

DECONSTRUCTING THE POLITICS OF CULTURE JAMMING:
TRUE COST ECONOMICS

by
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ABSTRACT

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Culture Jammers, an activist guerilla-like movement, entered the global scene in the 1990s and, through public performances, attempt to draw attention to their claim that the US economic structure is facing a fundamental need to shift away from a consumer-oriented capitalist economy. As an alternative, the activists propose “True Cost” economics, a model that would include the costs of negative production and consumption externalities in the pricing of commodities. In this paper, I focus on culture jammers’ critique of neoclassical economics, more specifically, the clash of the “new paradigm” (True Cost economics) and the “old paradigm” (neoclassical economics). In evaluating whether True Cost economics is a feasible alternative, I graphically examine how the True Cost solution and the neoclassical market model correct for negative externalities to reveal similarities in the two models.

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INTRODUCTION

“Mr. Friedman, it’s a good day to pie!” (Agent Apple, 2004: 48).

With this statement, an operative of the culture jamming group the Biotic Baking Brigade (BBB) threw an organic coconut cream pie in the Nobel Laureate Milton Friedman’s face, as he greeted supporters at a 1998 San Francisco conference on the privatization of public education. The activists explained:

We hold Milton Friedman responsible for crimes against the people by organizing this appalling conference [...] Friedman serves as the world’s preeminent neoliberal economist, supporting globalization and ‘free trade’ policies that have brought the world poverty, misery, starvation, and ecological devastation (Agent Apple, 2004: 48).

Friedman is certainly not alone on the BBB’s “Tried and Pied List”. Joining him are, among others, the heads of the World Trade Organization, the International Monetary Fund, and the World Bank; the CEO’s of Monsanto, Enron, and Chevron; as well as heads of state and other political figures such as San Francisco’s mayor, Willie Brown (Agent Apple, 2004: 4). According to culture jammers, all of the BBB’s targets are individuals who are powerful, and at the same time irresponsible when it comes to making decisions that affect the social and ecological global environment.

The activists believe that the institutional structure in place in the western sphere fosters socially irresponsible actions (Lasn, 2000; Agent Apple, 2004). Activists see incentive structures as favoring individual growth over, and often at the expense of, larger social welfare. As such, culture jammers’ main fight is against neoclassical economics as it is portrayed by Milton Friedman and his legacy, the Chicago School. Culture jammers target students at colleges and universities, providing them with the tools to “jam” economics departments: *A True Cost Manifesto* and the *Campus Action*

Kit propose to redeem economics, but only through its downfall. In promoting a new economic standard, one much more “open, holistic and human scale,” culture jammers claim that only a full blown economic collapse has the power to demolish the ivory tower that neoclassical economists reportedly sit in (Adbusters, 2007d: np).

Activists accuse neoclassical economists of not accounting for structural factors and altruism in neoclassical market models; in the culture jammers’ opinion, the self-interested individual guided by perfect rationality does not exist. In order to “save our planet”, culture jammers claim that we must denounce neoclassical economics in favor of a model that more accurately deals with social and environmental costs and limits the amount of economic growth possible for a country. Furthermore, activists support new measures of economic growth; such as the Genuine Progress Indicator (GPI). The GPI was developed by the think-tank Redefining Progress and utilizes more than a country’s Gross Domestic Product. In calculating a country’s stance on the developmental ladder, researchers at Redefining Progress “[adjust] for factors such as income distribution, [add] factors such as the value of household and volunteer work, and [subtract] factors such as the costs of crime and pollution” (Redefining Progress, 2007: np).

In order to achieve their goals of environmental and social preservation, the activists aim to implement an economic structure that shifts the cost of negative production and consumption externalities onto the consumers themselves via their proposed ultimate Eco Tax. The *True Cost Manifesto* and its corresponding economic model seek to include the cost of externalities in the pricing of goods and services in order to reflect the somewhat hidden costs the production and use of goods and services directly or indirectly create. The culture jammers’ proposed economic model is not a

specific model per say. Instead, True Cost economics consists of a list of symbolically charged wishes for widespread social change regarding attitudes of environmental considerations; the term environmental here refers to both ecological and social conditions. Culture jammers argue that True Cost economics, contrary to neoclassical economics, presents an economic model that is “ethically correct”. When translated into pricing models, however, the culture jammers’ efforts correspond with drastically higher prices of commodities. According to some estimates, following True Cost economics pricing, “the external costs of driving would add \$42,363 to the sticker price of a shiny new car, based on a 12.5 year lifespan.” (Adbusters, 2007e: np).¹ These price implications present a stark contrast to the recently unveiled, cheapest car in the world, which runs \$2500 and is produced by India’s Tata Motors (Chang, 2008: 1).

Taking culture jammers' proposed and possibly drastic price increases into consideration, it is crucial to consider whether True Cost economics, a charge that culture jammers vehemently lead as is evident from their emotionally charged *True Cost Manifesto* (see Appendix 1), presents a feasible alternative to the economic structure in place today. There is no question that ethical considerations carry significant weight in decision-making when it comes to the western capitalist economy and by extension the world economy. However, in accounting for negative externalities, is it desirable, or even possible to simply shift all environmental and social costs onto the consumer? What, if any, detrimental effects would this shift have on factors within the global economy such as purchasing power, savings, investments and wage rates?

¹ The figure of a \$42,363 price increase that is presented on *Adbusters'* True Cost Economics section is attributed to Todd Littman’s calculations in “Transportation Costs & Benefits” in June of 2004. However, the link for the work points to the Victoria Transport Policy Institute’s section of Transportation Costs and Benefits, which breaks down the costs related to vehicle ownership and use but does not state the figure reported on *Adbusters* website explicitly (Victoria Transport Policy Institute, 2007).

This paper is structured in five sections. In the next section, Section Two, I first provide a general overview of culture jamming and discuss the movement's self conceptualization with regard to the status-quo, to properly place culture jamming and True Cost economics in context with their goals. In Section Three, I review the published literature addressing the movement so far, which has been focusing on themes such as political integration of the culture jamming movement, changes in activists' communications techniques (via the internet), and the potential staying power of culture jamming. In Section Four, I will define neoclassical economics and focus on culture jammers' critique of neoclassical economics. This background more specifically leads into what the activists perceive to be the clash of the "new paradigm" and the "old paradigm" in the way the two economic systems transfer their ideologies and assumptions onto pricing models. I evaluate how True Cost economics and neoclassical economics stand in relation to one another regarding their methods of correcting for negative externalities. In order to do so, I examine the status-quo and the True Cost solutions graphically, to show under what circumstances the two "paradigms" are similar. I conclude the paper in Section Five, in which I suggest that True Cost economics is an unrealistic alternative to the neoclassical method of accounting for negative externalities and allude to potential areas of future research.

BACKGROUND ON CULTURE JAMMING

2.1 TIMEFRAME AND ACTIVITIES

Culture jamming has become one of the most controversial movements of present times. The activist guerilla-like movement entered the global scene in the 1990s and has since found followers in various activist factions from Green Entrepreneurs to ecofeminists. These factions engage in behavior aimed at deconstructing consumer culture, which the activists believe to be an oxymoron. Through public performances, culture jammers attempt to draw attention to what they believe erases westerners' autonomous power to construct their own cultural identity. The activists' many culture jams are structured to highlight and criticize the way brands operate in postmodern consumer culture. Consumer goods, and by extension brands, represent important pieces to our communication; they are a medium which holds both private and public meanings (McCracken, 2005).

An individual's decision to purchase one brand over another contains information regarding social status, be it actual social status or the status level the individual wishes to present, preferences and even ideological stances that might be shared with the company that produces the certain brand purchased. As Douglas and Isherwood point out, "goods are neutral, their uses are social (which allows for goods to) be used (either) as fences or bridges" (Douglas, 1979: 12). Regardless of intention, people use goods as a means of communicating with each other. Placing the individual into realistic context that is more holistically defined (not necessarily the neoclassic rational choice theorem due to its limitations, which I will expand on later) allows the contribution of goods to meaning and as such identity.

Culture jammers wish to spread their ideologically based “political messages about widening economic disparities and the [perceived] brutalities of free-market globalization” (Klein, 2002: 445). These messages of subversive resistance are incorporated into culture jammers’ public performances which, as the following examples illustrate, range from hijacking billboards which is aimed at “subverting” corporate advertising, to more financially damaging tactics such as commerce hacking.

In 1993, in an effort to undermine prevalent gendered stereotypes, a culture jammer faction, the Barbie Liberation Organization (BLO) switched the digital voice chips in 300 *Teen Talk Barbies* and the *Talking Duke G.I. Joe* action figures (®™ARK, 2000b: np). ®™ARK (pronounced artmark), which legally functions as a limited liability brokerage with its main goal to “improve its shareholders’ culture and life (sometimes to the detriment of corporate life)” (®™ARK, 2000a: np) provided \$8000 in funding for the project. After completing the voice chip switches, the BLO placed stickers prompting parents to call the local news stations on the toys’ backs and returned the dolls to the stores where they had been purchased. Returning the dolls before the holiday season ensured that the altered Mattel Inc. Barbies and Hasbro Inc. G.I. Joes could be purchased by the public and thus be distributed as Christmas presents. When *Teen Talk Barbie* said things such as “Dead men tell no lies!” and the *Talking Duke G.I. Joe* asked “Want to go shopping?” the BLO received widespread media attention which allowed the group to spearhead a campaign that highlighted their belief that children’s toys perpetuate gendered stereotypes (Greenberg, 2008: np).

