

The Illusion of the Tail Wagging the Dog¹

Terezinha Ferrari²

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 - 2 Terezinha Ferrari, researcher on the Sociology of Work, has long been a committed Marxist, writing and speaking on the problems and questions revolving around Labour, Gender, and Socialism. She has been a close associate and writer to Livia and Ivan Cotrim, besides being part of the original group formed by and through José Chasin with the immense *Ensaio* Publishing House, and his recurring studies on Karl Marx. Professor at the Santo André Foundation.

1. Ideology of Circulation

Logistical activities have grown hypertrophied in recent years due to the needs of production and circulation. Before being a providential or autonomous technological development, such hypertrophy is the cause and consequence of the increase in the turnover speed of capital and, as we shall see, of counter-measures to deal with the historical trend of falling profit rates.

Transport and logistics are activities known and practised for the displacement and supply of armies in Antiquity from at least the campaigns of Hannibal, Cyrus and Alexander. During the World Wars of the 20th century, logistic concepts were intensively developed and used for the circulation of soldiers and supplies of all kinds, movements towards the battlefields and the conflicted territories. Tons of equipment (weapons, vehicles, etc...) and spare parts had to be brought to the front continuously. Not to mention fuel, food, clothes and ammunition. Especially during the Second World War (1939-1945), these practical needs for the circulation of soldiers and supplies spurred great theoretical developments in mathematics and planning. More specifically, the so-called Operational Research had its development closely linked to war logistics. The landing in Dunkirk, on the famous D-Day, led to the movement of millions of tons of supplies and hundreds of thousands of soldiers, coming from various places in the world, with forecasts of various alternative routes contemplating both armed actions of the enemy, as well as sabotages, equipment breaks or natural accidents.

Plain was the need for precision and security for those displacements of soldiers and supplies. However, this does not mean that the circulation and logistics of supplies were more important than their production. The increase in the speed of capital turnover with the appropriation of working time-shares of an increasing amount of geographically dispersed workers bound in less and less conventional ways to the flows of surplus value has thrown into circulation an increasing amount of goods and services—not only goods and services transported to the places of final consumption, but also goods and services transported for productive consumption among suppliers, sub-suppliers and manufacturers. As private capitalist property, commodities circulate at an ever-increasing pace and accelerated rates, accurately and monitored, locally, regionally or internationally, between sub-suppliers and manufacturers, between manufacturers and dry ports, until it reaches the final consumer.

Marx had already indicated that every economy is an economy of time, thereby nullifying space through time. When analysing the expansion of production in the nineteenth century, he pointed to the importance of reflection upon the control of time and space, essential to the production and circulation of goods subjected to capital:

For instance the improved sailing vessels and steamships, which shorten travelling, do so equally for near and distant ports. The relative difference remains, although often diminished. But the relative differences may be displaced by the development of the means of transportation and communication in a way that does not correspond to the geographical distances. For instance a railway which leads from a place of production to an inland centre of population may relatively or absolutely lengthen the distance to a nearer inland point not connected by rail, as compared to the one which geographically is more remote. In the same way the

same circumstances may alter the relative distance of places of production from the larger markets, which explains the deterioration of old and the rise of new centres of production because of changes in communication and transportation facilities. [...] Simultaneously with the development of transport facilities not only is the velocity of movement in space accelerated and thereby the spatial distance shortened in terms of time. Not only is there a development of the mass of communication facilities.³

Temporarily shortening spatial distance is an economy of time—which under the hegemony of the relations established by capital is money. If money must become capital, every pore of time (and space) must be occupied by value-producing labour activities.

Contemporary modes of production organization, based on just-in-time operations in a time regarded as real, under no circumstances have suppressed the sphere of production—as some circulation apologists have tried to present—but have imposed a deepening, diversification and expansion of the activities of circulation, distribution and consumption of goods. In this context, transportation and logistics assume a complex dimension, which only apparently supplants the sphere of direct production. Between manufacturers and suppliers, logistics strategies are established to synchronize production, controlling and shortening circulation times. Attempting to achieve zero response time (lead-time), a logistical system is set up encompassing manufacturers, transporters and retail chains. Through electronic communications, as soon as items are consumed, the manufacturer, in real time, is ideally prompted to provide its replacement.

