Advertising and the Creation of Exchange Value

ADVERTISING AND THE CREATION OF EXCHANGE VALUE

A Dissertation Presented

by

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DEDICATION

Dedicated to the memory of Stephen Resnick.

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I have had many strokes of good fortune in my life, not least the intellectual and emotional support I have enjoyed throughout my graduate studies.

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And Matilda herself? Well, her very being helped me keep it all in perspective.

ABSTRACT

ADVERTISING AND THE CREATION OF EXCHANGE VALUE

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Advertising is a large industry and we feel its presence almost everywhere, but it is not easy to say what exactly the thousands of people employed in the industry produce and what exactly advertisers get in exchange for the billions of dollars they spend. *Advertising and the Creation of Exchange Value* explores the economics of the industry and the commodification of communications that characterizes consumer goods advertising in the U.S. I consider three phases of communications that take on three distinct commodity forms. First is access to attention, the interception of the audience's perception; Chapter One, "The Commodification of Audience Attention in the U.S., 1865-1920" traces the conversion of audience attention to commodity form as advertising space/time. Second is content; Chapter Two, "The Value Analytics of Advertising," examines the nature of advertising content as a commodified form of speech, produced on demand for purchasers who wish to disseminate rather than receive it. Third, the sets of meanings and mental associations we carry around in our brains become brands, business assets whose value is measured in money. Chapter Three, "The Use Value of

Advertising," considers the role of advertising in the branding and sales strategies pursued by the firms that advertise. I also explore the use of advertising to influence policy-makers, influence capital markets, or serve as a tool of labor discipline. I conduct an interdisciplinary historical analysis of the interests driving the construction of these communicative commodities and the labor processes involved in producing and exchanging them. I analyze the value flows associated with their trade using tools derived from Schumpeterian market theory, Chamberlin's theory of monopolistic competition, and Marxist value analysis. The concluding essay considers the relevance of my analysis to our pursuit of the democratic ideal of freedom of expression.

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VALUE: LABOR, SCARCITY, RIVALNESS, EXCLUDABILITY

Advertising is a large industry and we feel its presence almost everywhere, but it is not easy to say what exactly the thousands of people employed in the industry produce and what exactly advertisers get in exchange for the billions of dollars they spend. *Advertising and the Creation of Exchange Value* explores the economics of the industry and the commodification of communications that characterizes consumer goods advertising in the U.S. I consider three phases of communications that take on three distinct commodity forms. First is access to attention, the interception of the audience's perceptual field; Chapter One, "Pricing the Eyes of Passersby: The Commodification of Audience Attention in U.S. Public Spaces, 1890-1920" traces the conversion of audience attention to commodity form through the standardization of poster advertising. Second is the communicative content intended by the speaker or disseminator; Chapter Two, "The Value Analytics of the Advertising Agency," examines the nature of advertising content as a commodified form of speech, produced on demand for purchasers who wish to disseminate rather than receive it. Third is message reception – in contemporary business practice and intellectual property law, the sets of meanings and mental associations we carry around in our brains become brands, business assets whose value is measured in money. Chapter Three, "The Use Value of Advertising," considers the wide variety of ways that an enterprise can deploy advertising to secure its conditions of existence. This includes the branding and sales strategies pursued by the firms that advertise, and I also explore the use of advertising to influence policy-makers, influence capital markets, or serve as a tool of labor discipline.

I conduct an interdisciplinary historical analysis of the interests driving the construction of these communicative commodities – advertising space/time, advertising content, and brands – and the labor processes involved in producing and exchanging them. I analyze the value flows associated with their trade using tools derived from Schumpeterian market theory, Chamberlin's theory of monopolistic competition, and, centrally, Marxist value analysis as interpreted in the tradition of Stephen Resnick and Richard Wolff (1987). In the concluding chapter, I consider the relevance of my analysis to our pursuit of the democratic ideal of freedom of expression unmediated by access to capital and wealth.

The Stages of Communications

There are three stages of successful communications: The first communicative task is to intercept eyeballs.[1] The second task is to hold the gaze and convey… something – an impression, some piece of information, an emotion. In the case of communication originating with an advertiser, the goal is often to convey some sense of familiarity with a specific product and its use. Lastly, if the first two tasks are achieved, the audience will have received and retained an impression. A brand identity will have become a social fact, an element of social communication, even of communications not originating with the seller. More recently, advertisers and marketers have labeled this impression left by

[1] Or ears, though the period for which I study the development of an access-to-attention market lies in the interim between the decline of street crying and the rise of radio broadcast, so ears were less targeted than eyes. Now access to ears, and sometimes even noses, is part of the attention market.

communications “mindshare.” Clearly, audiences do not passively receive messages. Audiences are co-creators of meaning. For purposes of this study, however, everything that occurs at the receiving end of commercial messages – the interpretation, retention, and reproduction of the symbolic meanings of goods – can be folded into one phase of communications. As always, there is an element of the artificial in drawing category boundaries. The placement and content of an ad both contribute to the meaning produced and retained in the mind of the recipient. Production of advertising content is always built around predictions about reception. Nevertheless, the distinctions are analytically useful.

All three stages of communications were transformed into commodified forms during the period between 1865 and 1920. The market for newspaper, magazine, billboard, and streetcar advertising space matured, giving us a commodity version of the first part of the communications task. When access to attention exists in commodity form, it is what Karl Polanyi calls a fictitious commodity (Polanyi 1957). That is, attention is not produced for sale – its existence is inherent in the existence of the human population – and yet it comes to be sold in a market. The emergence of specialized professional advertising copywriters and artists whose site of labor was in advertising agencies gave us a commodity version of the second part, content creation. Advertising content was produced for sale and so was in that sense an ordinary commodity, not a fictitious one – although commodifying communicative content presents some challenges that differ from the challenges of commodifying material goods that come in discrete units. The reform of trademark laws made brand identities into salable business assets, giving us a commodity version of the third stage of communication, retained impressions or mindshare. The commodity form of communications reception is the brand.

What Makes a Commodity a Commodity

For anything to be a commodity and for there to be a market in that commodity, there must be a recognized right of private property ownership in that thing and market institutions that allow for those ownership rights to be transferred. (Note that there are two uses of the word commodity: one use is to identify things traded in markets as distinct from those things that are not marketed. That is the use I intend. But there is also a use of the word commodity to identify undifferentiated products, often raw material inputs such as corn or petroleum, as distinct from branded or otherwise differentiated goods.) The rights of private ownership may be a *de facto* social practice or they may be *de jure* rights recognized and enforced by governmental authority. The private property rights must be alienable: the initial owner may relinquish the right of ownership to another.[2] And the property must be considered fungible: commensurable with and exchangeable for something else, namely money.

The commodity status of things that have long been commodified and the structures and practices of market exchange come to seem natural and obvious to market participants. Economic theory rarely asks what lies behind the supply and demand model of a market, rarely asks whether and when it makes sense to think about a particular good in those terms. (When contemporary applied economists do ask the question, it is most often in the context of development economics. Some development economists promote

[2] A core principle of the market is that exchanges are supposed to be voluntary. However, Marx's analysis of primitive accumulation reminds us that the initial creation of private property for market exchange requires forcible dispossession. And Rosa Luxemburg shows that primitive accumulation is ongoing; sustaining a market involves continuing forcible dispossession.

secure property rights as a high priority government policy goal to foster market development. In fact, however, most historical examples of market development go the other way: the social practices of private ownership and exchange develop first even without government's approval. The legal structure to strengthen property rights emerges later.) But the initial commodification of a good is generally a struggle. There is struggle over what should be privately owned and by whom. There is struggle over what should be alienable. There is struggle over fungibility – the question of whether relinquishing one's rights can earn the initial owner rights to something else in exchange and, if so, what sorts of exchanges should be allowed. What is commeasurable with what? Once the commodity status and market practices pass into the realm of normalized, unquestioned social practice, the story of market exchange can be told as a story of freely chosen (within the constraints of existing circumstance), mutually beneficial exchanges. But establishing private property rights and commeasurability in the market always involves an exercise of power.

For the three phases of communication – access to attention, the content of advertising speech (broadly construed to include nonverbal content), and goodwill (to use the old-fashioned term) or mindshare (in modern parlance) – to become marketable commodities required the creation of new forms of property and institutional mechanisms to establish excludability, alienability and commeasurability. The boundaries of the property rights and the mechanisms of market exchange were hotly contested. The stories of these struggles are told in the three chapters to follow.

Basics of the Labor Theory of Value[3]

Once a private-property-exchanged-on-a-market regime is set, everything that is marketable is considered commeasurable with everything else. In Marx's terms, the market measures all marketed things against one another in units of exchange value. This exchange value makes possible comparisons among goods in all their infinite and often unsubstitutable variety of use values. Value exists as a category of analysis because of the articulation between the realms of production and circulation. The market is a mechanism that allows for exchange, and in doing so it measures the private production practices of every market participant against every other. Whereas private production for use is measured only by sufficiency (or not), private production for the market is measured by efficiency relative to other producers.