A culture jamming group named the Yes Men further engaged in commerce jamming on December 3rd, 2004. The group released a false news report stating that the

Dow Chemical Company would take responsibility for a gas leak in Bhopal, India, which killed thousands of people during the night of December 2-3, 1984. The false report, which ran on BBC and made headlines on Reuters, caused the Dow Chemical Company's stock in Frankfurt to plummet 4.24 percent in 24 minutes, resulting in a loss of \$2 billion of the company's market value. Dow Chemical recovered its losses over the next three hours after the news reports were identified as false (CNN, 2004: np; Democracy Now, 2004: np). However, the incident caused by the Yes Men group in the name of "identity correction", coupled with the BLO's efforts at promoting critical thinking pertaining to gender stereotypes, demonstrates the wide array of damage (or creative destruction) that culture jammers can cause through their efforts to call attention to issues of corporate social responsibility.²

2.2 SITUATIONISM: CULTURE JAMMERS AND CONSUMER CULTURE

The activist movement's own conceptualization in regards to the status-quo can be analyzed best in terms of Said's theories of orientalism: a group's contextual or dialectical definition is meant "to intensify its own sense of itself and dramatize the distance and difference between what is closer and what is far away" (Said, 1978: 55). This distance is dramatically represented in the culture jammers' public performances, such as the examples I have laid out above. Carrier applied Said's orientalism to the western sphere, coining the term "occidentalism" to describe "studies of the ways that people outside the West imagine themselves, for their self image often develops in contrast to their stylized image of the West" (Carrier, 1995: 6). The resulting positionality

² For more information on creative destruction, as I reference the term here, see Friedrich Nietzsche (1968) and Alois Schumpeter (1942).

of the self in terms of the other allows each to define what is notable about the other. While culture jammers are not physically removed from the West that Carrier speaks of, given the group's ideologies and belief systems about what constitutes the West and how branding has the potential to charge goods with symbolic meaning, culture jammers conceptually fit "outside the West". Just as the social, cultural, and economic status-quo defines the essence of the culture jamming movement, the culture jammers define the status-quo through opposition. However, while culture jammers are quick to point to what the status-quo's faults may be, they fail to produce an alternate possibility for the role of the corporate and institutional domain. As such, they fail to do their part in the dialectical exchange of positionality.

As one of the main instigators of the culture jamming movement, Lasn (2000) lays out the foundations that aim at not only deconstructing the status-quo of the capitalist, consumerist, and globalist mentality but along with it change the way identity and ideology are structured and formed. Culture jammers argue that consumer culture is culture fed to citizens of western countries top down and not their own creation. According to the activists, neoclassical economics and its consumer-oriented capitalist economy are to blame for the fact that identity is lost amidst the battle of brands (Klein, 2002; Lasn, 2000). Culture jamming activism which is aimed at deconstructing the social status-quo is seen "as what the Situationists called a *détournement* – a perspective-jarring turnabout in [western citizens' lives]" (Lasn, 2000: xvii). In this sense, activists see "culture jamming [as] provid[ing] a channel for sharing a feeling of sovereignty in consumer society, an environment within which knowledge of brands is a form of cultural capital and facility with them part of a habitus" (Carducci, 2006: 134).

Another proponent of the culture jamming movement is Naomi Klein. Her initial book on branding and consumer culture (Klein, 2002) was praised as one of the instrumental pieces of literature spurring on the movement against corporate culture. Klein's arguments are centered on the problem of privatization of public spheres and brand identities in U.S. society. It was hailed by a critic as an anthem for the anti-corporate globalization movement.

2.3 CULTURE JAMMERS' ECONOMIC VIEWPOINTS

To provide a more complete picture of culture jamming and the movement's ideologies pertaining to economic aspects, I provide a background based on the activists' own writings. This section serves to set up how True Cost economics stands in relation to culture jammers' goals of re-designing institutional nature in the western sphere. Culture jammers argue that the U.S. economic structure is facing a fundamental need to shift away from a consumer-oriented capitalist economy. The activists argue that markets, specifically connected to global consumerism and subsequent branding, construct symbolic frameworks for what defines identity. According to Lasn's *Culture Jam* (Lasn, 2000), culture jammers present seven major concerns with the status quo:

1. *America is no longer a country [but rather] a multitrillion dollar brand.*
2. *American culture is no longer created by the people.*
3. *A free authentic life is no longer possible in America™ today.*
4. *We ourselves have been branded as the human spirit of prideful contrariness and fierce independence has been oddly tamed.*
5. *Our mass media dispense a kind of Huxleyan "soma" [in which] the most powerful narcotic in the world is the promise of belonging.*
6. *American cool is a global pandemic.*
7. *The Earth can no longer support the lifestyle of the coolhunting American-style consumer.*³

³ All of these points are direct citations from Lasn (2000: xiii-xiv).

In short, culture jammers believe that “economic ‘progress’ is killing the planet” (Lasn, 2000: xiv). For them, neoclassical economics is to blame for exploitation, environmental destruction and the loss of identity in western society.

Kalle Lasn’s Canadian magazine *Adbusters*, the self-proclaimed culture jammers’ headquarters, is central to the ideological battle against consumerism, globalization, and capitalism. *Adbusters*’ website provides online editions of the magazine as well as a forum for discussions regarding current the institutional structure, especially the U.S. economy and its future. Culture jammers claim to have certain tools in their arsenal to subvert the system’s power and take control to save the planet through “meme wars”. These wars consist of battles between varying ideas which are reflected in memes, i.e., self-replicating mechanisms that influence human behavior.⁴ Meme, as Kalle Lasn explains the concept, is an ideal which competes with others and has the potential to inspire and instigate cultural transformation towards “desirable progress”, which includes consciousness-raising concerning environmental pollution and exploitation. Activists are gearing up for a guerilla information war to fight for a sustainable future where exploitation and environmental destruction will be eliminated. Among culture jammers’ core ideas, or “metamemes”, are:

- **True Cost:** In the global marketplace of the future, the price of every product will tell the ecological truth.
- **Demarketing:** The marketing enterprise has now come full circle. The time has come to *unsell* the product and turn the incredible power of marketing against itself.

⁴ Meme, in the culture jamming interpretation of the word, functions just as the initial term laid out by Richard Dawkins in his 1976 work *The Selfish Gene*: Here, a meme propagates itself “in the meme pool by leaping from brain to brain via a process which, in the broad sense, can be called imitation” (Dawkins, 1989:1). Citing Humphrey, Dawkins explains that, like genes, memes are replicators, a quality which turns the meme “into a vehicle for the meme’s propagation in just the way that a virus may parasitize the genetic mechanism of a host cell” (Humphrey, qtd. in Dawkins, 1989: 1).

- **The Domsday Meme:** The global economy is a doomsday machine that must be stopped and reprogrammed.
- **No Corporate “I”:** Corporations are not legal “persons” with constitutional rights and freedoms of their own, but legal fictions that we ourselves created and must therefore control.
- **Media Carta:** Every human being has the “right to communicate”—to receive and impart information through any media (Lasn, 2000: 124).

The movement’s above-mentioned seven concerns with the status quo, also reflected in their “metamemes”, can be directly linked to neoclassical economic ideas and their manifestation in the capitalist western economy.

Proponents of True Cost economics wish to adjust pricing models to include negative externalities arising from the production and consumption of goods and services. Culture jammers assert that neoclassical economics has built an incentive structure that does not take into account negative impacts on our environment. Further, activists emphasize that marketing as a technique to promote one’s own goods is a strategy necessary only due to the competitive economic structure in place today. Culture jammers contend that firms such as McDonald’s and Starbucks, and those companies’ brand identities, are representative of how the global economy promotes the interests of corporations at the expense of cultural traditions; multinational corporations and outsourcing, they argue, are a direct consequence of the expansion of the capitalist market onto the global market.

Activists also insist that corporations should not be legally considered as separate entities and should not be granted the legal rights they enjoy under the capitalist system. Moreover, culture jammers disapprove of the capitalistic privatization of media. In contrast, activists deem to be an inherently public realm that every individual should be guaranteed access to. Overall, activists strongly oppose the western market structure, as

they believe it promotes exploitation both of peoples and the environment. Klein best explains the activists' position: "When we start looking to corporations to draft our collective labor and human rights codes for us, we have already lost the most basic principle of citizenship: that people should govern themselves" (Klein, 2002: 441).

The connection culture jammers perceive between neoclassical economics and global destruction is further manifested in Naomi Klein's latest work (Klein, 2007). Klein's premise for the book is comparing neoclassical economics and its capitalist policies to shock therapy administered by psychiatrists. Klein claims that through the use of disorientation among a population, due to a collective shock, neoclassical economists push their unpopular agendas and, if this fails, citizens are shocked another time through hidden, institutionalized violence. She states that "for more than three decades, Friedman and his powerful followers had been perfecting this very strategy: waiting for a major crisis, then selling off pieces of the state to private players while citizens were still reeling from the shock, then quickly making the 'reforms' permanent" (Klein, 2007: 6).