3 T. N.: KARL, Marx. Marx & Engels: Collected Works. Volume 36. London: Lawrence & Wishart, 2010, p. 250.

These production and circulation activities synchronized and at ever shorter times, involving workers and production units spread throughout territories, have hypertrophied investments in logistics operations. These operations aim to synchronize production and circulation by filling urban spaces with means of transportations, occupying a labour force whose value evanescences upon the act of its realization, occurring within a time which does not valorize capital and, therefore, should be as little as possible—ideally null.

In the *just in time* cycles, logistics projects have to foresee and minimize impediments to the flows of surplus value, trying ideally to attain zero resistance to these flows and their transmutation into profit. This means that all those involved (commodities, information, vehicles, projects, human beings) must undergo the stages of the labour process in ever more synchronized and precise times and spaces. It would be exhausting to describe these mechanisms and contrivances, but think from projects to improve waste collection trolleys in the streets; from online communications of purchase orders; from the creation of smart labels for deployment on clothing, livestock and other animals to accompany their business cycle; from online communication on the factory floor between workers; to the replacement of a welder by a welding machine operator; the establishment of urban dry ports in the industrial districts and the immense transportation companies based on the outskirts of these districts under satellite fleet control; the persistent denunciations about the lack of productivity of the coastal ports (in the Brazilian case); the immense business outcry over the absence of logistics infrastructure in the economic territories; the pressure to implant a highway ring around São Paulo (aggressively attacking almost all the city's water reservoirs and dams), etc.

The *just-in-time* running of the production and surplus value expropriation chains presupposes logistically organized centres close to the network of suppliers, as well as a road network that is constantly being maintained on account of the early depletion resulting from increased use; such running must include all the stages of the turnover cycle of capital as a unit between *production time* and *circulation time*. These integrated logistics centres organize cargo by type and destination, pack, store and dispatch, performing all bureaucratic activities. They trace routes, optimizing times and trajectories, bear the costs of maintenance and stock and safety, as well as adapting to the numerous normative constraints of the cities.

The volumes of investment in transport, storage, distribution and advertising for the final consumption of goods sustain the illusion of an inversion in the role of the circulation sphere. The prevalence that logistics and final commodity trading appears to be assuming provides relative empirical proof to the concealment of the sphere of production: the immediate sphere of labour and the production of value. Ideologically, the discourse revolves around creative advertisements which stimulate consumption habits, the glitter of shops, the efficiency of delivery, *marketing* plans, pricing, branding, product *mixture*. Logistical activities, efficiently performed from the point of view of capital, minimize the loss of value created over the *time of production*—capitals which are more efficient in logistics are able to transform into profits a greater part of the surplus value generated in excess labour time, thereby preventing a dissipation of the value created. **Empirically, this non-dissipation of value effected by logistical efficiency is perceived as an increase in value**, corroborating assumptions that activities linked to the circulation sphere supplant the

productive one when it comes to aggregating value. The creation of value would then be fundamentally linked to activities performed by finance and marketing managers in addition to the wide range of support activities nowadays treated as *immaterial* or *cognitive* labour.

According to specialized magazines, retail managers insist that manufacturers should make their production lines more flexible to variations in composition (*mix*) and volume of commercialized products, as well as increase delivery volumes over time, as if the production system could be driven and commanded by the retail market. Notice how this inversion conceals the true source of value: the production sphere.

