centres clearly had not all internalized the new understanding of language as a commodity to be exploited for maximum gain, rather than an inalienable part of the individual self. For instance, one topic that came up repeatedly was how they felt about being abused by angry callers – a common occurrence in call centres, as I observed for myself during my fieldwork. The rules in most call centres forbid operators to retaliate or just hang up when callers abuse them, and my informants resented that. Managers often responded by telling them not to take it so personally. In their view, the abuse was not being directed to the operator as a real person; it was the corporate persona callers were attacking. In interviews with me, managers told me they found it frustrating when operators seemed unable to distinguish

the two. Operators on the other hand found it contradictory to be told both to simulate genuine personal relationships with customers, and to be told not to take what customers said to them personally.

Elsewhere in the service sector, workers do seem to have taken the commodity view on board. For the San Francisco telephone sex workers whose linguistic performance has been described by the anthropologist Kira Hall (1995) the rule is to be whoever the client wants you to be, because that is how you maximise your earnings. If he wants a breathy voiced bimbo or a super-subservient Asian women who just says 'yes sir' and 'no sir' then that's what you give him; after all, he's paying you by the minute so it is absolutely in your interest to keep him on the line for as long as possible. Hall found white women impersonating Black women, Latinas performing as white women and at least one man performing a whole range of feminine sexual personae. The workers Hall spoke to were extremely conscious of the commodity status of their discourse, and prided themselves on their ability to manage language in accordance with the client's preferences.

Another interesting case is that of flight attendants working for Hong Kong's Cathay Pacific Airlines. In 1999 their union got into dispute with the airline about a new regulation which required attendants to work additional hours to earn an annual raise that had previously been automatic. The dispute itself had nothing to do with communication, but the union's strategy did: they announced that unless and until the airline backed down on the extra hours, attendants would refuse to smile at passengers for one hour of every flight. This strategy clearly recognizes the status of smiling on the job as emotional labour, and the smile itself as a piece of synthetic personalization. Worse yet, it proposes to reveal that to the customer: if attendants stop smiling for one hour, who will believe in the sincerity of their smiles when they start again? A year earlier, women working for Safeway supermarkets in California complained that the subservient way they had to behave to customers was encouraging some men to interpret their words and actions as flirtation, and they were having to fend off unwanted sexual advances. In both these cases, women workers showed awareness that their employers were treating verbal and nonverbal communication as part of a commodified femininity. They also showed that it is possible for workers collectively to use this kind of practice against their employers. The aim of regulating service encounters in the way many businesses do is to enhance customer satisfaction and therefore customer loyalty by mobilizing positive feelings towards the organisation. If customers discover that the friendly smiles, solicitous remarks and comfortingly familiar midwestern accents are not authentic after all, then they are more likely to feel duped and

cheated than loved and cared for. The effort put into designing service styles, training workers to produce them and enforcing the rules through surveillance, may thus be completely wasted.

Towards the end of the 1990s it became evident that the authenticity issue was exercising some corporate minds. The Irish airline Aer Lingus, for instance, ran an advertising campaign telling customers that Aer Lingus staff were *not* trained in customer care, they were hired because they were naturally friendly and caring. A management consultant named David Freemantle published a book called *What Customers Like About You* in which he argued that regulating employees' communicative behaviour was a superficial strategy doomed to fail. What companies needed to do was to hire likeable people in the first place, and then train them to feel the right emotions so that they would spontaneously behave in the right way without needing the cumbersome apparatus of scripting, styling and surveillance. To give you the flavour of this argument, here is a quotation from Freemantle's book:

It is an incredible challenge to teach a person to like a customer as well as develop the necessary attributes to be liked by a customer. To do so you have to teach people how to manage their feelings and emotions. . . It is pointless teaching someone to smile at customers unless that person can reach deep down inside themselves to determine the real, genuine reason why they should smile.
(Freemantle 1998: 229)

4. Skills

4.1 Communicative skills as discursive constructs

It is not a coincidence that David Freemantle focuses on the problem of getting the right people to work in customer service jobs. In discourse on the new economy it is an article of faith that people, or more exactly the knowledge and skills contained in people, are a business's most important assets. As Tung Chee Hwa, Chief Executive of the Hong Kong Special Administrative Region, put it in a speech he made in London in 2000 (reproduced in Flowerdew 2002), "in the new economy we compete not on capital, but on the pool of talent we have". Tung went on to announce plans to invest more in education, with a view among other things to raising standards of English language proficiency in Hong Kong. This underlines the status of language and communication skills as important economic commodities, for nations as well as for individual business organisations.

In Britain, the fact that English is the majority first language has traditionally been seen as a business advantage, though arguably the rise of offshore operations like Customer Assets should prompt some rethinking on that score. However, politicians and policy advisers have for some time been warning that the new economy demands workers with higher standards of literacy and oral communication skills in their native language than the old, industrial order required. There is concern that some sectors of the British population are being excluded from participation in the new economy because they have inadequate language and communication skills. The main objects of this anxiety are working class white men, a group whose traditional occupations have been swept away on the global tide and who continue to leave school with substandard qualifications, especially in subjects that call for language skills. With this problem in mind, in recent years the British education ministry has introduced various initiatives intended to upgrade the language and communication skills of British school leavers, and placed much more emphasis on the teaching and assessment of oral communication skills. The effect of this is to institutionalize, in the discourse and practice of the state as well as business, a particular notion of what constitutes ‘skill’ in communication. As a final contribution to this discussion, I want to take a critical look at this discursive construct.

I say ‘discursive construct’ because the phrase ‘communication skills’ does not name a natural phenomenon with an objective existence in the world. Whether people’s communication skills are judged good, bad or indifferent depends entirely on what is meant by ‘communication’ and what is taken to constitute ‘skill’ in it. The preference call centre managers show for hiring women operators is a good demonstration of that point. The style of speech women are said to bring to the job – co-operative, supportive, emotionally expressive, empathetic – is exactly the same style that was once regularly cited to explain why women generally could not succeed in the competitive and hierarchical world of business. Today, it is not just lowly customer service workers who are exhorted to use this style, but also high ranking executives. According to the management guru Tom Peters (1990), “the best new managers will listen, motivate, support”. Communicative behaviour that used to be accorded low status now has much higher status: there has been a shift in our understanding of what makes a communicator ‘skilled’.

4.2 The good person

I would analyse this change as part of a more profound shift in our notions of the good *person*. Anthony Giddens (1991) has suggested that in the period he

calls 'late modernity', concepts of personhood are dominated by the idea that both the individual self and relationships with others are what he refers to as 'reflexive projects'. They are not simply given by nature or imposed on us by circumstance, they are things we should reflect on and work to perfect. This belief has implications for the kinds of verbal communication we value most highly. In particular, it puts a premium on the ability to engage in self-analysis and self-disclosure, for these are the tools we use to work on our selves and our relationships with others. If the self is a project, then it is necessary to acquire the means to represent one's experiences and feelings *to* oneself. When the most important relationships are what Giddens calls 'pure' relationships, meaning they are sustained purely by the rewards they offer those involved rather than by external factors like kin alliances, economic dependence or social convention, then the ability to share experiences and feelings with significant others by verbalizing them becomes central to the creation and maintenance of intimacy. Consequently, the ideal communicator in late modern society is not, as s/he might have been in past eras, a great orator or a master of diplomacy or a sparkling and witty conversationalist. Rather s/he is someone able to say openly, honestly and sincerely who s/he is and what s/he feels, and to listen empathetically, without judging, when others do the same. It is striking that if you read advice literature on how to talk written before the late 20th century, you will usually come across a stern injunction to avoid talking about yourself and your personal problems. In more recent writing, by contrast, there is a relentless focus on talking about yourself, getting others to talk openly about themselves, and solving problems jointly through co-operative talk. This 'sharing' is now considered to be the essence of a satisfying conversation, while the sort of talk the Victorians called 'social intercourse' is often disparaged as insincere and superficial.

The new communicative ideal was codified first in the discourses of psychotherapy and counselling – especially those approaches associated with the 'human potential movement' of the 1960s and 70s – and it subsequently spread to influence a wider audience through popular self-help literature and the genre of the television talk show. As a recent series of documentaries for the BBC (Curtis 2002) has shown, though, the human potential movement, originally part of the radical counter-culture in the US, was seized on quite early in its development by capitalist enterprises. Advertisers and producers of consumer goods saw that the movement's emphasis on individual self-expression and self-improvement could as easily serve consumerist ends as anti-corporate ones: with the technology now available to go beyond traditional mass production ("any colour you like as long as it's black"), buying things could be

promoted as a form of individual self-expression. Management experts too saw that the ideals of self-improvement and empowerment could be harnessed to the needs of corporations. The HP rhetoric of empowering workers, freeing them from bureaucratic control and encouraging them to take more responsibility and be more creative in their work, is the orthodoxy of the contemporary restructured corporation.

In corporate communication skills training, the debt to therapeutic discourses is overt. Managers of McDonald's restaurants and washing machine salespeople are taught transactional analysis, and in many call centres the practice of inviting operators to listen to their own tape-recorded interactions and discuss them critically with a supervisor is known as 'counselling'. Elsewhere (Cameron 2002) I have presented evidence that such practices, and the quasi-therapeutic assumptions underlying them, are spreading from the English-speaking world to places as diverse as Eastern Europe, Japan and South Africa. Anglo-American/therapised norms and speech styles are promoted by foreign consultants brought in to advise local businesses, and by multinational companies applying standard operating procedures across the various locations they operate in. Norms prescribing informality, directness and high levels of synthetic personalization are being exported to places where English will not be the medium for business transactions (e.g. Japan and Hungary) as well as to places where it will (e.g. South Africa). Discourse styles thus float free of particular languages: the discourse features associated with a particular English variety can be adopted without necessarily adopting English as the medium of exchange.

5. Conclusion

In this discussion I have sought to demonstrate that organizations, especially though not exclusively commercial ones, are increasingly concerned to manage linguistic as well as other resources for competitive advantage; and that the practices of organizations engaged in managing language have effects beyond the workplace as well as within it. These include reinforcing and spreading the ideology of language as commodity and of 'communication skills' as linguistic capital; producing new forms of stratification and exclusion in the labour market (e.g. by gender and age, and in offshore contexts second language competence); and facilitating the rapid diffusion of culturally specific norms for verbal interaction to parts of the world where they were not previously salient.

Sociolinguistics, the study of linguistic variation and change, has always had a bias to the local and territorial; but increasingly it is being acknowledged among scholars that the interaction of global and local forces is significant for language as it is for many other phenomena (for one interesting recent discussion of this issue, see Meyerhoff & Niedzielski 2003). If sociolinguists are to understand new forms of local variation and change – for instance, the Indian call centre workers whose repertoires include perfect American, the attrition of grammaticized formality in Hungarian, the increase in synthetic personalization in English – then we will have to think globally as well.

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CHAPTER 2

For-profit discourse in the nonprofit and public sectors

Gerlinde Mautner

1. Introduction

In recent years, nonprofit organisations, or NPOs for short, have been subject to “a pattern of growing commercialization” (Weisbrod 1998:1). Similar developments can be observed in the public sector, which is being increasingly deregulated, exposed to market forces, and whose institutions are also under pressure to replace deeply ingrained bureaucratic structures and processes with business practices such as strategic planning, performance measurement, customer orientation, and marketing (Gewirtz, Ball & Bowe 1995; Kearsley & Varey 1998; Day, Reynolds & Lancaster 1998; Brown, Ryan & Parker 2000; Lancaster & Brierley 2001; Thrupp & Willmott 2003).

The aim of this paper is to investigate the traces these developments have left in discourse. The core research questions are informed by a critical agenda that aims to unveil and challenge the hegemony of business practices and discourses. Following Wodak (2001:9), I wish *critical* in this context “to be understood as having distance to the data, embedding the data in the social, taking a political stance explicitly, and a focus on self-reflection as scholars doing research”. A critical stance is a prerequisite for uncovering propositions and values that are implicit in the discourse (Fowler 1991:208), and hence frequently go unnoticed. These hidden phenomena include “[b]oth the ideological loading of particular ways of using language and the relations of power which underlie them”, and it is these “opaque aspects of discourse” (Fairclough & Wodak 1997:258) which can be made visible by critical discourse analysis.

The nonprofit sector comprises a wide variety of organisations, including many hospitals, trade unions, museums, and universities, as well as charities that are active, for example, in development aid, children’s rights, and nature

conservation, or catering for the needs of people with disabilities, the homeless and other disadvantaged groups. The size of the organisations concerned can also vary considerably. Some nonprofits, such as a local sports club or soup kitchen, operate on a very modest, local level, with a handful of volunteers providing services for a small group of users. Others, such as the Red Cross and the World Wildlife Fund, work on a global scale, rely to a greater or lesser extent on volunteers, but are run by professional (i.e. paid) management. Owing to this extraordinary variety, defining nonprofit institutions is far from straightforward (cf. Badelt 2002:6–12; Salamon & Anheier 1997; Morris 2000) and involves legal, social, financial and tax issues of considerable complexity (and of little consequence for the research questions to be addressed here). A key characteristic which NPOs share however, and which features in most definitions, is that their profits are not distributed. ‘Nonprofit’ thus does not mean that no profits can be made, but that any profits that the organisation does generate do not go to those that own or control it:

Nonprofit institutions are legal or social entities created for the purpose of producing goods and services whose status does not permit them to be a source of income, profit, or other financial gain for the units that establish, control or finance them. In practice their productive activities are bound to generate either surpluses or deficits but any surpluses they happen to make cannot be appropriated by other institutional units. (*1993 System of National Accounts*¹ quoted in Center for Civil Society Studies 2002: 1)

In addition to being separate from for-profits, nonprofits are also distinct from governmental institutions in that the former are “self-governing” and “non-compulsory” (Center for Civil Society Studies 2002:6).

There is widespread agreement among theorists and practitioners alike that the nonprofit sector around the world has changed significantly over the last few decades, and that the changes entail moves towards more commercial, managerial and professional approaches and practices (cf. Weisbrod, ed. 1998; Symonds & Kelly, eds. 1998; Clarke, Gewirtz & McLaughlin, eds. 2000). Deregulation and concomitant reductions in government funding have created a competitive climate that affects organisations as diverse as hospitals, universities, and shelters for the homeless, to name but a few. Both in academic research and consultancy specialising in nonprofits, these developments are shown to have had a major impact on all areas of NPO management, including finance, marketing, and human resources (Badelt, ed. 2002).

Change invariably produces tension. In the nonprofit sector, tension arises when traditional, mission-based charities, staffed predominantly by volun-

teers, transform themselves into modern, business-like entities run by people who are professionals in both senses of the word, that is, they are salaried employees and have also been formally trained for their jobs. With “businessification” (Alexander 2000:301) gaining ground, “the concern is sometimes expressed that the voluntary sector will lose its identity if it goes down this road and becomes indistinguishable from the private sector” (Courtney 1996:11). Many NPOs “have feared that their goals will be deflected by ‘professional’ managers and management concepts and practices largely drawn from the for-profit sector” (Leat 1993, quoted in Courtney 1996:11).

The gradual encroachment of marketing and managerialism upon nonprofit and public organisations has also left significant traces in the discourse of and about these sectors. As organisations *become* more like businesses, they also *talk* more like them. Conversely, business-like language influences structures and practices, following the fundamental “dialectical relationship between discourse and social structure” (Fairclough 1992:64); that is, discourse both *reflects* and *shapes* social structure. Job titles are a case in point. To take a simple example (fictional, though realistic), the administrator of a nursing home may increasingly feel that the role of nurses running wards has more managerial than caring elements and that they should therefore be referred to as *Ward Managers* rather than *Ward Sisters*. That would be the *reflecting* part. At the same time, their ‘re-branding’ (to use another business metaphor) as *Ward Managers* will imperceptibly but crucially affect their professional identity, will make them redefine relationships with colleagues and patients (or ‘clients’, for that matter) and will subtly change their attitudes and behaviour: evidence of the *shaping* power of language. More likely than not, our fictitious Ward Managers/Sisters will be aware of the tension between their old and new roles, and will experience some degree of “mission conflict” (Alexander 2000:300).

While the reasons for and results of commercialisation have been thoroughly analysed from an economic, social policy and management perspective (cf. Weisbrod, ed. 1998), comparatively little attention has been paid so far to the impact on linguistic choices triggered by these trends. Notable exceptions, which the present chapter partly draws on, include Fairclough (1993), Connell and Galasinski (1998) and Mautner (2002); Symonds’ 1998a and 1998b papers, though not primarily linguistic in orientation, focus on the social construction of concepts, and thus also include a number of observations relevant to the study of discourse.

The task of the discourse analyst is to pinpoint the linguistic and, more broadly speaking, semiotic manifestations of the changes that nonprofits and public sector organisations have been undergoing, as well as to provide a sys-

tematic account of the implications that certain linguistic choices have for the way in which social reality is constructed.

The focus of this chapter will be on universities' external communications, in which their increased market orientation is particularly salient. Occasional references will also be made to data gleaned from other areas of the nonprofit and public sectors. The textual data used include samples of marketing communications, such as promotional brochures and websites, material published by charitable foundations and umbrella organisations, as well as literature about NPOs. The analysis of higher education discourse partly relies on a computerised corpus of 39 university mission statements, totalling 11,248 words, and a corpus of 41 deans' messages (14,940 words),² which were processed using a concordance program called Longman Mini Concordancer.³

The majority of the textual data in this chapter is Internet-based. While every care was taken to ensure that the URLs were up-to-date at the time of submission, the ephemeral nature of much of Web content means that, inevitably, some links will have expired by the time this volume reaches the shelves – a phenomenon that Web jargon refers to graphically as “link rot”. However, wherever Web-based material is used to make a point about the discursive construction of reality, the relevant extracts are quoted verbatim from the original sites, so that analytical transparency is not compromised. (For a discussion of the challenges involved in working with Web-based data, see Mautner 2005.)

The inquiry begins, in Section 2, with an account of how the changes that NPOs and public sector organisations have been undergoing are constructed in discourse. Section 3 then looks at the way in which the for-profit sector is portrayed as a model that organisations from other sectors are supposed to emulate when it comes to professionalising their operations. Section 4 shows how commercialisation has left its imprint on various verbal and nonverbal manifestations of organisational culture (such as names, buildings, and interior design). In Section 5 the focus is on genres borrowed from the corporate world, such as mission statements, while Section 6 homes in on vocabulary that NPOs and public sector organisations have taken over from the commercial sector.

2. How change is conveyed

Before we turn to the linguistic evidence of the changes outlined above, let us briefly look at the way in which change itself is conveyed in the discourses concerned. On this meta-level, too, we find patterns emerging. The social reality involved is constructed in systematic and routinely similar ways. Firstly, change

is portrayed as the result of uncontrollable forces rather than human action, the implication being that change is not amenable to human intervention. Agents are often curiously absent, and with them, accountability; compare statements such as “[t]raditional forms of funding are becoming smaller and less reliable”,⁴ and “the panic from the environmental shock of radical cuts in government grants to charities in the last few years” (Zimmerman & Dart 1998: v).

The linguistic devices accomplishing this particular construction of reality include the use of verbs of happening (*are becoming*) rather than verbs of doing⁵ (which would require mentioning the agent in an explicit ‘X does Y to Z’ pattern) as well as nominalisation, which also involves agent deletion (*cuts in government grants* rather than ‘the government cut grants’).

The lexico-grammar of inevitability can be spotted in ‘primary’ discourse, i.e. texts produced by voluntary and public sector organisations themselves, as well as in the ‘secondary’ discourse of academic publications. According to Alexander (2000; emphasis added), for example, “[n]onprofit organizations engaged in human service delivery *are experiencing* serious threats to their survival due to dramatic *changes* in their environments” (rather than someone or something threatening them, and someone making these changes). Certain passages in my own introduction, critically alert readers will have noticed, are no exception.

In those cases where agents are mentioned, their mere presence does not necessarily mean that they are also being held responsible for the changes they make. The following extract from Taylor and Lansley (1992) is a case in point:

- (1) Demographic change, ageing populations and world recession *are forcing governments* in the developed countries to search for new welfare resources and responsibilities and new ways of rationing and delivering welfare services. (Taylor & Lansley 1992: 153; my emphasis)

Governments are shown to act because they are forced to do so; they are exonerated by pressure being applied on them. Grammatically, this works by shifting the agent role (i.e. the entity doing the ‘searching’) from subject to object position (‘X and Y are forcing governments to search’ rather than simply ‘governments search’) and introducing additional agents, namely those that are doing the ‘forcing’. Significantly, these agents are non-human and/or collectives (*demographic change, ageing populations and world recession*) with a *force majeure* quality about them, suggesting that they are not subject to straightforward political influence. The text thus adopts governments’ own, implicitly apologetic, perspective. Other viewpoints on welfare spending would be pos-

sible – essentially centering on mechanisms of re-allocation from other policy areas – but are not articulated.

3. The for-profit sector as a model and yardstick

The present section takes a brief look at how the relationship between the for-profit and nonprofit/public sectors is structured discursively. Across a wide range of genres and texts, there is a clear preference for depicting and also *accepting* the for-profit sector as a hegemonic frame of reference. It is the mostly unquestioned yardstick by which the success or failure of organisations in other sectors is measured. The direction of influence is predominantly from the for-profit to the nonprofit and public sectors. Take the following extract from the website of the Minnesota Charities Review Council:

- (2) Venture philanthropists often give significant amounts of time, expertise and advice to the charities in which they invest. The skills that led them to success in the for-profit world are now being put to work in making non-profits efficient, well-managed and focused on achieving their missions. (http://crcmn.org/donorinfo/venture_philanthropy.html)

The perspective applied here is one which assigns to charities the role of recipients, and to philanthropic businesspeople that of givers. The relationship is constructed as uni-directional, not mutual. Even where *mission* is concerned, on charities' traditional home-turf as it were, there is said to be a need for the kind of "focus" that apparently only skills honed in the for-profit world can provide.

By the same token, Authenticity Consulting, a consultancy specialising in nonprofits, declares on its website that they "[have] extensive understanding of for-profits – we can reap the resources and learning from the for-profit world to bring to the nonprofit world".⁶ The Bridgespan Group, too, announces in its web profile, "We bring leading-edge strategies and tools from the private sector to address the challenges and opportunities facing nonprofit organizations and foundations".⁷ Again, for-profits give, nonprofits receive. This is true financially, with regard to managerial skills, and in discourse.

Occasionally, there is textual evidence for more balanced exchange processes between the two spheres, but these fall far short of generating anything like the momentum and clout of a genuine counter-discourse. At best, we find evidence of oscillation between claims that private-sector know-how is the key resource and assertions that for-profits could also learn from nonprofits. The

above-mentioned Bridgespan Group, for example, maintains that its name reflects “the goal of creating a bridge between the for-profit and nonprofit worlds, drawing on the ideas, talents, and resources of both”.⁸ Authenticity Consulting introduces its homepage with a quote from an interview with the CEO of the Manchester Craftsmen’s Guild, Bill Strickland, who argues that

- (3) [n]onprofits have to recognize that they’re businesses, not just causes. There’s a way to combine the very best of the not-for-profit, philanthropic world with the very best of the for-profit, enterprising world. This hybrid is the wave of the future for both profit and nonprofit companies.⁹

The second sentence, quoted in isolation, sounds like an equitable arrangement (“combine the very best of. . .”), as does the third sentence, which shows the for-profit and nonprofit sectors to be in the same boat (“. . .the wave of the future for both. . .”). However, the introductory sentence of the quote puts it all into perspective. After all, “[n]onprofits have to recognise that *they’re businesses*, not just causes” (my emphasis). In this categorical, factive assertion there is no trace of organisational identities having been merged. Instead, one has been foisted upon the other.

In higher education, too, this general pattern prevails. In mission statements, deans’ messages and policy documents, the relationship between academe and business emerges as lop-sided. Some institutions, though flirting with the business paradigm, stop short of constructing complete commercial identities for themselves, preferring the more distancing device of the simile: “Together, we will run our school *like a business*”, says the Mission Statement of the McCombs School of Business at the University of Texas at Austin.¹⁰ “Yes”, declares the President of Wesley College (Dover, Delaware) in a headline, “We Run Our College Like a Business”.¹¹ Others are less tentative. The dean of Kent State’s College of Business Administration argued in the 1999 version of his website welcoming message, “The recognition that *we are a business* engaged in intense competition requires us to be responsive to the environment around us”.¹²

Business provides role models for universities, but this does not appear to work the other way round, at least not to the same extent. The process of convergence is “asymmetrical (. . .) because although codes and practices circulate in both directions, industry ultimately appears to have an upper hand in this process” (Kleinman & Vallas 2001:451). The idea of the ‘entrepreneurial university’, for example, is rapidly catching on, even among fairly traditional, state-financed European universities (Clark 1998; Sporn 2001:51; Badelt 2004; Mautner forthcoming), without there being an equally strong corresponding

pull in the opposite direction. While universities are keen to become 'entrepreneurial', there is no equivalent drive to create 'academic corporations'. If anything, the latter are the unicorns of the economy: imaginable creatures, certainly, desirable even, given the constant invocations of the knowledge society. But not quite, well, *real*.

The concept of 'corporate universities', on the other hand, is less an indication of businesses' high-minded commitment to education than a result of their dissatisfaction with public providers and their need for company-specific training. The term as such, 'corporate *university*', is an ingenious act of semantic appropriation, which takes full advantage of the positive connotations of *university* without providing anything like the comprehensive, research-based education that traditional universities are supposed to provide (and find increasingly difficult to finance). In reality, corporate universities are often little more than glorified training departments offering highly specialised, tailor-made top-up content to trainees who, conveniently enough, have had the essential general knowledge base laid elsewhere – usually in the much-reviled, overcrowded and underfunded state sector. In selecting trainers for their 'universities', companies are also more than happy to poach faculty from public universities (rather than getting involved in the cumbersome and exorbitantly expensive business of rearing their own academic offspring), and such faculty, in turn, welcome the additional source of income as well as the opportunities for enrichment (no pun intended) offered by teaching mature students in plush corporate environments.

4. Visual identities and naming practices

Collaboration, contacts and conflict between the for-profit, nonprofit and public sectors are instantiated not only on the micro-level of linguistic choice, but also on the macro-level of nonverbal (i.e. visual and physical) representation. When the proportion of private-sector funding increases, then so do investors' and donors' claims for returns, if not necessarily of a tangibly financial nature. Quite often a gesture enhancing the sponsors' public image will do, giving them some form of visible presence in the institutions they help to pay for. Sponsorship thus becomes a semiotic as well as a financial issue. Again, the influence is not mutual, but one-sided, following the flow of capital: business 'colonises' (Fairclough 1989: 211, 1992: 201, 1993: 141) the non-commercial sectors, without the latter leaving a similar mark on the former. The degree of financiers' visual presence varies, ranging from discreet company logos on charities' pub-

licity material to massive symbolic invasions of nonprofits' territories. Whether subtle or overwhelming, colonisation is never innocent, signalling as it does the dominance of one domain over another.

Here, too, universities are a case in point. Not surprisingly, it is business schools in the US or following the US model that seem to have gone furthest down the route of rapprochement towards and colonisation by the commercial sector. All physical manifestations of corporate culture, such as buildings, equipment and interior design, are potentially affected. Busts, paintings and photographs showing the institution's main benefactors, as well as commemorative plaques giving their names are a daily reminder to faculty and students whose hand it is that feeds them.

In addition, advertising has become a ubiquitous feature, not just in tertiary education, incidentally, but also in primary and secondary schools, which are under as much financial pressure, and hence as eager to attract advertisers, as universities are. Poster ads, colourful displays at recruiting events, as well as banner ads on schools' websites have markedly affected these institutions' outward appearance.

Another key symbolic device is sponsored naming. The more professional and successful a business school's fundraising, the more likely it is that departments, facilities (such as laboratories and sports centres), chairs and indeed the whole school exchange their traditional neutral names for those of corporate or individual sponsors. In North America at least, 'Colleges of Business Administration' and 'Faculties of Commerce' are now the exception rather than the rule. Instead, there are places like the Haskayne School of Business (formerly the Faculty of Management of the University of Calgary), named after Richard (Dick) F. Haskayne, who, as the Dean pointed out shortly after the name change had been effected, "has been instrumental in providing strategic advice and philanthropic leadership", and whose "association with the university has resulted in cumulative lifetime philanthropic donations made in his name of more than \$16 million dollars".¹³

Even institutions less fortunate than this will try to secure funding at least for individual facilities, resulting in *3M Lecture Halls* and *Nike Sports Centres*, which are then signposted accordingly. Donors' names also appear in the names of so-called 'endowed' chairs and professorships, resulting in job titles displayed on business cards such as *John N. Smith III Professor in Marketing* and *Petrotec Research Fellow*, to give a couple of made-up, though true-to-life examples.

5. Genres and media

Commercial models also influence the way in which NPOs and public sector organisations use communications planning, genres and media. Gone are the days when nonprofits “were content to set lofty goals, create a program of products or services that the board or staff liked, and wait for the consumer to participate” (Smith, Bucklin & Associates 1994:94). Equally, deregulation has spelt the end of state monopolies in many areas of public life. Exposure to competition has increased organisations’ need to directly address and attract clients, and to develop and communicate an organisational profile that differentiates them clearly from other providers. The key to achieving this is marketing. What is a relatively new challenge for organisations in the voluntary and public sectors is a well-established business function in commercial outfits; hence the obvious logic of looking to the corporate sector for know-how, role models, and advice.

There are several effects on organisational discourse. First, external communications are increasingly professionalised, either through the establishment of in-house PR, marketing, or ‘corporate’ communications departments, or through outsourcing to communications consultants and advertising agencies. Second, funds permitting, organisations choose from among the same range of media and communications tools as for-profits. These include the classic range of promotional material, such as glossy brochures, flyers, and posters, as well as radio and TV commercials, and Internet advertising. Third, nonprofits and public sector organisations communicate through genres that have been taken over from the commercial sector. Fourth, promotional discourse is now a standard element in their communicative repertoire.

The first and second issues are elements of general communications planning which by and large receive adequate attention from marketing specialists concentrating on nonprofits (cf. Andreasen & Kotler 2003; Sargeant 1999; Kinnell & McDougall 1997). The third and fourth phenomena are more narrowly linguistic in nature and warrant a closer look here.

As far as genres are concerned, one of the most obvious imports from the commercial sector are mission statements. It is no longer sufficient to *have* a mission, it needs to be articulated. Somewhat paradoxically, perhaps, organisations that are, and always have been, mission-driven, have had to learn about mission statements from profit-driven organisations. It could be argued, of course, that originally the development actually worked the other way round, and that at least the concept of ‘mission’, if not actually that of ‘mission statement’, was one of the few instances of business borrowing from nonprofits.

Mission statements, Swales and Rogers (1995:225) argue, are genres that “primarily act as carriers of ideologies and institutional cultures”, and while “the sets of motives and purposes underlying a particular Mission Statement can vary widely, perhaps all share the aim of facilitating employee ‘buy-in’ and of fostering identification with the company” (Swales & Rogers 1995:227). At the same time, mission statements are intended to communicate to external stakeholders what the organisation does, what values it stands for, and where it wants to go. Ideally, mission statements ought to be specific enough to say something distinctive about the organisation, and general enough to allow diverse internal stakeholders to ‘buy into’ them. This balance between the general and the specific typically ends up being tilted heavily in favour of the general, and statements “tend to deal with abstractions possessing ‘a strategic level of Generality and ambiguity’” (Fairhurst 1993:336; quoted in Swales & Rogers 1995:226). Quite often, content is watered down to the point of total blandness. The resulting loss in distinctiveness helps to avoid alienating stakeholders, but is counter-productive for attempts to give an organisation a unique profile. Taken to extremes, generic homogeneity reduces communicative impact to the phatic dimension: It is important to say *something*, cynics might argue, though what exactly is a secondary consideration. As a result, mission statements of different organisations can sound quite similar, so that one needs to look closely for distinguishing characteristics.¹⁴

If one compares mission statements of US business schools, for example, it emerges that many proclaim ‘excellence’ as one of their core values. This is true of schools among the Top 50, such as Stanford’s Graduate School of Business (Extract 4) as well as of those in the 4th, and lowest, tier in national rankings¹⁵ (Extract 5):

- (4) The strategy of the Graduate School of Business is to achieve our goal of being the leading academic school of management in the world by pursuing significance, managerial relevance, *excellence*, and scholarly rigor in our research and teaching programs. (Stanford Graduate School of Business, <http://www-gsb.stanford.edu/information/missstat.htm>; emphasis added)
- (5) The School of Business fosters *excellence* in teaching and supports research that enriches the learning experience for faculty and students (University of South Dakota School of Business, <http://www.usd.edu/business/mission.htm>; emphasis added)

However, closer examination of the corpus with the help of a concordance program reveals that 4th-tier universities tend to combine *excellence* with verbs

of pursuit and encouragement rather than attainment (e.g. *strive for, support, foster*), and in connection with teaching rather than research, or with reference to “selected areas” of research rather than the full body of knowledge relevant to the school concerned. Also, less prestigious schools tend to foreground *local* and *regional* impact, whereas top-ranked institutions emphasise their aspiration to *global* academic leadership:

- (6) The School of Business will create an educational environment where *excellence is valued, pursued, and rewarded*. (...) The School of Business will be a *regional leader*. (University of South Dakota School of Business; <http://usd.edu/business/mission.htm>; my emphasis)
- (7) The University of Memphis provides a stimulating academic environment for its students, including an innovative undergraduate education and *excellence in selected research areas* and graduate programs. (University of Memphis; <http://www.people.memphis.edu/~acadafflib/mission.htm>; my emphasis)

The persuasive style of these texts is obvious, and this brings me to the fourth indicator of the role of commercial models in NPO and public sector communication, the use of promotional discourse. In mission statements and deans’ messages, positively loaded lexical items abound, and adjectival/adverbial modification is so consistent as to appear almost obsessive. Most entities and processes are endowed with some positive attribute, and the cumulative effect is clearly hyperbolic. In extracts (4) to (7), for example, we find *significance, managerial relevance, excellence, scholarly rigor, leading, stimulating* and *innovative*. The computer-generated wordlists contain many more such items, including *quality, commitment, intellectual, best, value, success, exciting, great, strong, competitive, active, dedicated, effective, outstanding*. At the same time, there is a noteworthy absence of lexical items with a negative semantic aura, or negative “prosody” (Louw 1993).¹⁶

Mission statements as well as deans’ welcoming addresses contain another linguistic feature, this time syntactic, that is strongly reminiscent of advertising discourse, namely a high frequency of nouns and adjectives coordinated by *and*. In consumer goods adverts, product descriptions including phrases such as *soft and silky, softness and bounce*, and *vibrant and exciting shades* can be shown to be quite common.¹⁷ With many of the nouns and adjectives involved having a positive semantic aura, syntactic coordination leads to the ‘piling up’ of positively loaded lexis, and thus to hyperbole. The corpus of mission statements and deans’ messages included three main types of such coordination, ‘noun *and* noun’ (e.g. *the initiative and success of our students*), ‘adjective *and*

adjective' (e.g. *important and relevant scientific research*), and 'adjective+noun and adjective+noun' (e.g. *open dialogue and mutual respect*). In order to assess relative frequency, a couple of large reference corpora accessible through WordbanksOnline¹⁸ were used as yardsticks (a 5.7-million-word corpus of articles from the *Times* newspaper, and a 1.2-million corpus of US American ephemera such as flyers, mail order brochures, and the like). All three patterns turned out to be between five and eight times more frequent in the mission statements and deans' messages than in the *Times* corpus, and between 1.5 to 3 times more frequent than in the corpus of US ephemera.

Finally, the influence of promotional discourse is also being felt on the level of visual communication. In both print and electronic media, the external communication of NPOs and public sector organisations has become purposefully multimodal, with pictures and graphic elements taking on an ever more salient role in message design. "[G]reater dependence upon visual images at the relative expense of verbal semiosis" (Fairclough 1993: 142) is typical of advertising. As new, previously non-commercial domains are incorporated into the commodity market, they are colonised by consumer advertising (Fairclough 1993: 141) and make similarly heavy use of the visual mode. Websites of US universities, for example, are typically replete with photographs. Though some of the pictures have a truly representative function, as is the case with faculty portraits, many images clearly serve the less specific atmospheric and decorative function of simply making the campus appear inviting. This is obviously true of photos showing groups of anonymous students engaged in concentrated course work or in relaxed conversation (sitting on manicured lawns and posing in front of historic buildings rather than the nondescript tower blocks which are an equally common architectural feature on the campuses of even the most august institutions).

With awareness of the 'visualisation' of external communications growing, and with website technology and expertise becoming more sophisticated, there is a clear, accelerating, and probably global trend towards rich multimodality. Nonetheless, there are still some public and nonprofit organisations whose website communication follows more traditional models dominated by verbal semiosis without exploiting the full semiotic potential offered by the technology. Some institutions' homepages consist of little more than hierarchically arranged clickable entries, merely offering lists to be gone through rather than spaces to be explored. In this context, some intercultural differences remain. At the time of writing, German universities, for example, appear to be generally slower at adapting to multimodality than their North American counterparts (Mautner 2002: 220–221). The website of Hamburg University's Faculty of Eco-

nomics,¹⁹ for example, is basically laid out like an online directory, with the only visual element being the university's logo in the top left-hand corner. In rare cases, both an old and a new version of a given website are online simultaneously, allowing website design changes to be followed up. The two versions of Bayreuth University's website are such a pair,²⁰ clearly showing progression from dominance of the verbal mode towards more intensified use of the visual.

6. Lexical imports from the business domain

Having looked at the macro-level phenomena of visual identities, media and genres, we can now turn to the micro-level of lexical choice. Arguably, this is the linguistic level at which the commercialisation of the nonprofit and public sectors can be pinpointed most easily. NPO texts are liberally, some would say indiscriminately, sprinkled with terms such as *investment*, *customer demand*, and *market*. In a parish newsletter recently delivered to my home, the Catholic Church was referred to as a *Dienstleistungsunternehmen* ('service provider'), just as consultants remind charities that they need to "get more mission out the door" (Brinckerhoff 2003). These are clear examples of "commodification" (Fairclough 1993: 141), of transforming mission into something that can be produced and marketed like a tangible product. The frequent designation of universities as 'entrepreneurial' commented on in Section 2 is another case in point, as are job adverts for positions such as that of the "Vice-Chancellor and Chief Executive" (at the University of Luton, published in *The Economist*, 7 December 2002, p. 19; my emphasis). By the same token, the personality profile given in a job advert for the Dean of Newcastle Business School in 2000 said they were looking for "a charismatic, enthusiastic and highly commercial individual, not necessarily an academic" (*The Economist*, 16 September 2000, p. 15).

The corpus of university mission statements and deans' messages also contained ample evidence of hybridity between educational and promotional discourse. Witness the following extracts from web pages (my emphasis throughout):

- (8) The recognition that *we are a business engaged in intense competition* requires us to be responsive to the environment around us. (Dean's Message, College of Business, Kent State University)
- (9) We appreciate that today's *market* demands a broad yet responsive, *results-oriented* educational philosophy that rewards our students – and the com-

panies they join – with a manifold *return on their investment*. (Dean’s Message, Samuel Curtis Johnson Graduate School of Management, Cornell University)

- (10) The curriculum is fine tuned and refined annually according to the *demands of business* and the interests of our students. This is why we call it “*market-driven*.” (Dean’s Message, Texas Business School, University of Texas at Austin)
- (11) ...we have been *driven by customer demand* and a sense of our own institutional *comparative advantages*. (Dean’s Message, Fisher College of Business, Ohio State University)

In NPO discourse generally, hybrid compounds now abound, ranging from such well-established concepts as *social entrepreneurship* and German *Sozialmanagement* to *mission output* (Brinckerhoff 2003), *venture philanthropy* and the *social bottom line*.

As pointed out in my introduction, such hybridity is both a mirror of social change and a driving force. To take a notorious example, referring to students as *consumers* or *customers* not only reflects changing perspectives of students’ roles and identities, but also shapes their attitude and behaviour in ways that are not necessarily conducive to independent learning, personal growth, and the upholding of academic standards (McMillan & Cheney 1996).

7. Conclusion

The commercialisation that the nonprofit and public sectors have been undergoing is leaving numerous traces in discourse; on the macro-levels of communications planning, visual organisational identity, media use and genre, as well as on the micro-level of lexical choice. The hegemony of business in society at large is such that marketised forms of language are in the process of becoming fully absorbed into previously non-commercial discourse. The traces left by this process of absorption are often opaque rather than transparent, creating a need for a critical approach and ‘unveiling’ methodologies of the kind provided by critical discourse analysis, the theoretical framework and method chosen for this study.

This paper began by examining grammatical patterns conveying the inevitability of various change processes, and then proceeded to discuss the recurring motif of commercial enterprises being positioned as models and yardsticks for nonprofit and public sector organisations. Next, the paper described

the commercial sector's increasing presence in these organisations (through advertising and sponsored naming, for example), leading to the 'semiotic colonisation' of their institutional identities. After looking more closely at mission statements, as one example of a genre borrowed from for-profits, the paper briefly addressed the issue of increasing multimodality on the websites of NPOs and public sector organisations. Finally, the analysis turned to the level of lexis, quoting evidence of vocabulary being imported from the commercial domain.

While it is indeed the case that heavily commercialised language may jar with more traditionally minded stakeholders (including this author), there can be no doubt that the pressure for more 'market-orientation' has also had countless positive effects in terms of efficiency, user-orientation, accountability, and client autonomy. The question is whether and to what extent business principles and practices can be followed without the essence of an organisation's mission being compromised. Those who wish to see the public and nonprofit sectors remain as independent as possible from commercial influence will be looking for a 'third way': tapping for-profit domains for managerial and marketing expertise, while ensuring that the integrity and uniqueness of public service and civil society are preserved. Wishful thinking, perhaps, or the rather naive idea that one can, after all, have one's cake and eat it. However, if any headway is to be made at all in developing such a 'third way', then the unquestioned, wholesale adoption of commercial discourse ought to be reined in, and subjected to a screening process informed by critical awareness.

Notes

1. The 1993 System of National Accounts was prepared jointly by the Commission of the European Communities, IMF, OECD, UN, and the World Bank. See <http://www.imf.org/external/pubs/cat/longres.cfm?sk=575.0>.
2. The websites containing the mission statements and deans' welcoming messages were first accessed in April and May 1999, and the quotes refer to the versions then on-line.
3. Concordance programs display the results of searches in text in such a way that occurrences of the search word, or 'node', run down the centre of the page, making collocational regularities (i.e. the 'company' that words keep) stand out. They were originally developed with lexicographic, grammatical and didactic applications in mind. For an introduction to basic principles and techniques see Sinclair (1991 and 2003). On the rationale and practical value of using concordance programs in critical discourse analysis, see Hardt-Mautner (1995), Stubbs (1996) and Koller and Mautner (2004).
4. Free Management Library, entry for 'Social Entrepreneurship', at http://www.mapnp.org/library/soc_entr/soc_entr.htm; accessed 31 January 2005.

5. Cf. Halliday (1994).
6. <http://www.np-org-dev.com/>.
7. http://www.bridgespangroup.org/BSGweb/about_us.asp.
8. <http://www.bridgespangroup.org/BSGweb/history.asp>.
9. Free Management Library, entry for 'Social Entrepreneurship', at http://www.mapnp.org/library/soc_entr/soc_entr.htm; accessed 31 January 2005.
10. <http://www.bus.utexas.edu/may/8t-curr.asp> (my emphasis).
11. <http://www.universitybusiness.com/page.cfm?p=237>.
12. <http://www.business.kent.edu/welcome.asp> (my emphasis).
13. http://www.haskayne.ualgary.ca/abfac/abfac_dean.html, accessed 23 March 2003.
14. Naturally, as a heavily conventionalised genre, mission statements have considerable potential for "anti-generic parody" (Swales & Rogers 1995:225), and this has not escaped humourists' attention. Parodies such as those created by the online Dilbert's Mission Statement Generator (<http://www.comics.com/comics/dilbert/games/career/bin/ms.cgi>) are a case in point.
15. The ranking used as a basis for this research was that of the *US News and World Report* (<http://usnews.com/usnews/edu>).
16. Louw (1993: 157) defines semantic prosody as "a consistent aura of meaning with which a form is imbued by its collocates".
17. These are quotes from a corpus of 40 cosmetics advertisements compiled for research into advertising discourse, and in particular into the use of technical and pseudo-scientific language for persuasive effect (cf. Mautner 1998a, b).
18. See <http://www.collins.co.uk/books.aspx?group=154>.
19. <http://www.econ.uni-hamburg.de/welcome.html>.
20. <http://www.old.uni-bayreuth.de/> versus <http://www.uni-bayreuth.de/>.

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CHAPTER 3

Education, discourse and the market

On the merger of two schools of applied economics

Geert Jacobs and Katja Pelsmaekers

1. Introduction

Economics seems to be everywhere these days: not just in boardrooms and supermarkets, but even in schools and at universities. Since the early nineties critical researchers have been arguing that education, like many other institutional domains, is getting increasingly commodified, i.e. it has gradually been turned into a saleable good, whose value is determined by the workings of supply and demand. Within today's so-called 'enterprise culture' it looks as if business is being made the model of all undertakings, and since schools and universities typically play a vocational role, preparing students for future employment, it has been argued that "there is a particularly strong link between the sphere of work and that of education" (Cameron 2000: 17). One symptom is that schools and universities have had to become financially more resourceful and responsible: both external and internal quality audits have become a regular feature, curricula are now under constant review, and diversification into ever larger numbers of options and specialisations is another well-known trend.

Crucially, a lot of researchers in this area have been using all sorts of 'texts' (both oral and written) to prove their point. Some even talk about the 'colonisation' of a wide range of local institutional orders of discourse (including classroom interaction) by just a few culturally salient domains like advertising and management; they say that the language of learning, just like many other discursive practices, is being 'marketised' (e.g. Fairclough 1996). For one thing, it is argued that, under government pressure to achieve economies of scale, schools and universities are getting increasingly worried about their 'market

position' and about how to reach the 'customer'. Spending large amounts on direct mail and other forms of advertising, universities have now also started to publish mission statements. The increasing power and dominance of the public relations departments in this activity is usually felt to be very real. In addition, new internal communication events are being created, including in-house personnel magazines, which are meant to raise the staff's awareness of the organisation's entrepreneurial goals, as well as appraisal interviews (e.g. for doctoral candidates), which require staff to become well-versed in new forms of expert communication.