Klein posits that contrary to popular belief, the free market economy failed in promoting democracy across the globe. She traces the rise of "disaster capitalism" back to the Chicago economics program under Milton Friedman and portends that there is a close connection between economic policy and "shock and awe" warfare that culminates in events such as the Tiananmen Square Massacre in 1989 and the collapse of the Soviet Union. Further, Klein asserts, such a "shock and awe" mentality is an instigator of documents such as the torture manuals used at Guatánamo Bay. Additionally, in a Democracy Now interview (2007), Klein faces Alan Greenspan, long-time Chairman of the Federal Reserve and as such an influential economic policy-maker, in which she

accuses Greenspan of acting illegally, against the Geneva conventions, in supporting shock therapy. Klein also argues that “the policies that [Alan Greenspan] pursued—deregulation, privatization, free trade—have contributed to this extraordinary division of income that is really the fuel for this economic populism that [Greenspan] is now denouncing” (Democracy Now, 2007: np). Reflective of Said’s theories of orientalism, culture jammers define themselves in opposition to these policies of “crony capitalism”. By presenting harsh and exaggerated criticisms of the status-quo and the individuals leading western society through public performances, e.g., in interviews and by throwing pies, the activists draw attention to the fact that they believe capitalism and the neoliberal agenda is to blame for infringements on what, to culture jammers, constitutes basic human rights.

ACADEMIC RESEARCH ON CULTURE JAMMING

While culture jamming gained global attention over the past ten years, not much has been written analyzing the movement's denunciation of neoclassical economics. Previous literature that addresses the culture jamming movement is scarce and focuses primarily on *Adbusters* agenda for social change as it is presented through the group's public performances. It examines the methods that activists utilize to make their message heard, or rather *seen* as is the case when culture jammers hijack billboards or "subvertise": the activists imitate corporate advertisements in order to present a parody that hints at larger social responsibility issues.

As researchers at the Center for Communication & Civic Engagement (CCCE) point out, "culture jamming and meme-driven communication offer interesting windows on the transformation of politics and communication" (CCCE, 2007a: 1).⁵ As part of their initiative to study how activist messages are communicated, members of the CCCE interviewed Kalle Lasn on culture jams and meme warfare (Pickerel et al., 2002). Lasn admits that one of the culture jammers' main weaknesses is the activists' failure to achieve solidarity in their protests. According to him, the culture jamming movement is associated with a loose diverse message that is highly symbolic and ultimately "fizzle[s] into an amorphous mess again" (Lasn in Pickerel et al., 2002: 4-5). Nevertheless, Pickerel presents culture jamming as a movement that has an "effective mix of strategy, positive

⁵ The CCCE is a research based facility at the University of Washington. It is co-sponsored by the Department of Communication and the Department of Political Science and aims to understand emerging new forms of citizenship, politics and public engagement as they are promoted by combining new information technologies with more traditional forms of communication. Research interests of the CCCE include "reassessing the role of traditional media and citizen information needs", "understanding the rise of 'lifestyle' values and the related disengagement from traditional politics", examining "the decline of common political experience and socialization to new politics", "the new politics of the internet", and "global citizenship initiative" (CCCE, 2007b:1).

thinking, action, humor, and self-possession” (Pickerel et al., 2002: 1) in order to graphically convert brand-logos into messages about corporate and social responsibility.

Carducci (2006) examines culture jamming from a sociological perspective in order to qualify it as a social movement. Historically, Carducci places culture jamming within the “expressivist” tradition, which originated in the mid 18th century, based on the culture jammers’ quest for “authenticity”.⁶ This quest, as Carducci states, centers on attaining structural transparency, which will ultimately serve to reveal the level of power private entities hold in the global capitalist system. In order to fight hegemonic corporations and re-gain cultural autonomy, culture jammers may in fact create new forms of consumer desires that limit their claims of “emancipation” somewhat, which Carducci readily points out. This however, speaks more to commercial culture’s power “to reintegrate counter-hegemonic styles into the systems of consensus” (Carducci, 2006: 128) than to the activists’ failures to achieve their desired impact. To this effect, Carducci claims that while not all of the culture jammers’ activities achieve the same level of success in terms of re-patterning social institutions, activities which raise global environmental and human rights concerns do in fact serve to remedy certain “market failures”. Neoclassical economics, he states, “cannot account for bonds of civility in society, [and] the deeper meaning of human existence”; its “myopia in this respect has led to environmental destruction and exploitation around the globe” (Carducci, 2004: 134). Ironically, as Carducci argues, in ameliorating these observed market failures,

⁶ The concept of authenticity addressed here, refers to the conflict between good culture and bad culture. Culture jammers argue that deliberate obfuscation of meaning that is achieved through corporate means of communication allows for a manipulation of the consumer mentality. This engineered manipulation stands in opposition to the natural authenticity that culture jammers seek to re-invoke.

culture jamming may serve to rehabilitate the neoclassical economic structure as a new form of commercial consumerism: the hip rebel activist culture.

Perhaps the most widely publicized culture jam including a corporation on *Adbusters'* 'litany of must-to-avoid' companies, is the so-called "Nike Sweatshop E-mail Exchange". Aside from large journalistic response, the event surfaces in political consumerism literature. Michelletti, together with Peretti who is the actual culture jammer of the event being portrayed, explores how global concerns of exploitation can impact consumer choices when it comes to purchasing brand apparel(Peretti, 2003). In an effort to affect the global garment industry's policy and practices, activists challenge corporate branding tactics by "making the politics of the products visible for the global consumer" (Peretti, 2003: 127). In this instance, Jonah Peretti "subverted" an offer from Nike to customize sneakers. Challenging Nike's corporate image and labor policies abroad, Peretti ordered the customizable shoes with the word "sweatshop" in the hopes of "turn[ing] corporate power against itself by co-opting, hacking, mocking, and re-contextualizing meanings" (Peretti, 2003: 128). His order was promptly cancelled by Nike due to the use of "inappropriate slang". Peretti forwarded his e-mail exchange with Nike to friends, a decision that catapulted widespread dissemination of the series of e-mails. Ultimately, the event sparked mass journalistic interest. Michelletti and Peretti conclude that through the use of digital forms of communication, culture jamming could "successfully [turn] a low-key political consumerist campaign into a media spectacle" (Peretti, 2004: 140). They argue that the activists' use of the internet allows the media to act as a democratic force, namely guaranteeing free speech.

Just as Peretti challenged Nike by asking them to put the word “sweatshop” on a pair of Nike shoes, culture jammers routinely utilize a pranking rhetoric in their protest efforts. Christine Harold (2004) suggests that it is precisely this use of “pranking” applied to commercial rhetoric that allows movements such as culture jamming to stand apart and succeed as modern activists. Harold recognizes that there are limitations to pranking as an effective rhetoric for political means. These limitations include the fact that pranking activists utilize the same methods to get their message heard as corporations do for their advertisements. Harold also realizes that culture jamming has the unique ability to supplement more traditional forms of civic engagement for social justice exactly due to its use of parody and methods reminiscent of the ones used in commercial discourse. Ascribing a unique power to the activists’ public performances, Harold explains that the use of pranks is effective in so far as it is applied to corporations that function within the public eye. Nike can only be “un-swooshed” so to speak due to the fact that its logo is easily recognizable in contemporary culture and automatically identified with the Nike Corporation. Any use of or play on Nike’s tagline “Just do it!” or its logo, especially in graphic form mimicking Nike advertisements, again points to the corporation itself. Pranking forces culture jammers to take branding seriously and subvert brand images for their own ends. In such a way, culture jamming, specifically due to their pranking rhetoric, can function as a communicative discourse and “a collection of tools that activists and scholars can utilize when intervening in the complex world of commercial discourse” (Harold, 2004: 209).

Given the graphic nature of *Adbusters’* culture jams, the art of advertising plays a large role in the activists’ tactics. Matthew Soar (2002) examines the relationship of

culture jammers and graphic designers in an attempt to tease out what each can gain from the other. Soar explains how *Adbusters* alone specifically referred to the re-invoked First Things First Manifesto as a ‘Design’ manifesto in one of its magazine’s 1999 issues.⁷ Soar reveals that by invoking the ideals behind First Things First, culture jammers gain open-minded participants in their political activist network, while graphic designers and ad creators find a space to publicize their own initiative of socially responsible projects that sell not products, but ideas (Soar, 2002: 583) that are often not in line with the artists’ commercial work. As Soar suggests through his many interviews, graphic design is considered, in this context, a “true guerilla-art form” (Soar, 2002:579), which has the potential to communicate ideological frameworks such as *Adbusters* metamemes. This potential to publicize ideas about social and corporate responsibility is due to the fact that graphic designers hold a unique role as cultural intermediaries. Ad creators work within the commercial sphere as mediators between clients and an audience. However, as Soar points out by quoting one of his interviewees, Michael Bierut, *Adbusters* recognizes that incorporating graphic designers into their network allows the activists to utilize design “as an active tool in creating social change” (Soar, 2002: 574).⁸

Max Haiven (2007) addresses culture jamming much more critically than the previously mentioned scholarly literature. He argues that culture jammers should by no means assume that “the products of their work *itself* will have any substantial *effect* on the broader public” (Haiven, 2007: 107). Haiven explains that *Adbusters* has little

⁷ The manifesto is, as the article defines it, “a call for social responsibility that was signed by and distributed amongst designers, art directors and writers on design” (Soar, 2002: 572).