Knowledge for the optimization of cargo logistics operations appears among us in a more intense manner from the 1990s onwards.⁴ Specialists affirm that ten years ago, in Brazil, the word *logistics* was not part of the business vocabulary.⁵ Concealing material production, these same specialists express quite

- 4 To illustrate the visibility of the expansion and consolidation of logistical activities, not only are businesses, their production engineering and logistical service providers the greatest stakeholders in the process. Universities are opening courses in logistics to train cargo forwarders, considered to be expensive professionals, connoisseurs that they are of the global routes, of the international legislation and of everything that happens in the world capable of favouring or hindering the *just-in-time* flows. These are modifications and differentiations that serve as a support for the sustaining of value, for the high volume of circulation of merchandise, modifying technical levels and differentiating branches of exploitation of the work force. Research shows, in the traditional industrial districts of the country, the increased weight of transport logistics in the service sector. See data from the ABC Economic Development Agency.
- 5 "After the 'immigration' of the QCC [...] the attentions of many companies are turning to a new rallying pole. It is the so-called *just-in-time* production system/Kanban applicable mainly in mass production (cars, auto parts, engines etc.) If on the one hand this system is more comprehensive than the QCC, because it involves production as a whole—workers, management, and even customers and suppliers—yet it is less known in our country." SALERNO, Mário Sérgio. *Produção, Trabalho e Participação: CCQ e KANBAN numa nova imigração japonesa*. In: FLEURY e FISCHER (orgs.). **Processo e relações do trabalho no**

mystifying opinions, such as that in Brazil “industry has not yet swallowed the fact that power has migrated to large retailers.”⁶

Such opinions stem from the observation of appearances and theories about service megacities, informational society, cities of information flows, theories about the supremacy of an immaterialized labour, theses that explain nothing about the present misery, about the accumulation and movement of capital, the unbearable conditions in the cities and the overwhelming presence of vehicles of all sizes circulating goods hour by hour on the streets. Under the technician and phenomenal perspective presented, these problems would supposedly be solved with so-called rationalized planning promoted by the State, with the implementation of new public policies and by the actions of the so-called third sector, which would promote the dissemination and implementation of a *new* morality and *new* procedures of *citizen-entrepreneurs*—voluntary and solidary. Because of its class definition, this perspective never questions the exploitative and anarchic nature of the capitalist market. By this class definition, this perspective does not point out the dissipative nature⁷ of capitalist production and its alleged rationality which aims exclusively at improving the circulation mechanisms for the surplus value produced to be transformed into profit.

Between the mechanisms employed, information is processed instantaneously, in so-called *real time*, in logistics centres that draw up synchronization plans for different work schedules inside and outside factory

Brasil, São Paulo: Atlas, 1987. p. 179-202.

6 Magazine *Distribuição*, Dec. 2001.

7 Dissipations observed, for example, in the flights of (empty) cargo planes maintained by a large logistics company in the United States for emergency cases to ensure planned hourly deliveries.

walls, activating, for this purpose, urban infrastructure so that hourly delivery contracts can be met.

Synchronicity and measurement of time for capital; asynchronicity and unmeasured time for man.⁸ Such is one of the aspects that give the rationalizing logic of *just in time* a dimension that goes beyond its exclusive application inside factories, generating a sensitive crisis within cities and individuals who subordinate themselves to the rhythm imposed by hourly deliveries, becoming conscious cogs of urban equipment, trucks, roads and bottlenecks in the clogged road network.

Dispensing with living labour from the productive units at the top of the value-producing chain is followed by its intensive and extensive use throughout productive spaces spread over vast territories. Under different legal forms of appropriation of labour power, it is then used in the services that make the goods arrive shinier, faster and with market quality—either for productive consumption (circulation between productive units) or for the final consumer.

The interpreters of reality—plentiful around Academia—obscure the appropriation of *surplus labour time* as a source of value, attributing such source to a power intrinsic to capital or to activities linked to *circulation*. For these apologists it is not the dog that wags its tail—such as fleas lying on the tail, they swear that, by circling frantically, the tail is wagging the dog. These opinions express the appearance of the suppression of direct productive labour. They also

8 The investments in integrated logistics for just-in-time transportation of cargo are impressive. The complaints by businessmen about the inefficient functioning of ports and highways are impressive. However, it is also impressive the time spent, in addition to the very high prices bore individually, for the daily displacement of the workforce.

express the attribution of an almost exclusive importance to the sphere of circulation.