Marx borrowed from the tradition of classical English political economy, going back to Locke, Hume, Smith, and Ricardo, the notion that value is determined by the quantity of labor necessary to produce the good in question. He called this quantitative, value-producing aspect of labor abstract labor. Just as exchange value makes possible comparisons of unlike goods, abstract labor makes possible comparisons of unlike concrete labor processes and hence makes the products of unlike labor commeasurable.

The labor theory of value rests on the rivalness of labor time. Labor time expended on the production of this is not expended on the production of that; consequently, in the absence of other price distortions, this and that will exchange in proportion to the amount of time it took to make them. In contrast to the neoclassical textbook definition of economics, which posits a global premise that economics studies

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[3] This section is drawn from *Capital Volume I*.

the allocation of scarce resources to competing ends, the labor theory of value centers the allocation of finite and rival labor time to competing ends.[4] The logic of the labor theory of value in its most basic form rests, too, on the finiteness and rivalness of the things produced. The supposition that exchange ratios will approximate labor time ratios only makes sense if the good is rival and fully alienable: once sold, the seller must have relinquished the good and cannot sell the very same good again.

The labor value of a good can be disaggregated: Marx's magnificent contribution to the labor theory of value was to disaggregate the total labor time embodied in a commodity into three categories: constant capital + variable capital + surplus. The constant capital (c) accounts for the past labor embodied in inputs and capital equipment consumed in new production, and the value of the past labor is passed on to the good produced. To this dead labor is added living labor. The living labor is further disaggregated into the value of labor power (variable capital, v) and surplus (s). The value of labor power is the value produced by the workers and also received by the workers as wages in order to enable the reproduction of labor power, while surplus (s) is the value retained by the capitalist.

Marx's purpose in disaggregating value into the categories of c+v+s was to make class visible. It makes visible the workers' alienation as their collective past labor confronts them in the form of a power wielded over them: c. It makes visible their

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[4] This interpretation of the labor theory of value is in some ways similar to Graeber's "idiosyncratic" (his adjective) interpretation of Marx's theory of value in *Toward an Anthropological Theory of Value* (2001). He calls the labor value of an object a measure of its social importance because it is a measure of how much time has been committed to its production. However in doing so he is failing to make two distinctions: between commodified labor time and non-commodified time, and between labor directed toward the production of commodities and labor directed toward other ends.

exploitation: they produce a value of v+s but receive only v. Their surplus never belongs to them and they have no say in how the surplus is to be used. Alienation and exploitation work in reciprocal concert with one another. Alienation enables exploitation. The surplus obtained through exploitation is used (in part) to reproduce alienation.

Requirements for the Realization of Value

The conditions necessary for the production of value are not sufficient to guarantee the realization of value. To start with, the realization of value depends on someone wanting the use value produced. If the use value is not sufficiently useful to enough potential buyers, the goods will sit unsold and the value will remain unrealized.

The realization of value also requires excludability – the item need not necessarily be rare, but for its sale to realize value it cannot easily be directly appropriated from nature, or from non-economic social realms, or otherwise acquired by non-monetary means. You can't sell oxygen to most people, though divers, mountaineers, and emphysema patients will buy it. Although many people will buy apples and eggs, you cannot so easily sell apples to a person with an apple tree growing in her front yard or eggs to a person with chickens in his back yard. No matter how much labor went into the bottling of oxygen, harvesting of apples, or collection of eggs, and no matter how useful breathers and eaters find oxygen, apples, and eggs to be, it will be hard to realize the embodied value in the absence of excludability.

Conversely, the conditions necessary for the realization value may be met where the prior production of value did not take place. Excludability can create the conditions for the realization of value even in the absence of labor. Ground rent is a classic example

– a value flow secured through ownership of land, the supply of which cannot (in general) increase.[5] Merchant fees also realize value where it was not produced. Imperfect information and the frictions, inconveniences, and transaction costs of accomplishing exchanges open the space for merchant fees. Merchants collect a fee by interposing themselves between the producer and the ultimate buyer and charging a fee for access. (Sometimes the increased efficiency of accomplishing exchanges more than justifies the fee; sometimes not.) Ground rent and merchant fees secure a value flow without any production of labor value, but a single transaction can encompass realization of both embodied labor value and rent. This is the case with monopoly pricing. A monopolist can charge a price greater than value because there are not other options for getting the good. The monopolist can restrict output so it is lower than would be needed to meet demand at $P = V$ and collect a fee on the restricted number of units sold. Rents may also be collected on natural resources. There is abstract labor involved in natural resource extraction but there may also be monopoly rents if the resource is in short supply or the industry is not competitive, as in the case of OPEC. These rents may dwarf the labor value.

The conditions for the realization of value, including excludability, may be met for nonrival goods. The rivalness condition needed for the labor theory of value to be applicable in its simplest form is clearly met by material goods (e.g. shoes and sheds) and personal services (e.g. haircuts and housecleaning). Not everything that is traded as a commodity meets this condition, however. Information, for example, is nonrival: easily replicable and not easily alienable. Property rights in information are more easily

[5] At least not by much. The land area of what now lies within the Boston city limits increased by about a third over the last two hundred years through the use of landfill, but over the next two hundred years rising seas will likely take it all back.

multiplied than transferred – you don't necessarily forget or lose access to the information you share with me.

Market Prices and Deviation from Labor Value

If it were the case that goods traded in proportion to their labor values, the analysis of price could end with the basics of the labor theory of value. But because the conditions necessary to realize value do not correspond perfectly to the conditions necessary to produce value, price and value need not match. Even for a normal good – rival, excludable, at least as scarce as a dismal economist would expect – price need not be simply proportional to labor value. Although production and circulation together make value a meaningful category of analysis, the quantity of value embodied in a good is determined in the production process whereas price is determined in the market. Many phenomena in the realm of circulation influence price.

For economists who reject the labor theory of value, value can be identified with price as a feature of the market. Part of what makes neoclassical economics neo is the rejection of the labor theory of value employed by classical forbearers. For neoclassical economists following in the tradition first comprehensively codified by Marshall, value is the intersection of upward sloping supply and downward sloping demand. Endowments, preferences, and technology are given; perfectly competitive markets are assumed. Price can still deviate from value, but for reasons that differ from the transformation problem that pertains to the labor theory of value. The deviation of actual prices from values comes, in this view, from the regrettable imperfection of actual markets, the inconvenience of inflations and deflations that make the unit of measure unstable, and other messy matters. During the 1930s, Joan Robinson and Edward Chamberlin both developed analyses that agreed with the identification of value with market price. They preferred, however, to theorize at a lower level of abstraction and with greater immediate applicability than Marshall's economic theory could manage. They both rejected the definition of value as the ideal price that would hold in an ideal purely competitive market. Instead, they sought to theorize markets that more nearly resembled real world markets.

Robinson in *The Economics of Imperfect Competition* (1933) and Chamberlin in *The Theory of Monopolistic Competition* (first edition 1933) both sought to divorce the theory of value from the assumption of perfect, pure competition. Though there are clear distinctions between their approaches, both explicitly identified their work as a fundamental challenge to the dominant value theory. (Chamberlin's book is subtitled *A Re-Orientation of the Theory of Value*.) Both sought to do away with the more absurd assumptions of perfect competition. In place of many small-scale producers who must all take market conditions as given, they build their theories on producers whose actions determine market conditions. Robinson's theory retains neoclassical theory's multiple producers producing indistinguishable commodities, but allows them some price-setting power. Chamberlin, on the other hand, posits that all producers are monopolists in the production of their own output. The question of price competition in the market for a given commodity disappears and competition between producers instead becomes a question of the degree of substitutability between the product of one monopolist and another. The lower the degree of substitutability, the greater the monopoly pricing power of the producer.

If we wish to retain the labor theory of value for the many analytic insights it enables, then we will find ourselves (as Keynes said about the distance between neoclassical value theory and price theory) "sometimes on the one side of the moon and sometimes on the other" (Keynes 1964, p.292). Instead of eliminating one side of the moon from analysis, however, we have the option of laying out a theoretical route to connect the two. How can we journey from labor value to price and back again? Stephen Resnick and Richard Wolff's (1987) interpretation of Marxian value theory is flexible enough to fully describe price, including the components of price determined in highly imperfect markets, and to do so in a way that retains the sharp focus on class and surplus. In their approach, price can be understood as a summation of different types of value flows. Production is where the fundamental capitalist class process of surplus generation and exploitation plays out. But that is only a piece of a bigger and more complicated economic process. To the labor value categories c+v+s, they add two more value categories to represent economic processes that are not directly captured in the analysis of value created in production.

As a result of the capitalist class process, the capitalist receives a surplus. The capitalist then has a choice regarding how to spend the surplus. (A choice shaped, as are all choices, by compulsions and constraints.) They name the distribution of the surplus the subsumed class process. Much of the surplus must be spent in ways that will secure the conditions of existence for the continuation of the fundamental capitalist class process: on supervisory labor, for example, or on the maintenance of a state that encodes and enforces a legal structure that sustains capitalist class relations. The first distribution of the surplus as it is recycled back into circulation is a subsumed class payment (SC) for the capitalist who pays it out.