⁸ Michael Bierut is a partner at an international design company, Pentagram, and was president of the American Institute of Graphic Arts (AIGA) at the time of the interview (Soar, 2002: 574). Bierut has worked with clients on *Adbusters*’ ‘litany of must-to-avoid’ companies such as The Walt Disney Company and Nike (Soar, 2002: 577).

potential to confront neoliberalism, often associated with neoclassical economics, due to the fact that some of the key tenets of culture jamming portrayed in *Adbusters* are complicit with neoliberal assumptions. Haiven asserts that the individual, rather than the public as a collective, is the agent who needs to free himself/herself of the ties to others. For culture jammers this emancipation ideally results in becoming a private activist outside of the consumer mentality, whereas in the sphere of neoliberalism the individual becomes a perfectly rational economic agent (Haiven, 2007: 98).

Addressing culture jammers' solutions to neoliberalism, Haiven briefly touches on *Adbusters* "good-faith efforts" to oppose neoclassical economics through their True Cost economics campaign. Haiven states that the effort to include the "true" cost of production and future use of a commodity does not address the broader issue of social injustice: "True cost economics reifies the notion of commodities as having a universally fixed price, regardless of who buys them" (Haiven, 2007: 103).⁹ Haiven further criticizes True Cost economics due to the fact that private sectors of the market will remain private, "which effectively means the possibilities for democratic participation in the distribution of goods and services is diminished" (Haiven, 2007: 102). While Haiven agrees with culture jammers that neoliberalism, especially in the form of neoclassical economics, presents "perhaps the greatest threat to human peace, security, democracy, social justice, and survival today" he asserts that as a social movement, culture jamming does not have the potential to properly confront the value and market structure in place in the United

⁹ Here, Haiven states that "without a fundamental rethinking of value and a drastic re-distribution of wealth", social justice cannot be expected to prevail and bring about democratic results. Haiven suggests that a basic social wage, not just for "workers" that is more in line with Zygmunt Bauman's theories in *In Search of Politics* (1999), would have the potential to confront neoliberalist mindsets because it is grounded in the necessity to make public choices rather than practice private acts of resistance politics (Haiven, 2007: 103).

States today (Haiven, 2007:105),. Nevertheless, in Haiven's opinion, culture jamming can serve a purpose in establishing critical solidarity on the personal level, as well as in secondary-school and early-university instruction.

Though scholarly literature does analyze culture jamming projects, little has been written on culture jammers' proposed True Cost economics as an alternative to the neoclassical capitalist market structure in place today. Environmental economics, or green economics, has gained increased attention, and culture jammers claim to be providing a viable and "ethically correct" economic model. Thus, there is the necessity for investigation on culture jammers' True Cost economics proposition.

CULTURE JAMMING AND TRUE COST ECONOMICS

4.1 WHAT'S WRONG WITH NEOCLASSICAL ECONOMICS?

From its inception, neoclassical economics has received mixed reactions and spurred many “countercultural” movements which aim to draw attention to the perceived shortcomings and failures of the western capitalist economic structure. In the following section, I introduce a definition of neoclassical economics through historical background, followed by common critiques of the neoclassical model. Subsequently, I provide an overview of culture jammers’ proposed True Cost economics through Full Cost Accounting. Finally, I graphically examine the relationship between True Cost economics and the neoclassical method of implementing taxation to internalize negative externalities.

4.1.1 HISTORICAL BACKGROUND: WHAT IS NEOCLASSICAL ECONOMICS?

The title of “father of modern orthodox microeconomic theory” (or one of the two branches of modern neoclassical economics) is a toss up between Léon Walras and Alfred Marshall. In the early 1870s, Walras, along with, but independently from, his contemporaries William Stanley Jevons and Carl Menger, published his ideas that the prices of goods depend on the marginal utility of the object being purchased to the individual. Alfred Marshall developed his own ideas about price dependence on the utility of commodities in the 1860s and published them in the 1880s (Landreth and Colander, 1994: 211).

Utility, in the neoclassical economic sense, is to a small degree based on classical assumptions in that individuals participating in the market behave rationally and make

calculated decisions (Landreth and Colander, 1994: 219). That is where the similarities end. Neoclassical theory models economic agents as deciding whether to purchase a good, and by extension deciding between a set of goods, based on their expected marginal utility, i.e., the amount of satisfaction, gained through his or her consumption of the next item of these goods and their marginal costs.

Based on utility factors as price determining, the neoclassical framework of value criticized the classical labor theory of value as an inadequate and insufficient means of bringing about economic efficiency. Classical economics, led by academics such as Adam Smith, David Ricardo and John Stuart Mill, held that the value of a good lay in costs accrued through production factors such as labor costs and intermediate goods. To thinkers such as Walras and Marshall, the cost of production theory of value was inapplicable to all situations. In their framework, termed the marginal utility theory, the final value of a good rests in its marginal utility to the purchaser and, as such, ascribes value to the factors of production accordingly. Stated more clearly, the value of inputs is highly dependent on the output's marginal utility to the consumer (Landreth and Colander, 1994: 218).

The important distinction neoclassical economists make is that what matters in determining an individual's willingness to pay is marginal utility, and not average or total utility (Landreth and Colander, 1994: 218-219). Marginalism, the cornerstone of neoclassical thought, dictates that each transaction must be analyzed separately, ignoring what happened in the past and only focusing on future gains or losses. Thus, as long as a consumer's marginal benefit exceeds his or her marginal cost, he or she should move forward in the exchange. This model suggests that the utility maximization rule holds true

regardless of whether the marginal benefit exceeds the marginal cost incurred by less than before. The individual thus keeps consuming the good until his or her marginal benefit (derived from the consumer's utility) equals the object's marginal cost. Suppliers engage in the same cost benefit calculation when determining the amount of goods to produce. In order to maximize their profits, producers will weigh the cost of producing the next unit (its marginal cost) against the benefit of the extra good provided (its marginal revenue). Extending neoclassical equilibrium theory to the realm of welfare policies was first undertaken by Vilfredo Pareto when he evaluated the efficiency of resource allocation in the Walrasian market model. Arthur Cecil Pigou, the first to acknowledge the concept of economic externalities, proposed taxation as a welfare economics remedy to such externalities, as I will discuss in a later section.

Overall, Marshall's model gains in clarity but loses in completeness compared to the general equilibrium theory of Léon Walras (Landreth and Colander, 1994: 269-270). Despite its shortcomings in theoretical rigor, but precisely due to the clarity it achieves in its analysis, the partial equilibrium market model presents "an analytical framework that still serves today as the structural basis of current undergraduate economic theory and most economic policy" (Landreth and Colander, 1994: 285). Thus, neoclassical economics as a meta-theory based on the assumptions of marginalism, rational choice and utility maximization, represents the system that culture jammers oppose.

4.1.2 CRITIQUES OF NEOCLASSICAL ECONOMICS

Critiques of neoclassical economics are not new. Even as Walras and Marshall formed their theories, other economists disagreed with their market models and conclusions. A major critique of neoclassical economics, one which is shared by many

scholars from both economic and other disciplines, is that the very assumptions of neoclassical economics limit the structure's applicability to real life situations, especially in promoting social welfare maximization. Douglass North (1990) summarizes the objections to the Walrasian market model foundations in terms of how economic models impact institutional structure and institutional change. He critiques neoclassical assumptions as being limiting forces when analyzing and understanding institutions (i.e., institutions' role in society, their impact on economic behavior and the effects of institutional changes on society at large), and concedes that neoclassical economists do not assert that every individual will act in a rational utility-maximizing manner. Instead, the behavioral assumptions that economists use, North explains, rest on the theory that if and only if an individual acts in accordance with the utility maximizing rational choice theories, will he or she succeed in the competitive market (North, 1990: 19). Given these limitations, neoclassical theory is useful, and even highly effective in examining economic trends in those markets that approximate the conditions set forth in the rational choice economic model, e.g., the financial sector (North, 1990: 20).

Ultimately though, North explains:

...that these traditional behavioral assumptions (rational choice theory associated with the Walrasian neoclassical market model) have prevented economists from coming to grips with some very fundamental issues and that a modification of these assumptions is essential to further progress in the social sciences (North, 1990: 17).

As North points out, the main shortcoming of neoclassical economics is the way it structures human behavior concerning "(1) motivation and (2) deciphering the environment" (North, 1990: 20). In evaluating factors such as economic decision-making within the context of certain institutions, the rational choice model assumes that *homo*

economicus will act objectively and rationally in order to reach a point of utility maximization. This assumption ignores that ideological forces, such as altruism, could be part of an individual's motivation for action. In fact, as Douglas and Isherwood (1979) point out, neoclassical assumptions do not explain why some consumers choose one good over another.¹⁰ Only with the implementation of a more holistic approach to consumerism, one which falls in line with an analysis informed by economic anthropology coupled with new institutional economics, can we properly examine and explain consumer choices.¹¹

Another critique of neoclassical economics is that marginalism examines consumer choices at the margin and does not take into account that the economic agent's choices are guided by pre-existing notions concerning the rules of the game. North elaborates, when faced with entirely new situations (for which there are no previously established mental constructs) or when limited by incomplete information, human choices are not consistent with neoclassical assumptions. Instead, "the agent's own utility function – his or her own (i.e., subjective) sense of the way the world ought to be – appears to play a role in the outcomes" (North, 1990: 21).