2. Circulation of Ideologies

By now, the collection of techniques commonly denominated *just-in-time* can perhaps best be presented as a set of procedures and technical means implemented to deal with the historical tendency of the falling rate of profit. Despite basing its valorization process on the appropriation of surplus value, capital continuously expels from the labour processes its only source of value: labour power. This is one of the aspects characterizing capital as a contradiction in process. This basic contradiction—expelling from its valorization process the source of value creation—produces the historic tendency for the rate of profit to fall, thus generating the implementation of counter-tendencies attempting to counterbalance this decline. Such counter-tendencies are at the base of the dynamics of the so-called productive and institutional restructuring imposed by capital in recent decades and in the wide-ranging and multiple flows of surplus value transverse economic territories.

It is appropriate of the current period of capitalist accumulation, of intense productivity and financialization, to attribute to the strict sphere of circulation the ability *to create and aggregate value*, thereby overcoming the sphere of production. Such an attribution can only occur if the sphere of circulation, wherein the metamorphosis of capital occurs, is disfigured and fetishised. Transport, *marketing*, communication, propaganda, logistics, industrial design, sales techniques and *lobbying activities* are taken as being demiurgically

responsible for the valorization of capital. Ultimately, this disfiguration culminates in an ideology that obscures the production and appropriation of *surplus labour time* in productive processes, extolling qualities presumably intrinsic to capital and to a specific service sector, understood as the sustainers of value.

Likewise, vigorous are the theories that give exclusive responsibility for economic growth and social development to the productive application of science. Theories which comprehend so-called technological and scientific development in this way tend to suppose an immateriality of labour, characterized by the possession and production of information, of abstract knowledge and of a creativity capable of adding value through the creation of brands, packaging, advertisements, etc. Promethean workers, workers who perform immaterial labour, a cognitive proletariat (sic!) in the face of whom even capital would see its capacity of labour subsumption diminished, would be emerging in the wave of contemporary times of an ill-explained informational society.

The prevailing theories, academic and corporate, proclaim the certainty that Marx's theory of value is, always was, or has become inadequate since the 20th century. This is, moreover, the only certainty that such theories profess, within the contradictory horror of certainties they preach. Inserted into the ideological debate, they play an important role to hinder the possibilities for workers finding their effective role as producers of material and spiritual human life. The substantial motto of these theories is to point in the direction of eternalizing the capitalist mode of production, noting a presumed change in assumptions and material bases which, being valid in the 19th century, would have lost

applicability in the following century due, among other things, to the use of science as an autonomous productive force or the role of the State as the regulator of the dynamics of production. At the limit, the current ideology even claims that we are already living through the first years of a post-capitalism. It is interesting to note how these formulations make an absolute point of addressing their numerous critiques and surpassings to Marx. Despite their different points of departure (some anti-Marxist, others calling themselves neo-Marxist or belonging to critical schools) what these conceptions have in common is that they all claim to prove that capital no longer has, or never had, as source of its valorization process the expropriation of others' labour time. Most of them boast of having settled accounts with Marx by surpassing him in his limitations, updating it for the 21st century, or simply denying it, proving him always to have been mistaken.

This sphere that we are deserting, within whose boundaries the sale and purchase of labour power goes on, is in fact a very Eden of the innate rights of man. There alone rule Freedom, Equality, Property and Bentham. Freedom, because both buyer and seller of a commodity, say of labour power, are constrained only by their own free will. They contract as free agents, and the agreement they come to, is but the form in which they give legal expression to their common will. Equality, because each enters into relation with the other, as with a simple owner of commodities, and they exchange equivalent for equivalent. Property, because each disposes only of what is his own. And Bentham, because each looks only to himself. The only force that brings them together and puts them in relation with each other, is the selfishness, the gain and the private interests of each. Each looks to himself only, and no one troubles himself about the rest, and just because they do so, do they all, in accordance with the pre-established harmony of things, or under the auspices of an all-shrewd providence, work

together to their mutual advantage, for the common weal and in the interest of all.⁹