Someone who provides a condition of existence for the appropriation of surplus and receives a first distribution of surplus in exchange occupies a subsumed class position and the value flow received by occupying that position is a subsumed class revenue (SCR). The occupant of the subsumed class position, meanwhile, will need to make distributions in turn in order to secure the flow of subsumed class revenues. Resnick and Wolff use the letter X to label the distributions needed to secure subsumed class revenues. Although class matters, and class is the entry point for this value analysis, the economy encompasses more value flows than class alone can account for. Value flows received as a result of non-class processes are non-class revenues (NCR). They label the distributions needed to secure non-class revenues with the letter Y.

The market price of a good, therefore can be described by the class characteristics of the value flows that enter into the price: the embodied labor value consisting of constant capital, variable capital, and surplus (c+v+s), the value flows secured from capitalists' distribution of the surplus (SCR), and all value flows more than one step removed from the fundamental capitalist class process (NCR).

Some examples:

- A producer of shoes selling an undifferentiated product in a perfectly competitive market supplied by equally efficient producers receives the value of the shoes sold: c+v+s.
- A producer of shoes selling an undifferentiated product in a perfectly competitive market but producing with more-than-average efficiency

receives the value of the shoes sold plus superprofit resulting from a redistribution of surplus in the industry: $c+v+s+SCR_{superprofit}$. (This efficient producer pulls down the social average of the socially necessary abstract labor time somewhat, but the average is still above the efficient producer's private labor time. The less-efficient producers must sell below their private labor time, and so fail to realize their entire surplus, which flows to the efficient producer instead.)

- A producer of shoes selling in a monopolized market with no competitors receives the value of the shoes sold plus a monopoly rent: $c+v+s+NCR_{monopoly}$.
- A producer of shoes selling a differentiated product to consumers willing to pay a price premium receives the labor value of the shoes plus the brand price premium: $c+v+s+NCR_{price\ premium}$.
- Several of these things can happen at once. A producer of shoes who produces at lower cost *and* sells at a price premium could receive $c+v+s+SCR_{superprofit}+NCR_{price\ premium}$.

What this means for commodified communications and the associated flows of value

Information and communications have long been monetized in capitalism. Some of the monetization of information occurs in the realm of circulation: market intermediaries solve the information problem of matching buyers and sellers (merchants) or lenders and borrowers (bankers), and collect a fee for their efforts. Communications commodities also emerged in the realm of production early in the development of capitalism – theaters and printing houses were early sites of the capitalist class process in England. Notably, though, the first communications to become commodified were communications that came in finite units/vessels and it was the physical vessel, a rival good, rather than the non-rival content that was commodified. A play is performed at a particular time in a theater with a finite capacity from which non-payers could be excluded. Once the house was full, access to the play could only be sold again by performing it again, requiring more productive labor. Physical books were sold as capitalist commodities, and a particular physical book is rival, excludable, and alienable from the seller.

We are now in a phase of capitalism in which more and more of what is sold is immaterial, informational, communicative – and more and more of what is immaterial, informational, and communicative is sold in commodity form (Hardt and Negri 2000). Looking through the lens of scarcity (or abundance), rivalness, and excludability will help us discover where value is produced and how it is circulated in this setting. A variety of the forms of value Marx delineated exist in this immaterial realm, as they did in the industrial realm his theory of value was initially developed to explain. Analyzing the value flows of informational capitalism requires us to determine where production confronts the rivalness of abstract labor time and new value is generated and where, by contrast, the realization of value has become untethered from its production.

The production of new speech, information, knowledge, affect requires labor – with more than seven billion thinking, talking, emoting people in the world perhaps we are not really facing a scarcity, but labor time devoted to the production of speech and affect is finite and rival. In particular, communicative, affective, discursive labor time performed as capitalist wage labor is subject to constraints and trade-offs. Someone writing a script for a Coca-Cola TV ad is not and cannot be simultaneously writing a script for a Geico TV ad. A lobbyist speaking to Senator Schumer on behalf of the investment banks is not and cannot be simultaneously speaking to Senator Schumer (and even less to Senator Boxer) about the Farm Bill. The activity of speaking-on-behalf-of, when sold as a commodity, is not too dissimilar from a personal service sold as a commodity. So when speech is produced for sale, as in the case of lobbyists or advertising creatives, that production is subject to the labor time trade off and *new exchange value is being produced by the abstract labor expended.* When such speech is produced under capitalist relations of production*, a portion of that exchange value is capitalist surplus*.

Attention, too, is rival. We can only attend to so many stimuli, so much information, so many pitches and pleas. Most (perhaps all) concrete labor contains a component of paying attention to the task at hand, and a great deal of concrete labor requires paying attention to a particular person or people. But aside from the market trade in attention that comes included in the labor power package, there is also a large scale market trade in attention that is not sold by those attending, but is instead sold by third parties – the sale of advertising space/time is the sale of access to the attention of an audience.

In this case, the capacity to attend is not labor power, but a social resource. Attracting, packaging, and selling attention is analogous to extracting, processing, and selling a natural resource. Since audience attention is appropriated rather than produced by the sellers, the ability of sellers to derive revenues from their access to audience attention depends not only on their ability to share access with buyers of the audience attention commodity, but also on the ability to restrict non-buyers' access. Labor power is expended on the attraction (or extraction) process and so new exchange value may be created, but there is also a vast potential for securing rents. As the usefulness of advertising space/time has everything to do with the audience attention captured and nothing to do with the quantity of abstract labor time used to capture it, *rents are by far the more consequential component of the market price of audience attention* (Weiner 2002). Those who can command the most attention at the lowest cost can be dizzyingly profitable. This is the story of Google.

The difficulties of commodifying labor power are familiar – labor power comes attached to people who are often resistant to the uses the purchaser wishes to make of it. And in fact, labor power is incompletely commodified (Radin 1996). The transfer of property rights in labor power from seller to buyer is only partial. As a result of ongoing struggle – and with the result that wage labor has become somewhat more socially and psychologically sustainable than it might otherwise be – there are limitations on what the purchaser can do with the labor power purchased. There are, in the U.S., OSHA safety standards. There are prohibitions on requiring sexual services as a condition of employment. The boundaries of the property rights transferred in the sale of labor power are continually contested, but the boundaries are there.

Commodification of attention (apart from attention as a component of labor power) runs into somewhat different difficulties than does the commodification of labor power. Resistance from the people to whom the commodity is attached can be just as fierce – and as they are not the sellers of the commodity in question there is no legitimate power to compel them to attend. Attention is rival – we can attend to only one thing at a time.[6] We often resist uninvited intrusions on our attention and we frequently face simultaneous competing attempts to attract it. Attention is excludable only with significant effort and the right context. (As, in a nonmarket context, any parent attempting to speak on the phone in the presence of a child knows well.) Commodifying attention depends on achieving some measure of compulsion and some degree of excludability. As explored in Chapter 1, the modernization of the outdoor advertising industry around the turn of the twentieth century was largely a story about establishing the conditions to make attention excludable. Billposters also developed techniques and harnessed new possibilities for compulsion – placing billboards where the flow of traffic through new urban infrastructure would force the poster into travelers' line of sight, for example.

As attention is highly rival but excludable to only a very limited extent, it is an open access resource, vulnerable to what Garrett Hardin, in his much-cited 1968 article, called the tragedy of the commons. Attention is much in demand, and our capacity to attend is stretched ever thinner while those seeking our attention go to ever-greater lengths to attain it. (As we have learned from later work on common pool resources, the commons need not be tragic (Ostrom 1990). But an ungoverned open access resource is indeed vulnerable to depletion.) Any number of how-to advertising books promise that any reader who takes the recommendations to heart can get their message heard. The authors and promoters of these books seem untroubled by the logical incoherence of the

[6] All the neurological research confirms that multitasking is a delusion. The best we can do is switch tasks quickly, not process two tasks simultaneously in parallel.

claim. If every advertiser followed the advice in the book, we the audience could not attend to any larger a percentage of them than we already do, at least not by much.

An alternative approach to the value analysis of the audience attention commodity is developed in Sut Jhally and Bill Livant's article "Watching as Working" (Jhally 2006). Instead of drawing on the analogy of a natural resource, they draw an analogy between the watching activity of (for example) a television audience and the performance of wage labor. In this analysis, the source of value is the watching labor performed by the audience – this after all is the activity that directly produces audience attention and audience attention is the good being sold. The audience is paid in kind, with entertainment, rather than in money wages. The media generates a surplus by generating revenues through the sale of advertising space/time that exceed the cost of generating the content that attracted the audience. Watching enough minutes of advertising to cover the cost of the programming is necessary labor, watching more advertising than that is surplus labor.