What the critical literature on this marketisation of learning tends to imply is that, as Hill (2003) points out in a flaming but much quoted piece published in the first issue of the new on-line *Journal for Critical Education Policy Studies*, it has increased inequalities globally and nationally, diminished democratic accountability and stifled critical thought. It is further argued that it has deformed the goals, motivations, methods, standards of excellence and standards of freedom in education, thus neutralising and perhaps even destroying potential pockets of resistance to global corporate expansion and neo-liberal capitalism.

It is against this background that we set out to further explore the relationship between education and the market in this article by analysing some of the texts related to the recent merger of two schools of applied economics at the University of Antwerp in Belgium. First, we will briefly introduce the case, explain some of our methodology and propose two specific research questions. Next, we will deal with the first of these research questions, which has to do with the role of the student that emerges from our data. Section 4 will address the second question, viz. how the merger is communicated about. Finally, we will present a number of conclusions.

2. Case: The merger of two schools of applied economics

For over a hundred years there were two separate schools of applied economics in Antwerp. One was part of the Roman Catholic UFSIA university, the other belonged to the state-owned RUCA (for a list of commonly used acronyms see Appendix 1). In terms of student numbers, UFSIA's school was around two and a half times the size of RUCA's (see Appendix 2 for a comparison of recent enrolments). In the spring of 1999, after many years of prolonged negotiations, it was decided quite unexpectedly that the two schools would be merged into one newly founded UFSIA-RUCA school of applied economics as of October

2000. The eighteen months between the formal announcement of the decision to merge and the arrival of the newly merged school's first students turned out to be a period not just of detailed preparation, but also of intense debate, either directly or indirectly, on the place of university education in today's society.

As far as method is concerned, we were participant observers throughout the merger. As members of the teaching staff of one of the two merging schools (*viz.* UFSIA's), we experienced the whole operation from inside. Our data include a wide range of texts that were produced during the merger, both for internal use (the minutes of the meetings of important committees involved in the merger, memoranda, etc.) and external use (the new school's mission statement and website, leaflets for prospective students, etc.). In addition, we held semi-structured interviews with selected key figures in the merger, *viz.* with Ms. Fabienne Destryker, head of UFSIA's Public Relations department, and Mr. Peter Anthonissen of Anthonissen & Associates, the external communication consultants that were hired to co-ordinate the merger's communication.

From a first glance at these data, there is no denying that universities are presenting themselves as businesses: 'positioning' is said to be important if the new school wants to remain 'competitive'; professors argue about the newly merged school's 'brand name'; advertisements are published in the major national newspapers to promote the new school. However, what we would like to stress here, is that this need not come as a surprise: we are looking at a school of applied economics here, whose members of staff – more than anyone else – are used to speaking in terms of economic principles. In addition, it is generally accepted that the decision to merge the two schools was inspired by economic considerations: downsizing Antwerp's economics programme would create space for organising new educational programmes. Finally, in Belgium, like in the rest of the industrialised world, competition between universities has grown fierce; within the European Union, competition is bound to turn even transnational after governments agreed on the Bologna treaty on higher education.

All this reminds us of Verschueren's (2001) claim that the link between education and the market is often not really a research finding, but rather a predictable pattern: "if educational institutions are forced to sell themselves in order to survive, then selling themselves is what they will do" (2001:63). It is the same with our data: anyone could have anticipated that the discourse about the merger would be filled with references to business and economic principles. Verschueren adds that marketisation is not just a predictable pattern; it is one that tends to turn the analyst's attention away from the questions that really matter. We ought to go beyond the symptom-oriented approach of a lot of crit-

ical researchers, he argues, and consider the more interesting question what lies beyond this market-approach to education: how the actual interaction between institutions and the general public, for example, and that between teachers and learners (and hence the asymmetrical power relations between them) is affected; and if they are affected at all. To find out, it is necessary to go beyond the analysis of selected features in individual texts and begin to work towards a larger-scale ethnography of the case as a whole, including a wider range of relevant data and taking into account the full dynamics of the negotiating process within its institutionalised setting. Connell and Galasinski's (1998) research on the mission statements of British Universities is a case in point: for universities to publicise mission statements may look like a sign of consumer-oriented thinking; on closer scrutiny, however, it turns out that those mission statements are primarily meant to help the universities state their sovereignty vis-à-vis the political authorities.

Even more so, there are clear indications that a simple, one-to-one mapping of education and the market cannot work. For one thing, who are the customers? Is it the students, who in our data are said to 'actively shop around', who get served at a 'counter' and who can even dial a toll-free number for more information? The students, who in leaflets are lured by the promise that the Antwerp applied economics programme is 'not too difficult' and that it will earn them a quick contract? Or is it the labour market, with the new school calling itself a 'breeding ground' and promising to monitor the quality of its 'output' to the corporate world? Also, competition between universities is not the same thing as in business: while in business size matters (the more customers or the bigger sales, the better), it is different for universities. Interestingly, the newly merged school that we focus on in this article deliberately did not sell itself as the biggest economics school in the country.

In this article we will focus first on the role of the student in the newly merged school and then on the merger communication. As for the latter, we will draw on Cameron's (2000) work on so-called communication culture, which points to how reflexive and self-conscious today's corporations are about the strategic impact of verbal interaction with all sorts of stakeholders. While it did not originate in business as such, but in the political and therapeutic countercultures of the 1960s and 1970s in the US, it is generally assumed that it has now deeply shaped the ideologies and practices of the market economy. What we would like to find out in our data is whether communication culture has also been able to penetrate into education. Before focusing on *how* the merger is communicated, however, we turn to *what* is said and zoom in on the role of the student in our data. In particular, we set out from the widely held, critical

view that students are increasingly considered customers and we try to find out if a similar picture emerges from a close reading of a wide range of the merger documents we were able to lay hands on.

3. The emerging role of the student

3.1 Student as customer, student as product, etc.

If it is true that education is getting increasingly marketised, the question can be raised what particular role is discursively constructed for the students. It is this issue that we would like to address here by zooming in on some of the data that we collected about the Antwerp merger.

To begin with, it should be clear that one 'market' role that educational institutes commonly project on students is that of customer (e.g. Cameron 2000). The idea is that the student is the 'buyer' of educational products, which are obtainable from the institution-supermarket. When students do not like what is on offer, they change product or supermarket. Advertising, course evaluations, course diversification, ombudsmen, complaints procedures and so on are all taken to be symptoms of the so-called student-customer sovereignty. The wishes of those customers are regularly investigated by means of so-called 'needs analyses', which help determine what the quality of the traded end-product should be (see Haegeman 1996: 7ff. for references to work in this area).

Interestingly, it has been argued that other market-related metaphors seem to be guiding educational thinking as well. Grimbergen (1996), for example, agrees that the student-customer metaphor is the most common metaphor underlying much present-day discussion about university reforms, but she contrasts this view with that of students as products or even as producers. In the student-product metaphor, for example, education is seen as a manufacturing process: incoming students are empty barrels that are filled with knowledge by the university-manufacturer.

Not surprisingly, even a quick glance at some of our data makes it clear that while the student-customer metaphor is very much present, it is certainly not the only metaphor that emerges from it. In the UFSIA-RUCA mission statement, for example, the students are seen as raw materials that need to be processed into something useful. Elsewhere, they are seeds or embryos that will be 'bred' into a new organism (cf. *Een betere kweekvijver voor managers*, 'A better breeding ground for managers'; headline referring to the UFSIA-RUCA merger in *Trends Magazine*, 5 October 2000). The newly merged school deliv-

ers the finished product to business and society, who are seen to assume the role of customers in this process.

In this section we would like to go one step further and propose a close reading of the role of the student in our data by focusing on the pragmatics of reference as well as a number of broad-based lexical and syntactic choices. In particular, we will look at a wide range of texts that the newly merged school produced for different audiences. One important set of data consists of the new web pages that were put up for incoming students. In addition, we will look at various documents that were circulated among the staff, including the minutes of the meetings of the supervisory so-called ‘integration commission’, in which the structure, the courses and the management of the newly merged school were discussed and decided on.

As will be shown further down, it appears that there is very little in the way of a single conception of students emerging from the documents. Even more, while the school addresses the students in a range of different voices, student roles seem to change considerably with the educational stage in which they find themselves: from initial customers to participating individuals over passively receptive beings who run a serious risk of being stopped at the second year gate if they do not fit into the mould. The findings in this case show that going through higher education is not simply construed as buying a product or service in a free market, and by implication, that using the market metaphor to find out what is going on in present-day educational reforms might at least be simplistic.

3.2 Diversity in reference

A close look at the newly merged school’s web pages¹ reveals considerable diversity. Interestingly, they include separate links for ‘future’ students and ‘students’, accessing more than forty documents published by the school, and a few ‘outside’ pages. The content of these documents ranges from general descriptions of the school, courses and options, student life, student advisory services, to contact addresses and reply screens. Whereas some of these pages read like overtly persuasive texts including sales pitches like ‘...our staff is permanently present. They are always available to help you’ (*Waarom universiteit*²), others seem to be purely documentary and consist of course tables and class schedules, without any other accompanying text.

When we focus on the pragmatics of reference, it is clear that the differences are not limited to what is being presented; there is also quite some diversity in how the matter is presented. (Future) student readers, for instance,

are often addressed informally (through the informal *je/jij* ‘you’-forms), while other pages are more formal and address the reader by *u* (the formal ‘you’-form) as in:

u kan kiezen uit de volgende richtingen
 ‘you can choose from the following course tracks’

or by an imperative-subjunctive, which is typical of written *officialese* Dutch but uncommon in spoken varieties:

gelieve . . . te raadplegen
 ‘please consult . . .’

Still others do not have direct address forms but code the presumed readers as third persons (‘students’) or not at all. Occasionally, the reader is even referred to in the *I*-form, as when information is offered in response to anticipated reader queries. This is mostly restricted to headlines, as in:

Wat doe ik na het secundair onderwijs
 ‘what will I do after secondary school’

As might be expected, it is course lists and class schedules that have very little in terms of direct address, except for a formal introductory ‘you’ form. Student-counselling information, on the other hand, (e.g. criteria for students’ suitability and choice) has a great deal more of informal and involved address and abounds with informal ‘you’ and ‘I’. However, the directness or indirectness with which the reader is addressed does not seem to be exclusively linked to what is presented. On the dean’s ‘Welcome’ page, for example, our expectations do not seem to be fulfilled. Indeed, it is not until the last paragraph that the reader is addressed, informally and only briefly. In the ‘Mission Statement’, student readers are not addressed at all; they are coded in the third person. And more spectacularly still, in a document called ‘History of the school’, the origin and evolution of the separate schools up till the merger is explained in terms suggesting that students had nothing to do with it, not even impersonally. There’s only one brief reference in the second part of the text:

toegankelijk voor alle studenten ongeacht hun filosofische overtuiging
 ‘accessible to all students irrespective of their philosophical convictions’
 (*Historiek van de faculteit TEW*)

The diversity of ways to code the reader in documents meant for students and incoming students is obviously substantial. Clearly, unlike web pages designed for commercial organisations, these pages do not seem to be backed by a single

master concept of the student reader. The overall impression is that the school speaks in many different voices, only some of which want to be more intimate with the reader, as in advertising.

3.3 Passive students: The view from the new school's website

So far we have shown that in our data, reference changes all the time. Whereas the informal 'you'- and 'I'-forms look like attempts to involve the reader closely, the other forms (formal 'you', imperatives and third-person forms) seem to point in another direction. What these reference forms have in common, however, is a suggestion of distance between the organisation and the reader. This seems to be confirmed by the complete absence of inclusive 'we'-forms. In this section we will further explore this intimation of distance and reveal how the newly merged school and its students seem to be on opposite sides of a dividing line. We will do so by zooming in on some of the lexical and syntactic selections that were made on the school's website at the time of the merger. We will argue that overwhelmingly students are suggested to either *receive* something from the organisation, or to be the *object* of organisational action, even in those texts that address the incoming students directly. Our analysis of lexical and syntactic patterning may thus shed some light on how the school conceives of student roles.

The clearest example of lexical and syntactical patterns suggesting that relatively passive role for students is in the school's Mission Statement, which is posted on the website. Here the main if not only agent in the education process seems to be the school. The 'School of Applied Economics' or a metonym such as 'research and education' or 'expertise' is the grammatical subject most often combined with a transitive verb in 8 out of 13 sentences. Students, on the other hand, are only referred to twice in this document, and even then the school or its parts and extensions are the understood agent of the events referred to, while 'students' are undergoing it all:

De student kan rekenen op individuele aandacht, opvang en studiebegeleiding

'The student can count on individual attention, counselling and tutoring'
(*Mission Statement*, §4)

Even though grammatically the students are the subject here, semantically they are not agents in an event but are being guaranteed that action by the organisation is going to come their way. Stronger even, the students' own potential for action is equally seen as the product of the organisation's action:

De faculteit TEW biedt ruimte voor interactieve, projectgerichte onderwijsvormen, die het eigen initiatief van de student ontwikkelen

‘The school of Applied Economics offers (space to) interactive and project types of teaching formats, which develop the student’s own initiative’
(*Mission Statement*, §4)

This example in particular seems paradoxical, in that it refers to the students’ own initiative, which is presented as energised by some outside force, not the student. Indeed, there seems to be an interesting pattern in our data: as long as they are in the hands, as it were, of the organisation, students are not presented as actors in their own right. That status comes later, when they have graduated:

De faculteit TEW vormt competente, zelfstandig denkende kaderleden, ondernemers en beleidsvoerders die sociaal en communicatief vaardig en ethisch bewust zijn. Zij zullen kunnen bijdragen tot de economische en sociale ontwikkeling van de samenleving [...]

‘The school of Applied Economics forms competent and independently thinking executives, entrepreneurs and policy makers who are socially and communicatively skilled and ethically aware. They will be able to contribute to the economic and social development of society’
(*Mission Statement*, §5)

It is clear that the school has taken on a tall order indeed: it makes (‘forms’) independent and self-reliable leaders of society, who will act (‘contribute’) as soon as they are no longer students. The missing link is obvious: how can people become leaders if their training implies being led only?

The implied inactivity extends to other, extracurricular roles the students might assume. In a document entitled *Waarom TEW/HI aan de UA* we can read that the university ‘involves you [students] in university policy and gives you participation; *students have representatives in all councils and decision-making bodies*’ (our translation; italics in original). Curiously again, involvement and participation are ‘given’ to students, and representation is presented as a possession rather than as a capacity, for instance.

Crucially, lexical choice and syntactic patterns are not the only areas of discursive practice that suggest students and the organisation are divided by the line of agency. Explicit references to student agency are contradicted, as it were, by the way *information* is *selected* for presentation. An example will make this clearer. Despite the fact that a document like *Waarom TEW/HI aan de UA* says that ‘students have representatives in all councils and decision-making bodies’, these councils and bodies are not named. On another page meant for

incoming students entitled *Structuur en organisatie van de faculteit*, a number of people and bodies that make up that structure are listed, but not one student is included. Indeed, student representation is non-existent or only occasional in the *listed* school bodies – but even this is not mentioned. The governing bodies that *do* have student representatives, like the school council, are just conspicuously *absent* from the school's pages, i.e. they are not mentioned.

Here is a final striking example: on a page called *Afgestudeerden aan het woord*, former students are quoted extensively talking about their present jobs and about how their education at one of the two Antwerp applied economics schools contributed to their success. Interestingly, no quotes are attributed to current students; there is no similar page with students' comments. It can be concluded that whatever role the students were meant to play in the newly merged school, it was certainly not going to be a very important one.

3.4 Passive students: Policy documents

The distinct images of student and alumnus as they emerge from the school's external communication on the Web correspond rather well to what we can find in the policy documents that record the discussion of the merger internally. It is these data that we will look at here. The internal documents cover a period between June 1999 and September 2000, and include, beside the actual minutes of the UFSIA-RUCA integration commission meetings, agreement texts relating to the foundation of the new school and its structure and various other papers that were used in the meetings.

A first impression of these data is that students are remarkably *absent*, in more than one sense. First, they are not often mentioned explicitly. An illustrative example is the integration agreement (*Voorakkoord tot oprichting van de UFSIA-RUCA faculteit TEW, 14 juni 1999*) signed by the participating universities, in which students are mentioned explicitly in only three out of twelve paragraphs. Another is the organisation structure regulations document (*Ontwerp van reglement op de organisatiestructuur TEW, 29 juni 2000*), a 25-page report that counts a single chapter on 'students and alumni'. This chapter is one of the shortest. For the rest we only find fleeting references, often to say that the students are *not* part of something.

In itself, of course, when a referent is not mentioned explicitly, it does not mean that the referent is of no importance. It does mean, however, that the protagonists in the discussion thought the role of the student was not one of the items that needed to be considered extensively, let alone be purposefully remodelled along the lines of one role or another.

On the occasions that students are mentioned, as in the integration agreement, they tend to appear as groups that are *subject to directives* such as

... de studenten die zich [...] inschrijven aan RUCA en UFSIA voltooiën hun studietraject aan de instelling waar ze zijn ingeschreven
 ‘students who enrol at UFSIA and RUCA [...] will finish their study trajectory in the institution where they have enrolled’
 (*Voorakkoord tot oprichting van de UFSIA-RUCA faculteit TEW*, pt 5)

or

de inschrijvende studenten hebben niet de mogelijkheid om te kiezen voor een afzonderlijke inschrijving hetzij op RUCA hetzij op UFSIA
 ‘students who enrol do not have the possibility to choose for a separate enrolment either at RUCA or at UFSIA’
 (*Voorakkoord tot oprichting van de UFSIA-RUCA faculteit TEW*, pt 6)

Their third mention in this 4-page document illustrates one particular aspect of their importance, viz. their number:

voor zover tenminste het huidige aantal financierbare studenten wordt gehandhaafd
 ‘insofar as the present number of government-financed students can be maintained’
 (*Voorakkoord tot oprichting van de UFSIA-RUCA faculteit TEW*, pt 7)

What all three instances illustrate is that students, when they are mentioned, are not presented as sovereign individuals, but rather as groups that need to be steered in the right direction and whose substantial numbers are of significant importance for the operation of the school. However, as we mentioned before, number is not an unqualified advantage, certainly not for the students, and not even for the organisation as a whole.

As we have shown, in policy-making bodies the number of student representatives is kept systematically low. In a document discussing the set-up of the integration commission, which is said to need a broad mandate to negotiate a global agreement concerning ‘every aspect of the foundation of the UFSIA-RUCA school’ (*Oprichting UFSIA-RUCA faculteit, 25 juni 1999*), a representation from all layers of the two schools is proposed, except students, whose contribution is ‘deemed more useful in task forces preparing the new curricula’. A year later, when the structure of the new school is proposed (*Ontwerp van reglement op de organisatiestructuur TEW, 29 juni 2000*) this virtual absence is confirmed. The school’s education commission does not have any

permanent student representation (article 24), and neither do the school's research commission (article 26) or the various department councils (articles 42–47). For each, occasional meetings with students are proposed, the initiative for which needs to be taken by the non-student members of the commissions. Students do have permanent representatives in the school council, i.e. 5 people for well over 1,000 students. Compared with other groups in the organisation, they are the least represented.

Remarkably, for *first-year students*, always the largest year-group, this asymmetry is even more spectacular. They are not even eligible to be representatives in the school council. On the occasion of the merger one student mandate was added to the school council to make sure that students did not proportionally lose seats, but it was 'added to that of the 3rd and 4th -year students' (*Notulen Integratiecommissie, 26 november 1999*).

The large number of first-year students also works against them with respect to *participation in the educational process*. Even though the educational aims of the school are said to include 'the stimulation of active forms of acquiring knowledge and the processing of knowledge through monitored self-study' (*Curricula academische opleidingen, 1 september 2000*), in the first year the proposed time spent in formal lectures is at least 50% more than time spent in more interactive, small-group seminars and workshops (1st year TEW 369 vs. 246 hours; 1st year HI 399 vs. 236 hours) (*ibid.*). This is due to the huge number of first-year students, it is claimed. Active learning methods in the first year would require too much staff, so that they need to be introduced 'in stages' (*ibid.*). In other words, first-year students are participating less than other students, not just in policy-making but also in 'active' learning formats. While the school needs the large numbers to get the necessary government funding, the numbers also prevent it from realising what it claims to want.

Rather intriguingly, these large numbers do not work against a special welcome treatment that is reserved for the first-year group. For starters, enrolment procedures are different: 'both universities consider a personal interview with the new students to be very important' (*Notulen Integratiecommissie 29 juni 2000*), whereas other students get their enrolment documents by post. Exams are different too: semester exams (in January) are generalised except in the first year 'to give the new students the necessary adaptation time' (*Notulen Integratiecommissie, 31 januari 2000*). What these examples indicate in terms of roles is that first-year students are treated more like guests than insiders: they cannot be present at policy-making meetings, but otherwise the red welcome carpet is spread out wide. In other words, in addition to the difference between students and alumni referred to in the previous section, we now have another

contrast, viz. that between first-year students and all others. Clearly, if anything can be said about the roles of students in the newly merged school, it is that there is an interesting dynamics in them: our analysis seems to point to a distinct continuum as far as the distribution of power is concerned.

3.5 Preliminary conclusions

If we go back to our original question about the role of the student as it emerges from external and internal documents, it is clear that it is diversified into at least three different roles, according to the actual stage of involvement in the institution the students have reached. Prospective and incoming students are clearly outsiders who are given lots of information (through the Web and in the post) and are especially welcomed on arrival in the first year. But until they have been able to get through to the second year, they are not admitted into the school kitchen, and they are not expected to take a great deal of educational initiative either. Moreover, they do not get the educational resources that their number would warrant if they were treated like other students. This image is reminiscent of what the critical literature has called a process of ‘infantilisation’: “Students are effectively socialized in an educational machinery rewarding receptivity and the ability to reproduce other people’s experience” (Christie 1997 quoted in Beckmann & Cooper 2004: 9).

Once students have managed to pass the gate to the second year, they are slowly evolving to insiders: policy-making participation increases with advancing years, and so does activity in the educational processes (more continuous evaluation, fewer formal lectures, and more project work). However, by then the communicative red carpet treatment has ceased too. It is only when students reach the stage of ex-students that they are said to become agents in their own right. Until then, it is the school (excluding students) that is presented as the main agent in the educational process that ‘forms higher executives, leaders who are involved in or responsible for policy decisions in organisations in the profit and non-profit sector and public service’ (*Algemene doelstellingen van de academische opleidingen, 1 september 2000*).

The view, therefore, that students are increasingly assuming the role of customers or products in the education market and that this can be seen as evidence of the marketisation of learning is at best a simplified and partial one. Critically, a simple student-customer metaphor dissimulates the fact that students stop being treated as customers as soon as they enter the system. It is only when they pass the gate through to higher years that they can achieve what was promised before they entered: choice and participation. Moreover,

the customer metaphor blinds us to the fact implicit in many of the texts we looked at, viz. that university education remains quite selective and competitive from the point of view of the *students*, and not only from the point of view of universities' market positioning. The concept of 'choice', so intricately linked to that of the 'customer', thus serves as an umbrella concept, as it is clear that schools themselves as well as students are choosers (cf. Trnacevic 2003: 4). In this case it means that at particular stages of the educational process, each party is severely curbing the choice of the other. Indeed, the greater availability of staff for interactive teaching formats from the second year on is strongly linked to the fact that as many as 40 to 50% of the people who start the first year simply do not pass their exams at the end of that year or drop out even earlier. As a result, it is taken as a matter of fact, in the integration commission documents, that teaching formats in the first year must be 'different' – there are just too many students. For the organisation to be manageable, and to be able to do what they say they want to do, a large part of the people that are welcomed and were actively recruited, will find themselves to be the casualties in an annual student shake-out.

4. Communication

Let us now look at the role of communication: if it is true that the world of education is being increasingly marketised, then surely – it has been argued – schools and universities must be paying more and more attention to communication. Cameron writes about a real 'communication culture' in this respect: language, she argues, has come to be seen as one of the resources that businesses need to manage efficiently if they are to maximise competitive advantage in the market place. The question we would like to raise is whether such a process can actually be seen at work during the merger of the two Antwerp schools of applied economics. As we will show in the next few sections, many academics directly involved in the merger initially felt communication to be very important. However, when it came to shaping and realising concrete plans for such communication, there was a certain reluctance to go ahead and actively communicate the news about the merger. Significantly, this was also true for the outside communication experts that had been called upon. The reasons for this reluctance were apparently related to uncertainties about the newsworthiness of the event, some anticipation of low interest in the target groups and finally the feeling that merger communication is primarily symbolic, and that a textbook business approach is inadequate.

4.1 Communicating the merger is important

Even a quick look at our data confirms that communication played an important role in the Antwerp merger. This first of all emerges from the fact that people from inside the university as well as experts from outside were called upon to design and carry out communication plans about the merger. Second, it is clear that a wide range of communication initiatives were also put into practice.

As early as July 1999, soon after a number of task forces had been installed to prepare the different aspects of the merger, the *rector-voorzitter* ‘general vice-chancellor’, who was in charge of the merger, wrote a formal letter to the members of the different task forces in which he pointed out how crucial he felt communication was going to be:

Niet alle werkgroepen zullen meteen kunnen of moeten van start gaan. Een aantal kwesties zal eerst moeten worden uitgeklaard. Het uitwerken van nieuwe curricula en een aangepaste communicatiestrategie is in ieder geval prioritair

‘It will not be possible or necessary for all task forces to start off straight away. First, a number of issues will have to be cleared up. In any case, developing new curricula and a suitable communication strategy takes priority’

A special task force was therefore appointed to take care of the merger communication. In addition, it is clear from several of the minutes of the integration commission headed by the general vice-chancellor that the other task forces were concerned about communication too: the task force working on the new curriculum, for example, seemed to be highly aware of the need to have leaflets with the new programme printed in time (“*het nieuwe programma tijdig naar buiten krijgen*”).

Apparently, there was also concern that communication about the merger should be streamlined and professional. The two deans of the merging schools instantly agreed to hire an external communication consultant, *Anthonissen & Associates*, to assist them with the single major communication event preceding the actual merger, i.e. a so-called ‘kick-off event’.

In fact, a wide range of concrete communication initiatives were taken. More traditional efforts like publishing advertisements in the major daily newspapers, issuing press releases and calling staff meetings were supplemented with ‘newer’ speech events, like posting a mission statement on the school’s web-site as well as setting up a toll-free telephone number and organising a

'kick-off event'. While some of this was no doubt what Cameron calls mere 'cheerleading', the interactive nature of the newly merged school's website, inviting students to voice both their comments on the design of the website and proposals for the new school, at least theoretically allowed for more 'interventionism'.

All this seems to indicate that the people involved in the merger felt communication did matter and, as a result, might lead us to conclude that 'marketing' concerns played an important part in the merger. However, as we will show in the next section, our data suggest that there was also a general feeling that the communication efforts had to be restrained.

4.2 Communicating the merger with restraint

While it seems that everyone agreed that it was 'good to talk' about the merger, a closer look at our data reveals quite some restraint. This may have been motivated by fear of too much communication being counter-productive as well as substantial doubts about reaching an audience who would be interested.

For months on end, the special communication task force, far from playing the leading role that the *rector-voorzitter* assumed it would, actually failed to report any significant decision-making at all. Even after the task force had finally got off to a start, communication remained restricted. Many grand initiatives were toned down or simply cancelled: a question and answer list for media contacts, for example, was never realised.

One reason for this restraint may have been fear. In one of the minutes of the integration commission it was spelled out that a large-scale media campaign might well have a negative effect. In the interview we had with Ms. Detryker, who was the head of PR at UFSIA, she said that she did not want to go too fast, because she feared that this would put off potential new students, for two reasons: people tend to be afraid of what's new and, worse, when you look at it, the new school is not new at all. This reservation is also reflected in the minutes of the communication task force: the curricula for the first two years of the four- and five-year economics programmes, it is said, are bound to present hardly any innovations. It all went too fast, Detryker concluded.

Crucially, the fear and the restraint that we have reported here is not very different from what has been observed in most of the literature on mergers in the private sector. Indeed, in management textbooks, mergers are typically associated with crisis management, where they are seen as threats more than as opportunities: just like the two universities involved in our Antwerp case study, companies tend to approach mergers rather defensively and managers are usu-

ally not more willing to communicate than the academics we have looked at. Another anecdote will illustrate this further: Ms. Destryker said that she had had trouble convincing the UFSIA dean to call a general staff meeting about the merger: ‘we don’t have any news yet’, he told her. To which Ms. Destryker replied: ‘Then simply tell the people that you don’t have any news yet.’ In the end, he agreed to talk to the staff, because he wanted to reduce uncertainty as well as creating a ‘we’-sentiment. Anyone familiar with true enterprise culture will realize that the episode is in no way exclusive to the troubles of educational or – more generally – not-for-profit institutions trying to ‘do it the market-way’: it could have been taken from any textbook on corporate crisis management. Clearly, in describing what they call ‘communication culture’, critical analysts have overestimated the willingness of managers to communicate while those studying business communication have long realised that managers are not that talkative or brave. The same comments can be made about enterprise culture: it is not clear if businesses are as enterprising as they are frequently thought to be.

In addition to fear, another reason why communication about the merger turned out less than we could have expected was that few people appeared to be interested in the event – or at least that it was assumed that few people would be interested. At the end of June 2000, when the whole merger process was drawing to a close, the overall communication efforts were summarised as follows in the minutes of the integration commission:

Toegelicht werd nog dat alle opportuniteiten om bekendheid te geven aan de start van de nieuwe faculteit zo optimaal mogelijk werden benut. Hierbij moet er wel rekening worden gehouden met het feit dat het aantal elementen waarvoor belangstelling bestaat bij de media totnogtoe vrij beperkt was.

‘It was added that all opportunities to publicise the launch of the new school had been optimally exploited. It needs to be taken into account, though, that the number of elements in which the media are interested has so far been limited.’

Intriguingly, the external communication consultants, who can be assumed to represent the business perspective on the matter, actually agreed that the whole merger was a minor news item and that it was therefore only natural to communicate modestly. Mr. Anthonissen of *Anthonissen & Associates* said: ‘The whole thing was very different from the recent merger between a number of Belgian banks, involving 28 separate companies, 28,000 members of staff and well over 3 million customers’.

Of course some key groups would have to be interested in the merger, including secondary school pupils who are about to enter university as well as their parents and teachers. It is significant that even towards those people both the academics and Anthonissen felt that communication had to be kept minimal. A late end-of-summer information session for pupils and their parents is abandoned, because it is assumed that 'they have already made a choice anyway'. As for the teaching staff of secondary schools, the members of the communication task force decided that it would be better not to visit these people in their schools, 'because they would probably not be very *willing*' (sic). Willing to do what, the question can be raised. To welcome representatives of the newly merged school to their schools? Instead of visits to secondary schools, an on-campus information session was organised with a very low turn-out: 800 invitations were sent out to schools, but a mere 13 teachers turned up. Clearly – and perhaps not surprisingly – very few teachers seemed to be willing to travel to the campus to receive more information. Perhaps most surprising of all, both the academics and Anthonissen concluded afterwards that the event was a success because some of those 13 teachers said they were happy with it. Surely, the intuitive criteria for measuring communicative success used here do not just cast doubt on our market thesis (like the mixed results of our analysis of the emerging role of the student did in the previous section). The fact that they were endorsed by the external consultants seems to suggest that not all businesses share the kind of ideas on managing their language resources efficiently that Cameron associates with communication culture. As a result, the link between marketisation and the way schools communicate is not as clear as has been suggested in the first place.

4.3 The story of the kick-off

In this section we will provide further evidence of the fact that the restraint shown in communicating the merger was perhaps as much inspired by the business professionals involved in the merger as it was by concerns from within education. We will do so by presenting a more detailed analysis of a single special speech event that was organised for the Antwerp merger, viz. the 'kick-off' event.

The story of the kick-off, a large-scale public event for anybody interested in the newly merged school, is not a very successful one. The event was initially scheduled to take place in June 2000; then postponed, because no suitable venue was available, until September, just days before the official start of the academic year – it is pointed out in the minutes of the communication task

force that, as a result of the delay, the event's 'recruiting effect and impact are bound to be smaller'. Moreover, fund-raising for the event did not meet expectations: the original target was 2 million Belgian Francs (about € 50,000); but in the end just a quarter of that sum was raised due to 'limited willingness' from the organisations that were contacted – *willingness* again. Plans to record the event on videotape were abandoned.

Interestingly, the kick-off was co-ordinated by *Anthonissen & Associates*, the external communication consultants. The question that presents itself is whether there was any gap at all between the consultants' supposed enterprise culture and that of the newly merged school. Throughout the interview with Mr Anthonissen, he seemed to stress there was not. He emphasised that he knew the academic world quite well, having been a visiting professor at several universities, and having an assistant who was also an UFSIA alumnus working on the project. In addition, they had ample experience with consultancy projects at other educational institutions. Finally, he mentioned that the deans of the two merging faculties were personal friends of his. Of course, he admitted, there are some differences between business and academia (professors tend to be rather independent, there is no CEO at a university) but those are rather subtle. Even more so, in Anthonissen's view, the kick-off was a success: there was only some slight disagreement about one or two practical elements. Interestingly, as a measure of this success, Anthonissen mentions that, at the end of it all, he received a personal letter in which the two deans expressed their gratitude to him and his firm. Surely, for a consultancy firm, which we can assume to be driven by enterprise culture, this is a surprising way of assessing the effect of its efforts. Only at one point does Anthonissen hint at objective, quantifiable measures, viz. when he says rather hesitantly that it is a success that the number of students of the new school was not much less than the sum of the number of students in the two old ones³ – thus reminding us of Ms. Destryker's fearfulness.

Anthonissen's overall account is surprising, to say the least. It is not what you would expect from a business firm. Instead of radically advocating a market approach, he seems to steer clear from it, emphasising impressions and personal relations instead of hard facts. Crucially, to his defence of rather minimalist communication (referred to above), he added that in his view, apart from reassuring staff on the home front, the Antwerp merger communication was primarily meant to be symbolic, and that this symbolism is indeed a typical feature of all merger communication. In other words, he said that merger communication is not there because it is meant to boost the market value of the product involved – which traditional critical analysts might as-

sume – but rather because the different parties involved expect it. It should be noted that this view on merger communication as primarily phatic is in direct contrast with the traditional critical interpretation of communication as a ‘marketing’ tool.

Significantly, the academics look at this story from an entirely different perspective. Far from accusing the consultants of being too business-minded, they seem to suggest that they were not sufficiently business-minded. Take Ms. Destryker, who is part of the university context, even if she is not really an academic: she says she regrets having hired external consultants – not just because they prevented the two merging faculties from developing their own visions and strategies, but also because they did not generate any exciting new ideas and because they did not sufficiently prepare things. The communication task force felt that it was stuck between the academics and the consultants. The academics, for one thing, stressed that the curriculum needed to be ‘operational’ on 1 October and the ‘product’ had to be ready. Note the marketised terminology. In the academics’ view, the consultants did not sufficiently care about quality, they did not feel enough love and they were not in touch with the corporate culture of the universities. In the end, it looks as if Ms. Destryker’s major critique was not that ‘it felt as if Anthonissen were going to sell washing powder’, but that they were going to do so ‘in a restrained way’.

4.4 Preliminary conclusions

There is no denying that communication is playing an increasingly important role in education. This is emphatically confirmed in a large part of our data. The dean addressing students personally on the school’s new website, the communication task force, and the kick-off event are only a few examples of the growing importance of communication culture even in not-for-profit organisations like universities. At the same time, we have shown that there is quite some restraint and fear. Hence, as for our analysis of the emerging role of the student in the previous section, it should be clear that the road towards marketisation is a long and winding one.

Concerning the restraint and the counterforces resisting communication, what is even more relevant is that our data have shown that the struggle was not between those who wanted to ‘colonise’ the educational order from outside (Anthonissen’s expert technologists in this case) and those who wanted to protect it. Instead, it was an internal struggle, with some of the counterforces actually coming from the very ‘outside’ people that we would have expected to promote the communication culture in the first place. As a result, the question

can and should be raised if the wide-ranging (though by no means uniform) evidence of an emerging communication culture that we have seen in our data does indeed unequivocally point to the marketisation of learning.

5. Conclusions and discussion

Put simply, it is correct to state that in our data about the Antwerp merger education proves commodified, but this does not really help us along. Indeed, this critical view may well lead to a kind of 'a priori contextualisation' ('communication always comes first') which clashes with what is really going on (sometimes there is only little and poor communication). It may lead to a simplified model of social structures and patterns of action ('students are in charge') which falls short of describing some of the complex asymmetries that continue to dominate the business of education. First, as we have seen in Sections 3 and 4, the symptoms of marketisation predicted in the critical literature are less omnipresent than could be expected: students are construed in various ways, and communication is not invariably desirable. It is not just that academics are not 100% convinced that more communication is needed; the businesspeople involved also have their doubts.

On another level, the phenomena we expect to be symptomatic of progressive marketisation are not necessarily that. In other words, to take increased emphasis on choice and communication as straightforward indicators of more 'market' is probably a grossly reductionist view of how actual free markets work. Even in the critical literature, it is conceded that 'market' "acts as a metaphor rather than as an explicit guide for action. It is not denotative, but connotative. Thus it must itself be 'marketed' to those who will exist in it and live with its effects" (Apple 1999 quoted in Beckmann & Cooper 2004:4). Put differently, many people in education and outside still need to be persuaded that they are participating in a real education 'market', possibly because they do not see the situation as such. One reason might be that the so-called markets that have emerged from educational reforms are "quasi-markets, administratively-manufactured artificial markets subject to intense central government control" (Beckmann & Cooper 2004:4).

In the end, a more subtle framing of discourse may be needed to understand the complex business of education than is drawn on in Critical Discourse Analysis (cf. Blommaert et al. 2001). In particular, while traditional critical analysis assumes that marketisation is part of a master plan, our data show things differently: at least for the case we looked at, the approach seems far

less consistent, with counterforces resisting both within and from outside. It follows that one needs to be cautious in summarising the implications of the supposed marketisation of education along the lines that we referred to in the introduction. As for our own research, surely, it should be clear that while we do not intend to suggest that an analysis of this kind can be in any way neutral, none of the points made in this article are meant to imply that by embracing a market discourse the school is relegating other educational and ethical values (such as depth, criticality, care, equality, trust etc.) to the margins. Neither should it be read as a plea to change the university's present communication policies. Rather, we hope to have shown that marketisation, seen by critical analysts (e.g. Beckmann & Cooper 2004:4) as a 'hegemonic project', only partially penetrated into this school's discursive practices at the time of the merger.

Finally, a note about method. The school's leaders and representatives spent scores of hours in meetings, and judging by different oral reports afterwards, were by no means speaking in one voice. Yet this real talk was not the basis for our analysis. Instead, we mainly focused on those 'mediated' forms of communication that can be taken to represent the views of 'the school' as an abstraction of a real and diversified group of people that constitute it. However 'processed' these discourses are, and however difficult it is to attribute the emerging views to any particular or all organisation members, we felt that the official formats in which they reach us made them very much the official school views. There can be no doubt, however, that they provided a highly filtered representation of what was really going on and that in order to further investigate the impact of the market approach to education that appears in the PR documents and policy-making materials we looked at, it is necessary to turn to the 'real stuff', including the day-to-day interactions between students and teachers.

Appendix 1. List of commonly used acronyms

- UFSIA Universitaire Faculteiten Sint-Ignatius Antwerpen
(University Faculties Saint Ignatius Antwerp)
- RUCA Rijksuniversitair Centrum Antwerpen
(State University Centre Antwerp)
- TEW Toegepaste Economische Wetenschappen
(Applied Economic Sciences)

HI Handelsingenieur
 (Commercial Engineering – degree combining economics and sciences)

Appendix 2. Recent enrolments at the UFSIA and RUCA schools of economics

Year	RUCA	UFSIA
1993–4	762	1438
1994–5	635	1416
1995–6	572	1403
1996–7	532	1390
1997–8	518	1402
1998–9	541	1469
1999–2000	543	1450

Notes

1. The UFSIA-RUCA website was modified and partially replaced by new Applied Economics webpages in November 2003, after the University of Antwerp had finally become unified as a whole.
2. The titles of these pages have been translated in the ‘unpublished documents’ section of the References.
3. It should be noted that the ‘market’ of (applied) economics students in the Flemish region was shrinking at the time of the merger. Even then, as far as the number of first-year students who enrolled for applied economics and commercial engineering for the first time is concerned, the market share of the University of Antwerp dropped from 29.2% (i.e. 22.0% UFSIA and 7.2% RUCA) in 1999–2000 to 26.0% in 2000–2001.

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PART II

Method

CHAPTER 4

Headlines and cartoons in the economic press

Double grounding as a discourse supportive strategy

Geert Brône and Kurt Feyaerts

1. Introduction¹

Complex domains of discourse and cognition, like politics, science, history, and not in the least economics, are notoriously hard to capture in linguistic analysis, in part because of the intricate imagery that is needed to verbalise the abstract phenomena pertaining to these domains. With the cognitive turn in linguistics since the second half of the 1970's, however, semantics has focussed attention on the question how complex and abstract discourse domains are structured and verbalised. There is a general agreement among cognitive linguists that one of the most central structural mechanisms of conceptualisation is metaphor. Consider, as an initial example of the metaphorical nature of economic discourse, everyday concepts like *cash flow*, *influx and outflux of money*, *dried-up money sources*, and *currency*, which all draw on the same imagery of money as a liquid. Indeed, metaphors are indispensable in the domain of economics.

However, as recent linguistic and cognitive-scientific research has revealed, uncovering metaphorical structures does not always suffice for the analysis of the dynamic interaction between different conceptualisation mechanisms in actual economic discourse. Instead of a single, linear representation of an abstract or complex phenomenon (e.g. MONEY) in terms of a more concrete image (e.g. FLUID), very often an intertwining of different concepts arises. One such locus where the complex interaction of different images becomes manifest is the economic cartoon. Consider the example in Figure 1, a cartoon by



Figure 1. The Enron collapse

Jimmy Margulies (2001) commenting on the dramatic downfall of the Enron Corporation in the winter of 2001, which resulted in the sudden dismissal of thousands of employees. By integrating into a single cartoon elements referring to Christmas (the period at which the Enron collapse was made public) and the image of ‘death by execution’ (hanging), a sharp indictment of the Enron executives emerges through the clash between these frames. Whereas the employees appear as almost ornamental victims, the Enron executives are represented as the beneficiaries in the Christmas frame, through the image of the presents. This goes to show that the complexity of some phenomena calls for more intricate imagery that extends beyond the purely metaphorical representation.

In order to tackle these complex interactions in the construction of meaning, a more dynamic concept of *conceptual integration* (or *blending*) was introduced into linguistics and cognitive science (Fauconnier & Turner 1998, 2000, 2002; Coulson 2000). Whereas conceptual metaphor theories (henceforth CMTs) have proven their success in analysing established, conventionalised metaphorical projections like the *MONEY IS A FLUID* examples above, the blending model leads to a more adequate description of highly complex and expressive cases of economic discourse. Because Blending Theory (henceforth BT) presupposes the interaction of conceptual structure taken from several domains, it can account for a much wider range of phenomena, including argu-

mentative structures, humour devices, complex metaphorical projections and *ad hoc* reasoning.

In line with the development from CMT to BT in current linguistic research, the present paper aims at providing an extension of the existing accounts of conventionalised conceptual metaphors in economic discourse (Jäkel 1997; Boers 1999) to non-conventionalised integration processes involving metaphorical and metonymic projections. The material used to corroborate our claims consists of newspaper headlines and cartoons as they appear in support of economic discourse. Both cartoons (as illustrated by the Enron example) and headlines are particularly suitable for an analysis of the creative use of metaphors since they primarily function as eye-catchers, persuading the reader to continue reading the article introduced by the headline or accompanied by a cartoon (Bell 1991; Kniffka 1980; Mårdh 1980). What is more, headlines and cartoons constitute a distinctive tool for newspaper editors to give a more individual flavour to the news they bring. Based on these insights, we will explore examples of conceptual integration in this discourse supportive material and address the question whether blending processes purely function to enliven the metaphor or whether they can simultaneously serve to pinpoint the article topic. In the case of economic texts, conceptual integration might well be used to compress the complex issues involved in economic development into a more straightforward, simple pattern.

The empirical analysis in this paper focuses on one specific strategy, labelled *double grounding*, which involves the simultaneous activation of structure from both the source and the target of a metaphor in combination with an implied metonymic projection. This co-activation of structures from different domains yields a subtle effect of wit, due to the local ambiguity created. It will be argued that cartoons and headlines lend themselves extremely well to strategies like double grounding, since they are expected a) to summarise in a very compact manner the text they accompany, and b) to do this in a sharp and often playful way. Thus, integration processes can serve a double function, in that by compressing multifaceted information to fit the strict requirements of space, an effect of 'wit' can be created which enlightens the otherwise terse style of economic discourse. By making this claim, we argue that functionality and expressivity do not necessarily operate as competing forces.

2. Theoretical foundations

2.1 Cognitive linguistics and conceptual metaphor theories

The theoretical background for the present paper is the broad framework of Cognitive Linguistics, which was introduced by George Lakoff (1980, 1987), Ronald Langacker (1987, 1991), Mark Johnson (1980, 1987), Len Talmy (2000), Mark Turner (1987, 1996), and many others. The cognitive approach addresses language as a system for categorising and structuring the world. In contrast to the formal linguistic theories inspired by Noam Chomsky, which are primarily concerned with the innate formal structure of language (knowledge of the language), cognitive linguists are essentially interested in knowledge of the world, and more specifically in what role language plays in acquiring this knowledge.²

Following from this very general perspective of language as a system of categories is the central interest in semantics, the study of meaning, within the cognitive-linguistic framework. Especially the theoretical and empirical research on *conceptual metaphors* flourished and is still flourishing. Metaphors are considered to be primarily a conceptual phenomenon, and thus linguistic metaphors are only secondary reflections of the larger conceptual projections. They can be briefly defined as follows:

Conceptual metaphors are built up by systematically linking two different conceptual domains, one of which functions as the target domain and the other as the source domain of the metaphorical mapping.