In line with the previous critiques of neoclassical economics I have presented, culture jammers point to the structure's basic assumptions about utility maximization as the major perceived shortcoming of the prevalent market structure in the United States. Tom Green, a Vancouver based economist and part of *Adbusters'* culture jammer group,

¹⁰ For an example of an early neoclassical critique from within the economic discipline, see Thorstein Veblen (1994). He asserts that individuals engage in what he terms *conspicuous consumption* to portray a desired level of reputability. "Keeping up with the Jones'" does not fit in with the basic neoclassical assumptions of utility maximization and rational behavior (unless utility includes more subjective measures and the ideological forces I have mentioned).

¹¹ One example of such a holistic approach to consumer culture, brands, the role of goods and meaning is McCracken's *Culture and Consumption II* (2005).

highlights that culture jammers believe that “to use the word [assumption] is to signal that we are about to enter into a neverland with features warped as needed to fit into an elegant mathematical model” (Green in Adbusters, 2007b: np). Culture jammers believe that introductory economics textbooks, and by extension the neoclassical market models presented in those textbooks, perpetuate the proverbial “neoclassical canon”. They argue that the myth includes the ideas that “well-being comes from consumption, economies must grow, free trade makes nations wealthier, [and] governments should let markets do their magic” (Adbusters, 2007b: np). The activists assert that what is even more troubling is the fact that those very assumptions of rationality and utility maximization are integrated into public policy; this integration is done regardless of whether these policies are actually limited in their applicability to the real world precisely due to the static assumptions that form their foundation.

In order to change the way western society and its institutions approach the issues of global welfare, culture jammers propose nothing short of revolutionizing the way economic activity is structured. This stance is evident from the activists’ emotionally charged True Cost Manifesto (see Appendix 1), which extends beyond *homo economicus* to the natural environment.¹² Through the idea of True Cost Economics, they suggest new ways of measuring progress and new ways of achieving this progress. The Genuine Progress Indicator (GPI), perceived to be a True Cost of Living Standard, is to replace the Gross Domestic Product (GDP) as a measure for growth. Pricing models are to include costs of negative externalities arising from production and future consumption of objects

¹² In the Manifesto, culture jammers state that economics is “a social science, with all the fragility and uncertainty that this entails” and that to assume otherwise (i.e., to place static assumptions on models for welfare policies) is to perpetuate “gross negligence in the management of our planetary household” (Adbusters, 2007d: np). Further, activists accuse neoclassical economists of “recklessly supporting the illusion of progress at the expense of human and environmental expense” (Adbusters, 2007d: np).

in the price of the object itself in the form of taxes. Further, culture jammers subscribe to the idea of ecological footprints, which represents the amount of land required to sustain one individual.

The True Cost Economics ideas for measuring negative externalities are otherwise addressed under the heading of Full Cost Accounting (FCA) as it is conceptualized by accountants themselves. “FCA tends to suggest [exactly like True Cost Economics] that a radical break with past ways of organizing economic activity is required as well as a reconsideration of the ends toward which economic activity is directed” (Bebbington et al., 2001: 132). Both True Cost Economics and FCA point to the organization Redefining Progress for clarity on topics such as the ecological footprint and the GPI as a measure of economic growth. Due to these methodologically identical approaches to and goals for institutional economic change, I use the terms True Cost Economics and FCA interchangeably throughout the remainder of this paper when addressing the culture jammers’ critique of and suggested replacement for neoclassical economics.

FCA suggests three major ways of measuring the social and environmental impact of economic activity: eco-balance, life-cycle analysis, and ecological footprints. An eco-balance, also known as mass balance, “is a representation for a single entity of all its material, resources, energy and service inputs and the corresponding outputs, emissions, and leakages...[and thus] seeks to track the inputs to and outputs from a particular activity or particular entity” (Bebbington et al., 2001: 60). Inputs should equal outputs. Negative externalities are present and need to be addressed when outputs from production or consumption outweigh the initial inputs. Eco-balance is a rough analysis and can be

made based on incomplete information as it simply serves as a tool to identify areas that need further exploration.

Along the same lines, Life-cycle Analysis, also known as Life Cycle Assessment (LCA), assists in identifying upstream and downstream impacts of goods and services. LCA is supported by the US Environmental Protection Agency and utilized in consulting projects to determine how to meet consumers' demands of environmental corporate social responsibility.¹³ In the inventory step of LCA, analysts describe the type of emissions produced and what raw materials are used during the life of a product (Product Ecology Consultants, 2007: np). The effects of those emissions and resource depletions are analyzed in the impact assessment step of LCA. Depending on the specificity, amount, and depth of the data used by analysts, the LCA can be of either a screening or a full LCA. While the results of a LCA can prove to be inconclusive in comparing products due to LCA's partially subjective nature (the costs of many externalities, e.g. water pollution, are objective, in the sense that they must be covered by tax dollars providing de facto public support for the business producing the externality), the assessment strategy can be beneficial in analyzing procedures in the initial stages of manufacturing to better inform choices made by suppliers and consumers (World Resource Foundation: 2008: np).

The third FCA tool for measuring external costs of economic activity, the ecological footprint, has the goal of pointing to the scarcity of natural resources and the reality of such limits for the global economy. The ecological footprint is calculated by “convert[ing] a country's use of energy and land for food, forest product and

¹³ For more information, see the EPA's Research and Development for Risk Management Research in Sustainable Technology site on Life-Cycle Assessment (EPA, 2007: np).

buildings...to an area of ‘consumed and used’ land and then identify[ing] how much land people in one area are appropriating from another” (Ekins, 2000, quoted in Bebbington et al., 2001: 61). Generally, the measure is constructed on a country by country basis and serves to visually allude to the fact that developed countries support their lifestyle (i.e., the lifestyle of the “cool-hunting American consumer” that culture jammers lament) by utilizing more than their “fair” share of resources compared to their developing country counterparts. The goal is to keep the actual ecological footprint within the physical size of the country. The concept of the ecological footprint aims, on a global level, to compare annual resource demand with the bio-capacity of the globe. For 2003, the Global Footprint Network, concerned with functional ecology, estimated that the global community was facing an ecological overshoot of 25 percent (Global Footprint Network, 2007: np). The figure suggests that to maintain the current level of prosperity, given future population estimates and holding technology constant, the globe would need to provide one fourth more of the bio-capacity that is available today. This figure is crucial to consider, given the “ecological crisis” we are facing today: objectively measurable issues, such as escalating water shortages and “global warming”, are reflections of the over-taxing of the biosphere.

4.2 MARKET FAILURES AND NEGATIVE EXTERNALITIES: WHO HAS TO PAY?

Even though neoclassical economics initially supported Adam Smith’s concept of *laissez faire*, economists recognized that market failures occur in some situations and do not always give rise to an efficient market.¹⁴ A market failure occurs when prices provide

¹⁴ *Laissez Faire* suggests that an invisible hand guides the market under conditions of perfect competition to economic efficiency and thus government intervention in economic markets should be prohibited. For

incorrect signals to producers and consumers and thus prevent the proper allocation of resources within a perfectly competitive market.

Market failures arise due to a number of factors, but two such phenomena are: a lack of information and the presence of externalities. When consumers lack information regarding a product they cannot make utility maximizing decisions. Externalities (positive/benefits or negative/costs) are impacts that are not internalized in the market; rather, these impacts are external. Due to the fact that, with a lack of information and the presence of externalities, general principles of the efficient market process are violated, government intervention might be justified in order to correct for such market failures. In fact, the first to develop Alfred Marshall's concept of externalities, Arthur Cecil Pigou argued that the mere existence of externalities justified government intervention (Pigou, 1960).

In the following section, I first provide a definition of what constitutes a negative externality. Subsequently, I address the various forms of government intervention suggested by neoclassical economists as well as culture jammers to correct for costs arising from these externalities. For a comparison of the neoclassical and culture jamming solution to market failures, I focus on taxation as a means of internalizing negative externalities.

4.2.1 DEFINITION OF A NEGATIVE EXTERNALITY

A negative externality is an “action by either a producer or a consumer which [negatively] affects other producers or consumers, but is not accounted for in the market price” (Pindyck and Rubinfeld, 2005: 642). As such, environmental pollution is

more on Adam Smith's notion of an invisible hand, see for example *An Inquiry into the Nature and Causes of the Wealth of Nations* (Smith, 1776).

considered a negative externality. For example, “Big-Truck Motors” releases chemicals into the river behind the factory which are byproducts of producing their pickup trucks. The environmental cost of these pollutants is not incorporated in the market price of the motor vehicle when “Joe Biggelsworth” purchases his brand new truck. Big-Truck Motor’s chemicals contaminated the water and killed the fish so the fishermen downstream are now out of work. Big-Truck Motors will not stop dumping chemicals into the river, however, as fishing does not concern them in the least; they produce cars and keeping the river clean and the fish alive has no impact on their production costs or the price of their final good. As long as the cost of production does not include compensatory pay for damages the producer or consumer imposes on the environment, there is no incentive to correct for these negative externalities voluntarily.