Ultimately, the natural resource analogy is a more consistent and convincing means of integrating the audience attention commodity into a Marxian value analysis. However, the watching as working approach generates important insights about media capital's pursuit of profit. Just as an employer seeks to maximize the difference between the value produced by labor and the wages paid to labor, a media outlet seeks to maximize the difference between revenues from the sale of audience attention and the cost of producing content that will attract audience attention. The drive to maximize this profitable difference encourages outcomes analogous to the outcomes for wage labor that Marx was observing when he defined absolute and relative surplus in wage labor. As when a wage worker works more hours and generates more absolute surplus, the trend has been to show audiences more minutes of advertising per hour of television programming. Like an intensification of the work process generating more relative surplus, those minutes of advertising have been subdivided into smaller units – two fifteen-second spots generate more revenue than one thirty-second spot. The weakest part of the argument is its attempt to find a power relationship that can sustain this exploitation, to identify some kind of compulsion that keeps audiences watching (Jhally 2006).

Information is, in contrast to attention, nonrival. It is excludable only with great effort and aggressively crafted and enforced intellectual property rights. Some information is more useful when held by only a few – a monopoly on information can be a source of power or competitive advantage – as demonstrated by the willingness of some to pay significant fees to gain access to the Thomson Reuters/University of Michigan index of consumer sentiment report two seconds sooner than everyone else. (Thomson Reuters discontinued the early release service in July 2013 when New York Attorney General Eric Schneiderman began an investigation into whether the practice violated insider trading laws (McLaughlin 2013).) In these cases the seller can have some confidence that the buyer will collaborate in sustaining the excludability of the information sold. Indeed the information is valuable to the buyers *only because* non-buyers are excluded. Some low-budget advertising relies on stock images or stock music. In this case the seller of the stock material sometimes offers the material itself at one price and exclusion of other advertisers from use of the same material (in a given region, for a given time period) for an additional fee.

Some information is neutral or even positively made more useful by being widely shared. A great deal of the use value of *The Sopranos* for viewers was being able to discuss it with others. Sports fans pouring into the streets to celebrate their team's victory would get far less use from knowing the game's outcome if no one else knew. In these cases, buyers cannot be trusted to help sustain excludability and must be policed.

Information is not only nonrival, it is abundant. Although bandwidth is finite, we can already transmit far more than we can attend to. The scarcity of attention relative to information enables the monetization of attention through rents. But, paradoxically, rents are also generated through control of information. Information rents are not enabled by a natural scarcity, but extracted through an imposed scarcity. The ease with which much information can be replicated requires restriction of access in order to realize any value at all. The marginal cost of replicating and distributing information is so nearly zero that without monopoly rents, the price would be driven to zero (Teixera and Rotta 2012). Despite the abundance of information in general, certain information has few or no substitutes. The code that lets your computer communication with my computer could be replicated at near-zero cost, but you probably paid for it. The reams of information that data mining companies have about each of us could also be replicated at near-zero cost, but the advertisers selecting their targets pay for it.

Given how easily replicable most information is these restrictions can be very difficult to maintain. Some sellers give up on maintaining the excludability of the information and instead pursue a line extension. Some of the same people who watch pirated movies will pay for toys, t-shirts, and Happy Meals featuring licensed characters. The music industry has in the MP3 age found it difficult to restrict access to recorded music (though not for lack of trying) and instead generates more revenues through concert tickets than through sales of recordings – the reverse of the situation in the vinyl record, cassette tape, and even CD ages.

The third phase of communications – reception or mindshare – sits at the intersection of information and attention: Brands are information that has successfully commanded attention. A brand is an exceptionally strange form of property – it resides in our brains. Defending a brand (in and of itself a large and growing business and law enforcement activity) means restricting the production of meanings that might intrude upon the protected discursive territory while actively encouraging the production and reproduction of advantageous meanings. Arvidsson (2006) describes a brand as a structured arena of action in which consumer activity continually reproduces the brand. It is a property produced by a mostly volunteer labor force. It is the enclosure of a communicative commons.

The position of brands on the rival/excludable axes is ambiguous. The attention component is rival. The information component is, according to the characteristics of information, non-rival, but the usefulness of the brand to its owner depends on excludability. The boundaries of the brand as property have expanded over time. Brand-owner's fears of running up against the rivalness and scarcity of audience attention have intensified, and they have responded by broadening the reach of the excludability conferred by the brand. The standards for showing trademark infringement circa 1900 were based on confusion – trademark infringement occurred when one firm sold a good packaged and promoted in such a way as to raise a reasonable concern that buyers might mistakenly purchase that good believing it to be a different trademarked (but infringed-upon) good. In recent decades the standard for establishing trademark infringement has drifted toward a standard of trademark dilution. This change is contested and incomplete, but there are instances in which the outcomes of legislation and litigation have found that trademark infringement has occurred even with no reasonable fear of confusion. Instead, diluting, damaging, or making competing use of the set of associations and meanings embodied in a brand is sufficient. For example, a man named Victor was blocked from using his own name in the name of the adult novelty store he owned and operated with his wife. Victoria's Secret successfully sued, claiming that the use of the name "Victor's Little Secret" to sell pornography and dildos damaged their brand identity (Barrouquere 2010).

For competing brands, the rivalness of attention dominates their assessment of the rivalness of brand identity and they jealously guard their discursive turf from intrusions by competitors and counterfeiters. But non-competing brands can be complimentary. Far from being rival, they can become *more* valuable when they stake out discursive territory-in-common. This is the phenomenon of co-branding. Star Wars is a valuable brand. LEGO is a valuable brand. Star Wars-themed LEGO sets help LEGO hold off the competitive threat of Mega blocks while keeping Star Wars always before the eyes of construction toy enthusiasts, even before they are old enough to comprehend the movies (Joffe-Walt 2012). The movie tie-ins of Happy Meal toys accomplish something similar. In the case of co-branding the non-rivalness of information and the scarcity of attention make sharing meanings advantageous. Linking one brand to another can give each an entering wedge into the mental space of certain desired consumers.

The price premium enjoyed by sellers of branded goods represents a rent, which is not a direct monetization of attention – the attention is not being sold – but is enabled by command of attention. The command of attention that leads to the command of a rent can be monetized directly when the brand itself is priced. Despite disagreements over the precise monetary equivalent of specific brands (see Table 3.1), there is a broad consensus among those in the business of measuring brand values that the value of a brand is the present value of future revenues that can be attributed to the brand. That is, first you measure the price premium of the branded good as compared to an unbranded alternative. (This is easier for goods that have an unbranded commodity alternative, e.g. Quaker oats vs. oats in the bulk bin. But there are plenty of goods that do not have unbranded versions, in which case there is a much wider variation in subjective assessment.) Then you predict future sales. The present value of the component of those future revenues that you identified in step one as attributable to the brand, rather than to the inherent qualities the good would still display if stripped of its label, is the assessed value of the brand.

The pricing of brands happens at a far remove from value resulting directly from embodied labor time. *Brands are priced according to the present value of an expected future revenue stream, and are therefore best understood as fictitious value.* As with the sale of a financial asset, the sale of a brand asset allows value to flow now even though it has not yet been generated. Fictitious values are fragile; there is always a risk that the future productive labor that would validate a fictitious value may not materialize. Another part of the fragility of fictitious values is that the projected future revenue stream may not be the future realization of exchange value rooted in productive labor. The currently traded fictitious value may be a based on a future revenue stream resulting from interest or rent. Fictitious values therefore can easily multiply beyond the volume of future productive labor that would be needed for all currently traded fictitious values to be validated. When it becomes clear that a fictitious value will not be validated, it evaporates.

In the case of brands, the predicted future revenue flow on which the present value is based is a rent, not the realization of embodied labor. Even without a Marxist labor theory of value, some have been moved to wonder whether there is a brand bubble (Lindemann 2010, p.27). The brand fictitious value is occasionally converted into money by being traded; a brand, usually in conjunction with other business assets, can be sold. But brands are assessed more often than they are traded. (The fact that the market for brands is so inactive is part of why assessments vary so widely. There are so few market transactions that no market price emerges.) Far more often the brand fictitious value is converted into money capital through the stock market. A significant and growing portion of the stock market's valuation of publicly traded firms cannot be attributed to any physical assets, and a large portion of this is good will, or the brand value.

The stage is set

I analytically divided communication into three phases: intercept gaze, insert content, and achieve mindshare. Each phase exists in commodity form. In this study I specifically examine: advertising space/time, advertising content, and brand.[7] Each communication commodity has a story of origins worth telling. The transition from not-a-commodity to now-a-commodity is never seamless, often interesting.

Each communication commodity requires a different value analysis. We can find in the information economy the same range of value forms as the industrial economy – including exchange value directly rooted in abstract labor, rents, and fictitious value. Only the creation of custom-made advertising content, a variety of speech-for-sale, is productive of new exchange value. Some advertising content is licensed stock material, typically images or music. Revenues from sales of stock material are rents on restricted-access information, which rely on an imposed scarcity. The sale of access to audience attention secures a rent resulting from natural scarcity. The value of a brand is a fictitious value: the present value of a future revenue stream.

In the chapters that follow I will analyze the institutions and practices that sustain private property rights and enable market exchanges for each of these commodities. Lastly, the conclusion shifts from descriptive to normative and asks what the large and growing presence of commodified communications mean for the democratic ideal of freedom of expression.