Thus, metaphors primarily serve to structure abstract or not clearly delineated target domains in terms of more concrete and experientially motivated source domains. Numerous empirical studies show the ubiquity of conceptual metaphors in very different kinds of conceptual domains, reaching from target concepts as TIME (Johnson 1987), ANGER (Kövecses 1986) to highly complex domains as RELIGION (Boeve & Feyaerts 1999; Feyaerts 2003), POLITICS (Lakoff 1992) and ECONOMICS (Jäkel 1997; Boers 1999). Example (1) shows a number of instances, taken from Jäkel (1997), which can all be reduced to one conceptual metaphor: ECONOMIC COMPETITION IS WAR.

- (1) a. ... the biggest take-over *battle* in American corporate history.
- b. Sears... , *competing for* Grattan, conceded *defeat*.
- c. He started off with one small factory, and now he's the head of a huge *industrial empire*.

In all three examples, the target concept of economic competition is structured by drawing from the much more concrete domain of WAR. By using this source domain, the rivalry between competing companies is conceptualised as a 'battle', in which opponents 'compete for' a specific goal and try to 'defeat' the others. By defeating the opponents, a company can extend its 'empire'. Notice that the metaphorical conceptualisation does not merely function as an aesthetic strategy to enliven the discourse. CMT has given abundant evidence that abstract domains (as e.g. economics) cannot be conceptualised without the use of metaphors. In sum, metaphorical mappings from source onto target domains are indispensable in the conceptualisation of abstract concepts, like e.g. economic development.

2.2 Conceptual integration

One of the principal aims of the present paper is to add to the existing work on the metaphorical nature of economic discourse an account of more dynamic and creative means of meaning construction. Theoretical support for this goal can be found in the claim recently made in cognitive science that, in addition to (conventionalised) metaphorical mappings, a more dynamic concept of *conceptual integration* or *blending* (Fauconnier & Turner 1994, 1998, 2002; Coulson 2000) needs to be introduced in order to provide an encompassing account of cognitive structuring mechanisms (and their reflections in language, art, etc.). Especially in the case of complex and abstract realms of human cognition, BT provides an adequate description, mainly because it takes into account the possibility of conceptual domains or parts of domains merging or *blending* together to create better understanding.

In function of the material that will be discussed in the present paper (Section 3), an example of metaphorical blending will be used in this section to illustrate some of the basic principles and the representational model of conceptual integration. For lack of space, the introduction into the framework will have to be schematic and simplified.³ Some further insights from BT are clarified when necessary in the empirical analysis in Section 3.

Research in BT has shown that a number of examples, which at first sight appear as straightforward examples of (conceptual) metaphors, in fact turn out to be more complex upon scrutiny. Conceptual integration theory, it is argued, can in some cases deal more adequately with the subtleties of metaphorical conceptualisation than most metaphor theories can. In order to illustrate some of the benefits of BT over CMT, we analyse example (2), discussed by Veale (1996) and Grady, Oakley and Coulson (1999: 103ff.):

(2) This surgeon is a butcher

The formula of the statement in (2) triggers an interpretation in terms of a straightforward metaphorical mapping ('X is a Y'), involving the projection of logical structure from the source domain of BUTCHERY onto the target domain of SURGERY. By using this specific source domain, the deviant behaviour of the surgeon in question can be conceptualised metaphorically. Both domains share the same schematic structure (a person using a sharp object to 'operate on' a being), which facilitates and motivates the use of this specific source domain.

According to the standard view of metaphor, elements are projected unidirectionally from the source domain onto the target domain. The logical structure of butchery is mapped onto the surgery domain, and not the other way around. However, as Grady, Oakley and Coulson (1999: 103) indicate, "this analysis of cross-domain relationships [...] cannot by itself explain a crucial element of the statement's meaning: the surgeon is *incompetent*" (our emphasis). Indeed, by labelling a surgeon as a butcher, one automatically infers the notion of incompetence. But this semantic feature of the metaphor cannot be mapped from the source domain, since butchers in their own domain are not by definition incompetent but can be highly skilled and respected. The question then arises where this specific inference of incompetence comes from, if it is not mapped from the source domain of butchery. An intuitive answer to this question brings us one step closer to BT: "the selection of the source image, and the interpretation of the sentence depend partially on *contrasts* between surgeons and butchers; this is a factor which the mechanisms of CMT cannot cope with directly" (ib.: 104).

By the use of this anomalous example (at least to CMT), we will explore BT and show how this framework can deal more adequately with some of the specifics of metaphor. But first, some of the key notions from BT are introduced in a nutshell. Although BT and CMT to a large extent overlap and complement each other, there are a number of significant differences to be noted. First, as mentioned above, CMT presupposes a unidirectional mapping of structure from the source onto the target domain of the metaphorical transfer. BT, on the other hand, analyses metaphors in so-called *integration networks*, in which structure from the source *and* the target is projected onto a third, additional and independent structure, the blend, where the intended meaning of the metaphorical conceptualisation is created. The inheritance of structure from the source and the target of the metaphorical mapping is an essential feature of the material analysed in Section 3. Unidirectionality of projection, a distinguishing feature of CMT, is abandoned in BT in favour of a more dy-

dynamic construct of meaning, an imaginative space in which meaning emerges (Kövecses 2002). The reference to ‘space’ introduces the second essential difference between CMT and BT, viz. the basic unit of conceptual organisation they adopt. Whereas CMT draws on conceptual domains (Lakoff & Johnson 1980; Croft 1993) or *Idealized Cognitive Models* (ICMs, Lakoff 1987; Radden & Kövecses 1999), BT describes meaning construction in networks of *mental spaces*. Whereas conceptual domains are to be understood as entrenched organisations of experience (e.g. WAR, LOVE, LIFE, BODY, etc.), mental spaces (Fauconnier 1985 [1994]) are very partial representational structures “constructed as we think and talk, for purposes of local understanding and action” (Fauconnier & Turner 2002: 102). Mental spaces thus are smaller and more specific than domains or ICMs, and they can be built up on the fly by using elements from different conceptual domains. Kövecses (2002: 228) concludes that “a mental space is not a domain but is often structured by domains”.

Returning to the metaphorical example (2) above, the inferential problem of the surgeon’s incompetence can be tackled more adequately in a network of mental spaces as described by BT. Instead of a unidirectional mapping from the source concept of BUTCHERY onto the target concept of SURGERY, a hybrid projection from the source and the target *input spaces* onto the blended space is adopted. From the target concept of surgery, topological elements such as e.g. the identity of the person undergoing the operation and the person performing the operation are projected. From the source input, which is structured by elements of the domain of butchery, the role and the stereotypical working methods of the butcher are mapped onto the blended space. The structure which is composed in the blended space interacts to yield the intended meaning. Note that this *emergent meaning* only arises in the blended space and is not projected from any of the input spaces (Fauconnier & Turner 2002: 42ff.). In the present example, the blend inherits from the input space of butchery the typical working methods, viz. butchery (which is of course diametrically opposed to the means of surgery), whereas the input space of surgery supplies the goal of the action, viz. healing a patient (once again opposed to the goal of butchery, which is basically cutting meat for nutritional purposes). By combining these radically different methods and goals in the blended scene, an incongruity is created that triggers the inference of the surgeon’s incompetence.

Figure 2 illustrates the representational format used in BT to visualise the meaning construction process.⁴ The conceptual integration network in our example consists of four mental spaces (though networks can have more mental spaces, as the analysis below will reveal): two input spaces, corresponding to the source and target of the metaphorical projection (butchery and surgery),

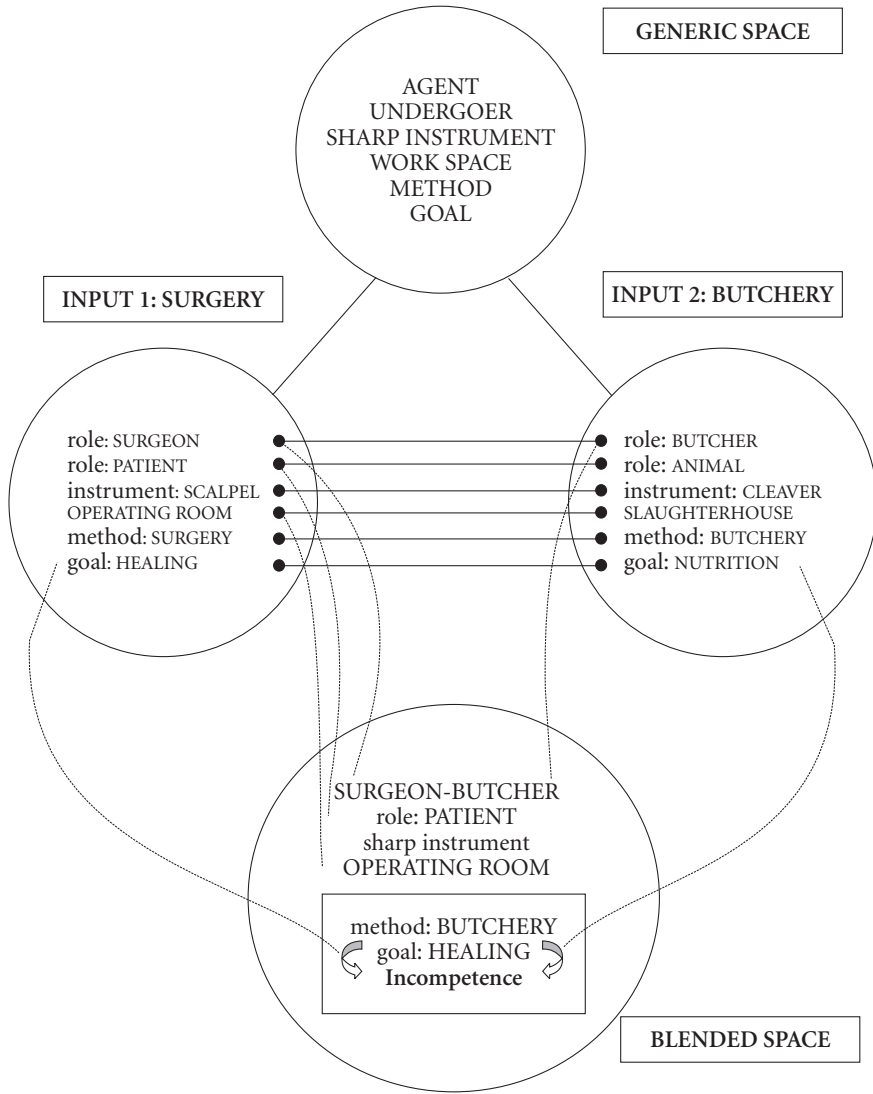


Figure 2. The BUTCHER-SURGEON blend

a generic space and the blended space. Both input spaces contain the roles of an agent (surgeon vs. butcher), an undergoer (patient vs. animal), an instrument (scalpel vs. cleaver), methods (surgery vs. butchery) and a specific goal (healing vs. nutrition). The solid lines between the input spaces indicate the cross-space correspondences between these parallel elements from the differ-

ent inputs. As indicated above, both inputs share a more schematic topological structure ('an agent uses a sharp instrument for the purpose of cutting into a being'). This shared structure is represented in a third part of the mental space configuration: the generic space. The generic space thus specifies the shared abstract structure of the inputs and defines the cross-space mappings between the counterparts in different mental spaces. However, the actual meaning of the metaphorical statement only arises in a fourth, partially independent mental space in the network: the blended space. The dotted lines in Figure 2 represent the mapping of elements and roles from the inputs onto the blend. Note that these projections are *partial*, since the blend inherits the working methods from the input of butchery (and not the goal) and the goal from the surgery input (and not the methods). The *composition* of elements in the blend by partial projection from the input spaces yields a scene that can create an independent, *emergent* structure of its own, not provided by the inputs. In the present example, the composition of the goal of surgery and the methods of butchery triggers the incongruity and inference of incompetence mentioned above. The inference thus is not present in any of the input spaces but has emerged in the blend. This emergent aspect of meaning construction, which cannot be covered fully in CMT, is indicated in the representation by means of a square.

The analysis of an example of metaphorical blending has already introduced some of the basic notions of conceptual integration, such as cross-space mappings, hybrid mapping, composition and emergent structure. Some other principles and constraints of conceptual blending will be introduced and clarified as the analysis in Section 3 unfolds. For now, it suffices to summarise that BT in some cases can cover the specifics of (metaphorical) meaning construction more adequately, especially in cases of non-conventionalised conceptualisations.

3. Blending as discourse supportive strategy in economic discourse: A case study of headlines and cartoons

The empirical analysis in the present paper is based on a restricted corpus of headlines and cartoons, taken from the business and finance section of the *Financial Times* (FT) and the *Wall Street Journal* (WSJ) newspapers for a period of one week (5 issues + weekend edition). In addition, the analysis is supported by examples discussed in Feytaerts and Brône (2002). We focus our attention particularly on the cognitive strategies used in these media to address the topic they capture. To put it differently, the question needs to be addressed

which conceptual mechanisms are needed in these media to *compress* the often highly complex issue of economic development into a single ‘sentence’ or word combination (headlines) or the single image of a cartoon. Among the central mechanisms are metaphor (Alexander 1997; Nash 1985), metonymy (Coulson & Oakley 2000: 187), and conceptual integration.⁵

Analyses by linguists and discourse analysts have revealed a number of different communicative functions of headlines and editorial cartoons. Apart from the summarising function (Mårdh 1980; Norrick 1985; Bell 1991), headlines and cartoons frequently serve as eye-catchers to persuade the reader to continue reading the article (Alexander 1997). Dor (2003) argues that both these functions serve the same goal on a higher functional level: headlines (and by extension also editorial cartoons) are designed to *optimise the relevance* of the stories for the readers. The present paper aims to explore some of the cognitive and linguistic constructs that serve this communicative goal. More specifically, we will uncover a particular blending network constellation (*double grounding*), which simultaneously pinpoints the article topic and intends a subtle effect of wit. Note that the use of witty effects in headlines and cartoons has been thoroughly explored in previous research.⁶ Alexander (1997:94) notes that headlines are “generally used to catch the attention of the reader in a witty fashion or to provide a wordplay that ties in with the subject matter of the article”. However, of essential importance for the present contribution is the question how these witticisms are functional in capturing some of the complexities of economic discourse, in that they highlight essential features of the economic development they comment on.

3.1 More and less, up and down...

Within the ‘traditional’ framework of CMT, Jäkel (1997) provides a detailed description of the important role conceptual metaphors play in structuring complex and abstract domains of discourse such as science and mental activity, but also economics. With regard to the latter, Jäkel (1997:205–245) offers a richly illustrated analysis of the different metaphors which, both in English and German, fundamentally determine the way we speak and reason about many aspects of economic activity. One of the major metaphorical structures, which appear throughout the domain of ECONOMICS, is the conceptualisation of QUANTITY (target domain) in terms of VERTICALITY (source domain). As already pointed out by Lakoff and Johnson (1980), but also in Lakoff (1987:276), Johnson (1987) and Krzeszowski (1993:321), our knowledge of quantity and quantitative processes is essentially structured by a highly

conventional metaphor, consisting of sub-metaphors like MORE IS UP and LESS IS DOWN. As an ultimate motivation (or *grounding*) for the specific elaboration of these metaphors, – why not mapping, for instance, LESS onto HIGH? – CMT refers to the logic of basic human experience with objects added to a pile: the more objects are added, the higher the pile gets. This universal observation provides an experiential motivation for this link, not just between this source and target domain, but also for the specific sub-concepts which are connected: it explains why LESS must be mapped onto DOWN and MORE onto UP, and not the other way around.⁷ Applied to the context of finance and economics, numerous expressions can be found in support of this metaphorical pattern. Examples like the ones in (3), taken from our one-week survey of two newspapers, are very common, and as such not perceived as metaphorical, precisely because of their high degree of conventionality. Yet they all instantiate the schematic QUANTITY IS VERTICALITY metaphor (the specific element is in italics):

- (3) a. The dollar *dropped* against the yen (wsj, 26 March 2003)
 b. Munich Re says industry *upswing* is on the horizon (wsj, 3 March 2003)
 c. Shering's net *rose* 18% for the quarter (wsj, 3 March 2003)
 d. Pearson pretax profit for 2002 *jumped* 36% (wsj, 4 March 2003)
 e. *Fall* in US stocks puts *upward pressure* on oil (FT, 27 February 2003)
 f. Alstom SA: Shares *fall* as talks with EDS on outsourcing are ended (wsj, 26 February 2003)
 g. Stocks *tumble* on global woes (wsj, 26 February 2003)
 h. Indexes *decline* on Ahold news (wsj, 25 February 2003)
 i. Uncertainty about Iraq crisis *weighs down* stocks in U.S. (wsj, 25 February 2003)
 j. Shares *move lower* on corporate news (wsj, 27 February 2003)
 k. U.S. Treasury prices *move higher* (wsj, 27 February 2003)
 l. Dollar *slips lower* on talk of war delay (wsj, 4 March 2003)
 m. Blue chips slip as *growth slows* in factory sector (wsj, 4 March 2003)

As Jäkel (1997:205–245) shows for economic discourse, the schematic metaphor QUANTITY IS VERTICALITY can be elaborated in several conceptually rich sub-metaphors, each shedding a slightly different light on the target concept which needs to be referred to. In this regard, Jäkel (ib.) finds abundant linguistic expressions for sub-metaphors like ECONOMIC DEVELOPMENT IS ORGANIC GROWTH (*the economy showed a slow but steady growth*), ECONOMIC DEVELOPMENT IS ACTIVE VERTICAL MOVEMENT (*prices rose by more than 10% per*

annum), ECONOMIC DEVELOPMENT IS PASSIVE VERTICAL TRANSPORT (*they expect that this will lift the rate of inflation back to 13 per cent*), or ECONOMIC DEVELOPMENT IS MOUNTAINEERING (*the economy is steadily sliding down the slippery slope*). With his analysis, Jäkel has demonstrated the cognitive necessity of this metaphor as an explanatory model: the internal logic and mechanisms of a complex knowledge domain like ECONOMICS are structured almost entirely metaphorically.⁸ As such, examples like the ones mentioned under (3), illustrating the explanatory power of a metaphor as its basic cognitive function, are not our primary concern in the present paper. Instead, we will look at the way in which conventional metaphorical patterns like these are exploited for discursive purposes, resulting in more complex structures of conceptual integration.

3.1.1 *Not just verticality*

In looking at some of the VERTICALITY-headlines in our FT/WSJ-corpus, it becomes clear that a categorisation as mere instantiations of a conventional metaphor does not suffice for an adequate analysis of both their imagery and discursive function. Consider example (4), in which the use of the verb *to bounce back* to indicate a (renewed) strengthening of the Bridgestone company in the U.S. market, seems to be only partially motivated by the conventional metaphor MORE IS UP: an increase of Bridgestone's solid earnings following the strong financial set-back due to a Ford recall scandal can be represented as an upward movement.

- (4) Bridgestone *bounces back* in U.S. market (FT, 22 February 2003)

What remains unaccounted for is the occurrence of this particular verb in this particular context. Why is it that a positive result of Bridgestone is expressed as an indefinite 'something' *bouncing back*? We all know that, taken literally, only objects filled with air like balls or tyres, or highly elastic solid objects like 'bouncing' balls, can 'bounce'. In this context, the fact that Bridgestone is a tyre producing company, motivates a second interpretation, which adds an additional, somewhat witty effect to the headline. Next to the metaphorical interpretation of a positive financial development for the company, *to bounce back* links to the same company through an implicit reference made to (a typical characteristic of) its product: tyres. Because the additional meaning is construed through a relationship of contiguity between the company name and its product, it can be said to be *metonymically motivated*. Although in CMT it might be common to identify both this metonymic structure as well as the metaphorical interpretation of the verb phrase, an aspect which remains

unaccounted for is the apparent semantic link between the concept of a Bridgestone tyre and the concept of a bouncing object, which is not conventionalised whatsoever. Crucially, this new link through which an ambiguous interpretation of the utterance is established, is only activated within the local space of this particular headline. A similar example was discussed in Feyaerts and Brône (2002: 328–330):

- (5) U.S. slowdown *punctures* Michelin's profits

Example (5) refers to the 28.4 per cent fall in the net profit of the tyre producing company Michelin, following a slowdown in the U.S. automobile industry in 2001.⁹ Just like in the previous example, the verb *to puncture* fits well into the conventional metaphor LESS IS DOWN.¹⁰ The specificity of this elaborated metaphoric structure lies in the imagery of the verb *to puncture*, in which the verticality aspect is one of the major dimensions involved. Parallel to the example in (4), the verb also relates to the company in question. In this case, the selection of the verb *to puncture* in a headline referring to *Michelin* provides a second interpretation, in which a metonymic link is exploited between the company and its product: Michelin tyres. Again, no conventional mapping can adequately motivate the scenic representation of Michelin tyres being punctured.

- (6) Airlines feel the pinch as cost of fuel goes *sky-high* (FT, 27 February 2003)

Before taking a closer look at the structural importance of this type of headlines, example (6) serves as an additional illustration of this phenomenon. The verbal expression *to go sky-high*, characterising the 'rising' fuel prices, is motivated both by the conventional MORE IS UP metaphor and the metonymic link between airline companies and their major 'instruments', the airplanes. Again, an effect of wit is achieved by the selection of a lexical item, which can be interpreted in two ways: along with the mappings of a conventional metaphor, but also literally through a rather distant metonymic link, in which the thematic element of the headline (airline companies) is involved. This type of ambiguity, which is generated by the interplay of a contextually salient conventional metaphor and a covered metonymy, will be referred to as *double grounding*.

3.1.2 *Double grounding*

From the three examples discussed above, it can be concluded that the conceptual structure of these double grounding examples extends beyond the principles and methodology of CMT. In its focus on separate unidirectional conventional mappings from a source onto a target domain, CMT fails to ac-

count for non-conventional interpretations, determined by local discourse, in which more than just two statically oriented domains of knowledge are involved. Problematic, for instance, is the account for the metonymic ‘back projection’ through which lexical elements like *bounce back*, *puncture* and *sky-high* activate their primary, non-metaphorical meaning. With regard to this kind of complexity, involving multidirectional interactions between several knowledge domains, BT seems more suitable to provide an adequate analysis.

In each of the cases mentioned above three *input spaces* are identified, two of which represent the source and target concept (inputs 1 and 2 respectively) of the conventional metaphor QUANTITY IS VERTICALITY: ECONOMIC DEVELOPMENT IS VERTICAL MOVEMENT. These two input spaces are linked by metaphorically motivated cross-space mappings, projecting, for instance, the cause of a negative economic development onto the cause of the vertical movement, the company (or its results) onto the moving object, etc. In Figure 3, representing example (5), metaphorical connections appear as solid lines. MICHELIN 2001 constitutes a third input space, parts of which (PROFITS) elaborate the target concept (input 2) of the conventional metaphor (dashed lines).¹¹ This input space contains specific knowledge elements related to this particular company, such as a negative financial evolution as an effect of a slowdown in the U.S. economy, its activity as a tyre producing company, the company’s symbol in the shape of an inflated human-like mascot etc. From this input, the elements *Michelin’s profits* as well as *U.S. slowdown* are projected onto the blend, where they are integrated with the elements from other inputs. In Figure 3, these non-metaphorical projections are represented by dotted lines leading from the elaborated target input towards a new, integrated scene (the blended space).

Crucially, one element in the blend, in this case *to puncture*, has a particular relevance for the entire interpretation process. In unpacking the integrated network, this central element which commonly enters the blend along with the organising structure from the metaphoric source input (input 1), is also interpreted with respect to a second input space, thus giving rise to two interpretations. This additional meaning, which seems to be grounded in the elaborated metaphorical target structure (input 3), is represented as the dashed arrow in Figure 3. In (5), *to puncture* also relates to the input space MICHELIN 2001 where its literal meaning is triggered by the metonymic interpretation of *Michelin* in terms of its product: tyres. Correspondingly, in the examples discussed so far, the envisaged ambiguous meaning presupposes the metonymic interpretation of MICHELIN, BRIDGESTONE and AIRLINES as products (‘tyres’) or instruments (‘airplanes’) of the respective companies. Through this metonymy, each of the verb phrases (*bounce back*, *puncture*, *go sky-high*) can be said to

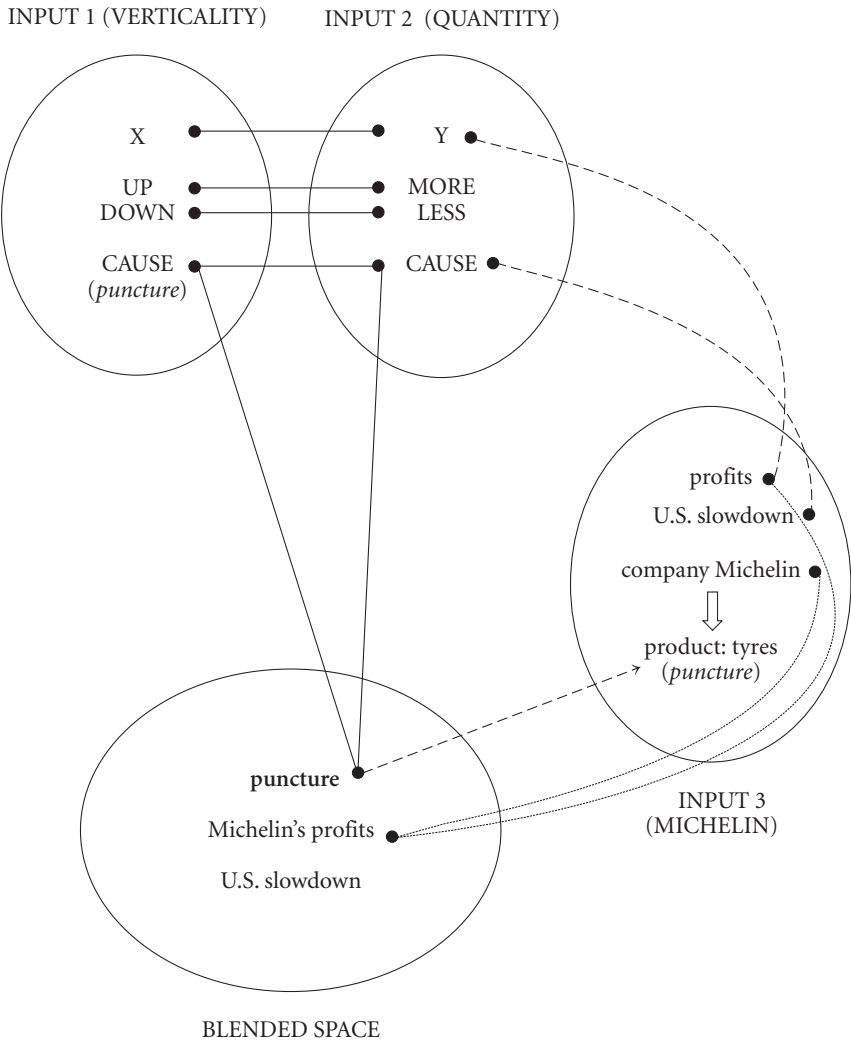


Figure 3. Double grounding constellation for *puncture*

refer to a process which the company’s product or instrument typically gets involved in: tyres bounce (back) or can be punctured, airplanes go sky-high etc. This metonymic complication is what distinguishes cases of double grounding from ‘ordinary’ puns, in which the ambiguity often resides in the simultaneous activation of two conventional meanings in a single context (e.g. *Two men run into a bar. The third one ducks*). Characteristic of all cases of double grounding is the realisation of the ambiguous meaning through *metonymic mediation*: be-

fore any correspondence between the elements in the different input spaces can be established, one aspect of the elaborated target input needs to be interpreted metonymically, e.g. *Michelin* as ‘Michelin tyre’.

As already pointed out in the introductory example in 2.2 (*my surgeon is a butcher*), the integration of elements from different input spaces into a coherent scene gives rise to a new conceptual structure in the interpretation process (*emergent structure*), which is not accounted for outside the blend. In double grounding, new structure emerges as the central lexical item (*bounce back, puncture, go sky-high*) in the blend profiles an additional meaning with respect to a second, highly elaborated input space (input 3), thus establishing a new mapping between two input spaces, which does not occur without the realisation of the blend.

As to the internal structure of this conceptual configuration, it should be emphasised that not all elements in the blend have the same salience with regard to the ultimate interpretation.¹² In each of the examples, the ambiguous, slightly witty interpretation hinges on the selection of a specifically *relevant* element in the blend. On the one hand, supported by the overall context of finance and economy pages in a newspaper, as well as by the conventionality of the metaphor ECONOMIC DEVELOPMENT IS VERTICAL MOVEMENT, these lexical elements generate a salient metaphorically structured meaning. Notably, this conventional meaning would be the only one left in cases where the same headlines would *not* refer to tyre producing companies or airlines. The second meaning, on the other hand, seems to be far less salient as it is not consistent with the economic context. Returning to the examples discussed so far, as soon as one uses these headlines with respect to other company types, or – still within the same conventional metaphor – another lexical item is selected, the ambiguity is lost together with its effect of wit.

3.2 Double grounding non-verticality examples

Through the analysis of headlines exploiting the verticality metaphor in an ‘opportunistic’ way, a double grounding constellation is revealed which combines conventional metaphorical mappings with local metonymic compression. However, this type of multidirectional interaction is not restricted to verticality metaphors. In this section, a number of headlines are discussed in which double grounding features in other conventionalised conceptual metaphors. Consider the following examples:

- (7) a. The Agnelli family is again in *the driver's seat* at Fiat (WSJ, 26 February 2003)
 b. Drug case may cause *chronic pain* for Bayer (FT, 27 February 2003)
 c. *Scent of success* in a fickle market (FT, 27 February 2003)
 d. Supercar makers *chase* super-rich drivers (FT, 24 February 2003)

All headlines under (7) primarily reflect conventional metaphorical mappings. (7a) features the metaphorical conceptualisation of LEADING AN ORGANISATION in terms of DRIVING A VEHICLE, which is in itself an instantiation of the more schematic metaphor DEVELOPMENT IS MOVEMENT (*the company is moving ahead slowly; a European economy that can go with the flow*). As a result, taking over the leadership of a company is depicted as taking the driver's seat. In (7b), company problems are conceptualised metaphorically as PHYSICAL PAIN. Again, the representation is part of a larger metaphorical structure in which companies are thought of as living beings, who can grow, get ill, recover and die. However, in both cases (7a) and (7b), the additional effect of wit is to be attributed to a double grounding mechanism, in which a secondary, literal interpretation is triggered for a relevant element in the headline. In (7a), the reference to the source concept DRIVER'S SEAT in the context of the car producing company Fiat triggers a secondary interpretation through the metonymic link between Fiat, cars and driver's seats. Just like in the examples (4) and (5) in Section 3.1.1, the verb phrase expresses a process which can be associated with the product of the company involved. The same goes for (7b), where the noun phrase *chronic pain* is part of the metaphorical source concept but at the same time triggers a less conventional metonymic link in the input space pertaining to the Bayer company. Through a contiguous relationship, the product of the company (medicines) is prototypically linked to the concept of pain, the source concept of the metaphorical projection.

Examples (7c) and (7d) are slight variations on the patterns uncovered up to this point. In (7c), *a scent of* is used to refer metaphorically to something subtle or faint. However, the frequent use of this metaphor has rendered it largely opaque to most language users. Language users do not normally recognise this type of construction as being metaphorical (i.e. they do not construe a conceptual integration network). However, through the use of the double grounding strategy in the present example, the opaque metaphor is remotivated (Jäkel 1997: 52ff.). By using the metaphorical utterance in the context of the cosmetics manufacturer Lush in (7c), not only an additional literal interpretation of *scent* is triggered through the metonymic connection between the

products of Lush and scents, but also the reader is forced to unpack the original metaphorical integration network.¹³

(7d) is different from the examples analysed so far in that the relevant element does not trigger a metaphorical and literal interpretation here, but rather two different metaphorical readings. The verb *to chase* receives a primary metaphorical interpretation in which the concept of CHASE is mapped onto EAGER EFFORTS (in order to persuade, to contact, etc.; cf. ‘to *pursue* a goal’, ‘to *aim for* a goal’). However, as in the examples above, a secondary interpretation is activated locally. Chasing indeed is a concept which is connected weakly to the product of the ‘supercar makers’ (chasing being connected to speed, which is primarily associated with expensive cars). Notice that contrary to the previous examples, the additional reading for the relevant element is not literal but also metaphorical. Chasing in the context of a car chase is a metaphorical conceptualisation where the source concept of chasing animals is projected onto fast moving cars as a target through the notion of speed. This more complex variation on the double grounding configuration only differs from the prototypical constellation in the status of the secondary reading (metaphorical vs. literal). In all other respects, the syntax is identical. For example, as in the instances discussed above, the secondary reading is only triggered via the metonymic connection between expensive cars and speed in the elaborated target input space.

3.3 Double grounding as compression mechanism in cartoons

Double grounding constellations are not restricted to headlines. The analysis of a number of cartoons and pictorial metaphors (Feyaerts & Brône 2002) has revealed similar patterns of compression. This corroborates our claim that double grounding is fundamentally a cognitive strategy employed to compress information in a compact and expressive manner. It is therefore not surprising that this strategy is particularly frequent in ‘discourse types’ that are primarily discourse supportive. Cartoons and headlines both function as attractive summarisers or *relevance optimisers* (Dor 2003) and are as a result particularly suitable for this blending operation.

Consider the cartoon in Figure 4 (Karl Meersman in *Trends Magazine* nr° 13 (2001)), which refers to the precarious financial situation of *Innogenetics*, a Belgian genetic engineering company, owned and financially supported by a German mother firm. In the cartoon, the Innogenetics company building receives an injection with a hypodermic filled with a 100 Deutschmark note. The accompanying text line reads: “Fresh money gives Innogenetics breathing



Figure 4. ‘Fresh money gives Innogenetics new breathing space’

space”. Just as in the case of the headlines, interpreting this cartoon involves building up (‘unpacking’) a conceptual integration network of (at least) three input spaces and a blended space. Two input spaces are connected as source and target of a conventional metaphor COMPANIES ARE PATIENTS, according to which companies in need of financial support are represented as patients, who need help and treatment, which can consist of, for instance, receiving an injection with medicines, vitamins, etc. (see Jäkel 1997). The frame of the source input space is projected onto the blend: a hand holds a hypodermic, the content

of which is injected into a building. In the representation of the cartoon, the metaphorical structure COMPANIES ARE PATIENTS interacts with another conventional metaphor: MONEY IS A FLUID, which is depicted by a local blend of a bank note (target) curled up inside the hypodermic (source).

A third input space is the INNOGENETICS space, which elaborates (contextualises) the target domain (input 2) of the conventional metaphor COMPANIES ARE PATIENTS. This input space contains, apart from general knowledge about genetic engineering, more specific concepts related to this particular firm, such as the Belgian city of Gent, a German mother company, financial problems, and – incidentally – also the outline of the actual company building. From this input space, the building with the company name on it is projected onto the blend, where it metonymically stands for the company in its role of patient.

Of particular interest to our account of double grounding strategies is the structural importance of the hypodermic in this cartoon. It primarily functions as a prompt for unpacking the blend. The incongruity of a hypodermic placed in direct contiguity with a building prompts us to view the scene as a composition of elements from different input spaces. Embedded in the context of financial discourse, the image of a hypodermic being used to inject something into a company building triggers the conceptualisation of the conventional metaphors COMPANIES ARE PATIENTS and MONEY IS A FLUID. The hypodermic is projected together with the frame structure from the source domain of the conventional metaphor. It is important to notice, however, that the hypodermic as a prominent instrument in genetic engineering also relates metonymically to the input space of INNOGENETICS. Thus, the blend contains one element that is functional in two inputs.

Although in both inputs, the hypodermic is related metonymically to the thematic concept (PATIENT, INNOGENETICS), there is a crucial difference in salience between both metonymic structures, which can be explained as discrepancies in conventionality and contextual relevance. In an economic context of companies having financial problems, the metonymic interpretation of a hypodermic with regard to the PATIENT input is far more salient than its interpretation as a device in genetic engineering. With regard to the INNOGENETICS input, the metonymic interpretation of the hypodermic as a research instrument is not part of any conventional meaning structure, nor is it supported by the economic context of this cartoon. The non-conventionality of this metonymic structure is to be attributed to the relatively large distance between the concepts involved in this metonymy: the hypodermic only stands for the Innogenetics company through the relation of ‘a typical device used in genetic engineering, which is a basic activity of the Innogenetics company’.

4. Summary and conclusions

Although since a number of years, conceptual integration has been studied from a theoretical perspective, only little systematic research has been undertaken into the role of conceptual integration in specific discourse types. This paper can be considered as a first step in the direction of a more rigorous analysis of conceptual integration in economic discourse. On the basis of a small corpus of newspaper headlines and cartoons depicting all kinds of economic development, we have focused our attention on *double grounding* as one specific strategy of conceptual integration, in which the co-activation of two interpretations with respect to different input spaces reveals a subtle humorous ambiguity. The analysis of the examples has revealed a common blueprint for the space configuration in instances of double grounding, as represented in Figure 5.

Basically, the space configuration consists of a source and target of a conventional metaphor (inputs 1 and 2) with additionally one or more inputs (contextualisations) elaborating at least one of these inputs. The mechanism of double grounding hinges on the projection of a specific lexical element from within the conventional metaphor (mostly the source) onto the blended structure, where it can be interpreted with respect to two different input spaces. The overall economic context in which the blend is embedded, together with the conventionality of the metaphor prompt a primary, salient interpretation of this element. By *unpacking* the blend onto another input space (the elaborated target input), however, a secondary, less salient interpretation is activated next to the salient metaphorical one. This additional interpretation, which brings about the local ambiguity, can only be achieved through the activation of an implicit metonymic relationship within this elaborated target.

As to the question to what extent conceptual integration patterns operate as *discourse supportive* strategies in economic texts, it seems clear that structures like double grounding favour a close interaction of at least two major discursive functions. First, with respect to the need of providing basic understanding, the explanatory power of double grounding is framed by the inherent discursive function of headlines and cartoons as ‘one-shot explanations’, used in support of a larger discourse. Limited by the frame of a few words or a single scene, complex situations or processes must be compressed in a maximally informative, yet appealing way. As far as the identification of schematisation processes involved in the construction of headlines and cartoons is concerned, interesting large-scale research still lies ahead. Among the questions that need to be addressed are the following. How are complex economic developments

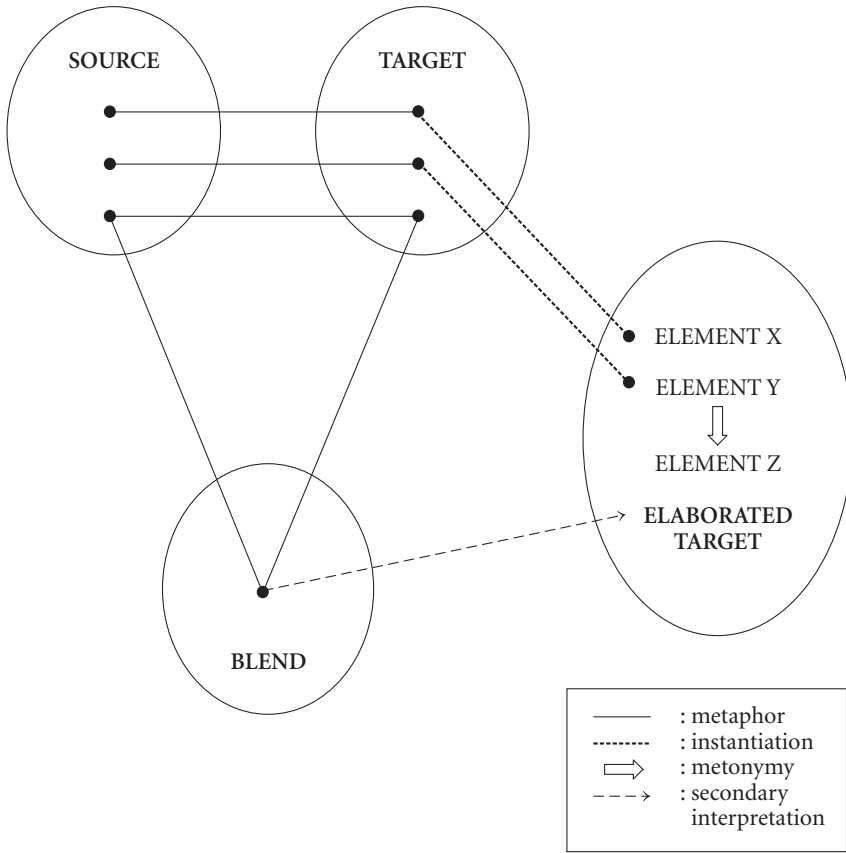


Figure 5. Double grounding blueprint

compressed into such a limited space? Comparing the full discourse to the resulting compression structure, what kind of discursive elements (e.g. semantic roles) tend to be preserved or omitted?

Second, as double grounding aims at presenting information in a playful, ‘expressive’ way, its discursive power extends way beyond its explanatory function. Created within the structure of a conceptual metaphor, double grounding optimally exploits the creative potential, which according to Lakoff and Turner (1989:80) is “perhaps the most impressive of the powers of metaphorical thought: the power to create, with naturalness and ease”. In the case of double grounding, this process of creativity offers a quick glimpse at an additional aspect of the thematic concept, seemingly without any contextual relevance for the economic message, which the headline or cartoon may be focussing on.

With respect to headlines, one might conclude, then, that bringing in an ambiguous element serves no other purpose than drawing the reader's attention to a witty-formulated utterance. Yet, the selection of one specific element consistent with the conceptual structure of the conventional metaphor allows the thematic concept (the metaphoric target) to be highlighted in a supplementary way. To take one last example, although hardly anyone does not know about the activities of the Michelin company, the use of the verb *to puncture* already foregrounds basic information about the company as part of the general setting before the development of the actual discourse has even started. With respect to the creative aspect of double grounding, the conclusion therefore must be that next to the obvious function of eye-catching, these ambiguous lexical elements provide the discourse with an additional highlighting of the thematic concept. As such double grounding as a conceptual integration strategy represents a perfect illustration of the way in which two (or more) discursive principles may be reconciled in a single utterance.

Notes

1. We would like to thank Mark Turner, Todd Oakley, Paul Sambre, Eve Sweetser, Tanja Mortelmans, Nele Nivelde and two anonymous referees for their valuable comments on various aspects discussed in this paper. The final responsibility for the text, of course, is ours.
2. The dichotomy 'knowledge of the world' vs. 'knowledge of the language' is taken from Geraerts' introduction to cognitive linguistics (1995:113).
3. For a thorough introduction into blending theory, see Fauconnier and Turner (1998, 2002), Coulson (2000), Coulson and Oakley (2000); for a theoretical account on metaphorical blending, see Grady, Oakley and Coulson (1999). A methodological critique of the model can be found in Gibbs (2000) and Bell (2002).
4. This is a slightly simplified version of the network as illustrated in Grady, Oakley and Coulson (1999:105).
5. It should be noted that we do not intend to offer a statistical analysis of the relative frequency of metaphors, metonymies, punning, etc. in our material. For an interesting quantitative analysis of these features in article headlines in *The Economist*, see Alexander (1997:93ff.).
6. Among the many useful references are Alexander (1997), Nash (1985), Bürlü-Storz (1980), Harrison (1981) and Forceville (1996).
7. Within CMT, the initial claim of the experiential grounding of all conceptual metaphors (*embodiment*) has been increasingly criticised in favour of a more culturally differentiated view on the ultimate motivation of conceptual structures. We will not elaborate on this

discussion here; see however, among others, Kövecses (1995) and Geeraerts and Grondelaers (1995).

8. It should be noted that verticality is not the only conceptual metaphor structuring our knowledge of economic mechanisms. Other prominent economy-metaphors originate in the logic and imagery of horizontal movement, war and hydraulics; see Jäkel (1997) for a detailed analysis.

9. This example was taken from *Financial Times Online* (www.ft.com).

10. Note, that precisely this elaborated metaphor, applied to the domain of price policy, has been lexicalised in two central terms of economic discourse: *inflation* and *deflation*.

11. On the basis of this relationship of elaboration alone, one might question the representation of this concept as a separate input space, but with regard to its role in both the metaphor and the metonymy involved in this complex interpretation, it seems appropriate to look at it as a separate input space. As these examples indicate, input spaces (or domains in CMT) cannot be delineated apart from any context or situation. Moreover, they are essentially defined by the relationship in which they are involved (see Feyaerts 2000).

12. In the introduction to her *graded salience hypothesis* Rachel Giora (1997:200) argues that “meanings [are] made salient through, e.g., conventionality, frequency, familiarity or context”.

13. It should be stressed that this claim is partially hypothetical and difficult to assess without experimental data. What is more, the gradual distinction or continuum between opaque (or dead) and motivated metaphors is not subject independent. What for some language users appears as a dead metaphor can be perfectly motivated for others. As a result, the remotivating function of double grounding can be hypothesised for other examples in the analysis as well.

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Blended conceptualisation in trade flow diagrams

Rise expressions from cognitive highlighting to fictive motion, a French-Italian perspective

Paul Sambre

1. Objectives

Economic information is conveyed partially via graphic information, like charts and graphs. Economic discourse, typically, rephrases visual representations or schemas. This paper describes how the concept of a rise in diagrams is put into words by French and Italian verbs.¹

There are three central claims in the paper.

1. The apparatus of cognitive semantics contributes to a better understanding of the conceptual structure of the way in which a *rise* is expressed.
2. Linguistic expressions transform the static graphical information into motion schemata. We provide a typology of fictive motion expressions.
3. Some *rise verbs* integrate static and dynamic info into blends based on the static visual and the dynamic linguistic domains in economic discourse.