However, things change when leaving the sphere of circulation and entering the sphere of production, to which it is so insistently tried to hide or deny its centrality:

On leaving this sphere of simple circulation or of exchange of commodities, which furnishes the “Free-trader Vulgaris” with his views and ideas, and with the standard by which he judges a society based on capital and wages, we think we can perceive a change in the physiognomy of our *dramatis personae*. He, who before was the money owner, now strides in front as capitalist; the possessor of labour power follows as his labourer. The one with an air of importance, smirking, intent on business; the other, timid and holding back, like one who is bringing his own hide to market and has nothing to expect but—a hiding.¹⁰

The concealment of production, the focus on circulation and distribution—qualities associated with capital—underlie conceptions and theories of fair labour performed by citizen-entrepreneurs, theories of fair exchange together with a citizens' ethic, presuppositions of a supposedly egalitarian market. Egalitarian discourses, which eventually ring anti-capitalist, or even self-denominate as such, point towards a possible or desirable decrease in capitalist exploitation, for the possibility of taming a supposedly savage or inhuman capitalism in favour of a solidarity-based market economy, where all would maintain fraternal relations and nobody would be flayed.

9 T. N.: MARX, Karl; ENGELS, Frederick. **Marx & Engels: Collected Works**. Volume 35. London: Lawrence & Wishart, 2010, p. 186.

10 T. N.: Idem.

As we have discussed, the valorization process of capital is the unity of *production* and *circulation*, or, in other words, *production time* and *circulation time* complement, intertwine and mutually exclude one another. *Circulation time* is understood here not as transportation time, but rather as time spent by capital to perform metamorphoses between the money form and the commodity form. This process of valorization is only complete when the surplus value generated during *production time* is transformed into profit. Such transformation only occurs at the *circulation time*. Only at the market, realizing it upon sale, may the capitalists ascertain how much of the surplus value produced can actually be appropriated, how much of the surplus value can be transmuted into profit. Then, the process can begin anew. The activities that characterize production time can, thus, be restarted.

The greater capital's metamorphosis during the *circulation time* (transformation of money into commodity and of commodity into money) approaches the ideal, that is, the closer the *circulation time* approaches zero, the more a given capital will be available for the production of surplus value and for its self-valorization. If, hypothetically, a capitalist were to work on commission, so that he would receive payment upon delivering the product, and such payment would be made with the means of production necessary to resume the labour process, then the *circulation time* would approach zero, with no capital metamorphosis ever occurring.

Turnover time, as we have seen, is the unity consisting of *production* and *circulation times*. The shorter the *turnover time* of a given capital, the higher its *turnover speed* will be. Lower turnover times, therefore, mean higher turnover speeds.

Speed, as we know, is one of the magician's secrets. When one observes a good magician, one has the impression of following everything, including what cannot be followed, either because of the speed, or because it is hidden, or perhaps because the magician has been able to divert our attention. Even knowing that everything is a trick of the artist, the results vividly impress the participants, if, and as long as, they are not aware of how the tricks are performed.

The vertiginous rise of the speed of commodity flows in the economic territories is the counterpart of the increase in the turnover speed imposed by the hegemonic fractions of financialized capital and followed, under penalty of perishing, by the whole capitalist class. Just as in magic shows, speed is a cause of the apparent veracity of the illusions created. However, it is necessary to look beyond appearances and analyse what is hidden beneath the imposed speed. It is necessary to unveil what this speed conceals, otherwise one might really believe, through supposed empirical findings, that pigeons are born inside top hats.

The swiftness of commodity and information flows, the centrality attributed to the circulation process and to the activities performed within the circulation time, provide many ideologues of capital with the certainty that the tail is wagging the dog, that is, *circulation* is more important than *production* for the generation of value.