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[7] Consumer product advertising is not the only realm in which commodified communications matter. The realm of political communications is also increasingly commodified and is worthy of another study. There is overlap: campaign advertising is a big business. But lobbying is a separate matter. For a long time the purchase of interception of perceptual field and insertion of content were sold as a package. In *What Money Can't Buy*, Michael Sandel draws attention to the new phenomenon of paid line-standing services. Rather than using their own employees' highly paid time to stand in lines to see elected officials, lobbying firms now buy a position in line from specialized line-standing firms who hire very low-cost labor, often from homeless people, whose participation in the political process is that of a paid, voiceless placeholder (Sandel 2012).

CHAPTER 1

PRICING THE EYES OF PASSERSBY: THE COMMODIFICATION OF AUDIENCE ATTENTION IN U.S. PUBLIC SPACES, 1890-1920

Introduction

In the late nineteenth and early twentieth centuries, advertisers and the advertising professionals[8] who served them successfully pushed the transformation of audience attention into a form of tradable property. At the beginning of this period, getting advertisements before the eyes of the public was a haphazard affair. By the end of the period, advertising in periodical media, outdoor advertising such as billboards, and direct mail marketing had all gone through a process of standardization, allowing advertisers to, with a reasonably high degree of specificity and confidence, purchase access to the attention of desired audiences. The standardization emerged from the interaction of advertisers' and advertising professionals' desires. Advertisers wanted reliable access to audience attention for use in their own competitive strategies. While providing reliable access to audiences, advertising professionals wanted to capture a healthy share of advertisers' selling costs. In the outdoor advertising field in particular, the billposters' aggressive pursuit of monopoly contributed to achieving both ends.

For advertisers, advertising was a critical component of their competitive strategy, both in horizontal competition against other sellers of similar goods and in vertical competition against others in the consumer good distribution chain. In horizontal

[8] A note on terminology: Advertisers are the sellers of advertised goods. I am using the term "advertising professionals" to refer to the array of people involved in providing advertising services, including characters such as advertising agents, copywriters and illustrators, billposters, lithographers, and distributors.

competition, advertising was a tool used to pursue high market share at steady, profitable retail prices. In vertical competition, advertising was a tool used to try to capture the largest possible share of the difference between the retail price and the manufacturer's cost of producing the goods – that pool of surplus out of which everyone in the distribution chain must carve their profits (Chandler 2002, Strasser 1989, Laird 1998). Readily available, predictable, measurable access to audience attention was a necessary prerequisite for advertisers to carry out their strategies and this prerequisite was achieved by making attention a purchasable good.

The ability to buy and sell attention depends on establishing property rights in attention so that there is some*thing* to be traded, and on establishing rules for market engagement so that there is some *way* to carry out the trade. Advertisers and the suppliers of attention both enlisted the state in the definition and defense of the necessary new property rights. They struggled over how to carry out the exchanges and a new market infrastructure was forged in the heat of their battles. Given the necessary property rights and market infrastructure, attention can be traded. It can be attracted or intercepted for the purpose of trade, but it cannot be newly produced to meet demand. It is in this sense like a privatized natural resource.

To sell attention is to offer those who pay the fee preferential access to the eyes of audiences. The ability to sell preferential access to some depends on the ability to exclude others. State-sanctioned property rights in attention therefore represent a degree of state-sanctioned monopoly in the sense of the term used by Edward Chamberlin in *The Theory of Monopolistic Competition* (1962) – every producer has a monopoly on their own individual output. In the outdoor advertising field, the billposters only achieved monopoly in Chamberlin's more expansive sense of the word in conjunction with monopoly in the more traditional sense of the word, as exclusive sellers of a particular class of goods with a high degree of price-setting power.

Both the horizontal and vertical competitive struggles taking place amongst the advertising industry's clients had analogs within the advertising industry. Newspaper publishers competed horizontally against other publishers for advertisers' business, which in part meant competing for readers whose attention they could sell. Likewise, billposters competed against other billposters for advertisers' business, which in part meant competing for the most visible billboard locations – though to a great extent billposters resolved this competition by securing local monopolies. Competition spilled across sectors: publishers competed against billposters (and billposters against publishers) over their respective shares of sellers' advertising appropriations. Advertising agents and solicitors acted as intermediaries between the attention sellers and the advertisers who were the final buyers. In vertical competition, publishers and billposters struggled with the agents and solicitors over the size of their commissions.

In what follows, I establish the characteristics of audience attention as a fictitious commodity in the sense defined by Karl Polanyi. I then outline the historical development of the outdoor advertising sector of what became a nationally integrated market in audience attention with a focus on how contradictions and competitive struggles over the surplus shaped the market.

How Big Was the Business

The scale of the access to attention market grew considerably in the late nineteenth century. It is hard to be more precise than this because the data for this period are so unreliable. The best aggregate data are for the print media sector, which grew from \$39.1 million in advertising revenues in 1880 to \$95.9 million in 1900. Rough but reasonable estimates judged print media advertising to constitute approximately half of all advertising expenditures (Waldron 1903, p.158; Pope 1983, p.26). Data for an important alternative medium, poster advertising, are all but nonexistent. We know, however, that it grew from a medium used exclusively by traveling circuses, local theater, and patent medicines to a major advertising venue for large-scale respectable retailers and national manufacturers of branded goods. Billposting businesses detailed in the billposters' leading professional journal are a sampling, not an aggregate, but they are suggestive. In the summer of 1900, the northern California outdoor advertising firm of Owens, Varney, and Green was posting approximately 150,000 sheets per month. They had boards in San Francisco (population 340,000), where they charged 12¢ per sheet per month and also in Oakland and a handful of small nearby towns where they charged from 5 to 7¢ per sheet, which would yield yearly revenues on the order of \$150,000 to \$200,000. There were approximately 40 cities of at least 100,000 population in which a billposter belonging to the Associated Billposters was at work, most of them charging at least 12¢ per sheet. A second tier of more than a hundred mid-sized plants in smaller cities would have been doing business in the tens of thousands of dollars yearly and 500 smaller-scale members of the national association were doing business on the order of several hundred to several thousand dollars a year (*The Billposter-Display Advertising*

July 1900, pp.17, 28). In 1900, the American Tobacco Company spent $600,000 on billboard advertising of cigars alone (Sherman 1900, p.134). This indicates that circa 1900 the total revenues of the billposting industry were in the tens of millions of dollars a year, though smaller than publishers' advertising revenues. The distributing business was also considerable. In Newark, New Jersey the distribution arm of the Newark Bill Posting Co. moved an average of a half a million pieces per month in 1902 and in November of that year A. Van Beuren distributed 1.1 million pieces in New York City. In total, distributors moved billions of fliers, product samples, and advertising ephemera into people's homes every year at prices that typically ranged from $1.50 to $3.00 per thousand (*The Billposter-Display Advertising* February 1902, p.9; March 1902, p.9; January 1903, p.18).

Though the growth was notable, the effects of changes in the advertising industry are only partially captured by a dollar-and-cents accounting of its growth. We know that manufacturers and merchants were spending more on advertising and more people were exposed to more advertising messages. This growth in advertising was related, as both cause and effect, to the growing sales of branded packaged goods. The growth in advertising also contributed to both quantitative and qualitative changes in the relationships between consumers and purchased goods, consumers and retailers, retailers and manufacturers.

Audience attention as a fictitious commodity

Markets are always embedded in a society that also includes non-market realms; what happens within the market depends in part on what happens without (and vice versa). Karl Polanyi argued that ours is a market society in which the market realm has a tendency to expand into more and more areas of social life, but this process of market expansion runs into contradictions. The self-regulating market ideal requires that every element of industry must be treated as a commodity, “subject to the supply-and-demand mechanism interacting with price.” However, industry’s needs include land and labor, which are “no other than the human beings themselves of which every society consists and the natural surroundings in which it exists.” That is, they are not produced for the purpose of market exchange and yet they become subject to market exchange. Polanyi calls such items, those that are traded in markets although they are not produced specifically for sale on the market, “fictitious commodities.” He identified three: land, labor, and money (Polanyi 1957, p.71-73).

Audience attention is not produced for the purpose of market exchange – like labor, it is inherent in the existence of a human population. Unlike labor, which is sold by those laboring, attention was not (and is not) sold by those attending; it was (and is) sold by third parties.[9] In their horizontal fight for market share and their vertical fight for a cut of the surplus, sellers’ strategies leaned more and more heavily on access to audience attention. This created a pressure for audience attention to take on a commodity form and the advertising industry was born to profit from the situation. A new market in audience attention arose, interconnected with all other markets in the larger market economy. In short, audience attention became a fictitious commodity.

[9] There is often an implicit exchange with audiences – the news is our compensation for exposure to newspaper ads; the TV show is our compensation for watching the TV ads. Some advertising is an even less disguised exchange, as in the offer of a DVD player in exchange for your time spent listening to a sales pitch for a time share on a vacation condo. I do not know, however, of anyone being paid an hourly money wage to sit and watch advertisements.