The description provided has consequences on two different levels: the multimodal interaction between textual and visual elements in discourse and the representation of visual information in economic discourse.

2. Theoretical framework and basic cognitive notions

The description is based on three general notions of cognitive semantics: (i) the verb as a cognitive grammar process, (ii) the concept of fictive motion and (iii) blending theory.

Cognitive semantics is a theory of meaning: language is considered a categorising interface between objective reality and the cognitive treatment of this reality. Cognitive grammar deals with the linguistic aspects of this interface. Within cognitive grammar, meaning is not identified with the mere reflection of the referential world, but with the notion of conceptualisation: linguistic expressions (Taylor 2002: 190) contain traces of the cognitive treatment of real-world structure. This fact has an important theoretic consequence: different words for the same semantic entity offer a cognitive perspectivisation on this entity. Every perspective displays subtle differences in conceptual content (Langacker 1999: 206). The specific analytical tools of cognitive semantics used in this paper will be presented in the different subparts of the analysis.

3. Data

We will explore an authentic French and Italian lexicon, for two reasons. First, cognitive linguistic description is usage-based (Langacker 1988, 1999b: 91–92): it analyses authentic language use. Second, French and Italian have received little attention from a cognitive semantics point of view. Even more so, most cognitive work has been done on non-economic discourse, apart from extensive research in English (e.g. Boers 1997, 1999a, 1999b, 2000a, 2000b; Eubanks 2000), German (Jaekel 1997) and some work on Spanish (Charteris-Black 2000; Charteris-Black & Ennis 2001). The corpus is limited to two French and two Italian trade reports.

Rise and fall expressions are pervasive throughout the corpus: the 4 texts contain 431 sentences with 1024 expressions and 383 unique expressions for *rise* or *fall*. The expressions can be reduced to 198 roots.² When no equivalent French expression exists for an Italian concordance, a French neologism is provided. In this paper we will focus on 50 infinitive rise “up” expressions.

4. Analysis

Our analysis consists of three parts. First, we describe rise verbs which only highlight particular conceptual elements in the static graph (4.1). Second, we show how static information can be transformed into conceptually dynamic images through so-called fictive motion (4.2). And third, we describe verbs which combine static and motion scenes in metaphoric settings (4.3). In what follows we will not develop all the roots analysed, but will provide at least one example for every subtype.

4.1 Static schemata

4.1.1 *Fundamental image schema*

Cognitive grammar defines verbs as processes. At a conceptual level, verbs scan the evolution of a cognitively salient element through time (Langacker 1987:244, 1999). Verbs represent sequential scanning at different moments t , in which “a situation is shown in its evolution through conceived time, as in watching a film” (Langacker 1991b:553). Rise expressions involve at least two conceptually salient entities, a trajector (*tr*) and a landmark (*lm*). The former, the figure within the relational profile (Langacker 1987:217), is the moving entity; the latter is the ground or entity with respect to which this trajector moves. In our corpus, the trajector mostly corresponds to the grammatical subject.

The fundamental image schema (Johnson 1987:29) of the two-dimensional graph is a simple conceptual image (e.g. Figure 1). Time is on the x-axis (moments t_1 and t_2); quantitative values q_1 and q_2 of a given parameter x are on the y-axis. Rise expressions form the following conceptual schema, which can be represented as a mathematical background matrix: (t_1, q_1) and (t_2, q_2) ,

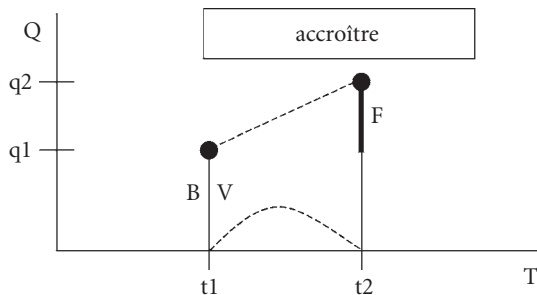


Figure 1.

with $t_2 > t_1$ and $q_2 > q_1$. This graphical matrix is considered to be the cognitive domain and the background against which the conceptualisation takes place (Langacker 1987:147). The background matrix need not be represented as a whole in every linguistic expression. The parts represented conceptually are called the Base B, against which a Focus F highlights some parts. The focus is accessed from a particular point in the Base, the Viewpoint V. As a first step, we describe three scanning mechanisms: *accroître*, *accumuler* and *reconstituer*.

4.1.2 *Accroître*

Accroître, *accumuler* and *reconstituer* share a characteristic: the viewpoint operates in the second stage of the rise scene.³ It focuses on the vertical line between the x-axis and value (q_2 , t_2). The focus is on the distance between (q_1 , t_2) and (q_2 , t_2).

In *accroître*, the direction of the distance between every point and the x-axis is conceived of as a stage of a growth process (*crescere*). In growing, the change of the value is driven by internal forces.

- (1) Gli scambi con l'Unione Europea [...] sono aumentati nel 1999 del 2%. [308] / The exchanges with the European Union increased by 2% in 1999.
- (2) Les produits agroalimentaires [...] ont augmenté de 1.1% entre 2000 et 2001 [...]. [367] / Food products increased by 1.1% between 2000 and 2001.

(Ac)croître profiles the distance between ($x=0$, q_1) and ($x=0$, q_2). The focus is on the far end of every straight line.

4.1.3 *Accumuler and reconstituer*

In *accumuler* and *reconstituer*, there are more than two scanning moments. *Accumuler* displays summary sequential scanning (Langacker 1987:245, 493): “The mode of processing in which component states or specifications are activated in cumulative fashion, so that all facets of a complex structure are co-existent and simultaneously available.” An accumulation of elements requires the addition of t_1 and t_n in t_2 . This succession is explicitly formulated in two examples of our corpus (i.e. (3) and (4)).

- (3) La posizione netta sull'estero dell'Italia è comunque divenuta nettamente positiva, grazie agli avanzi accumulati negli anni scorsi [...]. [53] / The net foreign position of Italy has anyway become positive, thanks to the surplus accumulated during the past years.

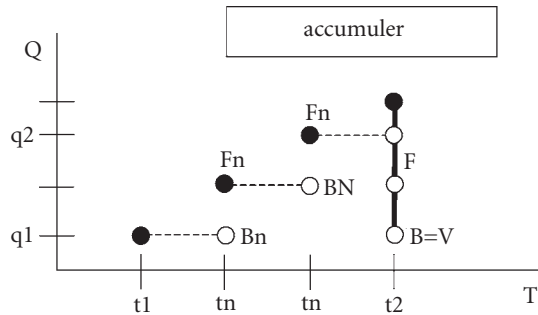


Figure 2.

- (4) les fortes appréciations du dollar, du yen, des monnaies asiatiques et de la livre par rapport à l'euro intervenues au cours de l'année 2000 ont permis aux exportateurs français d'accumuler d'importants gains de compétitivité-prix [...] [...]. [237] / the strong increase in value of the dollar, the yen, the Asian currencies and the British pound with respect to the euro, which occurred during the year 2000, have allowed the French exporters to accumulate important price competitiveness gains.

The focus in t_2 shows traces of the progressive construction of the image schema. Every intermediate focus is reinterpreted as the base B_n of the next stage t_n in the accumulation process.

A similar mechanism appears in *reconstituer*, which is used with respect to stocks.

- (5) La réduction du déficit énergétique pourrait toutefois être atténuée par une reconstitution des stocks [...]. [247] / The reduction of the energy benefit could nevertheless be attenuated by a stock reconstitution.

The schema foregrounds one particular moment in a series of more than two moments t . The moment t_n shows a reduction of stocks. This second, implicit stage, expressed by the prefix *re-* contributes to understanding the focus range. The interval $(0, q_2)$ is not a continuum, but is composed of the range $(0 \rightarrow q_1)$ + $(q_1 \rightarrow q_2)$.

4.2 Motion schemata

Rise concepts do not only mirror the process of an increase in a static way. Curves and lines are sometimes conceptualised dynamically. In this part, we describe this dynamics by means of motion schemata and sequential scanning.

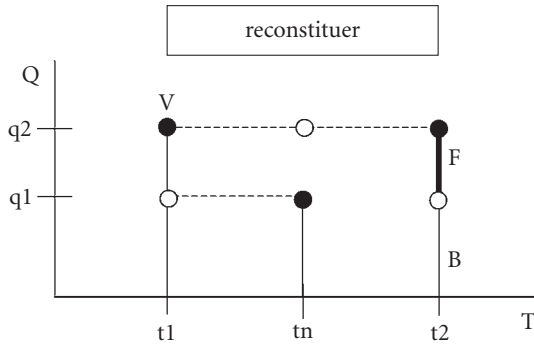


Figure 3.

4.2.1 Fictive motion

Fictive motion is the conceptualisation of the absence of motion in terms of implicit motion (Talmy (1988, 1996), Matsumoto (1996a, 1996b), Langacker (1986a, 1999)). Talmy (1996:270) defines fictive motion as “stationary phenomena [which] are fictively represented as motion”. Take “the road is running down to the river”. The conceptual domain *landscape* contains two salient elements: the dominant salient element (trajector *tr*) *the road*, and the *river*, a secondary salient figure, called the landmark (*lm*). In everyday life, roads are static entities. But, at a conceptual level, the *road* trajector is represented and construed as a moving entity.

This phenomenon can be widened towards rise expressions: some *rise* verbs conceptualise static rise lines in terms of fictive motion.

- (6) Cette évolution tient principalement aux mouvements du dollar [...]. [197] / This evolution follows from the movements in the dollar.
- (7) Tuttavia le esportazioni italiane hanno perso terreno anche nei confronti dei concorrenti europei: il loro contributo alle esportazioni totali dell’Unione, che aveva toccato il 12,1 per cento nel 1996 [...] è sceso al 10,1 l’anno scorso. [65]⁴ / However, the Italian exports have also lost ground with respect to the European competitors: their contribution to the total exports of the Union, which had reached (touched) 12.1 percent in 1996; went down to 10.1 last year.

In example (6), the evolution of the value of the US dollar is conceptualised in terms of movement. In (7), the evolution of an export percentage – which is graphically represented by a static image of a discontinuous line between two points (Matsumoto 1996a, 1996b) – is conceptualised in terms of movement:

a point moves upwards and bounces against an imaginary upper limit before going down again. The contact with an additional, imaginary surface and the movement of bouncing downwards are not in the graph, but in the linguistic comment with the graph.

Cognitive semantics offers an apparatus for the description of fictive motion: change is conceived as a movement over a directional path schema (represented by the arrow which links S and G) with a topological setting. This conceptual scene (Casad 1993:602) has an unspecified base and a canonical viewing point V, a neutral point in the middle of the path. The path scene contains different parts: an initial point or source S and a final goal G. To these basic elements, we add a number of elements, some of which are compulsory:

- a domain D, the two- or three-dimensional nature of the base;
- the axes of the graph, together with their values;
- the hypothetical presence of more than one moving entity, moving along a similar path or tracing a different one.

Other elements are optional:

- an obstacle (O), posed on the path;
- a barrier (B), on the path or in its surroundings;
- a moving entity ME, moving along the path
- and a mover MR, the causal agent, which is not necessarily human, but causes the moving entity to move in a particular way.

Fictive motion presupposes a “random repeat” of the movement over a path within the schema. The different expressions share the same basic domain, but within this domain different areas are being foregrounded (or profiled), while the background sets new conceptual areas. Parts 4.2.2 to 4.2.6 present examples of verbal settings according to the profiled zone in the conceptual domain: source, goal, obstacle, barrier and the path itself.

4.2.2 Source focus

We will discuss two examples of path source profiling: *(re)démarrer* and *(re)lancer*.⁵

Originally a maritime term for unmooring, *démarrer* shows the distance to an anchorage point S. S is part of a road or naval standing course. The profile is on the moment of departure, in which a mover leaves the anchoring zone (dotted lines). The mover is driven by an accelerating motor force. Schematically, the mover then is the motor vehicle MR (square box) containing the moving entity ME.

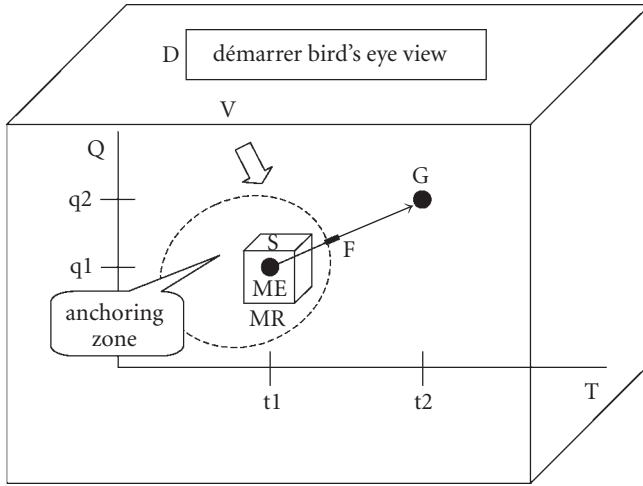


Figure 4.

- (8) [...] la forte demande de biens industriels consécutivement au redémarrage des investissements productifs [...]. [336] / [...] the strong demand for industrial goods following the recovery of the production investments [...].

(Re)lancer is quite similar concerning the motor concept for ME and MR, but unlike *démarrer*, the base and viewpoint of the trajectory are not the path itself.

- (9) Cette vive expansion [...] résulte principalement de la vigueur exceptionnelle de la demande privée américaine et d'une nouvelle relance budgétaire au Japon. [128] / This vigorous expansion results chiefly from the exceptional strength of American private demand and from a new budgetary recovery in Japan.
- (10) Due delle principali protagoniste del rilancio asiatico, la Cina e l'India, erano in realtà state scalfite solo marginalmente dalla crisi [...]. [12] / Two of the principal protagonists of the Asian revival, China and India, were in reality only marginally hurt by the crisis.

In cognitive grammar terms, (re)lancer's base is the two-dimensional space in which the trajectory-path is profiled against the horizontal line at the height of q_1 conceived as the horizon. Since *launching* implies an initial state of inertia for a non-anchored mover, the launching start area is not further defined. Launching might imply an escape from gravitation,⁶ and, occasionally, a "return to earth". The mover here does not move with the moving entity.⁷

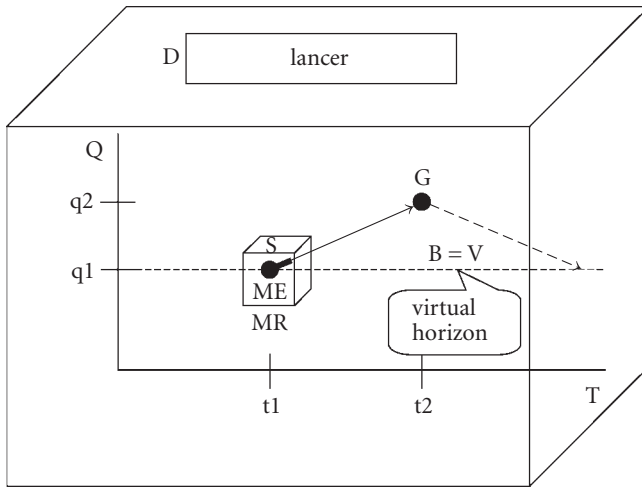


Figure 5.

4.2.3 Goal focus

Goal focus is the mirror image of source focus. The salient image is the setting of records. Breaking the record implies that the mover is going beyond the limit set by the previous record. In this sense, the *record* case is a border case between a goal and obstacle setting. On the one hand, when the expression means “setting a record” (*établir un record, stabilire un primato*), only the goal is profiled. There is a noticeable difference compared to the source focus verbs. Since no unique verb exists for this conceptual setting, a periphrastic expression is required; the infinitive is combined with the noun *record* (Italian *primato*). Parts of the conceptual scene are linguistically marked: the noun expresses the goal, whereas the infinitive denotes change of state. Technically speaking, it is possible to set negative records. In our corpus, however, records are exclusively associated with positive values and rise lines.

- (11) [...], les exportations d’automobiles ont progressé vigoureusement (+11,5%), en dépit du fléchissement du marché européen qui avait connu une année record en 1999 [...]. [158] / Car exports progressed vigorously (+11.5%), in spite of the easing of the European market, which saw a record year in 1999 [...].

Sometimes reference is made to the old record (*battre un record*, no reference in the Italian corpus). The distance between the old and the new records is then injected in the conceptual focus. The x-axis *t* is conceptually backgrounded;

it serves exclusively as the mark of the competition. Quantity *q* is the only dimension in the image schema.

- (12) Les exportations de biens d'équipement ont été particulièrement dynamiques (+18,5%), ce qui permet à ce secteur de dégager un excédent record [...] [153] / The exports of industrial goods have been particularly dynamic (+18.5%), which allows the sector to free a record surplus.

4.2.4 *Obstacle*

Moving lines encounter fictive obstacles. Our corpus contains three types of bypassing obstacles on the rise path, which are lexicalized as *dépasser*, *reconquérir* and *percer*.

The first type, *dépasser* and *superare* (both have the connotation of crossing and passing), shows how an imaginary line is crossed. This line is often marked by a round figure on the y-axis (2000 billion French francs in the first example, 50% in the Italian case). Sometimes this obstacle is lexically materialized, e.g. in French *barre*.

- (13) [...] nell'elettronica e telecomunicazioni tale incidenza ha superato il 50%. [422] / in electronics and telecommunications this incidence has exceeded 50%.
- (14) Nos exportations ont ainsi dépassé pour la première fois la barre des 2000 MdF [...]. / Our exports in this way have exceeded for the first time the barrier of 2000 million Francs.

Reconquérir and *riacquistare* (*reconquer*) conceptualise obstacles in a different way. The line divides the two-dimensional geometrical domain in two opposing territories. The line underneath the straight line shows one's own territory. The area above the line marks the opponent's geographical territory. Competitors are conceptualised as enemies in trade wars. Rising lines mark the conquest of a segment of the adversary's territory. The arrow marks a frontline and the focus is on the newly reconquered territory.

- (15) La riacquistata tonicità dell'economia italiana non mancherà di riflettersi anche sulla dinamica delle importazioni, [...]. [399] / The recovered tonus of the Italian economy will undoubtedly be reflected in the import dynamics.

In French *percer*, the borderline is conceived as a plain, pierced⁸ by the path before it enters the enemy zone. The French *percer* only applies to products and their foreign suppliers. Example (16) also contains the opposite: withdrawal (*recul*).

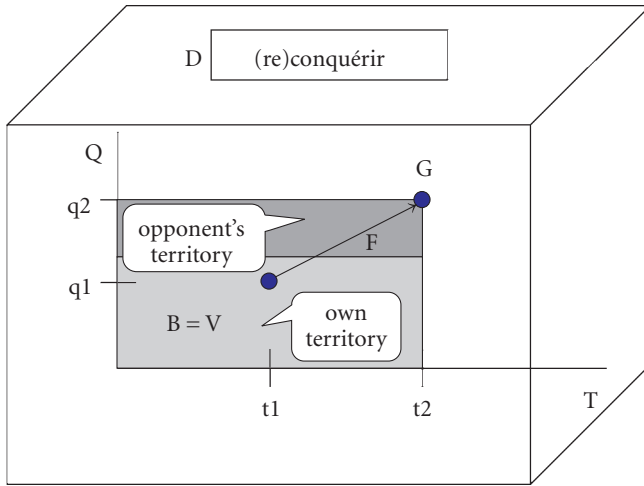


Figure 6.

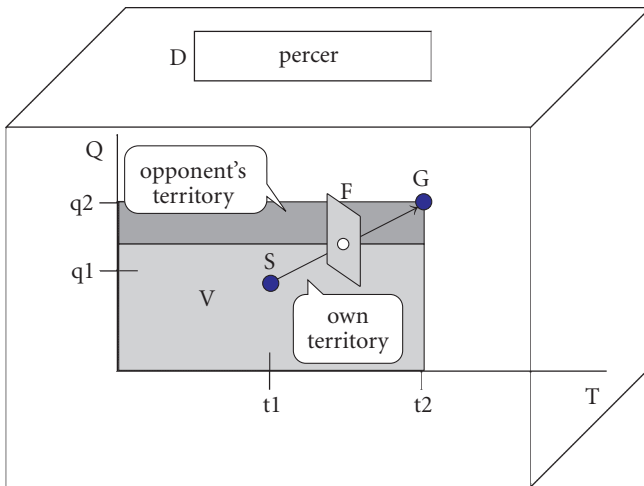


Figure 7.

- (16) La percée des produits italiens sur les marchés américains et asiatiques ne doit pas occulter le recul des ventes sur le grand marché européen. [341] / The breakthrough of Italian products on the American and Asian markets should not conceal the sales decline on the big European market.

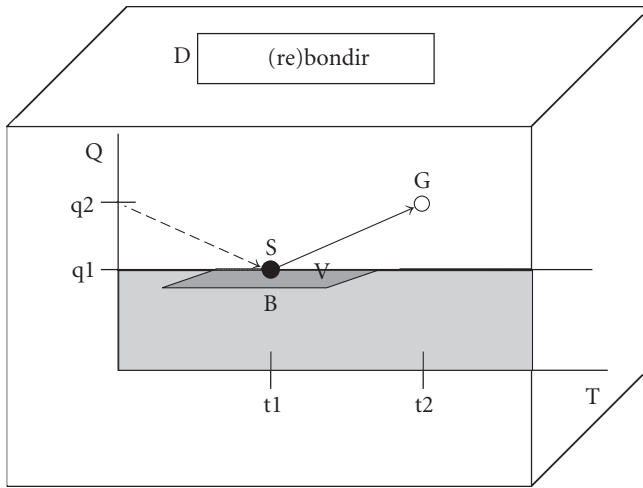


Figure 8.

4.2.5 *Barrier*

Whereas obstacles can be negotiated, barriers block lines and make the mover bounce in another direction. This schema is clearly provided by *rebondir*. The volume underneath the barrier serves as a three-dimensional base. The profile consists of both the source and the path, the latter being the result of the bouncing action.

- (17) Nos exportations [...] augmentent de 33,9% vers l'Asie émergente, profitant du rebond de l'activité de la zone intervenu en première partie de l'année. [171] / Our exports increase 39.9% towards emergent Asia, as they take advantage of the rebound of activity within the zone in the first part of the year.

Dégager changes the viewpoint and focuses on a three-dimensional area which expands if the pressure exerted by the barrier is lowered. Removing the barrier towards the viewpoint releases additional space beneath the rise line.⁹

- (18) Les exportations de biens d'équipement ont été particulièrement dynamiques (+18,5%), ce qui permet à ce secteur de dégager un excédent record [...] [153] / The exports of industrial goods have been particularly dynamic (+18.5%), which allows the sector to free a record surplus.

In *desserrer*, the *dégager* schema is combined with the additional twist movement of the loosened screw. A variant is the French air pocket expression (*sortir*

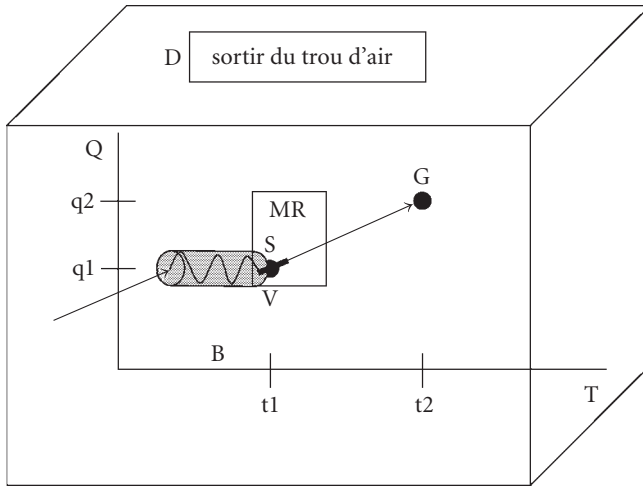


Figure 9.

du trou d'air). An implicit mover (airplane) is flying above a base (plane earth). The entrance in an air pocket interrupts the rising trajectory. At the end of the turbulence tunnel the trajectory is pursued upwards. The air pocket in a sense is both obstacle and barrier.

- (19) L'évolution des flux commerciaux français s'inscrit dans ce contexte: ils ont d'abord poursuivi au premier semestre 2000 une progression amorcée dès la sortie du "trou d'air" [...]. [132] / The evolution of French commerce flows is in line with this fact: during the first semester of 2000 they first continued a progression started immediately after leaving the "air pocket" [...].

4.2.6 Path

Some verbal processes highlight the path itself, without reference to sources, goals, obstacles and barriers. We distinguish two basic path profile types. The first one conceptualises the path as the upper line of a volume. Within this first type, we get four variants: the use of a particular trajectory triggers the selection of a particular verb.

In variant 1, the tension on the volume makes the focus line move away from the x-axis. This subtype contains a verb like *dilater* (ex. (20)). Source S remains stable and goal G rises, so that the path $S > G$ changes its angle and opens up the volume.

- (20) [...] nel caso degli Stati Uniti il disavanzo è stato dilatato dalla straordinaria vivacità della crescita [...]. [36] / [...] in the case of the United States, the deficit increased (literally: dilated) because of the extraordinary vivacity of growth [...].

Variant 2 indicates tension (in gas): the inflation of the *bubble* (*propager*, *gonfler* / *gonfiare*), the eruption of flames (*flamber*), or the simple *expansion*. Variant 3 shows the propagation of a crisis, in this particular case *flambée*, which literally means “blazing flames” for booming oil prices.

- (21) [...] gli stessi canali di interdipendenza internazionale che avevano favorito il propagarsi della crisi stanno oggi operando in senso contrario [...]. [14] / [...] the same channels of international interdependency which had favoured the propagation of the crisis today take the opposite direction
- (22) La réduction de l'excédent [...] tient avant tout à la flambée des cours pétroliers [...]. [123] / The reduction of the surplus results first of all from the oil price boom.

Subtype 4, *affluer*, refers to liquids instead of gas.

- (23) [...] al dinamismo dell'economia cinese contribuiscono [...] le esportazioni dei settori industriali moderni, che sono stati costruiti dagli ingenti investimenti esteri affluiti negli ultimi anni. [13] / [...] the exports of modern industrial sectors contribute to the dynamism of the Chinese economy, sectors which have been built by the significant foreign investments flown to them in these last years.

The second path profile refers to (sonic) radiation, like *amplifier*. The interval (0, q2) does not take the shape of a line or object, but of a radius or beam which is measured peripherally with respect to the radius (0, q1). Intensification frequently presupposes force or cause acting on the source of radiation, typically expressed by an active or passive agent, as in example (24): *the depreciation of the euro*.

- (24) [...] les ventes augmentent de 13,8%, les excellentes performances de ce secteur étant amplifiées par la dépréciation de l'euro. [155] / [...] sales have increased by 13.8%, considering that the excellent performance of the sector is being amplified by the depreciation of the euro.

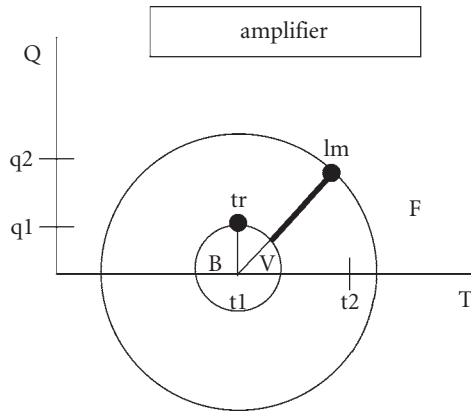


Figure 10.

4.3 Blends

Double-scope blends (4.3.1) enrich fictive motion, since they conceptually integrate the statics of the diagram, the fictive motion imagery described in 4.2 and additional metaphorical input spaces. We provide some examples of this integration.

4.3.1 Double-scope blends

Blending or conceptual integration (Coulson & Oakley 2000; Coulson 2001; Fauconnier & Turner (hence FT) 1996, 1998, 2000, 2002; Fauconnier & Sweetser 1996) is a spin-off of mental space theory (Fauconnier 1994, 1996, 1997). The conceptual blend is the locus where partial mappings of different cognitive subdomains or inputs, linked by the same generic space, meet (for an illustration of the notion, cf. Brône & Feyaerts, this volume). The blend displays a new, creative semantic structure (FT 2002). In the blend parts from input spaces meet. Elements of input spaces and the relations which link them are selectively projected into the blend. Blending is a creative mechanism: the elements built from the input spaces do not exist as such in the input spaces (composition); the partial data in a pattern are completed based on background knowledge (completion). When new combinations are created, the blend is run imaginatively, in as many alternative directions and as long as needed (elaboration) (FT 2002:43–48). In the following subsections, we describe two types of blends and explain their creative power in the conceptual *rise* construal.

4.3.2 *Competing paths*

In 4.2 we have seen that fictive motion operates on a single parameter for only one basic *y*-value. When graphs show information about multiple parameters and different *y*-values, the fictive motion scene creates competing paths. These particular conceptualisations can be described as double-scope blends. We will focus on three verbs: *relayer* (25), *chevaucher-scavalcare* (26) and *détrôner* (27). Our basic claim for these three verbs is that their image schemata display different semantic inputs: (i) static image, (ii) fictive motion and (iii) additional metaphorical input.

In (25), *prendre le relais / relayer*, the profiled parameter is relieving the other one, as a team member in a relay race.

- (25) L'Asie en développement rapide, où après le redressement constaté dans le secteur aéronautique depuis un an, les contrats civils hors aéronautique ont pris le relais (+61% dans ce secteur). [225] / Asia in rapid development, where, after the recovery found in the aeronautical sector last year, civil contracts outside aeronautics have taken over (+61% in this sector).

Fictive motion triggers an additional sports input. The different inputs selectively project entities within their domain. The sports space, for instance, does not take into account the complete (oval) racing track. At the same time, particular features are highlighted, like the very moment of taking up the running in relay racing. Missing information about economics is then filled in. Selection, elaboration, composition: the emergent structure of the blend realizes a conceptual structure which was not present in the isolated input spaces of the static graph.

Chevaucher (Italian *scavalcare* in (26)) refers to a particular type of sports: horse races. Conceptual projection is selective: the focus is on the very moment in which the profiled parameter jumps over the backgrounded value, as a horse does over an obstacle or competitor. The use of a specific verb triggers the reference to the third horse races input space.

- (26) Nel 1999 la crescita degli IDE si è concentrata verso l'America Latina, che ha scavalcato l'Asia come area di destinazione. [42] / In 1999 the growth of DFI (Direct Foreign Investments) was concentrated in Latin America, which has supplanted Asia as destination area.

In *détrôner* (27), the competition input is not limited to the competing horses. *Dethrone* mixes the fictive motion with both the running and the prizegiving after the race, two different time moments and metonymic parts of the race.

- (27) La classifica dei principali paesi clienti della Francia vede la Spagna detronare l'Italia dal terzo posto, posizionandosi dietro a Germania e Regno Unito. [300] / France's main client country ranking sees Spain dethrone Italy from the third place, as it positions itself after Germany and the United Kingdom.

The prize distribution process is not entirely mapped onto the blend. Reference is made to the victory platform only (metonymic input 4), and, indirectly, to the etymological overturning of a sovereign (input 5). And there is a parallelism between the physical position of the moving entities during the race and their place on the platform.

The overall image of the three verbs discussed reads as a multiple blend (FT 2002: Chapter 14), a massive integration network, with five input spaces (Figure 11). Static image (input 1) and fictive motion (input 2) merge with 3 additional metaphoric domains (sports inputs 3, 4 and power input 5).

Races, prizegiving and podium are metonymic parts of the generic sports input. Metonymies trigger different race types (i.e. racing versus horse and relay races) and different time slots (i.e. racing versus distribution of prizes).

4.3.3 *Lighthouses and safety zones*

Blending changes shape in the French expression (*occuper le poste phare* for the eminent position, literally a beacon or lighthouse. In (28) an exceptional quantitative value for a commercial sector serves as beacon for the surrounding commercial sectors.

- (28) Hormis le poste phare pour nos ventes, à savoir les véhicules et équipements automobiles (14.5% de nos ventes, en progression de 6.3 par rapport à 1999), [...]. [362] / Excepting the eminent sales item, i.e. vehicles and automobile equipment (14.5% of our sales, in progression of 6.3 with respect to 1999), [...].

Reference to a lighthouse input space calls for a beam radius around the flashing light of the beacon. In this blend, we see three mechanisms (Figure 12).

First, the lighthouse itself is a static schema. When reference is made to a lighthouse in the diagram, the surrounding static elements for other values in t1 start moving. The attraction exerted by the lighthouse gets the fictive motion into the static image schema.

Second, the radius in input 2 has no directional value. In the graphic blend, the diagonal direction of the movement is conditioned by the topological setting of the static input 1: the attraction exerted on the other commercial

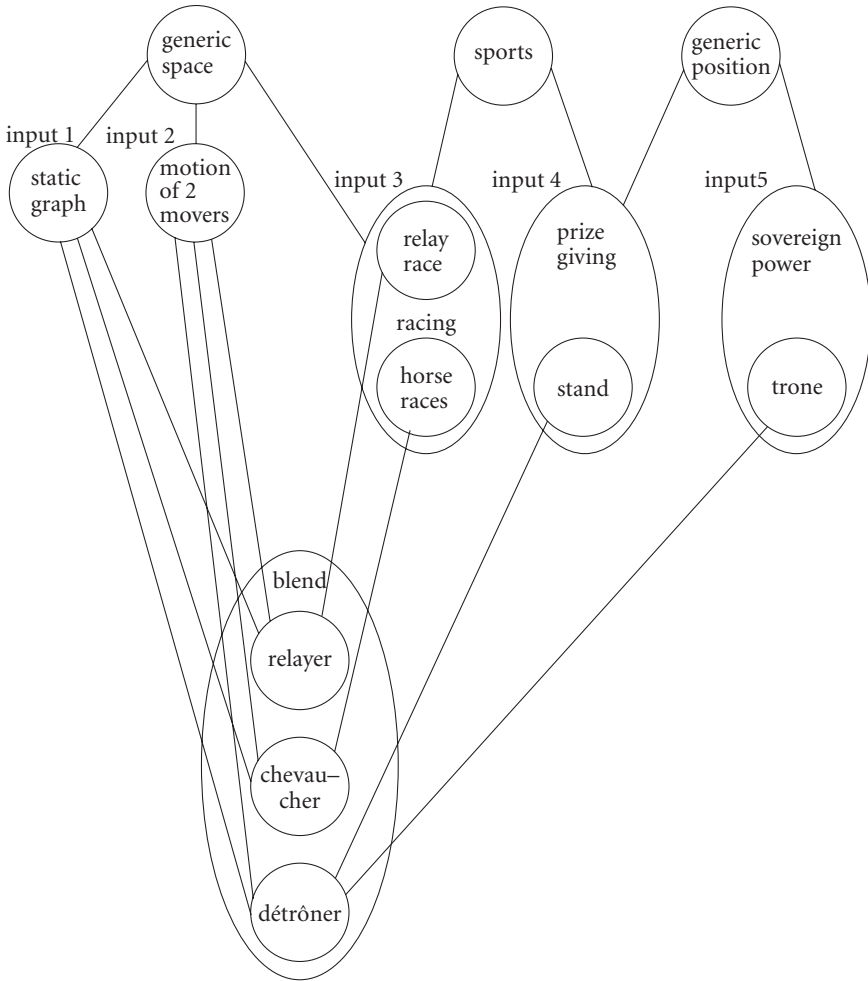


Figure 11.

sectors occurs towards the goal of the diagonal source-goal path schema. Consequently, blends create novel composition imagery in the emergent structure: the input spaces of diagram and lighthouse are indissolubly tied together.

Third, due to the *phare* input space, novel graphic zones come into being. Lighthouses are associated with images of shipwrecks and safe waterways. The notion of danger and safety are mapped on the diagram. The metaphoric input space splits up the diagram into a safe zone (a fuzzy upper area on the same axis), within the beam radius, and a danger (a fuzzy lower area below

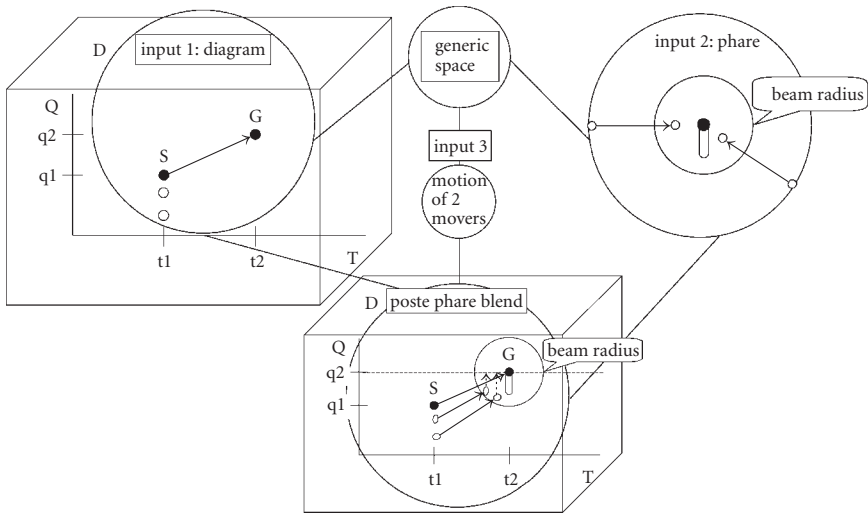


Figure 12.

the beam radius). Blending is caused by the use of a particular verb, which metaphorically triggers the creation of additional zones and reinjects them in the graphic image.

5. Conclusions

In this paper, image schemata for French and Italian *rise* expressions have been described in terms of cognitive imagery: summary scanning (4.1) and fictive motion schemata (4.2). Image-schematic blends (4.3) are subtypes of fictive motion verbs. Summarising, it might be said that the linguistic expression of visual data in economic texts enriches the conceptual structure of the graphic information. The tools of cognitive linguistics, more specifically Langacker's cognitive grammar, Talmy's fictive motion and Fauconnier and Turner's blending theory, provide a unified framework to describe the conceptual patterns and image schemata which are used when diagrams are put into words. Our analysis leads to two kinds of observations about the impact of cognitive linguistics on economic diagrams and their wording in (economic) discourse.

5.1 Words as mental images

Cognitive linguistics claims that words do not mirror referential entities, but provide mental or symbolic images of these entities. Simple lexical *rise* expressions display complex and heterogeneous conceptual mappings. The conceptual content of the mappings has three side effects on interpretation.

First, fictive motion events highlight specific zones in the rise line: source, goal, obstacle, barrier and path. Profiling these zones implies backgrounding other parts of the presented information. In other words, fictive motion only presents a part-whole metonymy of a positive economic trend. Understanding a particular conceptualisation also implies understanding which part is left out of the conceptual scene. Moreover, obstacles (e.g. *rebondir*, *sortir d'un trou d'air*) and barriers (*percer*) in motion scenes add elements to the rise line.

Second, individual languages share some, but not all of their mappings. Every language has its specific schemata. The onomasiology, i.e. different words for similar meanings in one or different languages, enriches our understanding of the conceptual potential of (economic) graph interpretation. In the world of economics and management – and in cognitive linguistics, where the body of research has been done on English – the English language is a dominant language, but it is not the only one. More cross-linguistic work has to be done in order to unravel the conceptual richness of the human mind.

Third, fictive motion and blends trigger specific metaphoric input spaces, like military operations (*reconquer*, *peirce*), fire (*flambée*) and gas (*propager*, *gonfler*), sports and power (*relayer*, *chevaucher*, *détrôner*), maritime images associated with leaving (*démarrer*) and entering a safe harbour (the *lighthouse* or *poste phare*). Ships move more slowly than the human athlete. Horses run more rapidly than humans, and a gas propagates instantly. The metaphor feeds the topological space of the diagram. Analysing graphs is not about mere figures and facts. Image schemata in economic discourse display the *embodied* perception of the economic information, i.e. the way in which the economic analyst displays his own positive or negative position towards the foreign economy. More work has to be done on the subjective aspects of this perception.

5.2 Graphs as artefacts

Language is an important locus of human cognition, but it is not the only one. Human beings develop cognitive artefacts as materialized routines for frequent cognitive processes. Diagrams are representational artefacts for thinking about the economy in terms of mathematics and statistics. In the descrip-

tion of conceptual diagrammatic mappings, we have seen that the visual and linguistic sides of the economic discourse are inextricably linked. In fictive motion and blending the static and dynamic input spaces of the diagram interact with the linguistic (and metaphoric) counterparts. The interpretation of rising line blends is simply impossible if it focuses exclusively on the linguistic or visual semiotic system. Recent work on multimodal approaches to communication (Kress 2005) stresses the dominant and co-equal mode of images as opposed to traditional text modi. This view is problematic insofar as it provides a “highly determinative, mutually exclusive and binary” (Prior 2005:26) treatment of the relation between (sequential) linguistics and (simultaneous) visual communication, in which linguistics is considered a theory of representation for the mere textual level of discourse. Our descriptive notion of *rise* abandons a deterministic view in favour of mutual and more complex relations between discursive modi. Little work, though, has been done on multimodality in cognitive linguistics. The work of Hutchins (1995) in cognitive anthropology is an interesting eye-opener in this respect, particularly where he shows that cognitive computation does not happen inside “the person’s head”, but has a collective dimension and interacts with “a world of material symbol tokens” (Hutchins 1995:361–362). Our descriptive work shows that this world of material symbols, as they are realized in diagrammatic lines, interacts with the mental processing in the brain, and leaves traces in the lexicalisation of the interpretive process. We agree with Hutchins that cognition should be re-contextualised “in the wild”, i.e. in the complex sociocultural world in which conceptualisations arise and develop instead of in decontextualised laboratory settings. This is the locus where cognitive linguistics and discourse studies can meet. Our analysis of the language of diagrams is an exploratory contribution to this line of work.

We propose three further lines of interdisciplinary research in the field of cognitive linguistics and the discourse of economics.

1. At the theoretical level, more attention should be paid to the interpretation in visual and schematic information from a discourse analytic point of view. Particular attention should be devoted (i) to the interaction between different conceptualisations of one phenomenon within a single discourse context and (ii) to the collaborative problem-solving work done by users in the reading and interpretation of diagrams.
2. At the pedagogical level, the future economist and the present expert should be trained to examine visual information in different linguistic and discursive ways, so as to get a richer conceptual image of the visual infor-

mation from various perspectives. Moreover, experts and analysts should be explicitly instructed to develop the conceptual mappings they use in a more creative way. Thinking in terms of metaphoric blending and fictive motion might contribute to a coherent didactics and to the development of economic research.

3. At the technological level, the additional conceptual information provided by the linguistic analysis of graphs can be used to improve the visual design of graphic interfaces, e.g. in software packages used by economists and in technical analysis. Blending is an ongoing process. If diagrammatic artefacts are conceptually enriched, they will not only be more accessible, but they will serve as the basis on which new creative blending occurs.

Notes

1. I am grateful to the following people for comments on drafts of this article: Chris Braecke, Teun de Rycker, Ludo Melis, Tanja Mortelmans, Paul Pauwels and Todd Oakley. For all remaining mistakes and misconceptions I alone am of course responsible.
2. Although Langacker (1987) proposes a slightly different reading for cognitive entities like things and processes, we will not make a distinction between nouns and verbs, such as *diminuer* and *diminution*, *debolezza* and *indebolire* etc., given that the difference between the entities mainly concerns aspectual readings of verbal scanning and their so-called grounding. We leave aside differences in morphological categories. By convention, these roots are given in French.
3. A similar mechanism can be found in *ampliare* and (*s'*)*accroître / accrescere*.
4. *Toccare* (touch) can express barriers for the expression of both rise and fall.
5. Other verbs in this category are *s'envoler* and *redresser*.
6. *Slancio* is an Italian nominal equivalent.
7. The prefix *re-* in verbs like *redémarrer*, *rilanciare* implies repetition of the conceptualised process.
8. The etymological root of *percer* is the Latin word *pertusiare*, popular stem of *pertundere*: “make a hole in an object”.
9. When a noun is used, we frequently find *reprise*, particularly in the Italian word *ripresa*.

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CHAPTER 6

‘Models’: Normative or technical?

Public discourse on companies*

Chris Braecke

1. Models in economics and management as the subject of a linguistic research programme

1.1 The Anglo-Saxon model vs. the European model

Economists, philosophers and journalists with divergent ideological backgrounds have been contributing to an ongoing debate on a desirable model of business/economy (to quote but a few: Kay 2004; Gray 1999, 2004; Frank 2002). In this discussion, what is sometimes called an American or an Anglo-Saxon model is typically dismissed as market fundamentalism, unjust, or simply a non-existent abstraction for propaganda. Paraphrasing former Citicorp CEO Walter Wriston as a proponent of the rejected model, Kay sums it up like this:

- (1) Self-regarding materialism is the principal determinant of economic behaviour, and government should not restrict it. Financial markets are the main regulator of economic activities. The economic role of the state is the protection of property rights and the enforcement of contracts; I call this the American business model. (Kay 2004:4)

This is opposed to “a continental, West European model of capitalism (...). The Rhineland model may be seen as regulated market economy with a comprehensive system of social security” (Bolkestein 1999:2). In his contribution to *The Economist*, the former EU commissioner argues that “the Dutch economic order will have to move even further towards the Anglo-Saxon model of capitalism” and that “the same applies to the rest of the European Union” (Bolkestein 1999:5). The author, a powerful public figure, and the magazine,

an established opinion-maker, could serve to illustrate the all but ivory tower character of a policy-relevant discussion. As a more recent example, the same type of debate featured prominently in two issues of *The Economist* in January 2005. One included an extensive special report on corporate responsibility, the other an article devoted to Hutton's ten-year old critique of British capitalism.¹

1.2 A CDA-inspired analysis of 'models'

In the type of books mentioned above, non-linguists may occasionally quote from their intellectual opponents in order to draw attention to "the expression of business opinion" (Kay 2004: 309). This mainly means looking at words between quotation marks, which not only act as a conventional sign of attributing authorship, but which at the same time create critical distance, e.g. to "the coded language of international agencies" in which "'structural reform' means a move towards A[merican]B[usiness]M[odel] principles" (Kay 2004: 309). This method of focusing on *the way words are used* can allow the authors to build arguments on strings of quotations (at times cynically: Frank 2002). Although not unusual in other discussions, to some extent this practice echoes the central objectives of Critical Discourse Analysis (CDA): "to describe and analyse the linguistic reality to which we are exposed, which conditions our vision of the world, but which at times is made subservient to particular, political or corporate interests." (van Noppen 2004: 108). In other words, the attention to lexis in criticism of a business *model* can act as an invitation to a more focused and varied discourse study of the same phenomenon by CDA. When a European linguist decides to work within this framework, the topicality and relevance of the 'model' debate above makes it an obvious candidate for research. The more so if some in the original non-linguist debate observe that "[t]he strongest support for the ABM is found in the international financial, business and consulting community" (Kay 2004: 310). However, it is said, there is only lukewarm support by politicians in Europe (Kay 2004: 7, 324) and above all, "a European political party committed to the American business model is normally not electable" (Kay 2004: 324).