Externalities prohibit the market from working properly because the marginal social cost differs from the marginal private cost in the market. In the above example, the marginal social cost includes the depletion of resources as accounted for in the truck’s market price as well as factors such as the contamination of the river which not only presents a lost ecosystem but also prevents fishermen from supplying fish. The marginal private cost to Mr. Biggelsworth is the actual market price of the vehicle. Thus, the source of the inefficiency in the market is the incorrect pricing of the truck; the market price, which is the marginal private cost, and the marginal social cost of production, which is the market price plus any damages to the environment, do not equal. This, in turn, allows industry output to remain higher than the efficient output for the market and causes both short-run and long-run inefficiencies. Due to the fact that the private cost of

production in this instance is lower than the social cost of production firms, which, under efficient conditions, would have left the market, remain and continue production.

Over-consumption is especially problematic in the realm of public goods, such as commonly owned areas of the environment. While this does not directly correlate with the definition of how negative externalities arise, the two concepts are related. In both cases, culture jammers struggle with policymakers over forming an agenda for public spaces. The activists' public performances are structured to draw attention to what they consider to be "bad culture" and point to areas where "responsible citizenship" can prevent negative effects from harming common spaces. As Garret Hardin (1968) explains, when individuals do not take into account the negative effects their actions impose on others, over-consumption leads to what the economist termed the *tragedy of the commons*. Due to the fact that the resource in question is commonly owned (technically a "commons" problem is an "impure" public good), an individual's cost of consumption is lower than the social cost of the good consumed. Self-interested individuals do not have an incentive to restrict their use to a sustainable level.

Here, as a good that is non-exclusive in pricing (one cannot prevent an individual from breathing clean air) and to a certain degree non-rival in consumption (one individual breathing clean air does not prevent another from also breathing clean air but one individual fishing does decrease fishing opportunities for other individuals to a certain degree), a voluntary solution to a market inefficiency involving the environment (pollution) will most likely fail due to a free-rider problem. Free-riders are market participants who benefit from the work that others have done to correct for externalities without contributing their share. Eventually, their actions undermine the social

consciousness of the collective and lead to a failure of voluntary policy (Pindyck and Rubinfeld, 2005: 668).

One option proposed by many neoclassical economists themselves is to internalize external costs through government regulation of the market via fees (taxes) or standards. By imposing standards, the government directly limits the amount of goods to be consumed. The introduction of permits functions as a market incentive policy; it encourages individuals who find it easy to limit their consumption of the good or service to do so and allows them to trade their certificates to other market participants who do not lower their consumption. This reduces overall market consumption, with individuals fluctuating as to how much of the good they will purchase. While this method of correcting for negative externalities is certainly a viable solution, policy makers tend to prefer taxation as a means of internalizing the costs of externalities (Pindyck and Rubinfeld, 2005: 649). Here, a Pigouvian tax is used as a corrective tax; the tax is levied on the marginal cost of the damage inflicted upon society at the efficient equilibrium output. This raises prices and subsequently lowers production.

In the following section, I examine the impact of a Pigouvian tax graphically as the neoclassical solution to correcting for negative externalities. As there is a plethora of externalities associated with any factor of production or consumption of a good, (externalities due to car production and use include things such as emissions, road erosion, noise, etc.), I wrap the factors into a single dimension (such as “car ownership”), and present them in a present value static diagram, to approach the analysis in a single model. In order to better compare the neoclassical solution to what culture jammers propose as a means of eliminating environmental destruction, I graphically overlay the

activists' solution for internalizing external costs on the neoclassical market model in three steps. The three steps follow three different assumptions regarding the nature of negative externalities and the way neoclassical economists and culture jammers perceive the extent of what externalities entail.

4.2.2 NEOCLASSICAL ECONOMICS SOLUTION

In neoclassical economics, the Pigouvian tax is said to work because, even if the amount of damage inflicted upon the environment changes, the tax adjusts to the change. The marginal social cost thus remains equivalent to the marginal private cost plus any damages.

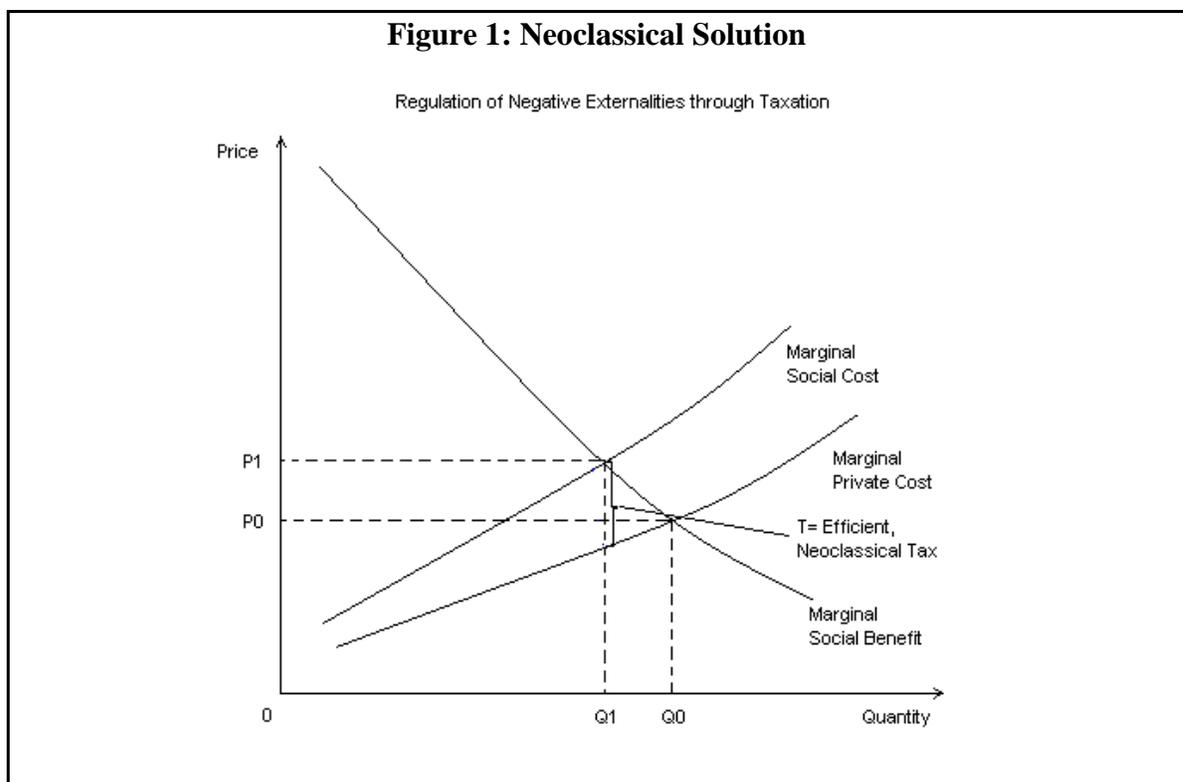


Figure 1 demonstrates an adjustment for negative externalities following the neoclassical taxation method. Starting at Q_0 , the government imposes a tax equivalent to the difference between the marginal social cost and the marginal private cost. The

neoclassical tax, i.e., the increase in the price of the good from P_0 to P_1 , results in a drop of production from Q_0 to Q_1 . At this equilibrium the market is efficient as the full costs of externalities are accounted for.

4.2.3 TRUE COST ECONOMICS SOLUTION

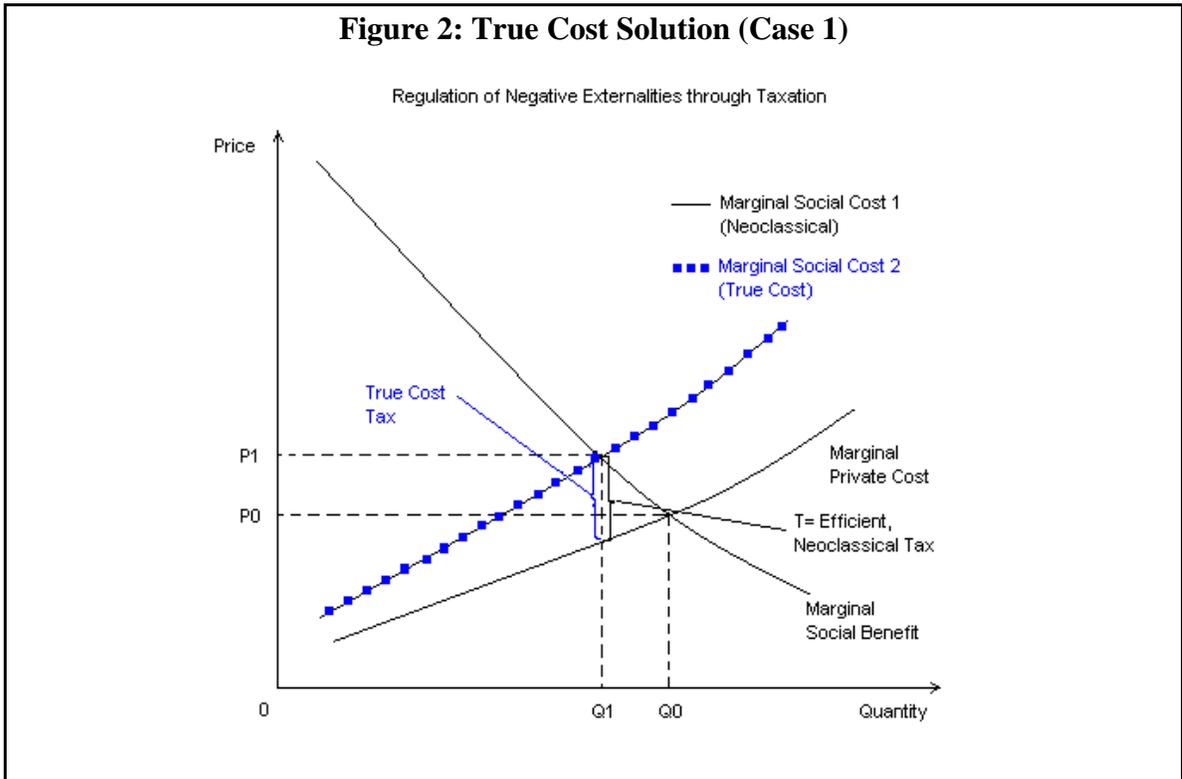
Full Cost Accounting proponents seem to be arguing in line with neoclassical economics that,