Though the gains from the sale of audience attention are privately enjoyed, the construction of attention as a salable good requires collaborative and state action. The growing ranks of advertising professionals created and benefited from new institutions. Their professional organizations established standards of conduct and mechanisms of enforcement that successfully convinced advertisers to trust them as sellers of attention while also maintaining prices high enough to be profitable. Advertisers and advertising professionals overcame opposing interests, most notably Progressive reformers, to harness the power of government to their cause: they successfully pushed the state to recognize and enforce contracts related to the trade in audience attention, thereby establishing new forms of property, including rights to information about consumers. Those with the opportunity and ability to attract and hold audience attention found an expanding economic niche and increasing economic rewards.

Commodified access to attention: Intercepting eyeballs

There were three main avenues for the interception of eyeballs outside of places that were already considered places of commerce.[10] One was to gather audience attention in the virtual spaces of the media. The second was to gather audience attention in public spaces. The third was house-to-house delivery of advertising materials seeking to intercept people's attention in the private space of their homes. I focus here on appropriating attention in public spaces.

[10] Though important, for purposes of this study, I'm leaving aside in-store displays and promotions. These practices changed in this period as the relationships between retailers, wholesalers, and manufacturers changed, but point-of-sale marketing was still within the range of merchant activities and did not represent a new form of economic activity centered around the exchange of commodified audience attention.

Public Spaces: Pricing the Eyes of Passersby

The Outdoor Advertising Supply Chain

To serve advertisers' pursuit of eyeballs in public spaces, the outdoor advertising industry professionalized in the late nineteenth century. What had been an arena of lawless, no-guarantees attempts to grab attention developed into a much more standardized, predictable mode of doing business. The earlier state of affairs had advertisers order broadsides from a printer and then hire a billposter to paste them up. The billposter was equipped with a bucket of paste and a brush, but neither owned nor leased nor otherwise secured exclusive rights to any display space. Rather, he (billposters were so far as we know all men) pasted the broadsides on any convenient surface, at which point his obligation to the advertiser had been fulfilled. The owner of the fence or wall might tear the poster down, or another billposter might paste over it, but that was of no concern to the billposter. Alternatively, he could paste a few posters where the advertiser would be likely to see them, dump the rest in the river, and claim to have fulfilled his obligation. It would be hard for the advertiser to know the difference.

Beginning in a small way in the 1870s and in a large way by the 1890s, billposters took on responsibility not only for applying the advertisers' posters to vertical surfaces, but for supplying the surfaces and maintaining the display for an agreed-upon period of time. The billposter's obligation no longer began with the receipt of the broadsides and ended when the last sheet was affixed to fence, wall, or earlier poster. Instead, the billposter's work began with leasing space (land, walls, or rooftops) from landowners and erecting a billboard on that space. Billposters referred to their collection of billboards as their "plant" and sought to entice advertisers by touting the size and quality of their plant. The advertiser could then contract with the billposter for the posters to be displayed in particular locations for a specified period of time. Following the long-familiar paste and brush portion of the process,[11] the billposter took responsibility for inspecting the displays regularly, repairing any that were damaged, and neither pasting over nor allowing others to paste over the poster until the length of display in the contract was fulfilled. This was known as listed and protected service – listed because the billposter supplied to the advertiser a list of locations where the posters had been hung which made verification far easier, and protected because the display was protected for the length of the contract (*Display Advertising* Sept. 1897, pp.10-11). The fee an advertiser paid to a billposter had in an earlier era been a payment for a task – the task of hanging posters. With listed and protected service, it became a payment for access to audience attention. Audience attention had always been the aim and the hope, but now there was something far closer to a guarantee.

The content component of the poster advertising process changed with the rise of billboards and the dramatic development of lithography technique. The printing industry was split into two major sectors: lithographers producing color images usually with little text and traditional printers of usually minimally illustrated text; they used different tools and different techniques and specialized in different products. Lithographers rather than job printers became the primary suppliers of posters. As they did for trade cards, in-store

[11] As billposting businesses grew, billposters no longer actually posted bills – their employees did. As proprietors of billposting plants absented themselves from the physical work of posting bills, a handful of women, most often the widows of the previous proprietors, entered the field. See, for example, the death notice in the February 1902 issue of *The Billposter-Display Advertising*: Mr. Lodwick of Portsmouth, Ohio died, but "Mrs. Lodwick has announced her determination to continue the business" (p.7).

display materials, and all manner of advertising ephemera, lithographers had a large catalog of stock images for advertising posters so that advertisers without the budget to design or commission an original poster could select an already-extant image and customize it with their business's name and address. This was the largest component of the lithographers' business, although as early as the 1870s national brands began collaborating with lithographers to design custom-made, brand-specific posters (Laird 1998, p.79).

The development of a market in outdoor advertising space-over-time operated in a reciprocal relationship with the development of the lithographers' art. Poster design shifted quickly to emphasize colorful images over black block text. Posters got larger and a standardized selection of sizes emerged from the interplay between poster production and board construction. Billboards were sized to fit the standard posters and posters were sized to fit the standard billboards (*The Poster* January 1920, p.53). A standard sheet of poster paper was 28 inches high by 42 inches wide, a poster's size was designated by the number of sheets, and billposting services were priced per sheet for a month's display (*The Billposter-Display Advertising* Aug. 1900, p.13).

Just as newspaper advertising agents like George Rowell integrated the national market for the attention of newspaper readers, agents specializing in mediating billboard space transactions – known as solicitors in this sector of the attention market – integrated the national market in the attention of pedestrians, streetcar riders, and (later) motorists. Some billposters, such as O.J. Gude of New York developed their businesses to a regional scale, but national placements still required contracting with many billposters. Solicitors allowed national advertisers to purchase placements all over the nation in one transaction. (Gude was both a solicitor and a billposter.) For those who still wanted to deal directly with the billposters, the leading professional organization cut the information-gathering portion of the task to nearly nil by publishing a national list of member billposters. The published list started as just a list of names and towns, but grew to include additional information such as town populations and prices.[12]

Monopoly

Monopoly was critical to the modernization of the outdoor advertising industry. For billposters, establishing and sustaining local monopoly, in the sense of being the sole seller of billboard space in a particular geographic range, was an indispensable component of converting access to attention into salable property, that is, achieving monopoly in Chamberlin's sense of the word. In fact, until it was successfully suppressed, competition among billposters slowed innovation. The development of the billposting industry provides a case study in Joseph Schumpeter's theory of monopoly as a facilitator of dynamic innovation. Although Schumpeter was thinking of the development of new manufactured products, monopoly facilitated the creation of this new fictitious commodity, as well.

Schumpeter vigorously dissented from the economic orthodoxy that gives highly competitive markets all the credit for fostering efficiency. That analysis, he charged, was a static analysis. At any given moment using existing technology, price competition will indeed force producers to adopt the lowest-cost methods of production. But in a dynamic

[12] I read the complete run of *Display Advertising* from 1897-1898 and *The Billposter-Display Advertising* from 1899-1903. I also read *The Billposter and Distributor* 1905-1906 and sampled extensively from *The Poster* 1910-1920. This description is drawn from those sources.

analysis, intense price competition ceases to look so conducive to productivity gains. Producers facing intense price competition are compelled to cut all costs not associated with short-term survival. They do not have the luxury of investing in product or process innovation. New product development and efficiency gains resulting from new technology are best developed over time when price competition is muted either by monopoly power or by an oligopolistic accord amongst producers. Far from being an enemy of modernization and progress, monopoly can facilitate innovation. In Schumpeter's model, market competition disciplines producers not through competitors' incremental increases in productivity but through the ever-present threat of a product or process innovation that will shake the market to its foundations (Schumpeter 1942). Sclerotic monopolies can and do exist, but survive only as long as they retain sufficient power to suppress the threat of new entries or product substitutes. The market discipline driving outdoor advertising innovation came from the presence of media advertising space as a substitute for billposting rather than from competition among billposters.

Competition hampered the transformation of billposting from a service with uncertain outcomes to the sale of access to attention in two ways. Both of the obstacles resulting from competition had to do not as much with the rules of competition as they had to do with the ease of breaking the rules and the pressure to do so. Competing billposters had no reason to respect one another's postings. In the early stages of the business none of them had property rights in the surfaces on which they posted and they freely and frequently posted over one another's posters, if the property owners did not tear the poster down first. The lack of property rights in surfaces left postings unprotected while the lack of respect for postings did nothing to encourage a willingness to invest in specially designated poster surfaces. Just as competition gave billposters little regard for one another, competitive pressures also strained trust and respect between billposter and advertiser. Billposting presents a classic principal agent conflict. It was difficult for advertisers to know whether billposters really had pasted up all the posters and where they were hung. “It used to be that quite a large proportion of paper given to billposters to post found its way into sewers and furnaces,” admitted *Display Advertising*. Since they had so little confidence in the service, advertisers’ willingness to pay was low, and the lower the price the less willing and able billposters were to provide meticulous service consistent with the interests of the advertiser (December 1897, pp.20-21).[13]

Monopoly provided an opportunity to overcome both of these problems. A monopolist billposter could charge higher prices and use the higher revenues for investment in product and process improvements, as Schumpeter’s model predicts. With a monopolist’s financial wherewithal and absence of competitors, the sole billposter in town could invest in billposting surfaces without worrying too much about theft of space or vandalism by a competitor. Or, if investment in space came first, the quality-of-service-based competitive advantage of having a large plant helped to secure a larger share of local business, leading to monopoly. Monopoly clearly eliminated conflicts among billposters by eliminating all but one billposter in a given geographic area. Monopoly also made it possible to ease principle-agent conflicts. Property rights in display spaces enabled billposters to guarantee unobstructed display for a contracted

[13] Although I do not adopt exactly the language and methodology developed by Douglass North, portions of this case study in the coevolution of institutions (e.g. the property rights regime) and organizations (e.g. billposting firms) could be translated into the framework developed in *Institutions, Institutional Change and Economic Performance* (1990). Note in particular his disavowal of the claim in his earlier work with Robert Thomas that institutions would tend to evolve toward greater efficiency (p.7).

period of time. Advertisers and billposters could agree in advance on locations of display and the billposter could then send confirmation to the advertiser when the posting was completed, making it easier for advertisers to inspect the work. Without competitors posting over the posters, billposters had to worry then only about defacement by weather and teenagers and their more capacious operating budgets allowed them to regularly inspect and repair the posters they hung until the end of the display contract.