These differences in reception can now be considered from the CDA perspective "that dominance structures are legitimized by ideologies of powerful groups" (Wodak 2001a: 3). Discourse relevant to a study of 'models' should therefore be found in sources potentially reflecting or alluding to this rift between the adherents of a powerful idea (in more than one sense) and the majority of European public opinion rejecting it. After all, "(...) texts are often

sites of struggle in that they show traces of differing discourses and ideologies contending and struggling for dominance.” (Wodak 2001a: 11). From this angle, looking for divergent opinions in this debate in *The Wall Street Journal* (Europe) would defeat the purpose of the exercise because of the prevailing consensus (Kay 2004: 308). A paper like *The Financial Times* (FT) is a better candidate: management writers in a long-established European-based paper might be sensitive to at least a greater familiarity of the European business world with other business models than ABM – regardless of the management’s own stance.

In this article two FT texts are taken as the basis of a pilot study for future large-scale corpus research on the ‘model debate’. What we have in mind here is the kind of work de Beaugrande (1999) has done on the term ‘liberalism’ and the investigations Koller (2005) has made on metaphors in the discourse on mergers and acquisitions. Of course, the present preliminary work cannot possibly replicate the type of survey that is based on large corpora. However, instead of looking at many different sources of the concept of ‘model’, we hope to explore some of the main concerns that can play a role here and that are bound to determine further efforts in this area.

2. ‘A new European Model’ vs. Pondering the power of the market’

2.1 The source texts in the model debate as the structural basis of the article

In February 2001 *The Financial Times* published a series of articles dealing with recent changes in the European economy, as a survey with the programmatic title *Europe reinvented*. A common topic in two of these articles (in part four of the series) appearing on the same day (February 9) is the *model* that Europe has chosen and will choose for its businesses in the future: Izraelewicz (2001) and Münchau (2001). Both are available as appendices.

The two articles are titled ‘Pondering the power of the market’ (further PPM) and ‘A new European model’ (further NEM). The articles will either be referred to by the author’s name, as in the numbered quotations, or, more conveniently for repeated and detailed quoting, by their abbreviated title. Ignoring temporarily the complexity of the text, it could be claimed that NEM has fewer topics and can be more neatly broken down into two parts. The first part (lines 1–43) mainly develops the reform of financial circuits starting at the end of the 20th century (7–12): more traditional forms of capital raising have now been

replaced by the stock exchange (25), which has been accompanied by a growing number of shareholders (30–34). In its second part (44–74), NEM opposes the Anglo-Saxon “business exclusively based on shareholders” to the European “socially responsible company” (66–74).

PPM for its part announces a discussion of factors that have changed European business (lines 7–9): “the failure of the European corporate model” (lines 10–24); “the growing power of capital markets” (lines 25–64); “a new emphasis on corporate governance” (86–99?); “and the power of technology” (65–85?).²

Both articles thus share a description of the central role of capital markets and a clear, but opposite stance in the model discussion. Following our starting-point (a debate among economists, managers, philosophers, journalists, politicians etc.) it is this *model* discussion that will be focused on. More particularly, two layers will be identified in the articles that are relevant to our purposes. One layer is the technical aspect of the emerging importance of the stock exchange (mainly Section 3), which will turn out to be difficult to separate from the next layer. This other layer is the evaluation of a business model as something good or bad, desirable or to be avoided (mainly Section 4). The authors will make this choice on the basis of who they believe can have legitimate power in a company. A provisional conclusion on the possible relevance of this type of analysis to the model debate will be offered in the final Section 5.

2.2 CDA and a selection of surface phenomena

It should be mentioned that the analysis is based on a number of straightforward assumptions.

First, it is believed that greater insight into the discourse work in the model debate can be obtained by simply looking closely at passages in which the word ‘model’ occurs.

Second, because NEM and PPM both deal with an explicit model debate, they will be easier to interpret. This is because the positions might be more explicit and because other passages without the word ‘model’ but clearly belonging to the same argument can be drawn into the discussion. (In addition, even parts of the articles beyond this discussion could be relied on, if relevant.)

Third, it is assumed that discourse is hardly ever homogeneous or a reflection of one massive and neatly delineated ideological system, and that certainly in this case it will reflect different voices, different competing positions (Wodak 2001a: 3; van Noppen 2005: 109).

Fourth, as it seems to be noticed approvingly in a review of an anthology of CDA writing, "CDA is more useful when it is kept relatively simple" (van Noppen 2004: 108). Following a tradition of drawing on easily observable surface facts (van Dijk 2001: 99; Meyer 2001: 26), this analysis aims at accessibility. This might be one way of avoiding "esoteric style" and "obscurantism" and make the work accessible (van Dijk 2001: 97). Easily accessible linguistic phenomena might be lexical choices and shifts in meaning; the combination of lexical items and their arrangement, and even their mere presence or absence; negative lexicalization and the choice of adjectives.

It is believed that these or similar minimal assumptions are required if there is ever to be some kind of conversation between non-linguist specialists (as in the model debate) and CDA-inspired types of analysis.

3. Financial markets and the business models: Beyond a technical role for the stock exchange

As mentioned above (2.1), both articles pay extensive attention to the new role of capital markets in Europe. To start with, the discourse work will now be considered in selective passages about the role of the stock exchange, in which both NEM and PPM will establish links with the concept of *model*.

3.1 Financial markets in Izraelewicz's NEM

A couple of anecdotes (NEM: 1–6) open NEM's first part on company financing. "European capitalism underwent a radical transformation at the end of the 20th century" in that the countries "reformed their financial circuits" (7–12). This 'technical'-financial aspect is adduced (by both texts) as the criterion which can characterize the nineties of the previous century as a watershed period, which is termed no less than a "revolution" (NEM: 27; PPM: 107). NEM describes in detail the relative absence of financial markets in the past for capital raising by companies (NEM: 15–22). At the end of the century, companies and ordinary citizens found the way to the stock exchange, a trend that was encouraged by governments and resulting in an entire financial industry (NEM: 23–43).

Three moves in the first part of the NEM text (1–43) are important. First, there is the immediate introduction of the term 'model' with at least a different emphasis on its possible components of meaning:

- (2) (...) European capitalism underwent a radical transformation at the end of the 20th century. Faced with the breakdown of their established *models*, the countries of the old continent reorganized. Notably, they reformed their financing circuits. Thanks to the Euro and under the influence of the Anglo-Saxon *model* (a French expression) in which the capital markets play an essential role, Europe's capitalism is transforming itself. (Izraelewicz: 7–12; italics added)

If 'notably' is interpreted as 'especially', introducing a typical or important example, it would be fair to claim that the term 'model' first mainly has a restricted financial application. The "established models" probably refer to the "very different capitalisms" in terms of capital raising, technically described in detail further (15–22). This is indeed confirmed later: "These different *models* had one thing in common: they functioned without the market; direct finance which links the saver and the company (...) played a marginal role." (19–21). On the other hand, the author states clearly that the change in financing circuits is *a part* of the imitated Anglo-Saxon model, be it a central one ("in which the capital markets play an essential role").³ Without specifying yet, the model discussion is thus already implicitly announced as something that will be of larger significance than the detailed technical characterization of new capital raising methods.

Second, within the same paragraph, the model discussion is announced, not just as more encompassing, but as belonging to another dimension, i.e. a question of *choice* for European capitalism. "Is it reinventing itself or is it just Americanisation? For continental Europe, the great challenge at the dawn of the 21st century is contained in this question." (NEM: 12–14) In contrast, the way the reform of the financial circuits itself is presented suggests an impersonal process that happens to European capitalism, which "*underwent a radical transformation*", as in (2) above. In line with this passive process character, the same opening sentence's grammatical subject is 'capitalism', a concept for a *system*, again something in which things happen, rather than focusing on individual agents. In line 25 the former financial intermediaries "were replaced by the stock exchange", a passive construction suggesting an impersonal change again, and one in which the agent ('the stock exchange') is an institution which can at best be called an agent metaphorically. Compared with the impersonal system and process approach in the larger surrounding text of the first main part on the stock exchange, there is little doubt that the sudden question about choice ("Is it reinventing itself (...)?") constitutes a break in perspective.⁴ This

choice is even “a great challenge” and is properly given a special millennium ring “at the dawn of the 21st century”.

Third, on independent grounds, specialist participants in the model debate have identified the crucial role of the capital market as a central element in the Anglo-Saxon/American model – further ‘ABM’ for easy reference (Kay 2004:4). Therefore it is not surprising that one of the co-occurring changes will become crucial in the wider model discussion. It is the *shareholders*, whose numbers are now noticed “to have risen dramatically” (NEM:32), and whose power will be seen to determine the model discussion in the second main part. Shareholders are still less common in Europe than in the US or the UK (NEM:31–32), but Frank (2002:92) reminds us that the wildly varying American figures (from 20% to 60%) can be interpreted with a grain of salt and differently from a democratic success story. He questions whether it really means “a vast sea change in American thinking about money in business” (Frank 2002:92). Instead, the discourse on public share ownership as “democratization” is explained as “the ideological victory of market populism”, from which “the financial industry had most to gain”, whereas it “has most to lose from a resurgence of anti-business sentiment”. (Frank 2002:94–95). The claim of this ideological character is underpinned by the observations that, despite “widely dispersed stock ownership”, “the vast majority of shares is still held by the wealthy” (Frank 2002:96) and that small shareholders’ votes wield much less power than institutional investors (Frank 2002:97).

In Frank’s framework, comparing the number of shareholders with the numbers of civil servants, union members and the unemployed (NEM:33–34) would not be unexpected. These reference groups would not feature in the ABM model – cf. (1) above. One group represents the state, which should be minimal (civil servants), another group claims influence on the market by social action (unions) and the claims by the third one can lead to higher taxation (the unemployed). Mentioning their lower numbers, surpassed by those of shareholders, thus hints at three ingredients of ABM: the minimal state, market fundamentalism and low taxation (Kay 2004:308). It can therefore be argued that the very choice of the groups with whom the number of shareholders is compared fits in well with the ideological load of the *numbers* of shareholders. The element of popularity of the stock exchange is evoked by the anecdote of its status as a normal subject of conversation with the young “at happy hour” (NEM:30–31). The depth of this change in mentality is strongly expressed by the conclusion in this paragraph: “What revolutions!” (NEM:34). All this could lead us to the conclusion that the third move in this text part, i.e. the ad-

vent of shareholders on the European scene, has probably added an ideological dimension to the discourse on the role of the stock exchange.

Summarizing the impact of the three moves in the first part of NEM, the following claims are made. First, the evolution of the stock exchange is immediately linked to the model discussion by saying that it is an important part of it. How exactly will have to be found out below. Second, the growth of financial markets as a process is unexpectedly accompanied by a provisionally unexplained announcement of another kind of business model, as the result of a choice to be made in Europe. Third, the discourse on shareholders seems to fit in with an ideological interpretation of their growing numbers. Unsurprisingly, their role in the business model (Section 4) will be shown to be central.

3.2 Financial markets in Münchau's PPM

This part will focus on three ways in which the financial markets are dealt with in PPM. First, there is the way in which PPM defines the initial opposition between models. In fact, the old European *stakeholder* model is said to differ from “the *financial market-driven* system” of the US in its refusal of an important role for the financial market (PPM: 10–16). The role played by financial markets is thus adduced as a distinctive criterion. Hence, the space already devoted to financial markets within this model discussion (10–24) will be considerable – in spite of both having been announced before as different successive topics (7–9). As a result, whereas the financing circuits were still seen by NEM as part of a model, at first sight, PPM does not seem to make a principled difference between the model debate and the technical discussion of financing circuits.

Second, in this same part of the article (10–24, announced as the model discussion) a curious shift follows (19–24). Let us consider this passage, (3) below, which criticizes the combination by German banks of their traditional simultaneous roles as lenders and shareholders in their relations with client companies (19–21). From there an unexpected step is taken, without any other rhetorical link than merely “going hand in hand”, i.e. probably referring to these same companies. Indeed, the criticism shifts to the influence of employees as stakeholders in the company's decision-making process (22–24). In other words, the author of PPM now seems to define his topic at hand as something different in kind from its previous early reduction to the role of financial markets. From finance he now moves to company models as something distinct, belonging to another domain, i.e. dealing with partnership in management decisions:

- (3) The corporatist model meant that banks were both shareholder and lender. Relationship banking *went hand in hand with joint employee/management decision-making*. The system was held up as *a model of civil interaction between companies and their workforce*. Today, *European companies* have found ways to *live with work councils and supervisory boards*, which consist of up to 50% of workers' representatives. But they no longer see these systems as superior. (Münchau 2001: 19–24; italics added)

This passage in PPM specifies the element of choice in its approach to business models, i.e. as a choice of whose interests a company is supposed to serve. The writer knows that accordingly the crux is the issue of power in decision making, which for the workforce takes the form of representation – sometimes equal (“work councils and supervisory boards, which consist of up to 50% of the workforce”). His point is not anecdotal or only about German companies, but a general one, which will be relevant to the central model discussion below in Section 4. He explicitly refers to a *system*, which will spread to European companies (although starting from the case of German banks and companies – a geographical generalization in line with the scope of this series of FT articles). What happened in Germany “was held up as a model of civil interaction between companies and their workforce”. Whenever something is *held up as a model*, it is assigned an exemplary function, i.e. it is set as an example. This collocation shows that the meaning of the term ‘model’ is clearly not limited to ‘intellectual construct’ (as e.g. in ‘econometric models’). It suggests behaviour that is worth imitating. The resulting extra shade of meaning in the collocation is proof of the introduction of value and choice. This context reinforces in the notion of model a flavour of desirability.

At the end of passage (3), this model is then explicitly rejected by the author. (His negative evaluation had already been prepared by the implication that the model was a thing of the past: “A decade ago...” (10); the ironically quoted voice of Europeans on markets as “the enemy” and “a collective threat to government” (14); and the German business elite being called “less paranoid” (17) than their French counterparts). Passage (3) above opens by calling the model ‘corporatist’. This cannot be merely intended as descriptive because immediately before, line 18 says that the Germans “clung to corporatism”, which suggests negative appreciation. Most importantly for his own argument, the author then explicitly underlines his negative evaluation (“companies have found ways to live with works councils (...”). The formulation of his conclusion indirectly comes as independent support for his own pre-

ferred model, dismissing the competing one as old-fashioned: the European companies themselves “no longer see these systems as superior”.

Third, the question could be asked how this view on models based on choice, more particularly about who has a say in a company (the preceding second point above), can be reconciled with the reduction of the model discussion to a method of finance (the first point in this same Section 3.2). Should competing models now be approached descriptively and ‘technically’ as primarily determined by the relative importance of financial markets or rather from an independent, normative perspective? In fact, the second point above shows that the writer of PPM, given his *Financial Times* readership, has put his money where the average reader’s mouth is. If the model discussion involves such vital aspects of a company as *interests* and *power*, he will probably express an opinion on management that is shared by shareholders (and particularly managers who are supposed to serve their interests). In this respect he necessarily has to admit the autonomy of the model debate as a debate on what is good and preferable.

He attributes his own negative choice – the same rejection of what is no longer popular in European companies – to others, as a statement about an undesirable type of management decision making that most of the readers are unlikely to accept. It is others, i.e. European managers, who have learned the hard way that they were wrong and who are the converted adherents of new insights: “But they no longer see these systems as superior” (PPM:23–24). At the same time, however, this does not prevent him from recognizing a necessary condition that will allow his preferred shareholder model (cf. later) to exist at all: the financial markets. Admittedly, there is hardly any explicit positive demonstration of this conditionality, apart from the suggestion created by the very labelling of the model (“the *financial market-driven* system of the US” (13), “the new *financial market-oriented* business culture” (later in 54)). Instead, PPM (10–24) mainly shows a warning from previous experience of what could happen if this condition is not fulfilled: when in Europe there was no financial market-oriented business culture yet. In the past, the relative absence of the stock market has been seen to lead to something different and not deemed to be desirable: “*a model of civil interaction between companies and their workforce*” (21).

It is helpful to repeat the actual words in which the link between this absence and the accompanying model are described: “Relationship banking *went hand in hand with* joint employee/management decision-making” (19–20). Things that *go hand in hand* are closely associated, but it is difficult to define the relationship and its strength. A reader, however, might be tempted to as-

sume some kind of causal relationship. On closer inspection, though, there is obviously no basis for moving in the argument from the one to the other: from *relationship banking* (as a privileged relationship between a bank and a client company) to *joint decision making* (as a management model). But why should strict logic be expected? Rather than causal, the connection between the two points could be mere association. If the majority of FT readers are known to be in senior management positions (Koller 2005:207), the ease of this move could be interpreted as allowed by a set of assumptions that are at least not foreign to them. A link between 'old-fashioned' financing and an 'old-fashioned' stakeholder business model is likely to belong to the stock of background views of the world in the FT readership. One simple explanation of this link could be mere simultaneity, because these informed readers know that both older methods of financing and the model of joint employee/management decision making were applicable to many European continental companies before the nineties. Both phenomena are likely to be seen as connected. If so, it cannot come as a surprise that a vague idea is formulated in vague terms. This is exactly what happens in the "go hand in hand" phrase.

Let us sum up the three points about the role of the stock exchange in PPM. First, it is even more linked to the model discussion than in NEM by seeming to equate 'model' and 'financing circuit'. Second, another dimension, vaguely hinted at in the corresponding part of NEM, is now specified: the model discussion is also about power in management decisions. Third, these two aspects seem to be less linked causally than by co-occurrence.

3.3 The shareholder as the connecting element in two layers of analysis

Most important about the selective analysis of the first parts in both texts on capital markets is the central role of shareholders, which probably can play an ideological role in business discourse (NEM; see 3.1 above, third point). Moreover, in talking about models, a dimension of choice and preference has become apparent, still vague in NEM (to be made more explicit later) and explicitly about power in management dimensions in PPM (3.2, second and third points). Both conclusions are related, in that business models will be defined and chosen on the basis of the power given to shareholders. This will be reflected in the very name of one of the models and in its use. It is now necessary to consider other text parts, in which the character of the model is made more explicit, as well as the authors' own preferences.

4. A 'stakeholder' vs. a 'shareholder' type of company

4.1 One definition of 'stakeholder company'

One of the two models of business in both articles is defined like this:

- (4) A company, they [= the proponents of this model – CB] say, must not work exclusively for its shareholders – and its short time interests. Rather it must take into account all of its partners: including its clients, but also the management, its employees, its suppliers and local associates. (Izraelewicz 2001:62–65)

NEM is the only article to actually define this *stakeholder* type of company, the name of which was merely mentioned by PPM (10–13, see also Note 8). This view is contrasted with its opposite, originally American and having recently gained ground in Europe: executives “must be guided by one prerogative: profitability by the *shareholder*” (NEM:48–49; italics added). These passages deal with the same question that had unexpectedly been brought up by PPM before (3.2): who can be accepted as parties to the activities of a company? Who are the central players whose interests should be recognized as legitimate? If these interests can determine the management of companies, this choice is about the entitlement to management decisions. This approach suggests the possibility of a point of view that does not depend on technical considerations about the internal workings of a business. Instead – and tellingly – the modal *must* is used repeatedly in the above quotations (“*must* not work explicitly for its shareholders”; “*must* take into account”; “*must* be guided”). What is being dealt with is a choice that could be termed moral and/or political. In other words, this strand of reasoning puts the model discussion in an unambiguous framework. Ultimately, it goes beyond economic considerations. Instead, models are explicitly conceived of as evaluative, as it were from the outside, i.e. as what companies ought to be like ideally, based on independent, non-economic, principles. The models themselves, regardless of what the authors think, deal with what *must* or *should* be.

4.2 Evaluation and labelling of company models in the texts

How are the models themselves in turn then evaluated by the two authors? Interestingly, in articles that appeared on the same day in the same paper, the authors' views are as different as are their interpretations of the actual history

of their preferred models for European companies and mainly of the direction which will probably be taken in the future.

PPM takes sides right from the introduction and mentions as a key factor in the evolution of European businesses “the *failure* of the European corporate model” (PPM: 8; italics added). It is clearly a thing of the past: “A *decade ago*, Europeans (except perhaps the British) overwhelmingly favoured a stakeholder model (...)” (PPM: 10–11; italics added). It is being replaced by “the *new* financial market-oriented business culture” (PPM: 54; italics added). The author’s own preference becomes most explicit in his final lines, where he predicts the future, which he openly welcomes in a well-wishing exclamation as a *revolution* (PPM: 106–107).

For its part, NEM has asked a principled question about the future of this model for European capitalism before (3.1). Europe would have to choose. This very question is answered in the last part of the article: “Business think-tanks across Europe as well as political leaders are debating the merits of the citizens’ company these days” (NEM: 61–62). And:

- (5) When America proposes “the ‘business exclusively based on shareholders”, Europe replies with the “socially responsible company”. That may be the trademark of European capitalism. (Izraelewicz 2001:71–73; italics added)

The idea of choice and preference is presupposed by NEM’s description of the debate with different opinions. It becomes apparent from the verbs and the noun in the two fragments above describing the argument: “merits”, “debating”, “proposes”, “replies”. In contrast with the other article, NEM’s own evaluation of the stakeholder model is as something new and special, something of the future and with a future. Line 73 seems to have identified an original “trademark of European capitalism”. In a kind of punch line, the author would deplore that it would not become a European success story if America ran away with the idea (73–74).

These divergent judgements of the European stakeholder company are not only accompanied by a pessimistic or optimistic assessment of its future, but also by the presence or absence of explicit attention paid to what happened before the nineties. Schematically, on a time-line with the nineties as the pivotal point, this can be summarized as follows.

The nineties themselves are seen as a transitional period (PPM: 99), rather more outspoken of the shareholder type in PPM, suggested by the “change of attitudes” (86), but as a more mixed period in NEM (58–61). Presumably because of NEM’s future orientation (i.e. its optimistic stance on the future of the

Table 1.

	Evaluation of stakeholder model	Dominant European model		
		Before the 90s	The 90s	Future
PPM	negative	stakeholder	no label (implied: shareholder)	no label (implied: shareholder)
NEM	positive	no label (implied: stakeholder)	±shareholder?	stakeholder

stakeholder model), the period before the nineties is neither labelled in NEM as of the *stakeholder* type, nor is it categorized implicitly as such by hinting at the normative features the very same text has identified as defining this model.⁵ As a result, as the accompanying table shows, the absence or presence of the ‘stakeholder’ label can confirm the respective treatment of this model in the texts as either obsolete or innovative.

More important for our purpose will be the absence of the ‘shareholder model’ label in PPM, although there are indications that this is exactly the characterization that is intended for the present situation (10–64; 86–91) and predicted for the future as the dominant model (106–107). Although it is the preferred model, the mere absence of the label ‘shareholder model’, as opposed to the presence of the ‘stakeholder’ label (PPM: 11), can be interpreted as a sign of normality. The obvious and the natural, a recurring idea in Frank’s (2002) characterization of much business discourse, would not need so much to be named. Names are needed for the deviation and the exception. The absence of the label implicitly defines the terms of the debate. The fact that it is not even used in PPM at all is in line with the role of the American Business Model as a self-proclaimed reference point. It will be remembered that this article started by quoting works that in some way objected to it. But ABM “plays the role in political economy that socialism enjoyed for so long. All political positions, even hostile ones, are defined by their relationship to it” (Kay 2004: 307). The whole of PPM perfectly fits Kay’s summary of the claims of a self-styled “superior grand narrative- the American business model. (...) The American business model is appropriate everywhere and other styles of economic organization – even those of apparently successful European economies – are simply transitional measures towards it.” (Kay 2004: 192). In this context, the absence of a label for what is ‘normal’ and ‘natural’ is only a symptom of a prevailing ideology in business discourse.

4.3 A model of "business" and "society"

So far, it has been assumed that the model discussion is about companies. NEM mentions the citizens' 'company' (62), the 'company' (63) and its relationship with shareholders, its customers and its employees (62–65). In the same train of thought it goes on to talk about the 'business' exclusively based on shareholders compared with the socially responsible 'company' (72–73). It should at least be mentioned, though, that these passages cannot be read in isolation from what precedes 62–74. The following fragment shows a remarkable introduction of 'society'.

- (6) Joined by a large part of public opinion, these business leaders would rather see a stakeholder *society* than a shareholder *society*. Business think-tanks across Europe as well as political leaders are debating the merits of the citizens' *company* these days. (Izraelewicz 2001:60–62; italics added)

It is tempting to try and interpret the presence, the combination and the presentation of 'society' and 'company' in the passage. There are no overt markers of a conceptual transition: no linking words like 'also' to join the two sentences as if they were about two different domains ('society' and 'company'). Without doubt, the point of the passage is its last part, to be continued in the remainder of the text on the different models in the US and continental Europe of 'business' or 'company'. These, as it was shown, are the two labels that will designate the domain further on. Still, this introductory passage opens with the alleged preference of Europeans for a stakeholder *society*. The order in which both are mentioned ('society', 'company') might not be insignificant.

On the surface, and in the logic of the larger text, (6) itself does not itself generalize from a prior characterization of 'company' to 'society' at large. This would have seemed a more likely and necessary procedure if the text had wanted to argue how the qualities of a company could be applied to society as well.⁶ NEM shows a different discourse mechanism as a trace of another assumption. It is assumed that the domain extension is already an accepted fact by mentioning 'society' first.

The implications of this assumption depend on what should be understood by 'society'. It is impossible to go into this complicated question on the basis of the short texts and within the limits of this article. If 'society' refers to the institutional and political framework that is needed to solve economic problems, there are no serious problems (cf. the concept of the "embedded market" in Kay (2004), similar to some of the assumptions in Gray (1998) on the context-dependence of the singularity of an Anglo-Saxon free market). If, however, as

it is a main thesis opposed by Frank (2002), *everything* is market and business, and if society is nothing but the economic problem to be solved by a completely free market, the insertion of 'society' is more puzzling. The latter rash interpretation is unwarranted, however, certainly not in NEM. It would mean that, in bringing up 'society', it has been accepted without justification that society *as a whole* can be defined along the same lines as a company, before even defining the company itself. It would suggest the absence of a clear borderline between 'business' and 'society'.

But in either of the interpretations (the moderate and the radical one), it is possible to make sense of the simple insertion of 'society' in a discourse about companies. That 'society' appears first in (6) suggests a foregone conclusion: they are so much linked that it is not necessary to argue in the text that we are also talking about society.⁷ In any case, a passage like this amply demonstrates that the model debate has ramifications in society that go beyond the company. It is a debate in which the stakes are high.

5. Conclusion: "The power of the market"

The title of one of the articles is 'Pondering the power of the market'. Underlying both texts is an awareness of the power of the market in general, starting from, but going beyond the role of *financial* markets. This is in line with the other literature on the model debate. The market is said to be gaining support in Europe and PPM stresses how "[m]arket liberalization has fuelled the change in attitudes" (86). In this light it could be understood why PPM did not even care to label the obvious market-driven *shareholder* company model as such, an omission which could be considered relevant (van Dijk 2001:106). Both texts seem to imply that the role of financial markets leads to a *shareholder model*. The shareholder, with both his objective and ideological roles, makes it possible to move to another point of view in the discussion.

In fact, both our texts equally much recognize the moral/political dimension of the debate as a question of power, which can be reduced to the question: "Are shareholders the only legitimate stakeholders?"

The main difference in NEM is that it identifies a strong voluntarist drive in public opinion, which is more in favour of a stakeholder model. To this extent "European public opinion" (NEM:65) can go against the grain and oppose the American model.

The initial research question was whether a CDA-inspired analysis of a larger corpus of public business discourse on 'models' would be feasible. I think

the answer is positive because even a selective analysis of a limited number of sources looks promising. Several discourse phenomena could be pointed out echoing central points in the general model debate. The two source texts showed similar linguistic facts and similar themes.

In conclusion, a selective treatment of some linguistic markers in a few highly selective fragments from two long texts can admittedly not claim completeness. An attempt was made to identify surface traces of an ideology, which is neither homogeneous – with at the same time competing and mutually supporting themes, nor always explicit.

There is plenty of unfinished business (the theme of shareholder and democracy – cf. the fascinating fragment of NEM 54–56; the metaphors for normality; the different positions in NEM and PPM, but also the different internal voices, e.g. NEM's "*religion* of value creation" vs. "What *revolutions!*"). More texts would be needed to confirm (1) whether the role of the financial markets is generally used as a mechanistic prerequisite, and (2) whether it is regularly combined with the moral/political approach to the models as a question of power in management. It remains to be seen if a more linguistically oriented analysis will confirm some of the views in the larger model debate. The preliminary results certainly look promising.

Notes

* I would like to thank Pol Cuvelier for his extensive comments on the first draft, especially for his suggestions about metaphors. They would require another paper, which could be one way in which to repay my many debts in the future.

1. *The Economist* 2005b; *The Economist* 2005a, the latter with a number of sub-topics with all the buzz words related to "the good company".
2. The actual order of the last two topics in the text is different from their order of announcement. They are also not easy to identify in the articles. Hence the question marks with the pages.
3. This echoes our opening quotation with one of the three main features of the American Business Model: "Financial markets are the main regulator of economic activities" (Kay 2004:4).
4. It would be tempting to suppose that at the end of (2), the active "it is transforming itself", which in the text immediately precedes the choice question, already prepares the change in perspective.
5. This happens despite of the fact that in most of continental Europe the role of the state in the financial system, as mentioned in NEM (53–54) about the present period, was greater before the nineties. This role of the state implicitly seems to be adduced as a form of

the stakeholder model (52–56) and was discussed before as one of the forms of the older financial system (17–18).

6. It is exactly this generalization that seems to be spelled out explicitly in some of the speeches by Tony Blair: “We need to build a relationship of trust *not just within a firm but within a society*”. “It is a *stakeholder* economy in which opportunity is available to all (...)” “We need a country in which we acknowledge an obligation collectively that each citizen gets a *stake* in it.” (Fairclough 2000:87; italics added) The first sentence quoted from a long speech is articulating this domain extension (“*not just within a firm but within a society*”). In this respect our text is different. (Admittedly, in Fairclough’s analysis, the ultimate ideological effect of the NEM article could be similar in selling the stakeholder company/society as a mere buzz word for the same old power relations. This is, however, not the point here.)
7. PPM (10–13) shows a similar mechanism in mentioning ‘society’ first as the first member of a co-ordination pair and in the kind of characterization of the stakeholder model.

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Appendix 1. The ‘NEM’ article

9 February 2001, *Financial Times*, Page 6 (Surveys INV1)
 SURVEY – EUROPE REINVENTED: A new European model
 By ERIK IZRAELEWICZ

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- 1 A German Konzern (Mannesman) converts to telecoms and to the religion of shareholder
- 2 value creation. A hostile bid in Germany, the country of consensus, makes this same Konzern
- 3 fly into the orbit of a foreign group, the British mobile phones giant Vodafone.
- 4 A French official from the former Post Ministry remains a state official but also holds shares
- 5 in his own company, France Telecom, a semi-public star listed in Paris and New York.
- 6 Italian football clubs now have but one goal in life: to be listed on the stock exchange.
- 7 These snapshots, unimaginable just a few years ago, confirm that European capitalism
- 8 underwent a radical transformation at the end of the 20th century. Faced with the breakdown
- 9 of their established models, the countries of the old continent reorganised. Notably, they
- 10 reformed their financing circuits. Thanks to the euro and under the influence of the Anglo-
- 11 Saxon model (a French expression) in which the capital markets play an essential role,
- 12 Europe’s capitalism is transforming itself. Is it reinventing itself – or is it just Americanisation?
- 13 For continental Europe, the great challenge at the dawn of the 21st century is contained in this

14 question.

15 In the 1980's, Europe was a mosaic of very different capitalisms. In Germany, companies
16 were financed, for the most part, by strong bank-houses (*Hausbank*); in Italy, business was
17 dominated by a few large families; in Spain, by a few corporations; in France, the state was
18 the country's main capitalist. Not only was it often the only client, it was also both the owner
19 and the banker of the country's largest companies. These different models had one thing in
20 common: they functioned without the market; direct finance – which links the saver and the
21 company without the intervention of an intermediary, played a marginal role. Frankfurt, Paris,
22 Milan and Madrid were mini-stock exchanges with little influence.

23 During the 1990s, these intermediaries – German bank-industry conglomerates, Italian families,
24 the French state, etc. – were incapable of financing their respective national economies
25 singlehandedly. They were replaced by the stock exchange. Throughout continental
26 Europe, the market gradually usurped the established channels for financing companies,
27 especially the larger ones. This revolution was fostered by European governments themselves.
28 From the left and the right, governments implemented immense privatisation programmes.
29 They also favoured the development of new markets and new financial instruments.

30 In Munich, Bordeaux or Bruges, young people gather for drinks at happy hour and speak
31 without shame of the Dow Jones, the Footsie, the Dax or the Cac 40. Shareholders remain
32 less common than in the US or Great Britain. But their numbers have risen dramatically.
33 There are nowadays more shareholders than civil servants in France, than union members in
34 Germany, or than unemployed people in Italy. What revolutions!

35 European citizens have started to gain interest in direct ownership of their companies
36 because companies themselves have moved towards the stock market in search of capital. This
37 is the other essential dimension of the transformation. Like their British and American sisters,
38 German, French, Dutch and Spanish companies are discovering the charms of the market.

39 Dinosaurs and start-ups are lining up for stock market listings, creating an entire financial
40 industry from scratch over the past ten years. Helped by a huge influx of America's great
41 professionals – its funds and managers, its investment banks and golden boys, Europe has little
42 to envy when it looks across the ocean: it has its own business angels, venture capitalists,
43 analysts and financial magazines.

44 Like America, continental Europe discovered the creation of shareholder value. For
45 Siemens, Alcatel, Aventis, Danone or Telefonica, it has become a shared religion. This has
46 created shock waves throughout the economy. The culture of secrecy burst: principles of
47 corporate governance are required of everyone. European executives are forced to expose
48 themselves constantly and to permanently justify their actions. Also, they must be guided by
49 one prerogative: profitability for the shareholder. The Anglo-Saxon model of short-term
50 management has rapidly spread. Core business, stock options and economic value-added
51 have become the new buzzwords.

52 Continental Europe is becoming more American its capitalism has become more financial in
53 very real terms. But Europe remains glued to its history – the state still plays an important role
54 in the economy, even in the financial system. And history (particularly that of the 20th
55 century) has taught Europe to be wary of dictatorships, even those that initially present
56 themselves in the guise of democratic traits.

57 Many European bosses have misgivings when it comes to the creation of shareholder value.
58 Without worrying their Anglo-Saxon shareholders, they secretly admit that they do not want a
59 shareholder dictatorship to rise in their court under the pretext of shareholder democracy.

60 Joined by a large portion of European public opinion, these business leaders would rather
61 see a stakeholder society than a shareholder society. Business think-tanks across Europe as
62 well as political leaders are debating the merits of the "citizens' company" these days. A

63 company, they say, must not work exclusively for its shareholders and its short term interests.
64 Rather, it must take into account all of its partners: including its clients, but also the
65 management, its employees, its suppliers and its local associates.

66 In the race between General Motors and Volkswagen, there is permanent competition between
67 the company that saves on its cars to please shareholders and one which values the quality of
68 its product so as not to disappoint its owners . But between one that sacks its employees
69 without blinking and one which trains its staff until the end, Europeans don't hesitate: they
70 would choose VW over GM.

71 They are convinced that in the long term, the former will be better off than the latter. When
72 America proposes "the business exclusively based on shareholders", Europe replies with the
73 "socially responsible company". That may be the trademark of European capitalism. Unless,
74 under market pressures, America takes the idea before Europe can make it its own.

Appendix 2. The 'PPM' article

9 February 2001, *Financial Times*, Page 16 (Surveys INV1)

SURVEY – EUROPE REINVENTED: Pondering the power of the market

By WOLFGANG MÜNCHAU

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1 Ten years ago, a typical blue-chip European company would produce most of its products at
2 home and export them, as well as sell them domestically.

3 Today, blue chips that were nationally focused are turning into truly pan-European companies
4 such as Aventis, the pharma and healthcare group created by the merger of Rhone-Poulenc of
5 France and Germany's Hoechst, or switching to global production as in the case of Daimler-
6 Chrysler, the German-American car giant.

7 The change in European business cannot be explained by globalisation alone. Other factors are
8 the failure of the European corporate model, the growing power of capital markets, a new
9 emphasis on corporate governance and the power of technology.

10 A decade ago, Europeans (except perhaps the British) overwhelmingly favoured a
11 stakeholder model of society and business. The model took different forms: state centrism in
12 France; paternalism in Germany; social democracy in Scandinavia. But all were distinct from
13 the financial market-driven system of the US.

14 Financial markets were viewed as the enemy a collective threat to government, a force hostile
15 European currency regimes, such as the ill-fated snake of the 1970s, and later the
16 exchange rate mechanism.

17 The German business elite appeared to be less paranoid than their French counterparts about
18 financial markets; but in practice Germans clung to corporatism.

19 The corporatist model meant that banks were both shareholder and lender. Relationship
20 banking went hand-in-hand with joint employee/management decision-making. The system
21 was held up as a model of civil interaction between companies and their workforce.

22 Today, European companies have found ways to live with works councils and supervisory

23 boards, which consist of up to 50 per cent of workers representatives. But they no longer see
24 these systems as superior.

25 The second decisive trend for the corporate renaissance was the discovery of financial
26 markets as a source of new revenues.

27 Today, high-technology markets have sprung up all over Europe with names such as Nouveau
28 Marche, Nuovo Mercato or Neuer Markt – all offering services to small high-tech companies
29 and a generation of investors less risk-averse than their predecessors.

30 The 1990s saw huge increases in the global flows of money, direct foreign investment and
31 portfolio investment.

32 Previously, the corporate sector in many European countries was dominated by owner-
33 managers, or in the case of large companies, by the owner's family and a family-run or family-
34 appointed management board.

35 A further peculiarity of the German system was the emergence of a mid-size sector – the
36 Mittelstand – whose companies were often specialised engineering companies run by an owner-
37 manager.

38 These companies are now turning to the financial markets either because of the lack of an
39 heir-apparent, or the need for money for new projects, or corporate policy disagreements
40 among the family shareholders.

41 The financial markets have witnessed the same “creative destruction” of traditional
42 relationships. In the past, European banks catered for the entire range of financial services
43 from lending to equity placing and mergers and acquisitions.

44 Today, there is a genuine market occupied by investment advisers, fund managers,
45 stockbrokers, and most importantly, the investment banker.

46 US investment banks have been particularly successful. Last year, Goldman Sachs and
47 Morgan Stanley Dean Witter, two of the leading US investment banks, occupied the number
48 one and number two slots in the European mergers and acquisitions league table measured by
49 business volume. The top ten is largely dominated by US investment banks.

50 The 1990s saw a large increase in M&A business throughout Europe, though in 2000
51 business volumes contracted by more than 5 per cent. A further contraction is expected this
52 year, and this may be yet another sign that the business cycle is heading down – or at least
53 returning to a state of normality after Europe's structural revolution has run its course.

54 Another phenomenon of the new financial market-oriented business culture is the trend
55 towards public share ownership. In Germany, the number of shareholders, at over 8m,
56 exceeded the number of trade union members for the first time last year.

57 This statistic is due entirely to one initial public offering – that of the former state
58 telecommunications giant Deutsche Telekom, though that flotation triggered a huge public
59 interest in the stock market and in IPOs in general.

60 At the same time, traditional savings instruments, such as the old fashioned bank account,
61 have become increasingly anachronistic.

62 Accounts paying 2 per cent annual interest are simply not as attractive to investors as high-
63 tech financial markets promising returns of several hundred per cent per annum (or more
64 probably losses of the same magnitude).

65 The third phenomenon is that Europe is also playing a leading role in the next phase of
66 innovation, the telecoms revolution. Whether this is a blessing or a curse remains to be seen.

67 The auction for third generation mobile phone licences yielded massive revenues for the
68 British and German governments (much less so in France and Italy), though it appears that
69 companies are becoming pessimistic as to whether the investments will ever pay off.

70 Mobile telecoms is one of only a few sectors where Europe enjoys a lead over the US,
71 largely because European countries agreed on a common technical standard for digital
72 telephony in the early 1990s, while the US operates a number of different standards.

73 New technologies brought a boom in company start-ups, high-tech stock markets, news breeds
74 of entrepreneurs and investors.

75 After the recent crash in European high-tech stocks, notably in Germany, investors have
76 become more cautious. Nevertheless, there have been more young entrepreneurs in the last
77 few years than at any time since the second world war.

78 Ten years ago, most European college graduates aimed for careers in the public service.

79 Today, the majority is heading for the private sector, looking for job opportunities rather than
80 job security.

81 Companies report that younger staff seek shorter notice periods to facilitate job hopping. A
82 chief executive of one large German industrial group, said only half-jokingly: "The best people
83 you can hire these days are 30-year-olds who have just declared personal bankruptcy. They
84 are available. They don't play hard to get. And they have learned the hardest lessons of
85 business."

86 Market liberalisation has fuelled the change in attitudes. The UK blazed the trail in the 1980s
87 when the Conservative government privatised the telecoms, gas and electricity utilities.

88 Liberalisation in Europe is still not complete, and much needs to be done to tackle inflexible
89 labour markets. But today most European governments, irrespective of political affiliation,
90 would support the view that the job of the state is to regulate, not to run companies and
91 banks.

92 Despite these positive structural changes, there are countervailing cyclical factors that might
93 hamper further change. The recent problem in the financial markets, especially in the high-
94 tech sector, could prove a setback.

95 The extreme volatility in the Neuer Markt over the last 12 months is proof that Europe is
96 still going through the birth pains of a not yet mature financial-market based economy.

97 Greed, false expectations, unprofessional conduct, regulatory systems that have not kept up
98 with the rapid pace of change in the markets, and fraud are the clearest sign of such a
99 transitional period.

100 In Europe, as elsewhere, investors are in the process of learning both the opportunities
101 and the risks of financial markets.

102 Also, it is far from clear whether some of the more ambitious attempts to build global
103 companies will succeed. The travails of Jurgen Schrempp, the chief executive of Daimler-
104 Chrysler, and the accompanying slump in the car giant's share price may arguably affect
105 investor psychology as much as the recent scandals on the Neuer Markt.

106 Yet the direction is clear. In ten years time, Europe will have more liberal markets and more
107 stock market-listed companies than today. Long live the revolution.

PART III

History

CHAPTER 7

What goes up, must come down

Images and metaphors in early macroeconomic theory*

Peter Rosner

Probably the most important task of all scientific economics is to provide arguments for reasonable economic policies, i.e. economic policies which do not depend on prejudices and vague *Weltanschauungen*. This does not imply that economic policy can be planned and carried out independently of any normative position, rather that normative positions and positive propositions should be separated. To put that into other words: whereas economists can agree to disagree about the aims of economic policy according to political preferences, economic theory should enable them to agree on the means to achieve the chosen ends.¹

Be that as it may, the convictions and *Weltanschauungen* of economists influence their scientific work. The problems they consider worthwhile pursuing, the questions they ask, the policies they support with their scientific work, all that is influenced by their political beliefs and their *Weltanschauungen*.² Economists are not outside of the society they analyse such as archaeologists or geologists stand outside their object of research. They are part of the society whose economy is under investigation. They have sentiments concerning economic issues, concerning justice etc. They communicate with the society at large, and participate in the political controversies.

This paper is about one aspect of the relation between the often vague *Weltanschauungen* concerning economics and scientific economics. I take a look at the narratives which accompany many economic texts. Authors draw images and use metaphors, thereby shaping the analysis. This chapter is about the use of such images and metaphors in pre-Keynesian macroeconomics. The argument is different from McCloskey's (1985). I do not believe that

economists succeed in convincing other economists by telling a story or using a metaphor. They rather tell a story to show what the formal argument is about. There is no other way to bring together the way economists and a wider public as well experience the economy and its analysis.

When I show how economics is influenced by everyday language and commonly held beliefs, I do not intend to belittle the scientific character of economics. Economics is not *mere* ideology. Quite the contrary, I am firmly convinced that what is now considered by most economists independent of their political convictions as the main body of scientific economics and what therefore can be used for evaluating policies across political convictions must be seen as results of intellectual developments which were often begun by expressing beliefs. They were turned into scientifically established truths by challenges and confirmations. However, storytelling and drawing images have always had an important role to play. They point to the images of the economy that economists believe in when they use the technical apparatus for analysis.

1. Ordinary language and scientific discourse

Although the purpose of economics is to discuss economic policy, economists are not the only people who discuss it. That is done by a wider public with little economic education and even by people without any formal training. Not only do people discuss economic affairs, they also act in the field of economic policy – they vote for or against a policy, sign petitions or participate otherwise in the political games. People act on the basis of convictions, though these acts are often influenced by private interests. The convictions comprise normative positions – e.g. inequality is bad, government interference is bad – as well as positive propositions – e.g. inequality is a hindrance to economic growth, government interference distorts prices. It would be wrong to see them as mere rationalisation of economic interests.