if, for example, elements of the environment are not priced in a manner that will ensure that the impacts associated with their extraction, processing, consumption, and disposal are captured and communicated to economic actors, then it is inevitable that adverse environmental impacts will be largely ignored in business and policy decisions. (Bebbington et al., 2001: 131)

Hence, culture jammers wish to include social and environmental costs in the price of goods. As Lasn explains, by extending the self to include the environment, any damage inflicted upon the environment as a result of producers' or consumers' actions should be conceived of as self destruction (Lasn, 2000: 6). Including the cost of externalities in the price of a good is equivalent to imposing a tax in the amount of the externality on the marginal private cost within the market; in other words, culture jammers seem to be proposing the same tool utilized by neoclassical economics, the very system they wish to overthrow and replace with a new paradigm which is more ethically correct in the activists' perception. Exactly how similar the activists' proposed outcome is to the neoclassical efficient equilibrium, depends on culture jammers' conceptualization of what neoclassical policy makers include in the magnitude of an externality and the culture jammers' own definition of that externality, as I show in the following three cases.

CASE 1

Assuming that culture jammers and neoclassical policy makers agree on what constitutes an externality, the outcome suggested by the “new paradigm” (True Cost economics) and the “old paradigm” (neoclassical economics) are the exact same. Figure 2 shows the neoclassical marginal social cost with an overlaid True Cost economics social cost curve.



The two marginal social cost curves have the exact same underlying function. Due to this quality, beginning at output Q_0 , the neoclassical tax equals the True Cost tax. Both taxes raise the price of the good to P_1 which results in a drop of market output to Q_1 . Assuming that neoclassical economists and culture jammers could agree on what constitutes externalities, both the neoclassical and the True Cost model presented in Figure 2, implement the same level of taxation. Production and, by extension,

consumption are lowered by the same amount. Even though culture jammers argue that neoclassical economics perpetuates environmental destruction and exploitation and should be replaced with a new system, their proposal is nothing more than the neoclassical Pigouvian tax.

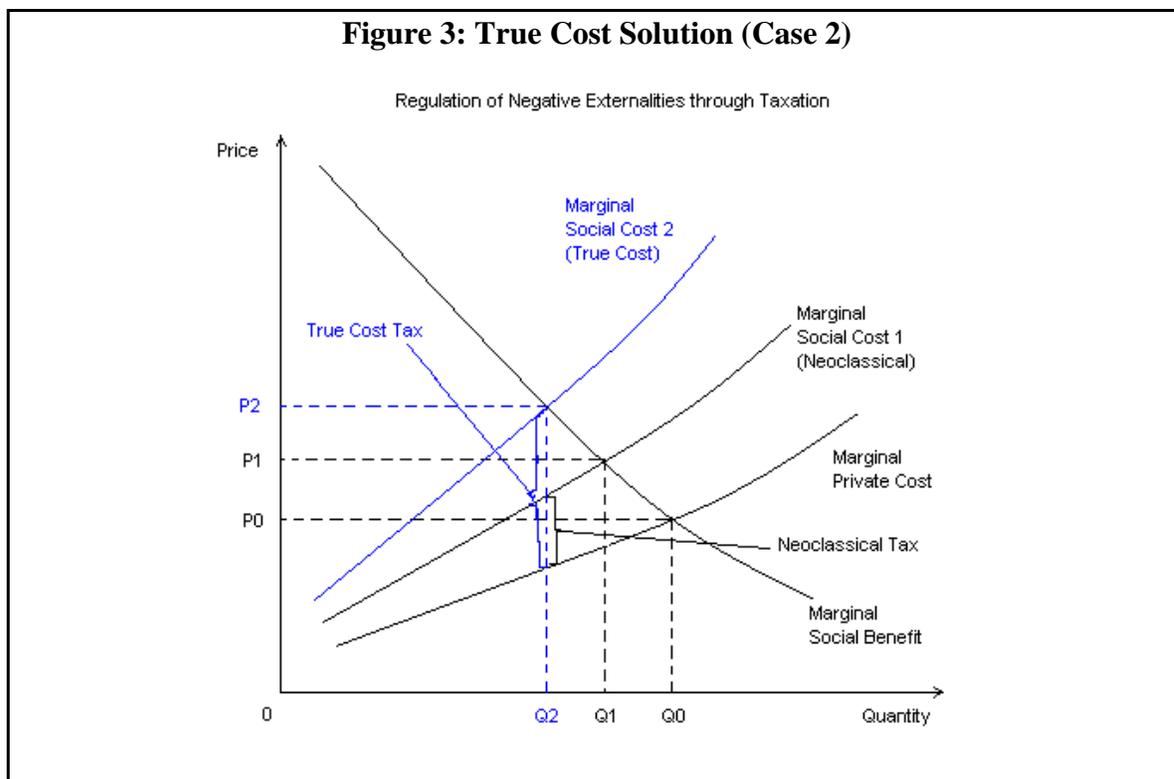
CASE 2

If, however, as is evident from an analysis of the activists' writings, conceptualizations of externalities are different, the model in Figure 2 does not accurately depict the relation between neoclassical economics and True Cost economics solutions to internalizing negative externalities. In fact, proponents of True Cost economics, or Full Cost Accounting, state that

“if [...] FCA were taken to its logical conclusion (and if fuller costs were translated into prices) then the viability of current economic behavior would be fundamentally questioned [which...] could/should result in a radical reconceptualization of the role of business in society” (Bebbington et al., 2001: 133)

Culture jammers wish to shock consumers out of their Huxleyan soma and become active in opposing “the heavily manipulative corporate ethos (that) drives our culture” (Lasn, 2000: xiii).¹⁵ As Figure 3 suggests, there is a large (but concrete) difference between what typical neoclassical economists/policy makers today regard as externalities and what culture jammers believe should be included in the internalization of external social and environmental costs of goods produced in the competitive market. Due to this discrepancy, the True Cost marginal social cost curve is drawn to the left of the neoclassical marginal social cost curve, indicating that in the True Cost model higher levels of damages need to be accounted for via taxes.

¹⁵ The Huxleyan soma is alluded to throughout culture jammers' writings (Lasn, 2000), especially in the activists' seven gripes with the system. The concept is taken from Aldous Huxley (1998) in which a dystopian government keeps citizens in a complacent state (a soma) through the use of drugs.



In this case, the True Cost Tax is substantially higher than the neoclassical tax, resulting in price P_2 (higher than the neoclassical price after taxation, P_1) and output Q_2 (lower than the neoclassical efficient output of Q_1). Utilizing the same tool of taxation as a means of correcting for costs imposed on the environment, the outcome culture jammers achieve in this case is similar to what the “old paradigm” provides. In fact, the activists’ proposed solution deviates from the neoclassical model only insofar as the True Cost tax and the neoclassical tax differ.

CASE 3

Taking an even broader approach to what is included in a negative externality opens the door for a highly subjective approach to external market costs. According to culture jammers, externalities can be found everywhere and these negative costs need to be internalized. In order to maintain a stable market and certain modes of production,

there is a limit to how much the price of a good or service can be raised before production drops too dramatically. Subjective interpretations for externalities have the potential to deteriorate into absurdity: As some activist groups propose, “there should be a tax on annoying security spotlights, on stadium lights which upset nocturnal animals, and on any lights which obscure the stars” (Williams, 2008: np). While the case for negative impacts on nocturnal animals has some merit, taxing baseball fans because stadium lights block out the stars takes the concept of externalities beyond a realistic expectation of what can be included in market pricing.