Billposting is intrinsically a very place-bound business, but billposters found regional and national organization to be a useful tool in sustaining local monopoly. This was the impetus behind the formation of the Associated Billposters' Association of the U.S. and Canada.[14] The Association was formed in 1891 in a reorganization of the earlier International Billposters' Association of North America, which had been in existence since 1872. In 1906, the Associated Billposters' Association merged with some affiliated organizations, including the publisher of the association's journal, and with a national association of distributors forming the Associated Billposters and Distributors of the United States and Canada. In 1912 the organization was renamed the Poster Advertising Association. Later, another name change made it the Outdoor Advertising Association of America, which is still in operation (Fisk undated).

Protecting the shared interests of Association members generally required the Association to strictly police members' behavior. The Association held members to

[14] As the scale of billposting enterprises increased from a sole operator with a paste bucket and brush to an entrepreneur employing dozens of men with paste buckets and brushes, intraindustry conflict became class conflict rather than market competition. Members of the Billposters' Association looked very favorably on their own organization to defend their interests, but far less favorably on their employees' organization. The Association's journal occasionally carried accounts of strikes or other labor unrest, and the actions of organized workers were always reported in a mocking, dismissive tone. (See, for example, May 1899, p.12, January 1900, p.26, December 1902, p.6)

nationally set pricing standards and quality of service standards – at least until a Federal Court ruled in 1916 that the price-fixing policy was illegal (*Printers' Ink* April 6, 1922). The two were inseparable: quality service could not be provided at cut rates and high rates could not be justified without quality service. Local monopoly was an ironclad principle. The Association would admit only one member per town. If two billposters from the same town sought membership, the Association would assess both their applications and accept only one – if, indeed, they accepted either. Complete coverage of the U.S. by Association billposters was an unwavering goal. The journal periodically printed a list of towns without a billposter and encouraged members to establish plants there. Expanding the Association's reach also involved eliminating non-members from the field. Towns where a billposter who was not an Association member was at work were also considered open towns. The Association's appeals for members to establish billposting plants in those towns meant going into business in opposition to existing non-member billposters with the clear goal of driving them out of business. The Association was strict with members and ruthless toward competitors. An Association member typically put his membership at risk if he engaged in price-cutting. However, the national office was willing to grant special dispensation for temporary rate cuts to meet competitors' prices until the competitors were driven out of business (Associated Billposters and Distributors 1906, p.19).

Manufacturers of nationally branded goods increased their advertising spending rapidly during the late nineteenth century, faster than did local retailers (Laird 1998, p.221). For outdoor advertising to be a part of campaigns conducted at a national scale – and national campaigns were a rising share of total advertising expenditure – billposters needed a mechanism of geographic market integration. For print media, the integration was accomplished by nationally distributed magazines and by advertising agents mediating contact between a relatively small number of national advertisers and a very large number of newspapers with local distribution. The Associated Billposters addressed the challenges of national integration for poster advertising. Their membership lists made it easier for advertisers who wished to deal directly with billposters while posting in many cities. For cases where the advertiser wished to use a single solicitor to manage the dozens of local contracts needed for a national advertising campaign, designation of official solicitors and an insistence on standard, fixed prices and commissions helped protect billposters' interests when in conflict with the interests of solicitors. The formation of the Associated Billposters' Protective Company in 1900 to handle national poster placement contracts strengthened the billposters' control and bargaining strength in negotiations with advertisers and intermediaries (*The Billposter-Display Advertising* February 1900, p.14; April 1900, p.9).

In the Associated Billposters' drive to dominate outdoor advertising, their strategy of national integration was complemented by aggressive geographic expansion. Following U.S. territorial conquests, billposters wrote to the association journal from Indian Territory, the Philippines, and Cuba, celebrating newfound business opportunities. According to an article in the May 1902 issue of *The Billposter-Display Advertising* the opportunity presented by Indian Territory depended on the growing number of white settlers – "Do you know that there are more white people in the Indian Territory than in Oklahoma?" – and on the suppression of American Indian cultural difference – "Do you know that there *are good* Indians who are not *dead*? … Do you know that there are blueeyed, blond-haired Indians who teach music and art?" (p.16) The following month, *The Billposter-Display Advertising* reprinted an article from *Printers' Ink* describing billposting conditions in Havana and seeking to put to rest fears that Cubans were racially, linguistically, or otherwise unfit audiences for U.S. commercial communications. Many of them could not read English or could not read at all, but they showed great interest in posters, the article insisted, and the posters' clear graphics and limited text made it easy for Spanish-speaking Cubans to receive the message across the language and literacy divide (p.14). The next year, an article describing billposting in Manila opened, "Whether the constitution should follow the flag or not is a controversial subject for statesmen to determine, but what is more important for advertisers, perhaps, is the fact that the billposter, with his brush, nerve, bundle of bills and a bucket of paste, is bound to follow close in the wake of a conquering column of Uncle Sam's warriors" (September 1903, p.5).

Their aggressive expansion reached inward, too, as more and more small towns and country routes came within the reach of some billposter's plant, typically by a billposter in a larger nearby town expanding his plant rather than by a newly established plant. Associated Billposter Association members were exhorted to expand into any as-yet unclaimed towns. "Every city of 1,000 population should have a billposting plant," a 1900 article opined. The volume of work would not make it a full-time job, but the profit rate would make it "worth the attention of a share of the time of a good man." Part of what made small towns potentially profitable was the low cost of space: "Locations can be obtained for a song." (A song, to be precise, was estimated to be equal to $100 maximum (September 1900, p.13).) Just as George Rowell had been able to interest

Boston merchants in newspaper placements in the hinterlands in the 1860s (Rowell 1906), F.E. Fitch of Albany found in the 1900s that centrally located retailers were interested in his country route billposting service (*The Billposter-Display Advertising* May 1902, p.8), a discovery also made by other billposters in other places (ibid. January 1903, p.75). National manufacturers could also be persuaded to buy space on country route billboards, although developing country route services required billposters to advertise themselves to both regional and national advertisers so that potential clients would know that the service they wanted could now in fact be had (February 1902, p.6; May 1902, p.8). Billposters characterized country consumers to advertisers as curious and eager, their capacity to pay attention to advertising appeals not yet stretched so thin as that of city residents (March 1900, p.23). Country route expansions challenged the association's local monopoly policy: as town billposters expanded, the territory they claimed sometimes overlapped and in 1900 the national association called upon the state-level associations to establish firm geographic boundaries (May 1900, p.17). Four months later only Indiana's state association had taken up this disciplinary/regulatory task, triggering a chiding commentary in the journal (September 1900, p.13). But at the same time that two billposters were vying for some towns, other towns were still left uncovered, and the Association's exhortations to expand continued.

Through national integration and the pooling of resources the Association could promote billboards as an advertising medium. From the beginning, their publications were intended to function as promotional literature for potential clients. In 1909 the Association established a national promotions bureau, devoting even more resources and focused attention to attracting national business and providing technical assistance to billposters seeking to increase their volume of local business. They established a separate journal dedicated specifically to addressing advertisers, separating that function from the association governance function of the organization's official journal (which by that time had been renamed *The Poster*) ("A Chat with the Billposter" October 1909).

The Association was so confident in the justification for monopoly that they made no effort to dissemble about their purposes. Until 1909, the same journal that functioned as the main avenue of national-level internal communications doubled as a piece of promotional literature designed to persuade advertisers to use billboards. "Nothing will encourage your local merchants to adopt billposting more than a good knowledge of the medium. Let him read THE BILLPOSTER; it will give him the necessary information," encouraged the association in the September 1900 issue of the journal (p.13). There were as many articles concerned with touting the benefits of outdoor advertising as there were articles dealing with organization politics, technical issues of running a billposting business, and so on. This meant that the sales pitch to potential clients came bound between the same covers as diatribes against rate-cutters. In effect, Association members promised potential customers that they would charge them more. The promise also, of course, included the clause that the higher price was worth it because the quality of the product was higher.