Educated economists can disentangle normative and positive aspects. An archetypal economist differs from the rest of people discussing economics only insofar as she is able to bring her arguments into a systematic framework which enables all participants in a discussion to evaluate the claims for and against contradicting propositions. However, even in papers which make use of the most sophisticated technical apparatus of economics to discuss economic policy problems, economists support with their scientific work opinions held by a general public. For example, whatever R. Lucas or M. Feldstein write supports the belief in the benefits of a pure market economy, whereas whatever

J. Stiglitz or G. Akerlof write supports the belief that a pure market economy does not necessarily provide maximal welfare. Economists, like other people, have political convictions.

This is not to say that economics is not about finding truth, that it is a kind of ideology in the negative sense of the word. It would be ridiculous to claim that Stiglitz, Akerlof, Feldstein and Lucas are not scientifically working economists. It does also not imply that economists cannot communicate across the lines of political beliefs in their scientific work. Quite the contrary, economists confirm or refute with their scientific work arguments for or against policies such that all economists have to accept the confirmation or refutation, whatever they believe to be a good policy. That is, because confirmation and refutation are only relevant to particular arguments as they are valid only within a specific theoretical framework. They are never meant to support or refute all arguments for or against a policy. Nevertheless, the profession gains insights relevant to evaluating economic policy by developing and discussing theoretical models. That is, economists with divergent political convictions accept propositions about the economy as being true or false.

In most academic journals economic ideas are usually presented in mathematical form today. Any referral to phenomena directly observable and any 'story-telling' is mostly relegated to introductory paragraphs and concluding remarks. The skill of good economists consists in constructing models which in one way or the other make the ideas laid out in the introductory remarks precise. But it is clear that the main thrust of a paper is the formal model and not the story around it. When working with models, namely using them for further research or for the analysis and planning of economic policy, it is not necessary to go back to the phenomena or the story accompanying the model. Arguments are only valid within the formal structure of the model. The model structures the way economists conceive of the economy they want to analyse.

Take the meanwhile classic Arrow-Debreu (A-D) model of a perfectly competitive economy, still a point of reference for economic theory.³ No short story of the functioning of a market economy can be told which can serve as an informal introduction to understanding that model. However, people working with it or using its results have an understanding of that model which is not limited to the mathematical concepts but is more 'realistic'. When discussing an economic problem which is not covered by the basic A-D model, economists are able to tell a story, namely to give a verbal description of the problem at hand. They can state how a specific problem is related to an economy which can be described as being fully competitive. Usually one or another assumption of the

A-D model is considered not to be valid. This may relate to the assumption of competition, to external effects, to asymmetric information, and so on.

The discussion of the inflation-unemployment trade-off in the late sixties provides an example. In an A-D world such a trade-off does not exist, although at that time nearly everybody in macroeconomics worked with that trade-off. Those on the Keynesian side of the macroeconomic rift argued that the A-D model did not provide a reasonable image of the world as it was. Those on the other side, namely the monetarists, as they were then called, needed the integration of macroeconomic concepts into the A-D world, since they challenged the Keynesian outlook by calling upon market clearing and long-run expectations. Their problem was to construe a model which allowed for a short-run Phillips-curve-like relation but did not contradict neutrality of money. The important paper was delivered by Lucas and Prescott (1974). Their results are well-known to economists and need not be repeated here. However, before the reader gets to the model he is confronted with a verbal description of an economy:

We think of an economy in which production and sale of goods occur in a large number of spatially distinct markets. Product demand in each market shifts stochastically, driven by shocks which are independent but autocorrelated within a single market. Output to satisfy current period demand is produced in the current period, with labor as the only input. Each product market is competitive. (Lucas & Prescott 1974: 190)

As each of these ‘island economies’ – the term is used in the footnote – is a traditional A-D economy, all results concerning the A-D model apply to each of them taken separately, namely that there is no unemployment-inflation trade-off. Although the description uses everyday language – sales of goods, spatially distinct markets – its content cannot be grasped fully without proper training. ‘Demand shifts stochastically’, ‘the product is autocorrelated’, ‘labour is the only input’ and ‘markets are competitive’ are expressions which could not be understood properly by people outside the profession. However, for trained economists a picture is drawn enabling them to relate economic events as they are discussed in the framework of everyday speech to the more rigid framework of mathematical models. Observe that this image is in some aspects close to widely held beliefs on how the economy functions: the size of output is in one way or the other driven by chance and it does not jump suddenly.

Such an economy is blatantly unrealistic: within the concept of an A-D economy the formation of contracts is left out of the picture. And that is where the theoretical innovation of Lucas and Prescott succeeded. They make the de-

scription more refined by describing the search for jobs within the framework of economic theory.

In this process, all agents are assumed to behave optimally in light of their objectives and the information available to them. For firms, this means simply that labour is employed to the point at which its marginal value product equals the wage rate. For workers, the decision to work or to search is taken so as to maximize the expected, discounted present value of the earnings stream. In carrying out this calculation, workers are assumed to be aware of the values of the variables affecting the market where they currently are (i.e., demand and workforce) and of the true probability distributions governing the future state of this market and the present and future states of all others. That is, expectations are taken to be *rational*.⁴ (Lucas & Prescott 1974: 190)

Note that it is the workers who face a probability distribution and make decisions which are *ex post* not optimal, whereas firms are passive agents who accommodate to the decisions the workers have made. It reads as if actions in the labour market were decisive for the results of the paper, namely that there may exist a short-run negatively sloped Phillips curve, whereas all attempts to sustain demand by monetary means will finally be frustrated. That was in line with some aspects of the political discussion during the seventies (at least in Europe), namely whether workers by demanding excessively high wages in times of low unemployment are ‘responsible’ – in the ethical meaning of the word – for rising inflation rates and/or rising unemployment rates.

Be that as it may, it is the workers who face uncertainty about the value of the output in the goods market in this model. One distinctive feature of modern economies, namely the firms employing labour face the uncertainty in the first instance, is left out of the model though it was mentioned in the image drawn in the introductory part of the text. Nevertheless, the way the story was told made it possible to discuss matters of economic policy within the framework of pure economic theory.

If economics progressed merely by pursuing questions left open by theoretical and empirical research, any difference between a vague description of an economic problem or an economic idea and the precise structure of an economic theory – today the precise content of a mathematical model – would not be considered a problem. No connection to any ideas outside current economic theory and economic research would be necessary. The language of economics as a science need not have any relation to the language of everyday speech. That surely is the case in most sciences and it is generally accepted. Nobody expects to be able to follow a theoretical discussion amongst physicists, amongst biologists, amongst archaeologists. It is accepted amongst reasonable people that

without proper training, without being able to speak the scientists' language, one cannot participate in their discourse. That is also true for accepting what is a fact. Nobody (reasonable) outside the scientific community dares to cite instances of physical reality to demonstrate that one of the theories discussed between scientists is wrong, or pretends to know which side in a discussion between different research strategies concerning a problem of cancer is right. There is a sharp distinction between the discourse amongst scientists and the discussion amongst laypersons.

For economics such a sharp separation of the scientific discourse from ordinary speech about economic affairs is not viable. In many instances economic problems as discussed outside the scientific community and economic 'facts' as they are perceived without any scientifically based measurement are called upon in political discussions. Typical examples are that technical progress increases unemployment; that globalisation is the cause of an increase in poverty; or that unions are responsible for low growth. This is due to economics being a political science, namely its results should provide guidance for economic and social policy.⁵ It is not admissible – at least in democratic societies – to delegate the making of decisions concerning economic policy to the best trained scientists as it is accepted that the decision which treatment for a disease is best should be made by the trained physicians. People need to discuss economics in order to make a thoughtful decision at the ballot box, to take part in referendums, etc. Actually, any idea of democracy would be ridiculous if discussing affairs affecting the life of all were left to the educated few.⁶

The economists' discourse cannot be separated from that of laypersons. That relates to taking up problems a wider public discusses but also to the necessity of communicating the results of research to a wider public. This is not only true for the relation between the wide electorate and scientifically working economists but also for the relation between the latter and persons making decisions in the political sphere. Though one expects them to have some economic training, we do not expect them to be the most educated ones when it comes to current research; but we do expect a surgeon making a decision about a complicated case to be very proficient in the most advanced medical technology or the head of the development department of a company producing cars about recent technological progress concerning the fuel economy. Economists cannot avoid communication with a wider public and they are part of a wider public. They are therefore bound to use its language and have to accept the way problems are set. That affects the discourse amongst scientifically discussing economists. The vagueness of economic terms of every day speech and their

normative loading is often transferred into the discourse amongst scientifically working economists.

In the rest of the paper I am going to demonstrate this claim by looking at the macroeconomic discussion before the Keynesian revolution.⁷ That was an interesting instance in the development of economics as the general consensus of the academically working economists was that aggregate employment could not be increased by what was later termed aggregate demand policy, whereas many outsiders considered this a sensible way to fight unemployment. This is not to say that the outsiders were the better macroeconomists (from the point of view of a Keynesian economist), that they had a better theory which was overlooked by those stubbornly sticking to the idea of the impossibility of an aggregate demand failure. It rather shows how difficult it was to integrate the story the outsiders told, namely that a politically engendered demand stimulus increases income and thereby increases demand further, into the then existing economic theories. What can now easily be taught in beginners' courses, namely the ideas of the multiplier, the IS-LM diagram, the short-run Phillips curve and the basic tenets of the long-run problems of demand policy, took decades of heated economic discussion amongst the best economists to be worked out. Here I want to show that the way these economists described the working of the economy, the words they used, the images they drew on when putting forward more formal – though not mathematical – arguments, have played a role in this development.

2. The simple economics of Say's Law

The basic organising principles of nearly all economic theory are the concepts of rational choice and of equilibrium. Rational choice means that people can make decisions coherently and equilibrium means that the choices of all people are mutually consistent. In modern theory rational choice is treated as a problem of optimisation. Actors are assumed to solve an often complicated mathematical optimisation problem (e.g. optimal training, optimal labour supply and optimal saving in a dynamic planning problem over the whole life). No economist would claim that people actually behave like that. However, by giving up the assumption of rationality it is possible to derive any result. Economic theory would lose its bite.

If actors' choices are mutually consistent, that is there is equilibrium, the economy will remain as it was if there are no changes in any of the exogenously given parameters, so called shocks. Everybody knows that this is not a valid

description of any economy. All economies constantly undergo some structural changes as well as changes of aggregate activity. It has always been a challenge to bring these changes into the conceptual framework of economic theory – and it is still a challenge today.

The macroeconomic orthodoxy before Keynes rested on two propositions. The first is the quantity theory of money, namely that the amount of money only influences the price level but not the amount of real activity, and the second is Say's law. The arguments which were put forward for both propositions used the idea of rational and mutually consistent choice. For the former John Locke with his *Some Considerations of the Consequences of the Lowering of Interest and Raising the Value of Money* (1692) gives a good example, and so does Ricardo in his proposals for monetary policy (1816) and in his encounters with Malthus (1811). Say's law was first put forward by Say (1803) himself and later by James Mill (1821). Both argued that nobody will supply something unless she demands something. Supply creates its own demand because a person's demand is the cause of her supply. That is due to the fact that in order to supply goods one has to incur costs. If a person does not want some goods she would avoid the costs of the supply.

These two propositions were accepted 'mainstream' economic theory. However, economists did not deny that there were ups and downs in aggregate economic activity and it was also accepted knowledge that there was a positive relation between a change in the amount of circulating money and the amount of aggregate activity. That was accepted at least since Henry Thornton (1802), if not since Hume's essays on economics (1752).

Be that as it may, if we now consider the relations between savings, consumption, investment, prices and aggregate activity as central macroeconomic problems, it is justified to say that the discussion is much older, though the emphasis has shifted. In the century between Adam Smith and Alfred Marshall two fears were at the centre of economic discussion. One was concerned with the danger of too much consumption resulting in too little accumulation, the other with too little consumption resulting in a loss for the producers, particularly in connection with the introduction of machinery. Note that both fears related to long-run tendencies of market economies (Sowell 1972).

Smith argued against too much consumption (Smith 1776, Book 2, Chapter 3). To put forward his argument, namely that there cannot be too much saving, he used the model of the economy of a private estate, namely that its product will always be used either for consumption or for accumulation. He used words which were and still are normatively loaded – productive and unproductive labour, industry and idleness (think of Hogarth's etchings!), par-

simony versus prodigality and misconduct. In the midst of all his reasoning about savings, industry, idleness, etc., there is a paragraph in which the description is suddenly used for a theoretical conclusion:

Whatever a person saves from his revenue he adds to his capital, and either employs it himself in maintaining an additional number of productive hands, or enables some other person to do so, by lending it to him for an interest, that is, for a share of the profits. As the capital of an individual can be increased only by what he saves from his annual revenue of his annual gains, *so the capital of a society, which is the same with that of all the individuals who compose it, can be increased only in the same manner.* (Smith 1776:337; emphasis added)

The first part of the paragraph is clear to everybody. It calls upon the experience the readers gained when considering their private wealth. Nobody could have denied it. For economic theory, however, the last sentence is important. It is presented as a conclusion though it is merely an analogy. He continued the argument with labelling employing more labour as putting a higher ‘quantity of industry’ into motion, and calling storing up capital ‘parsimony’ before coming to the famous dictum.

What is annually saved is as regularly consumed as what is annually spent and nearly in the same time too; but it is consumed by a different set of people. (ibid.:337)

That is followed by a description of two sets of people. On the one hand the idle guests, the menial servants and, on the other, ‘the labourers, manufacturers and the artificers.’⁸ The question of true or false is turned into one of right or wrong. The image of a private estate was the decisive instrument Smith used for bringing home his arguments.

James Mill and Jean-Batiste Say used different images when arguing that aggregate demand necessarily equals aggregate supply. In contrast to Smith, the use of money is part of the picture. It is therefore a more ‘realistic’ image for analysing a market economy. The simple image of a private estate could not be used for integrating money into the analysis, although in many instances it creeps in.

Although James Mill also referred to the notions of productive and unproductive labour, he shifted their normative content. It is not any longer industry and idleness, but necessary consumption and consumption beyond necessities for production.

It is necessary that the labourer should be maintained; that he should be provided with the proper instruments of his labour, and with the materials of the commodity which it is his business to produce. (Mill 1821 [1844]:220)

The labourer is reduced to being an input. He is not an agent deciding about labour supply and consumption. Mill does not claim that labourers should be reduced to this level, but in the way he describes the situation, it can hardly be otherwise.

Nevertheless, there are agents who make decisions, namely between ‘immediate enjoyment’ and ‘ultimate profit’ (ibid.:226). And as there is no other way to make profits than by employing labour and demanding materials, savings are consumption as well – namely productive consumption. The equality of demand and supply is argued at length in the following pages by first describing a Robinson Crusoe economy – the archetypal private estate economy. Crusoe did not work beyond his demand. Transferring this idea to an exchange economy: when somebody produces goods for exchange she does so because she longs for other goods.

And it is evident, that whatever a man has produced, and does not wish to keep for his own consumption, is a stock which he may give in exchange for other commodities. His will, therefore to purchase, and his means of purchasing in other words, his demand, is exactly equal to the amount of what he has produced and does not mean to consume. (ibid.:231)

Similarly:

Of two men who perform an exchange, the one does not come with only a supply, the other with only a demand; each of them comes with both a demand and a supply. The supply, which he brings, is the instrument of his demand; and his demand and supply are of course equal to one another. (ibid.:232)

These images are really convincing – aren’t they? We see a man producing, we see him laying apart something for his own consumption, we see him carrying the rest to the market, and meeting there similarly inclined persons who fortunately have produced different goods. The fact that usually people do not exchange goods against goods but goods against money and money against goods does not alter anything according to this image. The picture was convincing for decades. Economists returned to it in one way or the other. It took more than 160 years to disentangle the double meaning of the words supply and demand in this picture, namely to distinguish between notional and effective demand. That there might be a difference can already be seen in Mill’s book, when he describes a disequilibrium in a single market. Sticking to the

above given picture of what was later termed notional demand the following appears to be a simple consequence:

Let us next suppose, that this exact adaptation to one another of the parts of demand and supply is disturbed; let us suppose that, the demand for cloth remaining the same the supply of it is considerably increased: there will of course be a glut of cloth, because there has been no increase of demand. But *to the very same amount there must of necessity be a deficiency of other things*; for the additional quantity of cloth, which has been made, could be made by one means only, by withdrawing capital from the production of other commodities, and thereby lessening the quantity produced. (ibid.:234, emphasis added)

What kind of problems Mill would have faced if he had been 'more realistic' can be seen in the sequel. He brings in the usual presentation of the equilibrating function of the price mechanism, namely that prices and therefore profits are reduced if there is excess supply and increased if there is excess demand. This suggestive presentation of the dynamics is of course insufficient because income, the basis for demand, changes in this process. However, up to now there is not much theory of dynamics available. It obviously is too complicated an issue to be put into a systematic framework comparable to comparative static exercises within the framework of general equilibrium.

Say's presentation is different. First he explicitly uses a macroeconomic framework, namely that of foreign exchange. Second, he tilts the image of goods which are exchanged against goods in the market in the following way:

Ceci montre, je l'espère, que ce n'est point tant l'abondance de l'argent qui rend les débouchés faciles, que l'abondance des autres produits en général.⁹
(Say 1803: 153)

To sell goods other goods are necessary. One could draw the conclusion that if there is a disequilibrium in a market, meaning by that, that if goods cannot be sold, one has to increase the supply of other goods. This conclusion may seem strange, but it was Say himself who argued this way against Malthus (Say 1821; Rosner 1995).

John Stuart Mill, who in his early writings had expressed some doubts about the validity of Say's law (Mill 1844), brushed these doubts aside in his *Principles of Political Economy*, and used all elements to be found in Smith, Say and James Mill (Mill 1848:66ff., 566ff.). However, his image is slightly more refined. He not only describes equilibria between amounts of goods supplied to be equal with goods demanded, but he makes some exercises in comparative statics as well. For example, if capitalists stop consuming luxuries they will put everything into accumulation. That will drive up wages and labourers

can consume luxuries (*ibid.*:68). Or, if a new producer enters a market, that may create excess supply; namely if the market is already saturated. That does not imply that there is a general glut, it merely means that the newcomer has produced the wrong goods. The point is that he has entered the market as a supplier because he wanted other goods.

3. The crisis as a sin

It is justified to say that the belief in Say's law served as a focal point for all those who were convinced that an industrial system embedded in a market economy could grow without creating a continuous oversupply of goods. The theories of Smith, the Mills, Say (and of course Ricardo) were seen as having solved the problem. Those who were sceptical about this view felt no need to present a comprehensive theory. They could rely on everyday experience: there were gluts.

The economists who believed in Say's law could not negate the possibility of a depression to emerge. Whereas the theoretical concepts and propositions which were considered true were construed around the idea of an equilibrium, all economies were subjected to fluctuations which generally were considered to be phenomena of disequilibrium. There were no new phenomena, hitherto unknown, no new data falsifying old theories which posed a challenge to the established theory, like in Kuhn's concept of scientific revolutions or in Popper's concept of falsification. This does not mean that there was unanimity about the phenomena to be analysed. It was not clear what a crisis was – changes of the price level; a high rate of bankruptcies, particularly of banks; unemployment; a particularly high or low rate of interest; an outflow of gold due to a current account disequilibrium; a change in the rate of exchange; low profits; low investment. All these phenomena were not only seen as phenomena of disequilibrium but often as the very essence of a crisis. How all these phenomena were linked to each other was a theoretical problem.

The challenge for the economists was how to integrate the phenomena of crisis into the theory of long-term development conceptualised as economic equilibrium. These phenomena were seen as disturbances of equilibrium due to wrong calculations of economic agents, too much speculation, erroneous hopes, etc. Note that such actions are at odds with the idea of rational action prevalent in economics. At that time the theory of rational action was not fully worked out, but the arguments of Locke, Ricardo and most other economists against using monetary policy to increase demand always used the

idea of fully informed rational action. Accordingly, these economic activities were considered as misbehaviour which surely must come to an end with in a short time.

Be that as it may, it was clear for nearly everyone that disturbances were in one way or the other related to the use of money as medium of exchange. Though Ricardo's theory provided the theoretical framework to argue that the amount of circulating money had no influence on aggregate output, the story of a positive relation between a change in the amount of money and a temporary increase in aggregate output as told by Thornton in 1802 was never rejected by economists. The macroeconomic discussion during most of the 20th century was concerned with bringing these two elements together, namely the theory of long-run equilibrium with the facts of what was later termed the Phillips curve. New images had to be drawn.

No systematic presentation of old pre-Keynesian macroeconomics exists which can serve as a reference point. It is well known that Marshall published his long awaited book on topics which were later dealt with in macroeconomic reasoning, *Money, Credit and Commerce*, not before 1923. It remained strictly within the confines of the quantity theory of money at a time when the younger generation of economists already strived to find better answers to the macroeconomic problems of their time. It therefore provoked disappointment as it did not seem to offer a new theory. However, his theories had influenced the young economists through his teaching – the oral tradition of Cambridge. A summary of Marshall's ideas can be found in the testimonies he gave at the Gold and Silver Commission in 1887–88, in the midst of a severe and prolonged depression, and at the Indian Currency Committee in 1899, at the beginning of a new upswing. Both committees examined macroeconomic questions, particularly the relation between the domestic monetary system, the exchange rate and overall state of the British economy.

His position can be summarised in the following way: not much news concerning macro-economics since Ricardo; namely, the amount of circulating medium does not influence real economic activity, only the price level. A couple of times Marshall referred to Ricardo's *Proposal of an Economical and Secure Currency* (Ricardo 1816). The main difference between Ricardo and Marshall concerning economic policy was that Marshall pleaded for a currency based on gold and silver, whereas Ricardo proposed a currency based on gold only.

Marshall stated, amongst other things:

- (i) A change in the amount of money merely changes the price level, though there can emerge real effects for a short period (Marshall 1888:nrs. 9629ff., 9895).
- (ii) The rate of interest is determined in the real sphere and does not depend on the amount of money (ibid.:nrs. 9651, 9684).
- (iii) A general overproduction is impossible to occur (ibid.:nr. 9816).
- (iv) A change in the domestic amount of money must change the rate of exchange because the law of one price between different markets is valid (ibid.:nr. 9735).
- (v) The modern industrial system does not create more unemployment than the old system dominated by handicrafts. Only the form of a change in the amount of labour actually exercised is different in the modern system from what it was in the old system. For what is perceived as unemployment in the modern industrial system was seen in the old times as simply less work done (ibid.).
- (vi) If unemployment exists it is caused by rigidities in the labour market often due to unreasonable demands of unions (ibid.:nr. 9817).

Propositions (i), (iii) and (iv) can be found in Ricardo. Proposition (v) contradicts Ricardo's chapter on machinery; however, this chapter was added in the third edition only and does not fit fully into Ricardo's theory. Really new was proposition (ii). For Ricardo the rate of interest was a purely monetary phenomenon, not related to real economic activity. In proposition (vi) the blame is put on the unions which did not exist in Ricardo's time, whereas Ricardo rather put the blame for the continuation of a crisis on producers who hesitated to switch to new profitable lines of production which for theoretical reasons must exist. But the idea of unions inhibiting full employment can also be seen as a result of a theoretical innovation because Ricardo's theory of wages is silent about decisions to supply labour.

The interesting point was the possibility of short-run real effects due to a change in the amount of circulating money. That comprised two questions, namely how an increase in the amount of money can lead to a real expansion and, second, why that increase lasts for a short period only. In answering these questions Marshall took recourse to descriptions of people's economic actions. The decisive point of his analysis is that it deals with actions when people act while being out of equilibrium, that is, when they are faced with a monetary disturbance before all effects have materialised – namely that, according to the long-run theory, nothing but the price level has changed. It begins with a description of the amount of currency people want to hold in equilibrium:

I think that the amount of coins which a person cares to have in his pocket is determined by the amount of business he has to do, and by the proportion in which that part of his payments which he finds it most convenient to make in currency bear to the whole. (ibid.:nr. 9634)

That description seems to refer to everybody's own experience – and therefore it corresponds to reality – however, it silently presupposes that the amount of money private people carry around in their pockets is decisive. Note that *currency in the pocket of persons* may describe something different from *currency in the chest of an enterprise*. Marshall and the tradition since then rely on the former aspect, neglecting the latter. That is the way textbooks tell the students today the story about money demand. But by looking at Keynes's *Treatise of Money* we can see how difficult it was to bring these two aspects together in a meaningful way. There, Keynes traces the changes of the amount of money held by various financial intermediaries in case of a shock.

Be that as it may, as soon as the amount of money is increased in the coffers of the banks – whether that happens by an active current account or by changing the habits of payments is immaterial – banks try to get rid of it.

Bankers and others are able to offer easy terms to people in business, including the bill brokers, and consequently there is more money on loan, and consequently people enter into the market as buyers of things, as starting new business, new factories, new railways, and so on. (ibid.:nr. 9677)

If we consider this description to be a representation of an image of a train of events, that image was of importance for decades, as will be shown below. The decisive point is that there is a real effect.¹⁰ That itself cannot be bad, even if finally the price level is increased.

The problem was that before the price level settles at a higher level – that was not considered an evil – prices first have to rise.

Q: You mean to say then that there have been periods of rising prices when there has been great prosperity?

A: Yes, but I think that the prosperity has been caused by other things, and I think the real prosperity has not been greater than it would have been if prices had not risen so fast. I think the rise of prices has caused the apparent prosperity to be much greater than the real; has caused an immense number of incompetent persons to get into the control of a business which they cannot manage except when prices are rising. As soon as prices fall, and sooner or later they must fall, these people fall, and their failure reacts to others and causes widespread distress. That is what I regard as the chief evil of a sudden rise of prices, the premium it gives to incompetent business men, enabling them

to retain the control of concerns which they do not manage well, and which collapse as soon as the artificial support of rising prices is taken away.

(ibid.:nr. 9819)

Marshall calls the increase in aggregate activity an *apparent prosperity*, something we should not trust. Prices *must* fall. That conforms to the notion of *easy terms* in the quotation above, at which it is possible to start a new business – not simply a lower rate of interest. There is a moral judgement interwoven into the description, as the disturbance is characterised by the fact that during a boom new businesses are started by incompetent people. The depression is something like a punishment – similar to the Marxist idea of *Reinigungskrisen*. This position was mentioned a couple of times (e.g., ibid.:nr. 9827). It was restated in the testimony Marshall gave to the Indian Currency Committee:

To attribute this social *malaise* to the fall of prices, instead of to the previous morbid inflation which caused it, is as reasonable as to attribute the headaches which follow a night of feasting and rioting to want of a sufficiently nourishing breakfast, instead of to the bad condition of the digestive organs that took away the appetite for breakfast.

(Marshall 1899:nr. 11781)

This sentiment remained with macroeconomic theory all through the coming decades.

On the other hand, falling prices are good, as it makes the most important economic agents, namely those running a business, more careful:

Again, those who have control of our loan fund are much more careful about their loans when prices are falling than when prices are rising; and this works ... two ways. No doubt sometimes they refuse loans to young men who might have turned the loans to good account, but in quite as many cases ... they are saved from lending to people who had the capacity for riding upon the surface of the rising tide, but who had not the capacity for contending against the stream; and I think it is best that their weakness should show itself soon, and that they should make way for stronger men, that these loans should not be made.

(Marshall 1888:nr. 9816)

It is clear that the wording is full of implicit moral judgements. The belief in the content of the image thereby described shaped the perception of the state of the economy – whether there is at all a depression and whether a state of low prices, generally considered to be a depression, is really a bad state. He gave examples of periods with rising prices and ‘much distress’, namely the time of the Tudors and during the Napoleonic wars (ibid.:nr. 9816). Low prices are good for the working classes (ibid.:nr. 833) and bad for the owners of capital,

the current crisis being a crisis of profits (ibid.:nr. 9824). The notion of crisis came under scrutiny by Marshall:

... a depression of prices, a depression of interest, and a depression of profits; there is that undoubtedly. I cannot see any reason for believing that there is any considerable depression in any other respect. There is of course great misery among the poor; but I do not believe it is greater than it used to be ...

(Chairman): Then I understand you think that the depression in those three respects is consistent with a condition of prosperity? – Certainly.

(ibid.:nrs. 9824, 9825)

To argue his point, Marshall made use of another image, the *field for investment*:

If a fall in the rate of discount is produced by the overcrowding of the field for investment ... (ibid.:nr. 9662)

A fall which had been produced by the thinning out of the field for the investment of capital ... (ibid.:nr. 9981)

Again, an image is drawn which conforms to people's immediate experience: everybody knows that on a field of a given size there is a limit to what can be grown there. Nobody of sound mind and being honourable would try to put seeds on a field in excess of what can be grown there. Furthermore, this image is also in line with the experience of firms: for each one the possibility to increase profits by increasing investment is limited. It seemed very convincing for the problem of aggregate economic activity as well.

4. The business cycle

Marshall's position can be summarised in the following way: stochastic changes in the supply of money change real output because of systematic errors of perceptions of actors in the capital market. An upswing above the long-run growth rate leads to overoptimistic expectations. They are overoptimistic insofar as credit is extended to persons who lack the appropriate skills. At each instant of time the possibilities to invest are limited. The ensuing downswing therefore is necessary: it is a justified punishment.

I do not think that Marshall would have endorsed this shorthand summary; as theory, however, it conforms to all the images he draws when describing the process engendering upswings and downswings of aggregate activity.

To make the theoretical problems of a crisis for economics to appear to be of minor importance a special metaphor was used – the business cycle. It suggests the regularity of upswings and downswings.

We can compare the economic system with a pendulum or with a rocking-chair. A rocking-chair may be made to perform fairly regular swings by quite irregular impulses from the outside. (Haberler 1939: 11)

A rocking-chair as well as a pendulum has to revert the direction of movement when it moves through an extremal point. This is not only in line with everybody's experience, there was also a well-known theory available telling why that is in accordance with the laws of nature. There is nothing to wonder about and nothing to worry about.

When transferring this idea into the field of economics it became a metaphor because the law of mechanics could not be applied to the business cycle. However, specific aspects of the theory of a pendulum became prominent in the context of economics: the business cycle is inevitable and its importance need not be overemphasised. Any crisis will last only a short time. There must be an upswing, if not immediately, then definitely within a couple of years. In fact, there was a lot of statistical research into the periodicity of business cycles. The names of Juglar and Kondratieff are well known. Between the wars empirical business cycle research became a well-established industry.

Theorists were also looking for an explanation of the business cycle. They were looking for reasons why economies are sometimes growing more than 'appropriate' and why that will necessarily result in a shrinking of aggregate economic activity.

Note that there is an important difference with modern theories of the business cycle: modern theories stress the importance of perception errors which are either stochastic or consistent with the assumption of rational information processing. In Marshall's description the errors are systematic, but at odds with the assumption of rationality. After all, why should banks give credit to persons who are known to be unreliable? Note that it cannot be claimed that the assumption of rationality was alien to economics at Marshall's time. Locke and Ricardo used that assumption extensively when arguing against an increase in the amount of money circulating. The argument of a 'limited field for investment' is at odds with arguments in favour of Say's law: if investment increases, demand increases accordingly.

Be that as it may, in all macroeconomic theories up to the 1930s these arguments were used frequently and in various forms. Hawtrey, Fisher, Hahn, Robertson, Keynes, Hayek and the other Austrians and many others made am-

ple use of them.¹¹ The problem was how to describe the experience of actors given their information, in order to understand their actions as rational actions. The challenge for the authors was to argue why turning points in business cycles occur. By making use of expectations it was not difficult to make a case for a continuous ongoing inflationary expansion or deflationary depression. If prices and nominal incomes are expected to rise or to fall, it is clear how rational agents will act. But what brings about a change of direction? All authors in one way or another told a story how such a change might come about. Often a point of ‘too much extension’ of credit, investment, production, employment, running down of reserves, etc. is involved, but without any precision on the metric of ‘too much’. The term ‘unhealthy’ for a boom is used frequently.

Hawtrey, in the first systematic book on business cycles (Hawtrey 1913), made use of Wicksell’s concept of the natural rate of interest which allowed the discussion of the business cycle in terms of the divergence between the actual and natural rates of interest. He also used a more developed quantity theory of money with a more refined version of the relation between the amount of credit and the amount of reserves held by the banks. As in the case of Marshall errors of perceptions are at the root of any disturbance. But whereas for Marshall the initial disturbance is engendered by a change of outside money, Hawtrey refers to changes of profitability and changes of reserves held by the banks without looking for further causes. If reserves of currency held by the banks are casually increased, “the disturbance is always liable to be exaggerated” “owing to their failure to diagnose [it] correctly” (Hawtrey 1913: 74). Banks increase their loans, leading to a diminution of reserves. Due to a lag between the granting of credit and the withdrawal of reserves any disequilibrium tends to grow. Therefore, any equilibrium is unstable. Hawtrey concludes that description of a chain of actions with the following image:

A flag in a steady breeze could theoretically remain in equilibrium if it were spread out perfectly flat in the exact direction of the breeze. But it can be shown mathematically that the position is “unstable”, that is if the flag deviates from it to any extent, however small, it will tend to deviate further. Consequently the flag flaps. (ibid.: 76)

‘A flag in a steady breeze’ – isn’t that something everybody would enjoy to see? But, as everybody knows, such a nice view cannot last (unless the flag is helped like the star-spangled banner put on the moon). There are no morally problematic actions involved as it was the case in Marshall’s theory, the depression is not a deserved punishment. The failures of the banks, namely ‘lending imprudently’ (ibid.: 82), make the economy flap.

As it became clear that money is at the source of many evils, the metaphors used by economists changed. Smith's *great wheel of circulation* (Smith 1776:289, 291) and his *waggon-way through the air* (ibid.:321) are unambiguously positive. The *monetary veil* (Robertson 1922 (1946):9) points to problems of an economy using money: behind a veil the real affairs can be hidden.

What is hidden behind the veil of money is, according to Robertson, the proper relation between savings and lending.

For it means that the operation of lending and saving are shrouded behind a monetary veil, and that what really happens behind the veil is sometimes quite different from what appears to take place upon the surface. (ibid.:9)

What is real, is the relation between flows of goods. If somebody gives a loan by handing over goods, savings is identical with the loan given. The debtor can make use of the goods without distorting the economy. The goods which are used by the debtor are the same as those which are not used by the person who saves. However, if the loan has the form of money, the recipient of the loan has to turn it into goods before making use of the loan. The goods the use of which was not exercised by the person who saved and the goods which were used by the person who took the loan are not necessarily identical. A distortion can arise.

That distortion works through people's actions, as they perceive the state of affairs wrongly. For example, it can lead to an "*apparent* lending of things which turn out not really to exist" (ibid.:9). A more refined version of Marshall's merely apparent boom!

The conceptual framework Robertson develops is that of forced savings. When introducing that idea we meet the same culprits as we saw already at work in Marshall's theory – overconfident investors. Robertson starts his story with the farmer who takes a loan to bridge the gap of time until the crop can be harvested (ibid.:85ff.). As long as everything stays the same, any savings conform to the outstanding loans. New loans must equal the loans repaid.

But now let us suppose that our new loan really was the 'first' in the sense that it constituted a net addition to the outstanding loans of the bank. Clearly this is not an impossible supposition: for there will always be so many people with unbounded confidence in their own abilities and good luck as to exercise a continuous pressure on the bank to expand its loans . . . In this case . . . the saving that is done to maintain the farmer and his men while the fruit is ripening will be done not voluntarily but perforce. And the way the forced saving is imposed on the public is through a fall in the value of money. (ibid.:90f.)

The ripening of fruits, a process of which the speed is governed by nature, is not grasped properly because of the use of money. That story is extended to the relation of circulating capital and loans in general. Namely, the needs of replenishing circulating capital is in no direct way related to the decisions of people to save and of the banks to give a loan.

That story seemed very convincing. It is again the image of a private estate. Hayek and the other Austrian writers on business cycle used it intensively and connected it with the Austrian theory of capital, and Keynes used it in his *Treatise on Money*. In *The General Theory of Employment, Interest and Money* he abandoned that expression, by defining income, savings, and consumption such that these terms (i) conform somehow to the everyday use of these concepts; (ii) something like forced saving cannot happen. He uses these terms already in the way they are now taught in standard macroeconomic courses.

Hayek analysed the business cycles by bringing them together with the theory of capital (Hayek 1929, 1931). He nowhere attempted to connect the concepts he used with direct experiences. He often emphasised that the way people experience economic events does not give a clue of a theoretical understanding of the economy. Quite the contrary, he saw it as the economist's duty to fight ideas which are popular because they look reasonable, albeit they are completely wrong – for example the use of monetary policy to stimulate the state of the economy. True, it conforms to each and everybody's experience that aggregate demand can be stimulated, the economy will really be hurt by such a policy. What appears to be a lack of demand is in reality caused by a lack of capital. Economic theory has to show that. Hayek was convinced that any policy to increase demand must fail long before he had developed his theory. His scientific endeavour was to show what he believed anyway.

Hayek does not attempt to tell a story. He does not draw a picture by describing a sequence of events with words. Instead he uses pure theoretical concepts, but puts them into a graph which in one stroke presents a description of an image of the economy and of a 'model' to conceptualise it. There is a story behind this image.

In line with the Austrian theory of capital, all goods are produced by using factors of production at different points in time. All goods except those used for immediate consumption are intermediate goods – the stock of capital. The production of goods which then can be transformed into consumer goods, or into other goods to produce consumer goods, is called investment. Income which is spent on such goods is termed saving. The old saying of Smith, namely that whatever is saved is consumed by a different set of people, remains valid, though the emphasis is now on using machinery, and not anymore on employ-

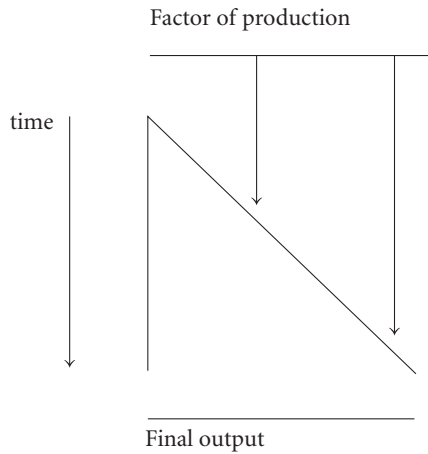


Figure 1. A graphic representation of the relation between input factors of production and output according to Hayek (1931:36). By making use of labour goods are produced which are nearer to consumption than labour. These goods can be used together with labour for producing goods which are still nearer to consumption goods. This can go on until finally consumption goods are produced. The goods which are produced before reaching the stage of consumption are called capital. Their existence presupposes saving, namely the application of labour without immediate consumption. The longer the period lasts from the first use of labour until the production of the consumption goods, the more productive the system is. Note that the way the triangle is drawn suggests that there is a clear relation between savings and the increase in total product.

ing labour for further profits, as it was the case with Smith. That is again the idea of a Robinson economy: in order to increase annual output, Robinson has to produce a hoe, to feed an ox or even a horse. He has to apply his labour without getting an immediate reward for it. Once more there is an idea that nobody can deny. It is somehow a truism, namely one cannot eat the cake and have it.

Hayek uses the graph to make inferences about comparative static experiments. If people increase savings, that is if Robinson decides to postpone consumption further for a specified period, he has decided to use more capital goods. The triangle grows longer. The graph 'shows' that there will be more output available, but only after a longer waiting period. The morale: by letting it mature longer, output can grow. If, however, people decide to increase consumption, they have decided to shorten the period between the application of a unit of labour to produce a good far away from consumption until it is suitable for that purpose. The triangle gets shorter and output declines.

If people suddenly have access to means of payment, without somebody else having abstained from using them in equal size – for example by increasing the amount of money – the graphs ‘show’ us that this is doomed to fail. The hypotenuse of the triangle must somewhere be broken. Goods are lacking. That shows itself in inflation. The ensuing crisis is again the punishment for having consumed too much before. The boom was only an apparent one.¹² In contrast to earlier theories the culprit is not any longer people spending money unproductively (Smith), nor incompetent businessmen and banks supplying them with liquid means (Marshall, Hawtrey, Robertson), but rather monetary policy in its wish to do good.

5. Conclusions

Economics cannot do without telling stories. They are related to what is nowadays often called *stylised facts*. Both are expressions of deep-seated beliefs about the working of the economic system and of economic reality. They provide the economist with a framework to pursue his or her research. However, when transforming these stories into proper economic theory, namely into the pure language of economic theory, that is done in a way such that the original beliefs appear to be logical conclusions of the theory. All the authors discussed in the paper were convinced that a market economy does not need any politically engendered stimulus for demand long before they had managed to develop a theory. No author was ever surprised by the result of his theory. What was presented as a conclusion was nothing but a belief put into a systematic theoretical framework.

That does not imply that economics is not a science. However, economics did not progress by making discoveries, by refuting theorems through newly discovered data, found by new ways of measurement. There is still the century-old divide: some are convinced that any interference into the working of the market economy is at best useless, whereas others stick to the opinion that without it a market economy is doomed to fail. Nevertheless, arguments were put forward which had to be accepted by people of the other creed. We know more about the functioning of a market economy than Smith, Ricardo, Mill, Marshall, Keynes, Hayek and all the others did.

This is scientifically based knowledge (Rosner 1996). Economists do not abandon their convictions and *Weltanschauungen*. They transform them into theories which can be accepted being true independently of the *Weltanschauungen*. Thus economics is not a mere dispute between convictions and *Weltan-*

schauungen without any practical relevance. It is an important and useful activity. Imagine how the world would have developed if the knowledge economists have today as it can be found in recent macroeconomic textbooks at intermediate level had been available in the 1930s! It is not outrageous to assume that things would have emerged better.

Notes

* This paper was much improved after comments by Guido Erreygers. Many thanks.

1. Actually, economists hardly differ about fundamental values. All consider less poverty better than more poverty, less inequality better than more inequality, less unemployment better than more unemployment, less pollution better than more pollution, etc. Probably they differ insofar as they attach different weights to the importance of poverty, inequality, unemployment, pollution in comparison to, let us say, economic growth, non-state-interference, etc.

2. A classic example: The falling rate of profit and the pauperisation of the working class, both can be seen as conclusion within Marx' theory. He presented these two tendencies as conclusions from his premises. However, both tendencies were proposed by him long before he developed his theoretical model. For the relation between personal convictions and scientific economic work in relation to macroeconomics, see Klamer (1984).

3. The Arrow-Debreu model, developed in the 1950s, shows that a competitive economy has under specific conditions an equilibrium. That means that there is a system of prices which clear all markets simultaneously. It can further be shown that this equilibrium is efficient in the sense of Pareto. That is, it is impossible to make somebody better off without making somebody worse off. The mathematical conditions necessary for the proofs can be given an economic interpretation.

4. Emphasis in the original; in 1974 this expression was an innovation.

5. Today economic models are used to discuss policies which are not considered to belong to the traditional realm of economics, e.g. family law.

6. Environmental problems and some ethical problems of medical research are now also accepted to be of relevance for a general discussion. Laypersons have started to form opinions about scientific matters in order to decide about the support of a policy concerning nuclear energy, greenhouse gases, etc.

7. Actually using the word 'revolution' in this context shows already a judgement about Keynes's theory. There is a general consensus that a scientific revolution is something good, as it advances human knowledge. Calling Keynes's theory a revolution implies that it was a better theory than the opposing ones. Anti-Keynesians sometimes use the term 'counter-revolution' for Keynes's theory suggesting that nothing good came out of it.

8. Actually, Smith was amongst the earliest authors who did not consider the poor as being lazy. Up to that time it was customary to equate being poor with being forced to work and with being lazy. See Furniss (1920).

9. “This as I hope shows that it is not so much the abundance of money which makes sales easy, but rather the abundance of other products.” (my translation)
10. The way the new money enters the economy is important: “If a postman could go round and distribute to everybody the increased currency straight off, then I think that would in a primitive state of society act upon prices directly.” (Marshall 1888:nr. 9661). That is a comparative static exercise: suddenly the amount of money in all purses is increased.
11. Keynes noted that in his review of Fisher’s business cycle theory in *The Purchasing Power of Money*: “The whole thing is based, it will be noticed, on a temporary lack of caution in bankers in the matter of the proportion of cash to liabilities.” (Keynes 1913:3)
12. Hayek was the first director of the newly founded Austrian Institute for Research on Business Cycles until he left for London. (His follower in this position was O. Morgenstern until 1938.) The articles published in the monthly journal of that institute are not guided by any systematic economic research. Nowhere can one find the suggestion that data show that a specific theoretically argued proposition is refuted or corroborated by the empirical material. In the first years of this journal there are no general evaluations with political relevance in the journal. Later there are some which are in line with the Austrian theory. But it is not claimed that the data demonstrate that this theory is the appropriate one. However, there are many statements which clearly presuppose a theory – and one could quote Hayek that it is almost impossible to avoid such statements. But these statements are often not in line with the Austrian theory. They rather support different theoretical approaches. There are many statements suggesting that an easing of the money market may contribute to the upswing, new credits make things easier, low rates of interest will increase investment, falling prices are a hindrance to an upswing, rising prices will bring an end to the depression. The wording is generally such that an upswing, and therefore whatever contributes to the upswing, is something to be valued positively (‘hopefully’, ‘favourable’, ‘bettering of a situation’, etc.), whereas for depressive effects words with negative connotations are used (‘worsening’, ‘to be feared’, ‘unfavourable’, ‘overshadowing’ etc.).

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CHAPTER 8

Outline of a genealogy of the value of the entrepreneur

Campbell Jones and André Spicer

1. Introduction

It is now clear that entrepreneurship has bled out of its heartland in small business fantasies and motivational seminars and has stained nearly every aspect of public life. Surveying contemporary organisation across various sectors it is hard not to be struck by the remarkably consistent injunction for actors to become 'entrepreneurial'. Developing entrepreneurial skills is regularly prescribed as a cure-all balm to sooth the burning problems that face contemporary organisations. It is said to cure the failings of the large scale bureaucratic business organisations that dominate capitalist economies (Peters & Waterman 1982; Kanter 1989), but is further offered as a solution to the problems with hulking public bureaucracies (Osborne & Gaebler 1992), and the government of nation states (see Grey 1991; Keat & Abercrombie 1992). Almost regardless of the economic or social problem, entrepreneurship promises the solution.