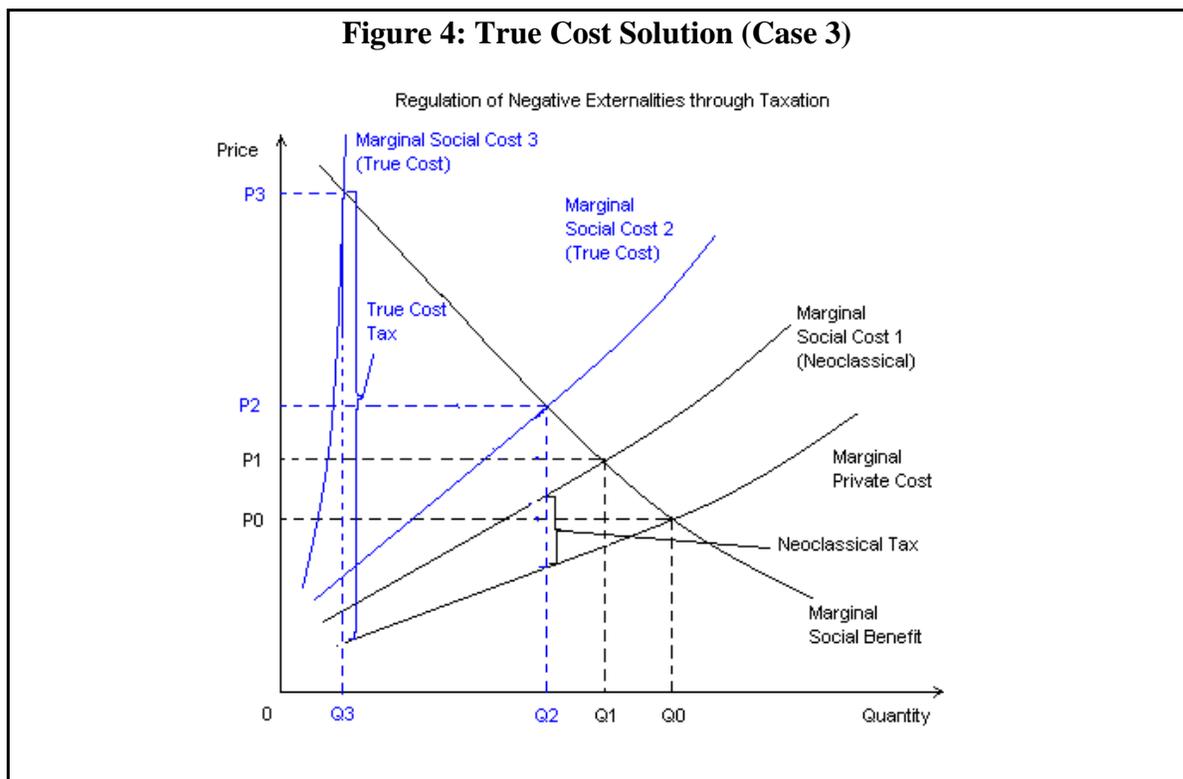


Figure 4 shows the potential for the marginal social cost curve to move to a socially undesirable position as represented by marginal social cost curve 3. Situated to the left of the true cost marginal social cost curve from Figure 3, the leftmost curve implies an almost infinite tax which raises the market price from the initial P0 to P3. This

necessitates a drastic drop in production from Q0 to Q3. Depending on how extreme the True Cost marginal social cost curve is drawn, production could even near zero.

Thus, the solution proposed under the assumptions of Case 4, namely that externalities are everywhere and all of them need to be accommodated for in the market, is not realizable. The large increase in prices perpetuates social inequality. Further, without a fundamental structural change within some areas of the western sphere, such as providing reliable and functioning public transportation, a world in which cars cost upwards of \$40,000 more than they do now, cannot function properly, or efficiently.

CONCLUSION

Examining the culture jammers' proposal for a True Cost system through both the anthropological as well as the economic lens allows for a broader understanding of the group's collective identity as the activists situate themselves in opposition to the capitalist system in the US today. This stance of dialectical opposition is recognizable when analyzing the culture jammers' public performances as they hinge on "subverting" prevalent corporate discourse for their own means. In doing so, however, the activists are often perpetuate tenants of the economic model that they wish to overthrow, a fact that becomes clear through the translation of their "wish-list" into a graphical examination of their claims.

As is evident from the three cases examined in Section 4, regardless of what assumptions are held about the nature of externalities, culture jammers propose the same solution for internalizing costs due to negative externalities as neoclassical economists do. Levying a Pigouvian tax, which accounts for the entire amount of damage imposed on society and the environment, results in higher prices and subsequently lowers output. While the method for correcting for negative externalities remains the same throughout all three scenarios (Case 1, Case 2 and Case 3) addressed in Section 4 regarding the True Cost economics solution to a market failure, the outcome varies depending on how large externalities are perceived to be.

If neoclassicals and culture jammers could agree on a definition of externalities, then the amount that production is lowered is exactly the same in both models. Culture jammers are not suggesting a new way of diminishing environmental destruction. Nevertheless, as is shown in Cases 2 and 3, a difference in the conceptualization of an

externality's potential magnitude, a principle which is inherent in the culture jammers' ideologies, leads to a higher modeled marginal social cost curve. This implies that a higher tax is necessary to discourage damaging activities by producers and consumers. Higher prices than in the neoclassical model, which is based on the initial and lower marginal social cost curve, lead to a higher drop in production than is extrapolated from the neoclassical tax. However, the extension of the definition of a negative externality has the potential to delve into the absurd. Externalities are everywhere but to include them all in the market leads to an almost inelastic marginal social cost curve which substantiates a near infinite tax as production nears zero.

Culture jammers' proposed True Cost economics, especially the tools brought forth by Full Cost Accounting for analyzing areas where negative externalities occur, has the potential to encourage ethical considerations for the global environment and provide an incentive to develop more sustainable production techniques. Coupled with the activists' public performances, which serve to dramatize the perceived difference between the economic, social and environmental status quo and the culture jammers' ideological political stances, the theoretical True Cost framework can be evaluated as a process of creative destruction. In the hopes of revolutionizing the world of goods to incorporate concerns for environmental protection, culture jammers' performances function as a means of consciousness-raising. The activists' actions function as a means of communication which reflect more "ethically correct" consumer ideologies that can benefit newcomers to the market in informing their production choices. In theory, culture jammers' proposed alternatives could revolutionize the capitalist market towards a market model more in line with, e.g., functional ecology.

On the other hand, in practice, the True Cost tax cannot realistically be implemented under conditions of a substantial increase in what constitutes a negative impact from production and/or consumption. Aside from the fact that measuring the source of externalities is difficult, e.g. should we include the shadow cast on a sunbather's lawn by an airplane, imposing a significant tax has the potential to cause problems of social injustice, carries administration costs and does not exclude the possibility of evasion. Ultimately, culture jammers symbolically present their beliefs and their goals for sustainability in their proposed True Cost economics with disregard for whether or not their proposal is realistic. Not only does their solution mimic the very system they wish to overthrow, but when taken to the extreme, True Cost economics is not a feasible alternative to the market structure and social welfare policies in place today. Nevertheless, if culture jammers' actions incite critical thinking about consumer culture and the extents to which it can be changed to more adequately address ecological challenges, then the activists have succeeded in propagating their memes and potentially contributing to a sustainability discourse.

Future research would benefit from focusing on whether it is culture jammers' intention to foster critical thinking, fully acknowledging that their proposed True Cost economics does not present a viable alternative to the status quo. Does True Cost economics mimic political cartoons in that the performance aspect is taken to absurd levels precisely because "pranking" and extremes have a unique potential to incite activism for social change? If so, what possible alternatives are there to the Pigouvian tax as a method for internalizing external costs and presenting an incentive structure to discourage damaging activities? Can bilateral taxation and amenity rights function as

limiting forces of externalities and encourage more “ethically desirable” behavior on part of both producers and consumers? Following the principle of creative destruction then, culture jammers’ public performances could have the potential to incite what Lasn addresses in the closing chapter of his “manifesto”. “In the dawn of this new millennium”, he states, “one dream is ending and another is being born” (Lasn, 2000: 215). The degree to which this dream of a more ecologically friendly economy is attainable depends on proper contextualization of that model within both current social and economic frameworks.

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APPENDIX: TRUE COST MANIFESTO

TRUECOST ECONOMICS MANIFESTO

WE, THE UNDERSIGNED, make this accusation: that you, the teachers of neoclassical economics and the students that you graduate, have perpetuated a gigantic fraud upon the world.

You claim to work in a pure science of formula and law, but yours is a social science, with all the fragility and uncertainty that this entails. We accuse you of pretending to be what you are not.

You hide in your offices, protected by your jargon, while in the real world forests vanish, species perish, human lives are ruined and lost. We accuse you of gross negligence in the management of our planetary household.

You have known since its inception that your measure of economic progress, the Gross Domestic Product, is fundamentally flawed and incomplete, and yet you have allowed it to become a global standard, reported day by day in every form of media. We accuse you of recklessly supporting the illusion of progress at the expense of human and environmental health.

You have done great harm, but your time is coming to its close. The revolution of economics has begun, as hopeful and determined as any in our history. We will have our clash of paradigms, we will have our moment of truth, and out of each will come a new economics – open, holistic, human scale.

On campus after campus, we will chase you old goats out of power. Then, in the months and years that follow, we will begin the work of reprogramming the doomsday machine.

Source: Adbusters, 2007d.