Once *surplus labour time* is concealed as the producer of surplus value, the *circulation process* apparently becomes more important for the valorisation of capital than the *production process*. A circulation where private interests

expressed through the market bring together and link individuals communally disguised as *citizen-entrepreneurs*. Free buyers and sellers of all kinds of commodities guaranteeing a firm political basis always making possible a consensus between these private interests. Consensus always guaranteed, as long as the presuppositions of the market remain intact.

Consequently, these ideologues, academic or otherwise, insist on the presumed assertion that we are heading towards the predominance of an egalitarian informational society.

Certain that ideology is not just false consciousness, let us investigate some of the causes of the apparent empirical evidence of the theories that decree the loss of centrality of production, and define circulation as the value-creating stage par excellence, thus leading to the conception of the end of labour as value creator.

3. Circulation time and loss of value

Once commodities are produced, through the reversed labour process in the capitalist production process, they are *laden* with value, and must begin their *circulation time* transmuting surplus value into profit. The longer such *circulation time*, the greater the amount of produced surplus value may be lost, compromising the transformation of surplus value into profit: commodities may deteriorate; they may require unforeseen conservation costs; transportation may be interrupted by natural or social cataclysms (strikes); unused stocks may generate unforeseen costs; insurance may not be immediately passed on to prices; variations in local or foreign currency; commodities may become obsolete

through the entry into the market of other, better and cheaper brands and models; in sum, threats originated in the market to the transformation of produced surplus value into profit.

While the loss of surplus value created in the *time of production* is only diminished by the reduction of *circulation time*—and consequently only increases the amount of surplus value already produced that can be realized—what is seen is what appears, that is, the effect of the reduction of *circulation time* on the valorization of capital in general: **the non-dissipation of value by the reduction of circulation time appears as a production of value due to efficiency in circulation. The increase in the efficiency of a capitalist to decrease the circulation time and consequently avoid loss of value is perceived, in appearance, as an addition of value.**

Given two competing capitalists, both operating with similar processes and extracting the same quantities of surplus value, the one that is more competent to realize that surplus value in the market will profit the most. Competence here understood as the ability to sell the commodity as quickly as possible at the highest possible price. The highest possible price is that which, ideally, transforms into profit all the surplus value produced. Of course, the merchandise can be sold for a lower price and still yield a profit, although if so, part of the surplus value produced will not be transformed into profit—at least not for the capitalist who produced it. However, in the real world, the large conglomerates, with the highest organic composition of capital, retain most of the socially-generated surplus value and, furthermore, impose on the other capitalists, under threat of disappearing altogether, the rush to reach their levels of productivity, logistical efficiency and capacity to subordinate, according to their interests, a

broad network of suppliers. Not to mention their ability to buy at very low prices means of production supplied by a huge range of workers expelled from the formal labour processes and who, by dedicating themselves to income generation, presumably in an autonomous way, reduce, to the benefit of capital, the value of labour power in general.

Numerous factors can either help or hinder the transformation of surplus value into profit while in the circulation sphere. If a delay in the sale of the commodities occurs, profits can be greatly diminished. It is out of strict necessity that capitalists, their managers and executives treat such sphere with utmost caution, demanding detailed planning to avoid dissipations of value.

Activities related to advertising, *marketing*, industrial *design*, graphic *design*, packaging, brand creation, bring a certain market predictability, assuming an increasing importance, feeding the ideal of a circulation time tending to zero. These are activities capable of creating and maintaining consumer habits and loyalty to ensure, within certain limits, the rapid consumption of what has been produced. Activities linked to logistics reduce costs and circulation time, storage, stockpiling and preservation—costs which, although arising from the circulation process, are deducted from the surplus value created in the production process.

Capitalists and their whole entourage accompanying them—those who naturalise their interests—cling to this appearance, for it seems to provide empirical proof that investments and activities of a so-called immaterial labour are the mythical sources of value production, independent of the direct commodity production process and labour exploitation. After all, *isn't it obvious* that the shorter the circulation time, the higher the profit?