Hence the sense that one of the central functions of the discourse of entrepreneurship is to re-construct a whole variety of economic actors as entrepreneurs, whether they were previously bureaucrats, professionals, carers, workers or householders (du Gay 1996). This involves a large scale reconstruction of understandings of the workplace so that subjects begin to take on the identity of the entrepreneur as their very own. The enterprising individual is one who is self-regulating and calculates *for* themselves and *about* themselves (Gordon 1987; Rose 1990; Keat & Abercrombie 1991). Entrepreneurship discourse claims to 'free the individual' and their innate enterprising capacities. This reconstruction of people as self-monitoring and self-improving subjects involves a quasi-spiritual dimension as it 'seeks to "re-enchant" organized work by restoring to it that which bureaucracy is held to have crassly repressed –

emotion, personal responsibility, the possibility of pleasure and so on' (du Gay 1994: 663). The result is an apparently fortuitous situation where 'work is itself a means for self-fulfilment, and the road to company profit is also the path to individual self-development and growth' (du Gay 1996: 63).

Against the entrepreneurial utopia, it is perhaps unsurprising that we find a set of critical responses. Instead of seeing enterprise as a magic cure to the problems of late modernity, talk of entrepreneurship is viewed by critics as politically charged discourse. This has made the entrepreneur and entrepreneurship discourse the focus of a significant critical debate, amongst writers such as Armstrong (2001, 2005), Deutschmann (2001), du Gay (1991, 1994, 1996, 2004), Fournier (1998), Fournier and Grey (1999) and ourselves (Jones & Spicer 2005, forthcoming). A central lesson from the critique of entrepreneurship is that the consistent attribution of positive value to the enterprising subject simultaneously marginalizes other economic actors. When positive value is bestowed upon the entrepreneur, they become the locus of virtues as wide-ranging as efficiency, innovation, self-fulfilment and response to consumer demand, and, as it was put long ago 'intelligence, prudence, probity and regularity' (Say 1821/1964: 330). These positive valuations stand in notable contrast to the apparent ills of bureaucracy such as inefficiency, routinisation, responsiveness to rules, self-depreciation and a workplace thoroughly disenchanted by instrumental rationality.

Critics of enterprise culture have provided powerful descriptions of how contemporary political and managerial discourses have produced this significantly positive evaluation of the entrepreneur and have indicated the politics of this valuation. But when and how did this positive valuation of the entrepreneur emerge? In this chapter we propose to offer tentative answers to this question by outlining a genealogy of the valuation of the entrepreneur. We first indicate what we mean by a genealogy of value, and then describe a set of historical shifts in the valuation of different economic characters, paying particular attention to the emergence of the entrepreneur as claimant on value. We use this historical sketch as the basis for a discussion of the broader question of the politics of the valuation of the entrepreneur in relation to other economic actors.

2. For a genealogy of value

In order to understand how the entrepreneur is ascribed value, we need to look at the processes of valuation. One of the difficulties with this is that valuation is

multifaceted. That is, by claiming that an economic actor like the entrepreneur is valuable, we are connecting a number of wildly different, but subtly inter-linked types of value. The major dynamic of valuation that is recognized by critics like du Gay (1996) is that enterprise culture ascribes a positive *cultural* value to the entrepreneur. This means that the entrepreneur and all of the things they are supposed to represent becomes a kind of revered 'master signifier' in a given culture that might stand alongside democracy and freedom. Another dynamic of valuation involved with enterprise culture is the ascription of a *moral* value to the entrepreneur. By this we mean that the ethos or way of life that the entrepreneur is supposed to embody comes to represent a kind of exemplar of the good life. Bound up with the cultural and moral valuation processes of enterprise culture is a third process that inscribes an *economic* value to the entrepreneur. This works not only by positively valuing the moral and cultural traits of the entrepreneur, but by assigning a cold cash value to what the entrepreneur brings to the process of production. Although critics of enterprise culture have largely shied away from the third set of questions, in this chapter, we want to stress the way that the valuation of the entrepreneur is not merely a cultural and moral affair, but is also a matter of economics.

We also run into questions of how we think about valuation. Often people treat value as if it contains an essence. This happens when an object is said to contain within it a particular value that only needs to be identified through schooled investigation. An example would be the claim that gold, or Proust's *In Search of Lost Time*, or any other thing, is in and of itself 'valuable'. The problem with this way of approaching value is that we find wild shifts in valuation over time. Put simply: we value different things, and value things differently at different points in time. For this reason, many have been led to see value and valuation as *contingent* affairs. Possibly the most famous amongst those stressing the contingency of value is Friedrich Nietzsche, who highlighted the variability of things which are held dear in modern culture. Nietzsche set himself the goal of uncovering the ignoble origins of 'noble' things such as what we call 'morality' and in the process recommended a 'transvaluation' of our present values (Nietzsche 1883–1888). The point of Nietzschean genealogy is not to relativise all values, but to show how we could value things differently. Through an historical excavation of the vagaries of valuation Nietzsche argued that 'we need a critique of all moral values; the intrinsic worth of these values must, first of all, be called into question' (Nietzsche 1887: 155). Nietzsche's transvaluation of values inspired Michel Foucault's genealogical study of the emergence of modern economics. In part of a broader study of the human sciences, Foucault draws on an archive of economic texts that shows a pro-

found shift in how the economy is described. In particular Foucault (1966: Chs. 6 and 8) charts a shift from studies of the circulation of wealth to modern economics, and with this shift the invention of basic concepts that are now taken for granted in economic thought.

One prominent contemporary proponent of a contingency approach to value is Barbara Hernstein Smith, who argues for what she calls an anti-essentialist understanding of value (Smith 1988; see also Andrew 1995; Shapiro 1993). Discussing the valuation of literature, she examines the common assumption amongst literary critics that there are particular works of art or literature such as Shakespeare's sonnets which are of absolute value. These works are often attributed value because of the 'inherent qualities of certain objects and/or some presumed human universals' (Smith 1988:36). In contrast with the argument that value is something which is absolute and all those who do not recognize this can be accused of mental deficiency, Smith proposes that value is the product of a continued process of cultural circulation. Valuations are not 'discrete acts or episodes punctuating experience' (Smith 1988:42) where the value of a given object is calculated once and for all. Rather, valuation is conceived as 'indistinguishable from the very process of acting and experiencing the self' (Smith 1988:42). This process of experience however is not one which begins afresh, but involves the encounter of pre-marked signs:

We do not, however, move about in a raw universe. Not only are the objects we encounter always to some extent pre-interpreted and pre-classified for us by our cultures and languages; they are also pre-evaluated, bearing marks and signs of their prior valuing and evaluations by our fellow creatures.

(Smith 1988:42)

The value that is ascribed to a given object in our continuing process of valuation is therefore contingent upon various pre-evaluations. Following this, value is 'neither a fixed attribute, an inherent quality, or an objective property of things, but, an effect of multiple, continuously changing, and continuously interacting variables' (Smith 1988:30). Studying how something comes to be valued involves not looking into the particular subject at hand and attempting to establish its true value, but investigating the 'pre-evaluations' and 're-evaluations' which are made of the object by various parties. Investigating the valuation of the entrepreneurs, we are not asking how intrinsically valuable entrepreneurship is, but rather how entrepreneurship has been valued, and how this valuation might be critically rethought.

An analysis of the value of the entrepreneur would therefore begin by asking what different values are apportioned to different economic categories at

different points in time. It would also ask how different economic categories suddenly come to be valued. In this process of the contingent valuation of various categories, we would investigate the struggle which occurs between different codes of valuation. It is these changing valuations of economic categories, and the 'birth' of the entrepreneur, that we will approach in this chapter.

Before turning to history we should also note that questions of valuation are fundamental intertwined with questions of distribution. This is to say that if something is judged to be valuable, then notions of equity will lead us to distribute rewards in favour of that thing. So for instance, if we value the paintings of Picasso, then we would be likely to pay more in return for one of his works. From this discussion, three claims about value can be advanced. First, value is contingent, that is, different things are valued at different points in time. Second, value is a relational phenomenon, that is, if one thing is judged valuable then others are judged less valuable. Third, judgements of value also imply judgements of just reward, that is, the attribution of value and the distribution of wealth are two sides of the same coin.

In order to excavate the pre-history of value that lurks behind contemporary accounts of the entrepreneur we will look at how value has been apportioned in the economic literature. Because there are already extensive treatises in the history of economic thought, our goal is not to produce a comprehensive history of the entrepreneur in economic thought. Rather, we shall pursue a less ambitious survey of some of the well-known metamorphoses in conceptions of value from mercantilism and physiocracy through Smith and Ricardo to the 'discovery' of the entrepreneur by Joseph Schumpeter and others in the early years of the twentieth century. This survey will then provide us with a point from which to launch a more detailed discussion of the politics of valuing the entrepreneur.

3. From land and labour to the trinity formula

Writing principally in the second half of the eighteenth century, the physiocrats signify a point of departure from what Smith called mercantilism. The mercantilists, a loose collection of traders and advisers to state, continued the ancient conception of international rivalry for wealth, according to which the goal of the state is to amass wealth, which comes in the form of recognised coinage – gold or silver, for example. Between nations exists a perpetual contest for such wealth. In times of peace this contest takes place through foreign trade, and the

goal of this should always be, in the classic yet still recognisable formula, 'to sell more to strangers yearly than we consume of theirs in value' (Mun 1664: Ch. 2).

While the mercantilists envisioned a zero-sum game with foreign trade as the ultimate strategy for competitive victory, the physiocrats viewed wealth as a result of internal commerce, and most importantly of agriculture. In their conception of the value of agriculture we confront the most controversial of physiocratic doctrines. The physiocrats began from the now commonsensical proposition, that any productive undertaking requires an initial outgoing which is then offset against any wealth produced. The excess of new wealth against the cost of outgoings they called the 'net product'. But controversially, the physiocrats claimed that this net product was solely the result of one form of production, that is, agricultural production. Hence Quesnay (1758–1759) distinguishes between three classes, a 'productive class' consisting of agriculturalists, a 'proprietary class' consisting of land owners and aristocrats and a 'sterile class' consisting of traders, manufacturers and domestic servants. Of these it is only agricultural workers that are 'productive', in the sense that only they produce a net product greater than their cost of subsistence. Those working in industry are 'sterile' insofar as they simply modify the net product of the land. The proprietary class live on the activity of both the others on the basis that they are the owners of land.

In terms of claims about value we can see how, on one reading, the physiocrats find land to be the sole source of all value. But we cannot simply assume that the physiocrats treat land as the sole source of value because of the presence of the category of 'productive labour'. Even if it is restricted to a specific type of labour, it is nonetheless not simply land but also *labour* on land that produces value. Here we are not too far away then from the duality of value that we find in Petty and Cantillon. For Petty, 'Labour is the Father and active principle of Wealth, as Lands are the Mother' (Petty 1662: 68). For Cantillon, 'Land is the source or matter from which we draw wealth; the labour of man is the form that produces it' (Cantillon 1755: Ch. 1, see also Ch. 10). To simplify, we could codify these sources of twin value and their respective rewards into the schema in Figure 1.

Even if the idea that value is the result of a duality of land and labour held sway in physiocratic (and other) circles in the seventeenth and eighteenth centuries, this was rarely uncontested, and more importantly the consequences of this duality were never agreed upon. If land and labour are the two sources of value then what is the consequence? Petty tried to find ways in which the two could be 'balanced'. The physiocrats, according to some, provided an ideological justification for the aristocracy by privileging land over labour. Alterna-

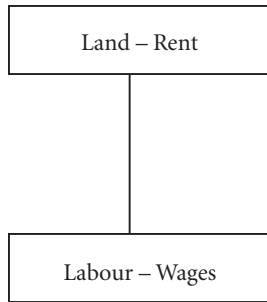


Figure 1.

tively, someone such as Turgot, working at the limits of physiocracy, suggests that because those who work on the land are the only ones whose labour produces anything over the cost of their labour, labour is ‘therefore the sole source of all wealth’ (Turgot 1774: Ch. VII).

Toward the end of the eighteenth century we move away from a duality of land and labour following the introduction of capital as a third source of value. Hence what Marx calls the ‘trinity formula’: capital-interest, land-ground rent, labour-wages (1894:814; see Figure 2). This trinity is perfectly formalised by Mill, for whom, the requisites of production: ‘may be reduced to three: labour, capital, and the materials and motive forces afforded by nature’ (Mill 1848:63). Ricardo also writes:

The produce of the earth – all that is derived from its surface by the united application of labour, machinery and capital, is divided among three classes of the community, namely, the proprietor of the land, the owner of the stock or capital necessary for its cultivation, and the labourers by whose industry it is cultivated. (Ricardo 1817:3)

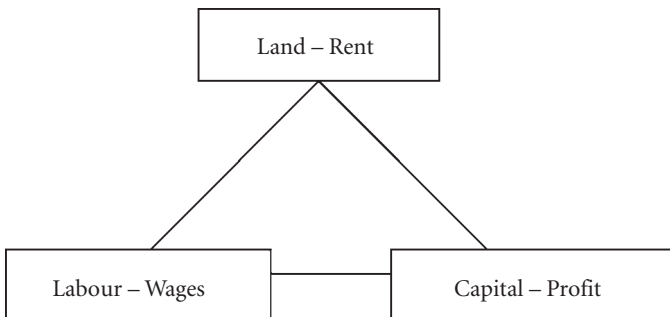


Figure 2.

But once again, the crucially important thing is how these three sources of value are valued. Mill, for example, argues that these three sources are not of equal value, concluding that ‘labour and the raw material of the globe are primary and indispensable’ (Mill 1848:63). The reason for this is that ‘capital is itself the product of labour: its instrumentality in production is therefore, in reality, that of labour in indirect shape’ (Mill 1848:63). But while Mill reintroduces the duality of land and labour by disqualifying the distinct status of capital as a source of value, we find a conflict between those who advance a trinity and those who reduce value back to a single source. Notable here are proponents of a labour theory of value, who insist that land and capital are imposters, both making false claims on the products of labour. Marx, for example, dismisses that trinity formula, objecting that land, labour and capital ‘belong to widely dissimilar spheres and are not at all analogous with one another. They have about the same relation to each other as lawyers fees, red beets and music’ (Marx 1894:814). Offering an argument that bears striking analogies to what we saw in Turgot, Marx asks how anything other than the products of human labour can be attributed with value, and finds appeals to the self-valorising character of capital to be a shabby case of self-interested presumption.

So at the same time that the trinity formula begins to establish itself and is taken as self-evident by many, we simultaneously find objections and counter-arguments. Rather than becoming established economic doctrine in the nineteenth century the trinity formula is asserted, but never quite stabilises. Then at the end of the nineteenth century and the beginning of the twentieth century, we find a new form of contestation, and a strange bifurcation in economic discourse. On the one hand we find the rise of marginalism and the birth of an ‘economic science’ that has no truck with discussions of value. On the other hand, or more properly on the other side of the same coin, we find the trinity reinvented but now with a new figure standing proudly alongside land, labour and capital.

4. The birth of the entrepreneur

In the early twentieth century the trinity formula is irrevocably disturbed when an old character puts forward a new value claim. Joseph Schumpeter begins *The Theory of Economic Development* with an analysis of the economic cycle, arguing that the combination of the familiar factors of production – land, labour, and capital – tends toward a state of equilibrium. As this equilibrium is approached the rewards for land, labour, and capital diminish. Schumpeter

cautions us not to go looking for extra-economic factors such as wars, religion, or politics to explain ‘spontaneous and discontinuous changes’ in the economy. Rather, ‘changes in economic life are not forced upon it from without, but arise by its own initiative, from within’ (Schumpeter 1911:63). Further, Schumpeter does not locate the drivers of economic development in land, labour or capital but rather in a figure who carries out new combinations of these productive factors. ‘The carrying out of new combinations we call “enterprise”; the individuals whose function it is to carry them out we call “entrepreneurs”’ (1911:74). Here we have the emergence of the fourth point that definitively disrupts the trinity formula, giving birth to new source of value – by re-discovering the ‘adventurer’ that Say had evoked a century before, and now consistently calling this character ‘the entrepreneur’. The trinity of land, labour, capital becomes a quadrangle of land, labour, capital, and entrepreneurship (see Figure 3).

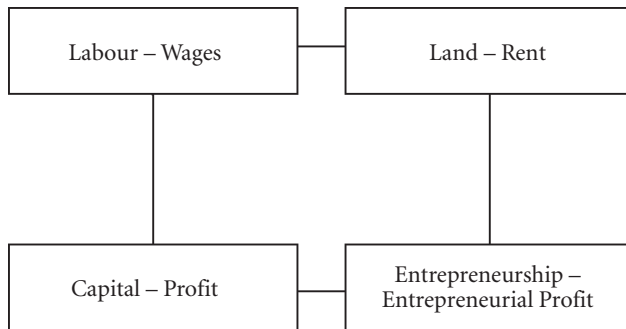


Figure 3.

With the emergence of this fourth character in the economic drama, a fourth claim on value is advanced, for what Schumpeter calls ‘entrepreneurial profit’. Schumpeter is clear that this claim is in addition to any other claims – simply called ‘costs’ – made by labour in the form of a wage, land in the form of rent, or capital in the form of interest. Hence:

Entrepreneurial profit is a surplus over costs. From the standpoint of the entrepreneur, it is the difference between receipts and outlay in a business, as we have already been told by a long line of economists. Superficial as this definition is, it is sufficient as a starting point. By ‘outlay’ we understand all the disbursements which the entrepreneur must make directly or indirectly in production. To this must be added an appropriate wage for labour performed

by the entrepreneur, an appropriate rent for any land which may chance to belong to him, and finally a premium for risk. (Schumpeter 1911: 128)

After recognising the additional value that might be created by economic development, the reader may be tempted to wonder just who is it that ‘adventures’ such economic developments. Who is it that consequently should be rewarded for such developments? Perhaps the reckless reader may begin to recall the description of the under-aged ‘entrepreneur’ toiling in Adam Smith’s pin factory. Perhaps the reader may take managerial discourses like Total Quality Management seriously and assume that it is the worker on the shop floor who is the source of innovation. Perhaps the reader may even begin to believe that the inventor of a new technology may have some value claim. But before the reader is allowed to be deluded in these ways, Schumpeter assures us that it is only in the process of bringing these new combinations together that this new claim on value resides. Schumpeter asks to whom this surplus created by enterprise falls, and answers: ‘Obviously to the individual who introduces the loom into the circular flow, not to the mere inventors, but also not to the mere producers or users of them’ (1911: 132).

So the apparently inert factors that are brought together by the entrepreneur have no special claim on value. This assertion that the entrepreneur has a legitimate value claim obviously begs the question of what these individuals under consideration have contributed to production, but Schumpeter is quick to allay our fears:

Only the will and the action, not the concrete goods; for they have bought these – either from others or from themselves; not the purchasing power with which they bought, for they borrowed this – from others or, if we take account of acquisition in earlier periods, from themselves. And what have they done? They have not accumulated any kind of goods, they have created no original means of production, but they employed existing means of production differently, more appropriately, more advantageously. They have ‘carried out new combinations.’ They are entrepreneurs. And their profit, the surplus, to which no liability corresponds, is an entrepreneurial profit. (Schumpeter 1911: 132)

Schumpeter understands how little the entrepreneur might actually bring to the party, not having had to endure the toil of labour, the risk of losing capital, or the inconvenience of allowing production to take place on one’s land. No liability corresponds to the entrepreneur except their ‘leadership’ in combining the factors of production. Schumpeter appears to be quite aware of the possibility of disputing the value claim of the entrepreneur, and is also aware that the entrepreneur is not a new face in the neighbourhood of economic theory. The

entrepreneur appears in Cantillon (1755) in his claim that the entrepreneur is a character who buys goods at a certain price and sells them at an uncertain price. But for Cantillon the entrepreneur is indistinguishable from the petty capitalist trader who is at the centre of mercantilist theory. The entrepreneur also appears in the economics of Say, who introduces the entrepreneur in distinguishing interest on capital from profit. For Say (1821), the entrepreneur is inseparable from the capitalist who is at the centre of classical economics.

The entrepreneur also makes an appearance in the writing of contemporaries of Schumpeter, notably in the marginalist economics of Alfred Marshall. In his *Principles of Economics* Marshall identifies the entrepreneurial function with the activity of the business manager. He argues that on top of outlays such as materials, rent, wages and interest for capital must be added 'the earnings of undertaking or management' (1890:II, iv, 2). Rather less bold than Schumpeter, and claiming that 'the earnings of the undertaker' constitute a legitimate claim on value, Marshall argues that 'labour together with capital and land thus defined are the sources of all that income of which account is commonly taken in reckoning up the National Income' (1890:II, iv, 6). Given three principle sources of value for Marshall, where do the earnings of the undertaker fall? The joint stock company is evoked as an instructive example:

In them [joint stock companies] most of the work of management is divided between salaried directors (who indeed hold a few shares themselves) and salaried managers and other subordinate officials, most of whom have little or no capital of any kind; and their earnings, being almost the pure earnings of labour, are governed in the long run by those general causes which rule the earnings of labour of equal difficulty and disagreeableness in ordinary occupations. (Marshall 1890:VI, vii, 6)

For Marshall, the earnings of management or the undertaker are a *special kind of wage* (1890:VI, viii). Marshall's 'earnings of management' are an instructive counter-point to Schumpeter's 'entrepreneurial profit'. The most obvious reason for this is that both appear to posit almost exactly the same form in reckoning the earnings of management or entrepreneurial profit (incomes less receipts which include rent, wages, and interest). While Schumpeter sees the entrepreneur as presenting an extra value claim, Marshall sees the *manager* as entitled to a special kind of wage. As is well documented, this is exactly the historical moment at which entrepreneurial capitalism is being replaced with monopoly capitalism and modern bureaucratic management (Bendix 1956; Chandler 1977). What is interesting here is that at almost the precise histor-

ical point of this transition, we find Schumpeter suddenly ‘discovering’ the entrepreneur, while Marshall is speaking of the value of management.

It could be argued that Knight’s *Risk, Uncertainty and Profit* provides a bridge between Marshall’s awareness of the growth of monopoly capitalism, and Schumpeter’s fantasies about a fading world of small time ‘undertakers’. Knight argues that the role of the entrepreneur is not to engage in ‘mere activity’ but to manage the uncertainty thrown up by economic and social life: ‘With uncertainty present, doing things, the actual execution of activity, becomes in a real sense a secondary part of life; the primary problem or function is deciding what to do and how to do it’ (1921:268). But unlike Schumpeter, Knight is under no illusion that the entrepreneurial function is carried out by the lone entrepreneur. Instead, managing uncertainty is rapidly ceded to bureaucratic managers:

When uncertainty is present and the task of deciding what to do and how to do it takes the ascendancy over that execution, the internal organization of the productive groups is no longer a matter of indifference or a mechanical detail. Centralization of this deciding and controlling function is imperative.

(Knight 1921:268)

For Knight the figure of the ‘entrepreneur’ in large bureaucratic organisations ‘may, and typically will, to be sure, continue to perform the old mechanical routine functions and receive the old wages; but in addition he makes responsible decisions, and his income will normally contain in addition to wages a pure *differential* element designated as “profit” by the economic theorists’ (Knight 1921:276–277). Knight goes on to specify that ‘this profit is simply the difference between the market price of the productive agencies he employs’ such as land, labour and capital which are given a valuation by ‘the amount which the competition of other entrepreneurs forces him to guarantee to them’ and ‘the amount which he finally realizes from the disposition of the product which under his direction they turn out’ (1921:277). The upshot of this is that Knight’s entrepreneur/manager carries out a peculiar two-fold function of (1) exercising responsible control for which a wage is rewarded, and (2) protecting the owners of productive services against uncertainty and fluctuation in their income for which entrepreneurial profit is rewarded. In short, the bureaucratic manager, not the capitalist, has two claims on value.

So while the twentieth century brings to light a fourth claimant on value, between Schumpeter, Marshall and Knight we find agreement that a fourth value claim needs to be advanced. But simultaneously there is a disagreement as to who it is that will be entitled to make this fourth claim. For Schumpeter, it

falls largely to the innovative, relatively independent capitalist, but for Knight and Marshall it is the manager. Perhaps we should not be too surprised when we see economists today disagreeing about the sources of the productivity of the economy, even if they agree that it must be attributed to a fourth, and systematically mysterious, character.

5. Discussion

This rough outline of historical shifts in valuation highlights remarkable variation in the value awarded to various economic actors. We see that there is a whole history of economic discourse that underlies the apparently practical act of apportioning value to an economic actor like the entrepreneur. In physiocratic doctrine, economic value was located in the factors of land represented by the landowner, and labour represented by the peasantry. Because they produce value, these two economic actors are able to put forward value claims; the landowner claiming rent, and the peasant claiming what we would now call a wage. In the late eighteenth century a third figure appears upon the economic stage and puts forward a further claim on value. This is the figure of the capitalist who claims to contribute to the production of value through venturing capital and thereby risking an uncertain return. In exchange for risking capital, the capitalist makes a third value claim in the form of interest. This trinity of land, labour and capital is once again disturbed with the appearance of a fourth actor onto the economic stage. Economic discourses now insist that entrepreneurs also add value by combining the other factors of production in a novel fashion. For this essential service they put forward yet another claim on value in the form of entrepreneurial profit. We therefore arrive at the present-day rectangle of economic actors and associated rewards: land-rent, labour-wages, capital-interest, and entrepreneur-entrepreneurial profit.

One general lesson we can draw from the history of the valuation of the entrepreneur is that economics does not simply describe the reality of value-production but is actively implicated in the act of sharing out the value that is rewarded to each actor. Such a recognition stands in dramatic contrast to discussions of value by economists that generally search for the ultimate bedrock, the 'essence' of value. We often find claims that the source of value 'really' is land by the physiocrats, or 'really' is labour according to the labour theory of value. Equally, with representatives of the trinity formula we find suggestions that value is an entity to be discovered, and that it might be discovered along-

side other natural economic laws. Hence the ‘essentialism’ of a Ricardo who argues that:

in different stages of society, the proportions of the whole produce of the earth which will be allocated to each of these classes [land, capital and labour], under the names of rent, profit and wages, will be essentially different; depending mainly on the actual fertility of the soil, on the accumulation of capital and population, and on the skill, ingenuity, and instruments employed in agriculture. To determine *the laws which regulate this distribution* is the principal problem of political economy. (Ricardo 1817:3, emphasis added)

As usual, we find this essentialism in extreme form in Mill, for whom ‘the laws and conditions of the production of wealth, partake of the character of physical truths. There is nothing optional, or arbitrary in them’ (Mill 1848:122). We wonder if this situation is much better with Schumpeter or with contemporary entrepreneurship researchers and theorists of the knowledge economy and enterprise society. In all of these places we find the assertion, or rather the assumption, that the valuation of the factors of production is a matter of fact, rather than a matter of value. Which is ironic, given that these essentialists of value tend to each value the factors differently from each other.

Against this, our outline of a genealogy of the valuation of the entrepreneur finds an historical multiplication of the sources of value. Moreover, we have also uncovered the fact that there is significant tension and contestation involved within each of the epochs that we have described. Even the apparently simple physiocratic claim that value resides in land and labour is already internally split between two claimants. What we mean by this is that even with the physiocrats, value is plagued by a degree of internal undecidability. For instance we find that Petty and Cantillon see land and labour as the sources from which wealth springs, while Turgot sees wealth springing only from labour. A similar contest arises when a third claimant on economic value emerges in the guise of the capitalist. For Ricardo land, labour and capital all add value, whereas Marx claims that value is produced by the labour, who should be justly rewarded. Finally we see a similar split emerging as claims around the value of the entrepreneur are made. Schumpeter conjures an entrepreneur that is like a second face of the capitalist. This allows the ‘undertaker’ to make a claim on top of the payment of interest, rent, and wages. In contrast, Knight attempts to attribute the entrepreneurial function to the bureaucratic executives who produce value through the management of uncertainty. These executives are then provided with a special wage for their labour as well as entrepreneurial profit for their management of uncertainty.

From these persistent splits in the attribution of value we are made aware of the fact that the value associated with particular economic actors is not something that is simply given. Rather, value is divided between a number of economic actors, and must be shared out amongst them. This means that the discursive constitution of which economic actor is assigned a particular value and the clear economic consequences are (at least potentially) open to contestation. But undervalued economic actors – such as labour at the present moment in time – are not doomed to simply be the victim of how the distribution of value is drawn up by elite economists like Schumpeter and enforced by neo-liberals. Rather, it is possible to use the cracks that already exist in these value claims in order to further alternative claims on value. A clear and pragmatic example here might be workers making a claim that it is them, not the capitalist or manager, who has combined the factors of production in a novel fashion and therefore deserve to be rewarded for it with entrepreneurial profit. This active politics of advancing value claims demonstrates that economic discourse does not simply represent a set of value-creating activities but is actively implicated in making value claims in the context of an overall contest about the valuation of various activities.

Excavating the history of the valuation of the entrepreneur, we are drawing attention away from the obviousness of accumulation towards a more profound accumulation that we could call, with a nod towards Smith, ‘previous accumulation’ or ‘primitive accumulation’. This is to say that, in the economic field, before Ricardo can set the goal of political economy as the discovery of the proper laws of distribution between land, labour and capital, there is a previous or primary valuation that identifies these three as sources of value. Equally, before we can ask how much value is added by the entrepreneur, we must accept the assumption that the entrepreneur is a source of value. An anti-essentialist reading of value will therefore not simply contest the amount of value allocated to various sources, but will trace the origins of each source and call into question the very status of claims that specific categories produce value.

Such an anti-essentialism of value should not be mistaken for a relativisation of value. Perhaps better would be to say that the ground-zero of value is analogous to what Freud calls a state of ‘polymorphous perversity’ (Freud 1905; see also Spivak 1996: 121). This arises from the psychoanalytic suggestion that ‘the constitutional sexual disposition of children is incomparably more variegated than might have been expected, that it deserves to be described as “polymorphously perverse” and that what is spoken of as the normal behaviour of the sexual function emerges from this disposition after certain of its components have been repressed’ (Freud 1906:78). This is useful in that it indicates

how the sources of value are far more variegated than allowed by most economic discourse, and that it is only through the injunction of a super-ego that this heterogeneous field is channelled and co-ordinated into a tidy and ordered space. There is much that could be done to extend these analogies via the analyses of Deleuze and Guattari (1972), who cast the social as polymorphously perverse, and suggest that it is only through the active intervention of 'desiring-production' that the social body takes on a semblance of unity. This unity can be a singular one, or it can consist of a tidily ordered quadrangle of land, labour, capital and entrepreneurship.

6. Conclusion

It is possible that some readers will be wondering what relevance any of this has to economic actors in the 'real world'. Often it appears that economic discourse bears little relation to reality, and many academic discourse analysts only strengthen this impression. But while we have gone into some detail in debates on the vagaries of valuation in economic discourse, we want to suggest that this has the most immediate and practical relevance in economic life. This is because the kinds of valuations that are placed on various actors have the most material consequences. Most obviously, of course, through the distribution of the wealth that is produced by economic activity. Clearly, valuation is a relational matter, in the sense that one thing is valuable only in relation to another thing that is less valuable. When it comes to the value that is put on the labourer, the land-owner, the capitalist and the entrepreneur, these are not simply abstract economic categories. Concrete human subjects take up these subject-positions, and in the process are themselves valued in relation to their ability to occupy these positions.

The practical consequence of these relational valuations of economic actors is laid bare if we compare the differential economic situation of entrepreneurs with those not lucky enough to be classed as such. Recently we have seen the publication of a number of popular journalistic accounts of the realities of life for low wage workers in advanced industrial economies (Abrams 2002; Ehrenreich 2002; Toynbee 2003). All of these make very clear the fact that it is not a matter of not contributing sweat and blood, of working damn hard, that is the reason that this significant group is paid so little. It is to do with the cultural *valuations* that are placed on certain types of activity, or better, on certain groups of people. Because this is what remains intuitively plausible in the labour theory of value – that to the extent that each human being is valu-

able, their human activity when at work deserves to be valued. Of course, in contemporary capitalist societies, this is not the case. Some, who are able to combine the other factors of production in innovative ways (which is another way of saying that they are *in control of the production process*) are considered to be worthy of great rewards. And others, who have nothing but their labour to contribute are given, by comparison, very little indeed. Hence Ehrenreich's argument that:

The "working poor", as they are approvingly termed, are in fact the major philanthropists of our society. They neglect their own children so that the children of others will be cared for; they live in substandard housing so that other homes will be shiny and perfect; they endure privation so that inflation will be low and stock prices high. To be a member of the working poor is to be an anonymous donor, a nameless benefactor, to everyone else. (2002: 221)

The irony of the situation is that it is not 'everyone else' that is the beneficiary of the devaluation of certain types of activity. Because valuation is relational, it is those at the other end of the scale that have the most to gain from these relative valuations. If entrepreneurs gain from their relative valorisation in contemporary economies, those on the other side of the equation lose.

While the historical sketch that we have provided here remains little more than an outline of a genealogy of the value that is attributed to entrepreneurship in economic discourse, we hope that at least one result of our research is clear. Looking critically at the history of the value that economic discourse has attributed to various actors we can see that there is no absolute grounding of claims to value. Valuation of economic actors is contingent, and is politically contested. This contestation takes place across a wide cultural space, and in this chapter we have perhaps underplayed alternative or resistant valuations of entrepreneurs. No matter how dominant it is, we could have spent less time discussing the way that economic discourse attributes value to this category of the entrepreneur, and spent more time looking at the way that this discourse is contested by those who find valuation of entrepreneurs to be one of the worst jokes that economists have ever told. To look at these contestations would involve another whole project, which will have to be done elsewhere. But what we have perhaps shown here is that entrepreneurs are not valued because they 'really' contribute value to economic activity. Rather, the entrepreneur is one of the fantasies of economic discourse. And while this fantasy holds sway in certain circles today, we might have contributed just a little bit towards dismantling the idea that entrepreneurship, outside of and against labour, is a source of value.

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CHAPTER 9

A. R. Orage and the reception of Douglas's social credit theory*

Walter Van Trier

1. Introduction

It is widely accepted that the credit for Major Clifford Hugh Douglas's success in carving himself a permanent niche in the heretic economists' hall of fame, is almost entirely due to the final chapter of Keynes's *General Theory of Employment, Interest and Money*, picturing Douglas as a member – “a private perhaps, but not a major” (1973:371) – of the “brave army of heretics and underconsumptionists” that helped keeping alive “the great puzzle of effective demand”.

Although this view is undoubtedly correct with respect to how present-day history of economic thought remembers Major Douglas, behind it lurk some intriguing and puzzling questions. Why did someone described as a “rather incoherent, cranky, slightly paranoid amateur economist” (King 1990:136) merit, according to Keynes, to be placed in the company of Bernard Mandeville, Robert Malthus, John A. Hobson, or even Silvio Gesell? And, also, why did Major Douglas fascinate the poet Ezra Pound to the point of having his theories summarised in Canto 38 and being prominently present in many other of Pound's writings and activities? In fact, already in April 1920, shortly after its publication Pound reviewed Douglas's first book, *Economic Democracy* (1919), both in *The Atheneum* and *The Little Review*, prophesying in the latter that, his own enthusiasm notwithstanding, the economic world would receive it undoubtedly with hostility and treat Douglas as “a mere Luther” (1973:180) – prefiguring, in fact, Keynes's casting of the Major as an economic heretic.

In this chapter I intend to demonstrate that the key to understand the intricacies of the Douglas story is Alfred Richard Orage – born in Yorkshire, starting his career as a schoolmaster, member of the Theosophical Society, the Fabian Society and (later) the Guild Restoration League, co-founder of the Leeds

branch of the Independent Labour Party and the Leeds Arts Club, and remembered in English cultural and literary history as the editor of *The New Age*.

Earlier contributions (MacPherson 1953; Finlay 1972; Hutchinson & Burkitt 1997) tend to picture Orage's part in the story as merely instrumental – like polishing up Douglas prose or providing him a medium to broadcast his message. Contrary to this view, I claim that Orage's involvement with the construction of Douglas's discourse was far more important. In fact, without it, the latter might not have existed at all.

I substantiate my argument in three steps. Section 2 explains why *The New Age* played a crucial role in spreading the Douglas message and why this message appealed to the editor. Section 3 illustrates that Douglas's message needed formatting to make it meaningful for the *New Age* audience and how this resulted in a specific discourse. Section 4 demonstrates Orage's constitutive importance in framing Douglas's discourse by pointing at similarities and differences between his writings before and after he met Major Douglas. But before presenting this evidence more elaborately, let me return to the puzzle alluded to above and illustrate why it is worth looking at in detail.

Given the common practice to portray Major Douglas, following Keynes, as a 'brave heretic', two qualifications are warranted in order to avoid getting a blurred view of how Douglas's writings were actually received. First of all, it should be noted that surprisingly many leading economists wrote about Douglas's theories and that often they did so much more elaborately than Keynes. In the second place, it is important to stress that none of them would have judged Douglas worthy of the honour Keynes bestowed on him. Ralph Hawtrey, Dennis Robertson, Evan Durbin, Hugh Gaitskell, Alvin Hansen, Geoffrey Crowther, Lionel Robbins, Maurice Dobb, J. A. Hobson, Maurice Copeland and many others – all of them engaged in writing detailed articles arguing that Douglas's theory was utterly flawed.

These qualifications are important, because the amount of effort well-respected economists put into criticizing Douglas's writings is really amazing. To begin with, criticism of Douglas's theories cannot have been rewarding. Lionel Robbins (1932) apologized for using Douglas as his bogey man, adding that he did so because his theories illustrated everything that was wrong, not because the Major was an easy target. Dealing first with Douglas, Evan Durbin (1933) explained, cleared the path for tackling the serious stuff. Ralph Hawtrey, one of the more sympathizing critics, qualified Douglas's analysis as "about as useful as a misprint in a multiplication table" (1937:332).

But on top of this, there is reason to wonder why the need to disprove Douglas was still felt urgently in the 1930s. In fact, one decade earlier his theories had already been subjected to severe criticism. In December 1920, shortly after a special conference of the Guild National Movement voted against re-aligning along Douglasite lines, G. D. H. Cole published a savage review of Major Douglas's second book, *Credit-Power and Democracy* (1920) in *The Guildsman*, rejecting the implied policy as unworkable practically, unsound economically and undesirable morally. Another negative judgement resulted from an inquiry, started in June 1921, by a committee of the Labour Party (1922), including amongst others G. D. H. Cole, J. A. Hobson, Hugh Dalton, R. H. Tawney, and Sidney Webb. And, for economists most importantly, in 1922 Frank Ramsey published an article, demonstrating formally that although Douglas's policy proposals did make simple common sense, they only did so under quite exceptional circumstances.

The most plausible explanation for the revival of Douglas criticism in the 1930s relates to the activities of the famous (Macmillan) Committee on Industry and Finance. On 1 May 1930, it called Major Douglas to testify about his claim that the primary cause of the industrial depression was lack of power to buy and that the financial system operated so as "to produce a permanent and increasing disparity between the minimum collective price of products of the industrial system within a given credit area, and the collective, effective demand available for the goods so produced" (Douglas 1931b: 123–124). Worried about the publicity and potential credibility Major Douglas might gain from this event, well-respected economists may have felt the need to react promptly and vigorously. Especially since, after a seven year gap, two new Douglas books appeared in 1931 – *Warning Democracy* and *The Monopoly of Credit*. In fact, the incentive to engage in such criticism may have grown even stronger, when in one of the most rural Canadian provinces the 1934 parliamentary elections resulted in a majority vote for a political party advocating Douglas's policies.

Although these events may, indeed, clarify why Major Douglas stayed a subject of public debate throughout the 1930s, it hardly explains why the devastating criticism of the early 1920s did not prevent the Macmillan Committee to call Major Douglas as a witness. Even if the general public was no longer aware of the earlier criticism, why did the experts – some of whom contributed to the earlier criticism – not simply refer to the(ir) writings of the 1920s?

To explain this remarkable resistance to criticism, contemporaries used to point at the disturbingly complex and shifting nature of Douglas's statements. After analysing in detail the many possible interpretations of Douglas's

most famous contraption, the A+B Theorem, Hugh Gaitskell formulated it as follows:

For each supporter there is an interpretation which suits his intelligence and his knowledge. For the critics there is not one but a collection of heads to cut off. An opponent may destroy to his own satisfaction one of the interpretations, but another will appear in its place. Unless he be gifted with exceptional patience and enthusiasm he will turn away in helpless irritation long before the complete repertoire is exhausted. (Gaitskell 1933: 369)

Other reformers appeal to similar sentiments, Gaitskell went on, “but none have that defensive weapon against rational criticism – the ambiguous statement – so perfectly at hand, so efficiently controlled as the followers of Major Douglas”.

What prevents the fundamental flaw from being clear to everyone, Bid-dulph wrote in *The Economic Journal*, is that “Major Douglas has a genius for complicating the obvious which is only equalled by his faculty for simplifying what is complex” (1932: 269). Thus, any attempt “to explain to a believer what was wrong with [the A+B theorem] required an elaborate and tedious preliminary clarification which the believer was apt (not without justification from his experience) to dismiss as an attempt to involve and mislead him” (MacPherson 1953: 109).

The weak spot of this line of argument is that in order to be persuasive it needs to claim that the attractiveness of Major Douglas’s theories, but also the reasoned belief in them, rested to a very large extent on the A+B Theorem. Yet it has been claimed that the technicalities of the A+B Theorem – or even the theorem itself – are immaterial to the real meaning of Douglas’s theory. Only recently, Pullen and Smith (1997: 220) claimed that the A+B Theorem was one of the “idiosyncratic ideas responsible for Douglas’s reputation as a monetary crank”, preventing the durable themes in his writings (effective demand, technology-induced long-term unemployment, or socialisation of credit) from being considered seriously.

A case in point for this alternative view is the development, in the 1920s and early 1930s, of the *Social Credit Movement*, a conglomerate of different groupings having in common their reference to Major Douglas’s writings. The list of artists, writers and clergymen, linked in one way or another to it is as impressive as the list of economists criticizing Douglas. It includes, amongst others, Ezra Pound, T. S. Eliott, Augustus John, Eric Gill, Wyndham Lewis, Edwin Muir, Storm Jameson, Herbert Read, Hewlett Johnson, Maurice Reckitt and William Temple. In fact, it was pressure from specific factions of this

movement that convinced the Macmillan Committee to call Major Douglas as a witness.

According to C. B. MacPherson, this movement got its persistent strength, even after repeated demonstrations of the complete fallacy of social credit monetary theory, from its cutting denunciation of existing society and its epochal vision of a new one.

In a decade in which orthodox economists continued to believe, in the face of mass unemployment, that the economic system could not suffer from a general shortage of purchasing power, in which politicians and the press made a fetish of work and urged more production as a remedy for economic problems, it was the merit of Major Douglas to see through such claims and such policies and to proclaim that the end of man is not labour but self-development and enjoyment, that the end of production is not employment but consumption, and that the unfettered application of modern technology and modern sources of energy is capable of producing the material basis of a better life for the mass of the people while leaving them much more leisure for enjoyment and self-development. (MacPherson 1953:96)

Both views undoubtedly contain elements relevant to explain why the early Douglas criticism was ineffective. Nevertheless, I would hold that neither of them does justice to the specificity of Douglas's discourse. Of course, history proves that laying bare the fatal flaw in the A+B Theorem did not give a devastating blow to Douglas's social theory – which still attracts followers to this very day. Yet, the great number of followers referring to the A+B Theorem suggests that omitting it from Douglas's discourse would certainly have affected negatively its seductive power. In fact, Douglas's discourse only became an effective base for the *Social Credit Movement* to grow on because it resulted from an intimate merger of the (economic) A+B Theorem with a romantic (largely Ruskinian) view of the world – the former element distinguishing it from the specific discourses of other social and monetary critics; the latter allowing it to resonate with the minds of those who were critical of modern industrial society.

The following sections present the evidence for the claim that without the active involvement of Alfred Richard Orage, the editor of *The New Age*, this merger would (most probably) never have been realised.

2. *The New Age* as the cradle of Douglas's discourse

Amazingly little is known about Major Clifford Hugh Douglas's personal life or professional career. Even the entry in the *National Dictionary of Biography*, written by no less than C. B. MacPherson, does not withstand close scrutiny (Finlay 1972). However, there is hardly any doubt about why and how, in 1918, he started his career as a writer on social and economic matters.

Major Douglas started to write in order to let the world know about the discovery he made while working near the end of the First World War at the Royal Aircraft Establishment at Farnborough. According to his own testimony, a study of the accounts led him to conclude that the purchasing power this factory distributed did not suffice to buy all the goods it produced. What is true for one must be true for all factories, Douglas concluded. Consequently, the economy as a whole must be exposed to an inherent lack of purchasing power – and, hence, the A+B Theorem.

The canonized version of this Theorem, as formulated by Major Douglas in his evidence submitted to the Macmillan Committee,¹ reads as follows:

[For any industrial undertaking] payments may be divided into two groups. Group A. – All payments made to individuals (wages, salaries, and dividends). Group B. – All payments made to other organisations (raw materials, bank charges, and other external costs.) Now the rate of flow of purchasing power to individuals is represented by A, but since all payments go into prices, the rate of flow of prices cannot be less than A plus B, a proportion of the product at least equivalent to B must be distributed by a form of purchasing power which is not comprised in the description grouped under A.

(Douglas 1937: 142–143).

Put in its most concise format – 'A cannot buy A+B' – this formula gives us the constitutive metaphor² of Douglas message.

Also, there is no doubt that in the early stage of Major Douglas's career as a writer a pivotal role was played by Holbrook Jackson, the editor of *The Organiser* – a monthly journal, carrying mostly articles on modern business practices, cost accounting, efficient management, newly developed tools and machinery. Holbrook Jackson published a few of Douglas's articles in his own monthly³ but he also directed Douglas to Austin Harrison, the editor of the *English Review* – a 'modernist' monthly on cultural affairs that had started its career under the editorship of Ford Madox Ford – and to Alfred Richard Orage, the editor of *The New Age*. Although both *The Organiser* and the *English Review* published several of Douglas's articles, the main medium spreading Douglas's

message was undoubtedly *The New Age*. After referring on 12 December 1918 to “an interesting article” by Major Douglas in the most recent issue of the *English Review* and publishing for the first time a Douglas article on 2 January 1919, *The New Age* would carry most of his subsequent writings.

2.1 *The New Age*

In 1907, Alfred Richard Orage and Holbrook Jackson – both founding members of the *Leeds Arts Club* – had moved to London and had bought there the existing weekly, *The New Age*, borrowing money from G. B. Shaw, amongst others. Helped by the sculptor and letter maker Eric Gill, who provided the frontispiece block, and the architect and craftsman Arthur Penty, they managed to resuscitate the moribund weekly.⁴ One year later, Holbrook Jackson left for other business.

Under the sole editorship of Orage *The New Age* became one of the most influential voices on artistic and cultural matters in Edwardian England. Examples of its importance as a centre of cultural and social innovation reach from battling on the forefront against literary censorship via printing the first cubist drawing published in England to introducing psychoanalysis in British cultural life. It published many well-known names of the literary world – Katherine Mansfield, Storm Jameson, Edwin Muir, T. S. Eliot, Herbert Read, and Middleton Murray – and did so in many cases before any other journal.

Innovative in cultural matters, *The New Age's* approach to social and economic matters was strongly independent. Amongst its highlights were its impact on the debate on the National Insurance Act of 1911, the publication of Hilaire Belloc's famous article on the Servile State and the debates between the Fabians, G. B. Shaw and H. G. Wells, and the Distributists, H. Belloc and G. K. Chesterton – two giants wrestling with a two-headed monster, the Chester-Belloc, as the editor himself phrased it.

In sum, *The New Age* was a well-respected weekly with an established audience and an editor highly esteemed in the literary, social and political world. “*The New Age* particularly just before and in the early part of the first world war”, Margaret Cole (1959:912) wrote years later in a letter to the editor of *The New Statesman*, “was the left-wing paper, which everybody who was anybody read.” Considering the period just before the First World War, Margaret Storm Jameson wrote: “Orage's *New Age* was the Bible of my generation. We would far sooner go hungry than miss buying it. We quoted it, argued with it, formed ourselves on it. I suppose [Orage] had a sharper influence on intelligent young Englishmen of that time (...) than anyone else.” (1969:329–330).

Being broadcast on a weekly basis in *The New Age* explains to a large extent both the visibility of Douglas's message and its link to a particular audience. Yet, with respect to its success in occupying the minds of so many well-respected people it is even more important to note that, for reasons explored later, Orage's involvement went much further than merely publishing Douglas's articles. He allowed the Major, occasionally, to replace him as editor – or, at least, the weekly's editorial, 'Notes of the Week', was signed 'C.H.D.'. And he also engaged in extensive networking on Douglas's behalf.

'Private and Confidential', an article published in *The New Age* on 12 August 1920, provides a good illustration. Making public that such networking had taken place, it supplied a list of persons contacted. This list revealed that one of the meetings Orage arranged in October 1919, involved Beatrice and Sidney Webb. The fact is corroborated by a letter to Bertrand Russell, in which Beatrice Webb summarised Douglas's philosophical position as "a strange jumble of separate propositions", declared herself incapable to visualise his scheme and described his use of economic and commercial terms as bewildering. "However", she added, "if such an able man as Orage has been enthused by it, there must be something in it, and it is exactly this something that I want to get at. But at the present time I have not the remotest idea what it is" (MacKenzie 1978: 127).

Three points make this little story particularly interesting. First, it sustains the claim that to secure Douglas a hearing Orage went to great length, even approaching people *The New Age* opposed bitterly, like the Webbs. Second, it suggests that those who agreed to meet Douglas may well have done so only because of the respect Orage commanded. Third, it illustrates that understanding Douglas's message proved extremely difficult, despite the presence of an able man as Orage to assist the Major.

2.2 Douglas as saviour?

Why was Orage eagerly willing to act as a zealous advocate for Douglas's theory?

Reflecting on his career as editor of *The New Age*, in a series of articles written in 1926 for *The Commonwealth*, Orage pictured the Douglas episode as coinciding with a specifically troublesome phase in his life. It marked a period of increasing disillusionment with politics and growing need for mysticism. But it also coincided with a dramatic phase in the development of *The New Age*.

A major achievement in Orage's editorial career had been his success in creating a specific audience for *The New Age*. Shortly before Orage and Holbrook

Jackson bought it, the weekly had serialised Arthur Penty's *The Restoration of the Guild System*. Under Orage the Guild idea got a more and more prominent place. From 1912 onwards, the weekly effectively became the main source and (unofficial) organ of the Guild National Movement, causing a definite break with the Fabians who promptly started *The New Statesman*.

However, *The New Age* never succeeded in securing support for its policies amongst the trade-unions or its leaders. "We could only speak for ourselves", Orage wrote in 1926, "and ourselves, in point of power, were negligible. Thus we more or less wearily dragged along until the war." (1926: 401) This failure of the Guild Movement had serious consequences.

(...) it was difficult to carry on a journal that lived by ideas in the absence of any living idea; and between two worlds, one dead and the other powerless to be born, the editorship of the political section of *The New Age* became extremely irksome. My mind functioned on events with the monotony of a recurring decimal; and my only relief from the situation was interest in the literary style of my political notes. (1926: 402)

In this context, Orage welcomed Major C.H. Douglas as a man "destined to affect a beneficent revolution in my state of mind", a bearer of new ideas "for which national guilds and all the rest had been preparatory" (1926: 402).

(...) I quickly gathered that [his ideas on finance] were difficult to understand and had been 'turned down' or refused a patient hearing wherever Major Douglas had ventured them. This was nothing to me, who had often boasted that *The New Age* owed its 'brilliance' to the rejected stones of the ordinary builders; and everything about Major Douglas made him personally and intellectually attractive. (...) His knowledge of economics was extraordinary; and from our very first conversation, everything he said concerning finance in its relation to industry – and, indeed, to industrial civilisation as a whole – gave me the impression of a master-mind perfectly informed upon its special subject. After years of closest association with him, my first impression has only been intensified. In the scores of interviews we had together with bankers, professors of economics, politicians and business men, I never saw him so much as at a moment's loss of complete mastery of his subject. Among no matter what experts, he made them look and talk like children. (Orage 1926: 420)⁵

Orage's welcoming of Major C.H. Douglas as a saviour, beneficial for the future of the weekly as well as for the mental well-being of its editor, can be read in two ways.

A vicious, but not impossible reading⁶ would stress that Orage was badly in need of a controversial idea to stir the general readership. Banking on his skills as an editor and the Guild Movement experience, he may have sensed in

Douglas's unorthodox views the potential to recreate a market for his weekly and turn it into a profitable venture again. In other words, Orage may have applauded the arrival of Major Douglas mainly out of self-interest. If this was, indeed, his main motive, the attempt proved unsuccessful. For Wallace Martin (1967:275) there can be no doubt that Social Credit alienated many readers, making it doubtful that the weekly's circulation would thereby have been increased.

However, a more generous interpretation is possible. Discussing with Major Douglas, Orage may have glimpsed a solution to questions bothering him for years. Consider Orage's confession, that when working with S. G. Hobson on *National Guilds* in 1914, he experienced a certain reluctance towards the National Guild idea.

The doubts that haunted me regarding the practicability of National Guilds (...) [were] always of the same nature – the relation of the whole scheme to the existing, or any prospective system of money. (...) I read all my economic literature again with special attention to the problems of money. Every 'crank' on the subject was eagerly welcome to my time and consideration. Still the solution eluded me; and in the end I decided to remain neutral as regards both the textbook itself and the National Guilds league that was founded on it. (1926:402)

Given the intimate relation between *The New Age* and the Guild Movement, this confession is surprising.⁷ Yet, it may explain why Orage did not become a member of the National Guild League until after the First World War, coming (belatedly) to the rescue of the Douglasist tendency of the movement when it badly needed support.

This statement also gives a specific meaning to Orage's meeting with Major Douglas and explains why the former considered the latter so markedly different from the usual money-crank.

Heavens, after thirty years of public life I think I recognise a crank at sight! He had no such absurd notion as demonetising gold or denouncing the financiers, or nationalizing banks. (...) beyond a change in our present price-fixing system, there is in his proposals nothing remotely revolutionary. (1926:435)

Douglas's basic principle was perfectly simple, Orage explained – "prices ought to fall as our communal powers of production increase". (1926:435) All that would happen to anybody, is that the purchasing power of whatever money they have, will one time be doubled and thereafter continuously increased. Nobody need suffer. All would profit.

Even after Orage recognized that the idea failed to capture the imagination of the general public, he never doubted the truth or the relevance of Douglas's theory. The problem was neither the theory nor the reform proposals, Orage claimed. Both were impeccable: "(...) only they could not be carried into effect owing to the stupidity of the community that needed them" and the lack of "free brain enough to comprehend the simple cure for all (...) economic ills". (1926:435) The main reason why the Douglas reform proposals were not taken seriously was, in his view, that nobody believed it was that simple. Paradoxically, this prevented everybody from making the necessary effort to understand.

Thus, after three years of hard work Orage found himself, at the end of 1921, in a position that hardly could have been worse.

What was I to do? I was again at an impasse. (...) There was nothing to be done but to die with *The New Age* or to hand it over to a fresher soul.

(1926:435)

2.3 The Aftermath

In 1922, after fifteen years of editorship, A. R. Orage decided to sell *The New Age* and went to France, where he lived for one year in the Gurdieff-Ouspensky settlement at Fontainebleau. When this community planned a tour to the United States in 1923, Orage went ahead to make the practical arrangements. In 1931 he came back to England on a permanent basis, editing from 1932 onwards a new journal, *The New English Weekly*. Whether his return was prompted by Douglas's testimony before the Macmillan Committee, signalling a chance to get a better hearing for Major Douglas's theories in the aftermath of the 1929 crash, one can only guess. But that Orage engaged in a second round of intense Social Credit advocacy is beyond doubt.

On 5 November 1934, the BBC invited Orage to take part in a broadcast series on 'Poverty in Plenty'. Amongst the other speakers were John Maynard Keynes, Lionel Robbins, and Hubert Henderson. Contrasting the potential plenty of productive organisation with the poverty of would-be shoppers, Orage went on explaining something like the A+B Theorem. His speech, which his friends and followers seem to have looked at as a new departure in the public debate on Social Credit, ended with the gloomy warning that "in the gap disclosed between Price-values and Income is enough gun-powder to blow up every democratic parliament" (Orage 1935:12).

The following night Orage died in his sleep.

3. Douglas edited and explained!

Why the editor of *The New Age* adopted the Douglas message so eagerly is in a sense of minor importance. The crucial point is that Major Douglas secured access to a powerful medium for spreading his message. Yet, there are good reasons to suggest that Orage's impact went beyond simply broadcasting or networking; one such reason being his own description of *Economic Democracy* as resulting from his collaboration with Douglas.

To get a better view of how this more 'constructive' or 'constitutive' role may have influenced Douglas's discourse, let us start with the frequently made remark that Major Douglas's writing skills were notoriously bad. Finlay doubted whether Douglas ever managed to get on paper exactly what he wanted to say. "For all his scientific attitudes", he noted (1972:96), "his was essentially an intuitive mind, which sensed but could never quite capture the truth. The result at times was writing which appears at the best bizarre and at the worst absurd." According to Wallace Martin (1967:271), under Orage's tutelage "[Douglas's] prose and style became more readable and his ideas more comprehensible". In their book on Social Credit, Hutchinson and Burkitt (1997) suggested that stylistically both parts of Douglas's pamphlet, *The Labour Party and Its Present Discontents*, differ markedly because one was written by Orage, clearly and intelligibly, and the other by Douglas, sounding awkward and confused.

In order to assess how the process of editing Douglas's text worked in practice and whether it affected its (original) message, one would need access to a copy of, for example, a *The New Age* article as submitted by Douglas – preferably with the editing notes on it. Unfortunately, such material is, as far as I know, not available. Yet, even if not a perfect substitute, it may be possible using existing sources to illustrate in an acceptable manner the extent of Orage's impact.

For this purpose, I will use a set of three Douglas articles: 'The Delusion of Super-Production' (*The English Review*, December 1918), 'A Mechanical View of Economics' (*The New Age*, 2 January 1919), and 'The Fallacy of Super-Production' (*The Organiser*, February 1919). Given that they appeared in a limited period of time and addressed the same claim, i.e. that existing economic problems could (not) be solved by more and more production, it seems reasonable to assume that each of them resulted from the same underlying Douglas text.

3.1 Douglas edited

The following fragments reproduce the opening paragraphs of these early Douglas's articles.

The English Review

It is hardly necessary to draw attention to the insistence with which we are told that in order to pay for the war we must produce more manufactured goods than ever before – a powerful section of the Press would have the whole military, political, social, and industrial policy of the Allied Governments directed to the purpose, that, when by a complete victory we have acquired control of raw material and disposed of our most dangerous competitor, we may adjust our internal differences and settle down to an unfettered era of commercial activity, from which all other desirable things will, it is suggested, proceed naturally. There are an almost infinite number of aspects to this proposition, which is not dissimilar, so far as it goes, from that with which Germany went to war: It is possible to attack it from the point of view of the historian, the psychologist, or even the physiologist. It is even possible that certain quite indispensable suffrages have still to be obtained for it. But it is sufficiently interesting to take it as it stands on a frankly material, 'practical' basis, and see what its logical consequences are. (Douglas 1918c: 428)

The New Age

Elsewhere an attempt has been made to show the dangerously false premises on which the New Unionist party bases all its hopes of Reconstruction. The keynote of the symphony we are to play under the conduct of Mr Lloyd George and the industrial federations behind him is production, production, yet more production; and by this simple remedy we are to change from a nation with a C3 population and many grievances into a band of busy B's (or is it A1's?) healthy, wealthy, happy and wise. (Douglas 1919a: 136)

The Organiser

In Lord Leverhulme's excellent book, *The Six-Hour Day*, it is pointed out that in the fifteenth century the manual worker, on 6d. a day, working eight hours, was far better off in respect of purchasing power as to the necessaries of life than his twentieth-century compeer earning £5 per week; while we know that the productivity per unit of time of the latter is possibly one hundred times as great as at that period. Further, it is patent to any student of economic history that the intensity of application to labour is many times greater now than then; that is to say, industry is driving out all the other objectives; security of tenure is less, the moral incentive almost succumbed to the wild struggle for existence; and personal independence of thought and action is in real danger of extinction in the interest of an impersonal industrial system. (Douglas 1919b: 170)

The most obvious point to make about these opening clauses is, of course, their marked difference in style and focus.

In both respects the fragment from *The New Age* compares positively with the other two. Its opening clause is remarkably clear and direct. The rhetoric is seductive: the orchestra metaphor, the alliteration in the ‘band of busy B’s’, the ‘production, production, yet more production’, and the ‘healthy, wealthy, happy and wise’. Considering the long-winding prose of ‘The Delusion of Super-Production’ and the down-to-earth approach of ‘The Fallacy of Super-Production’, one wonders whether these three articles could have been written by one and the same person.

One should evidently take into account that each journal addressed a different audience.

The English Review has been described as the best of all Edwardian literary journals (Hunter 1982). It published articles of a general interest without being committed to a particular political cause or a specific social lobby. No wonder, therefore, that ‘The Delusion of Super-Production’ starts with a neutral, objective statement of the problem, appealing to many different sections of the social and political spectrum. No need for an editor going beyond his technical role, tailoring the argument to a specific discursive community, or eventually taking on the guise of an advocate.

The Organiser addressed the modernising section of business men and industrialists. In the months before publishing Douglas’s ‘The Fallacy of Super-Production’, it contained a series of articles discussing critically Lord Leverhulme’s proposal to implement a six-hour workday. An extensive reply by Lord Leverhulme followed in April and May 1918. Since the content of Douglas’s article in no way relates to this debate, the reference to Lord Leverhulme in the opening line is most probably due to an editor trying to capture his readers’ attention for an article, that focussed on “the variation in the value of the unit of currency” resulting from productivity changes and presented a version of the ‘inherent lack of purchasing power thesis’. (Douglas 1919b: 170)

‘A Mechanical View of Economics’ – the article in *The New Age* – does not stay neutral, but neither does it focus on an industrial problem. It hits directly at a political theme – ‘Reconstruction’ being a key word for the Lloyd George government. The use of the labels C3 and A1 may refer to Booth and Rowntree (or H. G. Wells?), who all of them used these labels⁸ to categorise different parts of the population. But they also link the article to current political issues since Lloyd George had used a similar metaphor in a speech in Manchester a few weeks before. Such partisan reference to current events is what one would

expect from *The New Age*, a critical weekly with a self-imposed political mission catering for the remaining members of the Guild Movement.

The evidence provided does not allow a definite statement about the exact relation between the three articles referred to above. Although both *The Organiser* and *The New Age* refer in a footnote to the article in *The English Review* for further explanation of technical matters, it does not necessarily follow that the latter is (or stays closest to) the alleged original version of Douglas's copy. However, the least one can say is that publishing a similar message around the same time in different journals led to markedly different versions of the argument. It seems, therefore, not farfetched to consider the difference in editors as the source of this and Orage as responsible for the rhetorical skills exhibited in 'A Mechanical View of Economics'.

Indeed, *The New Age* article spells out the basic argument against the super-production position with an impressive display of rhetorical power. Witness the fragment following immediately after the opening paragraph quoted earlier.

It is a simple little remedy – one wonders why we never thought of it before. You seize any unconsidered trifle of matter which may be lying about, preferably on your neighbour's territory, and you make it into something else quite unspecified. You assert by a process of arithmetical legerdemain known as cost accounting that the value of the original matter which we may call 'a' is now $a+(b+c)+(d+e)$, 'b' being labour, 'c' overhead charges, 'd' selling charges and 'e' profit, and that the 'wealth' of the country is increased by this operation in respect of a sum equal to $(b+c+d+e)$. With the aid of your banking system you now create credits which show that 'a' is $a+etc. - (x+y)$ (where 'x' is loss in trading, etc., and 'y' is depreciation) and there you are – A1.

(Douglas 1919a: 136)

The idea is fascinating, the author goes on. "... a large body of most respectable and even highly paid accountants and bankers (...) will produce quantities of figures to prove that 'a' has now become $(a+b, etc.)$ and that the wealth of the country has been increased, etc., etc." Yet, since the classic view on wealth does not account for the loss of energy occurring when one product is converted in another, "the facts do not, unfortunately, confirm their statements. (...) what you actually got is 'a' minus any portion of 'a' lost in conversion; b, c, d, e, etc., are the price paid by the community for the increased adaptability of 'a' to the needs of the community, which price must in the last event be paid for in energy." (ibid.) The social consequences are serious. Since all waste is charged to the consumer, the worker "has to do many times the amount of work which should be necessary to keep him in the highest standard of living (...)" (ibid.)

Comparing these three versions of Douglas's message and, more specifically, looking a bit more in detail at how it got broadcast through *The New Age* demonstrates that editing unavoidably involved 'framing', i.e. adding examples, images, figures of speech or analogies to the abstract <A cannot buy A+B>. Yet, editing is but one channel through which Orage could have influenced the framing of Douglas's discourse. He also invested heavily in explaining Douglas's message to *The New Age* readership.

3.2 Douglas explained

Two series of articles dealt week after week with questions relating to Douglas's theory. From time to time they were used to answer letters and requests for clarification, which in many cases concerned the A+B Theorem. Whereas 'Notes of the Week' was known to be the editor's comments on recent political and social events, 'Towards National Guilds' was signed by 'National Guildsmen'. Although the latter signature suggested a collective of writers almost every single article under this heading was, in fact, written by the editor himself. Of the many interesting examples contained in this material, I will limit myself to a particularly striking one to illustrate how Orage proceeded.

On 5 May 1921, National Guildsmen commented on a suggestion – apparently made in a sermon by Canon Hewlett Johnson, then vicar of Altrincham and later (Red) Dean of Canterbury – that “the ‘switch-over’ from the present chaos to the Douglas regime could be as smooth as the change over from winter to summer time (...)” (*The New Age*, 5 May 1921:6). The analogy is a particularly happy one, National Guildsmen noted, because the example illustrates perfectly that the real proof of such a reform is in the actual working of the device. Thousands are setting their clocks back twice a year without really understanding what they are doing and why they are doing it. Suppose that the Douglas-New Age proposals were implemented overnight. What would be the effect? How would the ordinary person know this had happened?

At your grocer's or draper's or bootmaker's or furnisher's prices would be found to have fallen during the night to, perhaps, a quarter of their present level. We should all continue to work, for the time being, exactly as we are. John Smith would go to the office or factory, his wife would set about the house-keeping and the children would go to school. The buses would be running as usual, and there would be, as Matthew Arnold used to say, the same old crush in Fenchurch Street. The fact, however, that retail prices had fallen 75 per cent. would soon begin to put a different complexion on things. With a quadrupling of the present purchasing power of wages, 'demand' would be

stimulated. There would be a tremendous call for labour. Within a very few days every available hand and brain would be engaged in producing to meet the increased demand. That this state of affairs would not continue very long is certain. Demand would slacken satiated with buying and invention would come to the aid of human labour. In a month or two the nation would settle down to a life of increasing prosperity for all of which the effective measure would be the amount of leisure available for those who desired it. (ibid.:7)

This fragment is one out of many examples of how *The New Age* tried to make Douglas's writings better understood by his readers. 'Explain' is probably not the correct way to describe this process; 'illustrate' or 'exemplify' might fit better. Looking through the contributions to the 'Notes of the Week' or to 'Towards National Guilds' one is struck by the fact that none of them really provides an analysis; nearly all of them point to analogies or tell stories and many illustrate the A+B Theorem using graphical devices, even to the point of asking the readers to take pen and pencil and draw the picture themselves according to the instructions given in the article.

These examples signal a specific view on how the truth of a theory shows itself; a view that may well be held responsible, at least partly, for the difficulty the economists experienced in disproving Douglas's claims in the eyes of his followers. A further illustration is provided by the following extract:

(...) in the world of discourse opened to us by Major Douglas the final solution of the world's economic problem is to be found. Literateurs like myself will scarcely be accepted as judges of economic truth, however sure our judgments of literary values may be, and however we may protest that the sensation of truth is one and indivisible and as unmistakable in a work of economics as in a work of belles-lettres. We shall be set aside as 'mere writing fellows' whose excursions into economic criticism are open to prosecution for trespass. Nevertheless, I shall repeat that the sensation of truth in Major Douglas's analysis and synthesis of the economic problem is as clear and unmistakable to me as the sensation of truth in, let us say, the works of 'Shakespeare' or, to cite another extreme, the recent explorations of psycho-analysis. One may not be able to 'criticise' the doctrines contained in Major Douglas's work, as one may not be able to add to or subtract from doctrinal truths of the canon of Shakespeare's art or the theories of Jung and Silberer. But here, I confidently affirm, is truth about economics; and it remains for the competent to appraise it.

(*The New Age*, 30 September 1920: 319)

It appeared in the weekly's literary criticism section, 'Readers and Writers', and was signed by R. H. C. – an alias for the editor, A. R. Orage.

Let there be no misunderstanding. Orage's efforts were undoubtedly effective in convincing people to listen to Douglas or to read his books. But, as the episode involving the Webbs already indicated, this did not necessarily imply that the message became clearer. When *The Organiser* reviewed *Economic Democracy*, after having published already at least three of Douglas's articles, it noted that "the strain which Major Douglas puts upon his reader is not due to the inherent obscurity of the subject, but rather to the way in which it is presented." (*The Organiser* 1920:173) A review of Major Douglas's second book, *Credit-Power and Democracy*, in *The Sociological Review*, warned that it was not easy reading, called it an obscure and difficult text, and explicitly omitted any detailed critique of the principles and policies advocated for fear of not having "grasped fully the kernel of the author's thesis" (*The Sociological Review* 1921:116).

4. Orage's *Alphabet of Economics* or 'Ruskinian thought in the Machine Age'

When Orage reflected, in 1926, on his *The New Age* editorship, he stressed that Douglas's theory helped him dispose of three fallacies accepted by most social reformers, including himself. A first fallacy concerned "the popular ghost of a natural limitation upon production". Douglas's writings made me realise, Orage noted, that no such natural limitation existed and that, instead, the real spectre haunting industrial production was that of "a naturally unlimited production" (Orage 1926:403–404). The second fallacy regarded the assumption of a necessary link between income and employment, "doomed to disappear with Major Douglas's demonstration that individual work is not a just prior condition of individual income" and "that every member of the community, as such, is justly entitled to a social dividend, work or no work" (ibid.:404). The third fallacy was the idea that ownership of the means of production gives control, a view proved wrong by Douglas's argument that control depends in last instance on price and that, since manufacturers cannot control prices, "[real] control of the market, and hence of the means of production, lies elsewhere." (ibid.)

I do not doubt that the view Orage claimed to have arrived at after meeting Major Douglas does indeed define the core of Douglas's discourse as perceived by his followers or even by the general public. The fragment quoted from C. B MacPherson in the first section of this chapter provides sufficient confirmation that this is definitely the case.

What I do question, however, is whether the extent to which Orage's views changed after meeting Major Douglas, is really as substantial as the 1926 *Commonweal* articles suggest. If the change induced by reading Douglas's articles and discussing his theories were indeed substantial, it would be difficult to sustain my claim that Orage provided essential – and not only ornamental – ingredients to Douglas's discourse.

To substantiate the claim that one should definitely not take the 1926 account at face-value, I will consider in some detail *The Alphabet of Economics*, a book Orage published in October 1917 after it had been serialised (anonymously) in *The New Age* from 26 July 1916 onwards under the title 'Notes on Economic Terms'. Being written before he ever met Major Douglas, this book provides us with a unique guide to Orage's pre-Douglas conceptual framework.

4.1 *The Alphabet of Economics*

Proceeding in a manner reminiscent of John Ruskin, *The Alphabet of Economics* defines and elaborates on economic terms starting from the difference between their (commercial) use by professionals and their (proper) use by lay-people. The entry on 'economics' aptly illustrates the procedure.

Properly speaking (speaking, that is, as sensible people like Ruskin and Carlyle, and you and I speak), economics is the science of the employment of human abilities in the production of human utilities, and its object as an applied science is to produce the maximum real utilities with the expenditure of the minimum of human abilities. But economics in the hands of commercial men is not the same. Its object is to produce the maximum number of marketable utilities at the minimum cost to the persons who bring them to market. It is, in short, the science of production for profit, not the science of production for use. (Orage 1917: 107–108)

This approach might suggest that not only the method but also the content is best described as Ruskinian. For instance, the emphasis on the contrast between 'for use' and 'for profit' in the treatment of 'economics' could be read as an application of Ruskin's famous dictum that "capital which produces nothing but capital is only root producing root; bulb issuing in bulb, never in tulip; seed issuing in seed, never in bread." (Ruskin 1985: 218)

But things are not that simple. For in many respects *The Alphabet of Economics* does not really accord with key elements of Ruskin's view. On his own admission Orage's views fed on many sources: John Ruskin, Karl Marx, Edward Carpenter, William Morris, Keir Hardie, G. B. Shaw ... It was "a blend or, let

us say, an anthology of all these”, he wrote. (Orage 1926:376) Moreover, in the first decade of the twentieth century it must have become difficult to square the evident advantages of machine production with a vision based on an idealised view of mediaeval society and artisan craftsmanship.

Yet, what matters is not so much that *The Alphabet of Economics* shows us Orage breaking out of the Ruskinian framework. Really important is that when this occurs Orage’s argument connects to one of the three fallacies mentioned earlier and leads to conclusions surprisingly similar, if not identical, to the position that resulted according to the 1926 articles from meeting Major Douglas. Let us consider this issue in more detail.

4.2 Production as energy conversion

Each of the three Douglas articles discussed in Section 3 describes the productive process as a conversion of energy. Being an engineer, one might expect Major Douglas to be the source of this metaphor. This may indeed be the case, but it is worth noting that ‘energy’ plays also a central role in *The Alphabet of Economics*.

Remember that Orage defined the objective of economics as “the production of the maximum real utilities with the expenditure of the minimum of human abilities”. Likewise he defined “economic efficiency” as “the extraction from a tool of production of the maximum utility by the minimum of exertion” (Orage 1917: 41). At first sight rather straightforward and unproblematic, these definitions get a specific meaning because in Orage’s view ‘the minimum of exertion’ or ‘the expenditure of the minimum of human abilities’ translates into ‘the problem of saving energy’. In particular of human energy, Orage added, since it is more costly than any other kind of energy. Society should, therefore, economise on human energy and substitute for it, wherever possible, animal, mechanical, or natural energy. For Orage, “[labour] must be only employed when a cheaper substitute cannot be found for it. (...) the employer must always be on the look-out to increase [labour’s] efficiency without adding to his own costs, or, on the other hand, for cheaper substitutes for it” (ibid.:45).

In fact, for Orage the perfect means of production are natural forces, neither requiring human labour nor exhausting nature. It follows that in Orage’s view, ‘progress’ stands for the advance towards the ideal of production without labour. “To satisfy all our needs and desires without work is really the aim of economic man” (ibid.:37).

The quote from National Guildsmen, referred to earlier, proposing as the effective measure of prosperity the amount of leisure available, indicates that

this feature of Orage's pre-1918 discourse is in full accord with the views exposed in explaining Douglas. Yet, this view would have upset Ruskin a great deal. Extending the notion of efficiency to the domain of labour, it gives way to the implementation of a labour saving policy, allows thinking about labour as potentially superfluous and, consequently, does not permit to consider work in terms of a service or a duty befalling everybody.⁹

4.3 Machines as metallic competitors for labour

A further illustration of Orage's pre-1918 views containing elements reappearing later in Douglas's writings is provided by the entry on 'machines'. Since they tend to displace the artisan and to produce goods lacking aesthetic quality, Ruskin looked at machines with suspicion, if not disgust. In contrast, but in line with later Douglas's writings, Orage deplored their unrealised productive potential and focused on the obstacles preventing progress in efficiency.

According to Orage, the key feature of the problem was that striving for greater efficiency unavoidably turns machines into "metallic competitor[s]" for labour.

(...) as a class representing an *out-moded machine*, the workers who saw themselves superseded by machinery, and had no alternative work, naturally felt thrown upon the scrap-heap; as, indeed, many of them were – upon the scrap-heap known as charity, the workhouse, etc. The rest, by increased exertion and the acquirement of new skill, entered occupations as yet uninvaded by machinery, there to wait, however, until machinery caught them up again. Every development of machinery has this double effect upon the proletariat: one section it leaves killed and wounded behind it as it marches along, and the other section it drives into more intense or skilled industry. (ibid.:79–80)

The distributive effects of this race with machinery are perverse. Since less demand for labour will influence wages negatively, every advance in efficiency is effectively charged on the labourer. Discussing the obstacles preventing to right this situation and to reap the enormous potential benefits of machine production, Orage first disposed of the claim that natural scarcity lay at the root of all this misery. Any civilised community, he argued, had sufficiently advanced to provide all members with most of the desired commodities and with a fair amount of leisure – an argument signalling that his belief in the "popular ghost of a natural limitation upon production" was fading already in 1917.

In fact, in Orage's view the real obstacle was political – both, so to speak, in a shallow and in a deep sense. In a shallow sense, if we understand

thereby the (negative) role politics played in the distribution of the fruits of industrial progress.

Instead of requiring the improvements in economics to be shared equitably, politics insists upon dividing them inequitably, so that one small class is enabled practically to lift from itself the curse of Adam (that is, it can live without working), while the large class of labourers are permitted to incur a double curse – they work, that is, without living. (1917:35–38)

In one sense, this sounds very much like one of the Douglas mantras, i.e. that the main economic problem is not production, but distribution. Yet, the formula as used by Orage in 1917 requires an important qualification, marking why the obstacle is political in a deeper sense.

4.4 Right to Work versus Right to Live

Re-iterating the main claim of the Guild Movement, Orage argued that nothing short of an abolition of the wage-system was needed. For instance, implementing a ‘Right to Work’ would not suffice, since it is only a screen for a modestly affirmed Right to Live.

The labour party, that created the phrase, asserted the right of a workman to live, but conceded at the same time his duty to work. The wage-system, in short, is assumed in it. (ibid.: 134–135)

The key to the solution consisted in giving everyone real equality of economic status. This could be realised by making it illegal to hire labour for a wage or a salary and by raising the status of the proletariat from “commodity” to “partner in industry”. (ibid.: 145–146) This proposal was not a loose thought. When he discussed in *The Alphabet of Economics* why Trade-Unionism acted as an obstacle to efficiency, Orage made a similar suggestion. The war between labour and efficiency will last as long as one opposes Humanity and Efficiency, he noted. But why should they be opposed when “by lifting Labourers out of the category of the tools of industry into the category of the industrialists, the two interests might be reconciled”? (ibid.: 45)

These statements point at another link between Orage’s pre-1918 view and Douglas’s discourse. Indeed, the proposal to liberate the labourers from wage-slavery by making them (equivalent to) industrialists echoed in Orage’s 1926 account. Describing how meeting Major Douglas had allowed him to break the spell of the idea that income was necessarily coupled to employment, he exclaimed:

What! Is industry to be compelled by society to employ men who are unfit, only because society refuses an income to its members unless they are employed? Not to exaggerate, it is probable that a greater output – that is, more for everybody – could be obtained today by restricting the right to ‘work’ to the fit half of those who are employed, retiring the rest on a liberal annual dividend to join the army of the so-called privileged classes. (Orage 1926: 404)

Thus, despite the 1926 account giving full credit to Major Douglas, *The Alphabet of Economics* shows clearly that in searching how best to remove the obstacles to greater efficiency, Orage had come to consider already in 1917 a device very similar to what would become some years later the hallmark of Douglasism and the Social Credit Movement, i.e. ‘national dividends’ or ‘dividends for all’.

Let us pause for a moment and take stock. In this section I presented some detailed examples demonstrating that Orage's *The Alphabet of Economics* and Douglas's writings were in many important respects congruent. The energy metaphor, the promise of abundance, the amount of leisure as an indicator for prosperity, the notion of dividends, not mentioning items that could still be added like the likelihood of over-production or the definition of credit in terms of productive potential – all of them featured prominently in both. As a result, determining to what extent Douglas's discourse is framed by Orage becomes extremely difficult. Nevertheless, it makes abundantly clear that the alleged shift in Orage's view of the world is much less drastic and, most probably, owes much less to Major Douglas than suggested by the 1926 *Commonweal* articles.

However, one additional question should be raised before ending this section. Why, then, did Orage claim that discussing with Douglas made him find the solution to a problem he struggled with for many years? To answer these questions it is important to consider what exactly made Major Douglas's theories different from those of other monetary reformers like, for instance, Arthur Kitson, Frederick Soddy, or Oswald Stoll.

4.5 From an accounting deficiency to <money as tickets>

When *The Organiser* reviewed in 1920 Major Douglas's first book, *Economic Democracy*, it noted that “despite a new and rather puzzling way of things” there is “nothing very original in Major Douglas's analysis”. “He breaks new ground, however, in an attack upon the costing system upon which our factory runs.” (*The Organiser*, 1920: 173).

This reading of Douglas's theories confirms, as it were, Douglas's own contention that he discovered the A+B Theorem while studying factory accounts,

but it also clarifies why Major Douglas should not be typified primarily as another monetary reformer. Indeed, neither his diagnosis of the inherent lack of purchasing power nor the suggested cure have anything to do with monetary matters, strictly speaking, like reform of the gold standard (Kitson) or introducing melting money (Gesell). Even if his proposals involved (a reform of) the banking sector, the main problem as well as the proposed reform scheme related to how prices were fixed.

Apparently, Douglas looked at a factory as an organisation that, apart from producing goods, performs two vital economic functions: “it may be regarded on the one hand as a device for the distribution of purchasing power to individuals through the media of wages, salaries and dividends; and on the other hand as a manufactory of prices – financial values” (Douglas 1920b:21). To put it in ordinary language, in Major Douglas’s conception factories produce goods, put price tags on them and hand out tickets to buy the goods. But because of some failure in the system of cost accounting the number of tickets distributed does not match the sum of the prices put on the tags. Hence, for all goods to be sold prices needed to be reduced (and producers compensated for) or more purchasing power needed to be made available by printing additional money and distributing it as national dividends.

This view of money as tickets, differing from ordinary tickets only in that money-tickets do not restrict the costumer to buy a particular kind of good or service, is present in many other Douglas’s writings. For example, when Major Douglas addressed on 15 February 1935 an audience of Norwegian business men, explaining his inherent lack of purchasing power theory, he told them not to accept that in a time when nearly anything could be done “with machines, electricity and all the marvellous inventions of the modern world (...) a ticket system defeats you (...)” (Douglas s.d.: 18)

However, the same metaphor is also pervasively present in the writings of A. R. Orage. In the 1926 *Commonweal* articles, for instance, he used the pricing of theatre seats to explain why prices ought to fall as communal powers of production increased – a claim he considered, as we know, the central message of Major Douglas (Orage 1926:435). And in the *New English Weekly* of 17 June 1932, he countered the critique that a policy based on Douglas’s theories unavoidably led to inflation with the remark: “Would you call it inflation to print tickets for every seat in a theatre, regardless of the fact that the house had hitherto been always two-thirds empty simply because no tickets had been printed for the greater number of seats?” (quoted in Stock 1970:384)

Another extraordinary example is contained in Orage's speech, broadcast by the BBC on 5 November 1934, where it is used to characterise both the central claim of Douglas's theory and its difference from other reform proposals.

On the two provable assumptions: (a) that the Money-tickets distributed as Income to shoppers are our only title to go shopping – that is, to live; and (b) that the total number of tickets distributed among us is only enough to meet a quarter of the Price-values of the Goods in our shops – we can easily understand why we have to fight each other for tickets; why everybody looks for employment in the factory or, alternatively, for somebody to give tickets to him; why there are always more Goods than Buyers; and finally, why no Socialist scheme for taxing the rich, no 'communist' or Fascist scheme for administering the workshop, and no amount of Planning of Production can be of the least use so long as this Gap between Prices and Incomes remains.

(Orage 1934: 8–9)

Orage's use of this metaphor is so pervasive that one must conclude that <money = tickets> is not a mere pedagogical device as could be concluded from its abundant presence in 'Notes of the Week' or 'Towards National Guilds'. In fact, it is not farfetched to suggest that it constituted the heuristic framework on which Orage's understanding of monetary matters rested and provided the conceptual framework with which he read, understood and edited Major Douglas's writings.

For, indeed, Orage's habit to use theatre tickets as a means to understand and explain economic matters dates back at least to the time of writing *The Alphabet of Economics*, when he used it to define 'rent'.

In a theatre, for instance, the operation of the so-called law of rent can be seen quite as plainly as economists profess to see it in the case of land. The nearer to the stage and the more luxuriously upholstered the seats the higher is the price charged for them. We can diagrammatise the theatre, in fact, in the same way in which the Fabians have diagrammatised Ricardo. Extending outward from the stage are concentric zones of relatively diminishing productivity (pleasure being the product sought in this instance), ending finally in standing-room only; and the rent of the seats diminishes directly with the distance from the maximum of advantage.

(Orage 1917: 130–131)

As demonstrated earlier, Orage had concluded that the distributive system needed a drastic change even before meeting Douglas. In *The Alphabet of Economics* he suggested some form of price-fixing or suspension of competition as a potential solution.

For instance, a theatre proprietor may, if he chooses, charge a uniform price for every seat in his house. (...) In fact, within the limits of the actual demand for his accommodation, he can fix the prices as he pleases. It is only when he chooses to put up the seats to auction and to sell them at what people are willing to pay for them that the so-called law of Rent comes into existence. (...)

(ibid.: 131)

<Money = tickets> can easily be mapped onto <A cannot buy A+B>. If the number of tickets (or the amount of purchasing power) equals the number of seats (the value – or sum of prices – of goods) no problems can arise. But if A (or the number of tickets distributed) cannot buy A+B (or the number of seats available) then a problem arises which no policy of super-production, i.e. producing more and more goods (or seats), will ever help to solve. Only a change of the system distributing purchasing power allowing all goods to be sold would provide a way out. It is, therefore, not difficult to understand why Orage's pre-1918 view of the world could easily merge with Douglas's A+B Theorem. But, at the same time, it is also easy to understand why Douglas provided Orage with something the other monetary reformers lacked – namely, a holistic theory, allegedly based on empirical information, explaining many features of the modern economic world.

5. Conclusion

The preceding sections provide sufficient evidence to substantiate conclusively the claim that Orage not only allowed the Douglas message to be spread through *The New Age*, but also that he contributed in a fundamental way to the construction and the reception of Douglas's discourse.

Orage edited Douglas's (first) articles, making their argument presentable and attractive. He commented extensively on Douglas's theoretical position, providing the first framework for its interpretation. And, in addition, he engaged actively in organising an audience for Douglas's message amongst different sections of the labour movement or leading members of the political classes.

Using a metaphor from the artistic sphere to sum up, one might say that Orage not only owned the theatre house where the Douglas Opera would be played, but that he also improved the lyrics, wrote the orchestration arrangement and looked personally after the fact that critics were coming to watch the performance.

As I mentioned already, that *The New Age* and its editor played an important part in the Douglas story has been noticed before. But the picture that emerges from the existing literature tends to limit this role to a merely instrumental one. Even John Finlay's (1972:62) remark, that *The New Age* environment was crucial in developing it from a monetary technique into a social doctrine, or C. B. MacPherson's (1953: 121–122) note, that Orage's critique not only anticipated Douglas's writings to a remarkable extent but was considerably more penetrating, does not convey the real extent of Orage's involvement in the construction of Douglas's discourse.

The material presented in this chapter allows us to correct this view. It substantiates convincingly the claim that Orage's role can best be described as 'constitutive' or 'formative' and, hence, that if Douglas's message succeeded in catching the imagination of many and developed into the ideological base of a world-wide movement, known as the Social Credit Movement, the credit for this – if any is due – should go in the first place to Alfred Richard Orage.

Notes

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1. For a verbatim report of the questioning of Major Douglas by the Committee, followed by an extensive critical commentary, see Hiskett (1935).
2. The use of this term is inspired by Arjo Klamer and Thomas C. Leonard: "Constitutive metaphors are those necessary conceptual schemes through which we interpret a world that is either unknowable (...) or at least unknown" (1994:39).
3. *The Organiser* published the first two known articles by C. H. Douglas – 'The Problem of National Power Supply' in April 1918 and 'Organising the Organisers' in July 1918. Nothing in these articles connects to the A+B theorem or to Douglas's later writings on social credit. Moreover, to my knowledge no reference to these articles can be found in the Douglas literature until today. On the authority of Philip Mairet (1936) but without providing any detailed references, John Finlay mentions that Douglas published his first articles in the 1917 volumes of the *Drapers' Record* and *The Organiser*. I have not been able to locate these articles.
4. For an extended review of the contribution of *The New Age* to English cultural life, see: Martin (1967) and Taylor (2000). In her history of the *Fabian Society*, Margaret Cole (1963:150) relates the early history of *The New Age* as follows: "(...) in 1907, A. R. Orage and Holbrook Jackson bought up the New Age. Orage also was a Fabian, and Fabian News

from May, announcing that it was distributing his circular to all members guaranteed that the paper would be run 'on Fabian lines' – a paragraph for which Pease must subsequently have kicked himself when Orage proceeded to turn the *New Age* into a brilliantly polemical journal of the left of all kinds, getting writers of the standing of Arnold Bennett to contribute weekly articles for nothing, and, on the economic side, violently attacking Fabian Collectivism.”

5. This description of Major Douglas contrasts sharply with the views of some of Orage's contemporaries. John Finlay (1972:98) reported “the testimony, both of his colleagues and of his own writings, that [Douglas] was quite ignorant of any theoretical economics and that his reading was extremely slight.” Paul Selver, an early contributor to *The New Age*, confessed as to his bewilderment when reading the 1926 articles, which he diagnosed as symptoms of decline “resulting from the influence of Ouspensky plus Gurdieff plus Douglas”. He described Douglas in rather strong negative language and his arrival at *The New Age* as “a critical and, in the opinion of many, disastrous turning-point in Orage's activities” (1959:24–28).

6. A bitter and spiteful account of Orage's editorship has been written by Beatrice Hastings. While having a personal relationship with Orage, Hastings acted in the early years of *The New Age* as his editorial secretary. She painted Orage as a character who would surely have taken opportunity of Douglas in any way possible. “However uncertain he was as to what to think and say until someone gave him a lead – Plato, Nietzsche, Blavatsky, Penty, Hobson, Major Douglas or another – this uncertainty never afflicted him when he had to decide where charity begins or whether your money or his were best to play with. (...) Orage (...) had no interest in anything or anyone except in so far as they served his ever-defeated, ever-gnawing craving for a seat. I warrant that Social Credit, like all else, spelled Westminster and Sir Alfred” (Hastings 1936:20–22).

7. Not to say very surprising, indeed. *National Guilds*, the textbook referred to, was first serialised in *The New Age*. When published as a book, the front page made no reference to the original author, S. G. Hobson, but mentioned only A. R. Orage as editor. Later editions carry Hobson's name as the author of the book.

8. Orage used similar terminology in 1934, when he castigated the modern world for “the steady deterioration of men side by side with the steady development of machinery” since “even on the plane of economic values (...) the multiplication of A1 machines at the cost of the multiplication of C3 men cannot be regarded as itself more than the economics of a madhouse” (Orage 1936:70–71).

9. Refusing the idea of a duty to work might put Orage squarely against the views of John Ruskin who advised, in the Preface to *Unto This Last*, a strongly disciplinary system based on the conjoint use of strong compulsion and the less eligibility principle for those unemployed “found objecting to work” (Ruskin 1985:164).

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