Their shamelessness was notable as the Association's regulation of prices was clearly an instance of price-fixing in violation of the Sherman Anti-Trust Act. Yet for years they got away with it. Though membership in the Association grew, making it harder and harder to post bills without Association membership, an opposition did exist. Billposters opposed to the Association were sufficiently numerous and organized to publish their own journal, *Billboard*, in opposition to the Association's journal and the Association considered this enough of a threat that members found to subscribe to the opposition journal would be disciplined and solicitors found advertising in *Billboard* would be barred from doing business with association members (November 1899, pp.9-10). The Association was finally called to task in 1916 when Judge Landis of the United States district court in Chicago decreed that their price agreements and limitations on the number of entrants into the industry were illegal and the Association was enjoined from persisting in such practices. The (now renamed) Poster Advertising Association argued that the organization was necessary for the welfare of the industry, and even as he ruled against them, Landis admitted that this had been the case. The Association appealed the decision, but in 1922 when the Supreme Court had not yet taken up the case, they decided to withdraw the appeal to avoid potential bad publicity and Judge Landis's decree was allowed to stand (*Printers' Ink* April 6, 1922). Price regulation had been central to the Association's mission, so Landis's decree prompted some rethinking of the mission and justification of the Association. By this time their activities were sufficiently diverse that the organization survived the blow and continued to exist as a professional development, promotional, lobbying and legal aid organization (Poster Advertising Association 1919; see *The Poster* August 1910, p.29 for evidence of intensified lobbying and legal aid work before the decision).

Attaining a monopoly on the provision of billposting services fostered the attainment of a monopoly on audience attention. Attention is rival and advertisers perceived it to be increasingly scarce – as early as the 1890s advertisers and advertising professionals were expressing concern about the difficulty of getting their messages through the overwhelming clutter of commercial communications. By attaining a capitalist monopoly of the billposting business, billposters made attention sufficiently excludable that they were able to collect a monopoly rent from advertisers for access to the eyes of passersby.

The usefulness of outdoor advertising to the advertiser was entirely tied to the number of gazes. In the absence of price competition driving prices down to the cost of providing the service, Association billposting rates were based primarily on that number of intercepted gazes, not cost. (Similarly, the sale of streetcar riders' attention was dominated by a few large firms who charged rates calculated on the basis of the length of the contract and the number of passengers carried (Sherman 1900, p.127).) In 1906, for example, Association rates started at 7¢ per sheet for four weeks' display in the smallest cities and towns and increased with population (see table 1.1). In the more populous cities, more people would pass by a given display, and billposters could charge more for those additional eyes.[15] The minimum rate for a single week's initial display or for "chance may offer" postings, meaning the posters would be hung if billboard space were available with no guaranteed start date or length of display and no inspection or repairs, was 4¢ per sheet. Member billposters were allowed to charge more than the Association minimum for a town of their size, but not less. Members quoting or working for rates lower than the Association minimum could be fined, suspended, or expelled from the organization (Associated Billposters and Distributors 1906, pp.15-17).

[15] Outdoor advertisers talked about the circulation value of specific locations within a city, but reliable independent audits at that fine-grained level of detail were not consistently performed until the Traffic Audit Bureau was established in 1933.

Some small town billposters complained that the minimum rate was too low to meet their costs of operation (*The Billposter-Display Advertising* October 1903, p.21); others argued that it was sufficient. W.C. Tirrill of Lima, Ohio wrote into the journal to chide other country members for their whining and to explain how he operated a small town business profitably on Association minimum rates (*The Billposter-Display Advertising* April 1899, p.10); his detailed cost accounting and instructions for erecting billboards with salvaged lumber are oddly reminiscent of Thoreau's account of building his cabin at Walden Pond. The chance may offer minimum is a reasonable approximation of the cost of the initial poster hanging. Small town minimum rates, which appeared ample to some and insufficient to others, would seem on average to make a fair approximation of the billposters' cost per sheet for four weeks' display, including the regular inspections and possible repairs required after the initial hanging. Price increments in excess of minimum rates are monopoly rents charged for access to a larger (or for some reason more desirable) audience. The billposters' costs were highest at the beginning of the period of display when posters had to be pasted to the boards. In smaller cities, a single week's display cost at least half as much as a full four week display. In large cities, however, the monopoly rent was such a large component of the total price that even the second and third weeks of display, when the billposter incurred few additional costs, cost the advertiser as much as the first week.

Table 1.1 Associated Billposters and Distributors of the United States and Canada minimum billposting rates, 1906.

Population	price per sheet for four weeks	rates for less than four weeks: if the four-week rate is	the first week costs	second week	third week	fourth week
< 50,000	7¢	7¢	4	2	1	0
		8¢	4	2	1	1
50,000 - 100,000	9¢	9¢	4	3	1	1
		10¢	4	3	2	1
100,000 - 500,000	12¢	12¢	4	4	3	1
500,000 - 2,000,000	14¢	14¢	4	4	4	2
> 2,000,000	16¢	16¢	5	4	4	3

source: Associated Billposters and Distributors of the United States and Canada, 1906, Constitution and By-Laws.

During the 1910s the billposters' product descriptions, that is, their characterizations of the local population, became more focused on quality claims in addition to basic population numbers. The advertisers' ultimate goal, of course, was to sell more goods, so they cared not only about the number of eyes but the disposable incomes of the bearers of those eyes and billposters learned to address those concerns directly. Billposters' own advertisements began to look a lot like local boosterism and featured economic data such as per capita income, occupational distribution, and major employers. For a less biased account that than offered by billposters, advertisers could consult Mahin's Advertising Data Book, published in the 1900s and 1910s, which reported economic data on populations in cities and towns nationwide using a standard format for all towns. Although not promoting a particular locality, Mahin, a Chicago-based advertising agent who was also an official solicitor for the Associated Billposters, was in agreement with the self-promoting billposters' basic premise. The advertisers are interested in spending power, not just eyes.

Efficiency Gains: Lowering the Cost Per Gaze

Audience Compulsion

Urbanization was a boon to outdoor advertising. A billboard in a city street was seen by many more people than the painted side of a barn on a rural road. City dwellers were more dependent on purchased goods sooner than were rural folk, so they were an audience that many manufacturers very much wanted to reach. And urban people traveled daily between home and workplace, home and store, home and location of leisure, so there were many more opportunities to intercept their gaze than there were opportunities to catch the eyes of a farm family whose workplace was their home and surrounding fields. Too, the overall trend throughout this period was for people to travel farther and farther in their daily rounds. The development of transportation facilitated the geographic expansion of the city beyond the earlier dimensions of the walking city (Chudacoff and Smith 1994, pp.77-107).

Urbanization accelerated in the late nineteenth century and by 1920 the U.S. had reach a tipping point: half the population now lived in cities. Billposters did not create the newly emerging spatial patterns of residence, work, and shopping, but they harnessed these new patterns to their own profitable ends. Billposters' pitch to advertisers rested heavily on the degree of compulsion they could exercise over audiences. An advertisement on a printed page could be easily flipped past, but a large poster on a high-traffic street is guaranteed to enter the field of vision of all passersby. Daily commuters would be compelled to see that poster every day as long as it was displayed (*The Billposter-Display Advertising* March 1900, p.11).

While addressing the problem of local transportation, streetcars effectively channeled the population on the move through concentrated routes (Chudacoff and Smith 1994, pp.82-90). Billposters with placements along streetcar routes to offer trumpeted the predictably high concentration of eyes passing by. Shoppers traveling by trolley, they crowed, could be compelled to see the advertisers' poster *while on their way to the stores*, already in a shopping frame of mind! Viewers of a newspaper ad sitting in their living rooms at home, by contrast, might easily forget the ad by the time they head out to shop hours or days later. (Specialists in advertising placements on the streetcars themselves could make the additional claim that streetcar riders would be sitting with the advertisement in their field of vision with little competition for their attention with "ample time" to study it (Fowler 1900, pp.190-192).)

Automobiles opened up new possibilities for compelled viewing. Although not restricted to preset streetcar routes, they expanded the geographic range of travel, making more billboard placements possible. All passengers were compelled by the design of the automobile to sit facing forward and the driver was required by the nature of his (or, less often, her) task to look forward. A 1916 article in *The Poster* (as the journal had been renamed when the association became the Poster Advertising Association) hailed the automobile as an ally of poster advertising because, they crowed, recreational motoring was displacing reading at home as a leisure activity. An analysis done in 1918 figured that a billboard placed at a curve in the road would occupy car drivers' and riders' field of vision for a full four seconds apiece, a guarantee no newspaper or magazine could make, at a cost of one-fifteenth of one cent per day per automobile (*The Poster* April 1918, p.31).

Complementing the compelled viewing time achieved by effective placements was extended viewing time achieved by illumination. The outdoor advertising industry was an early and enthusiastic adopter of electricity. Electric illumination allowed billposters and sign painters to tap into previously inaccessible hours of audience attention. By 1914 the R.C. Maxwell Company, a large sign-painting enterprise in New Jersey with a large share of the responsibility for transforming the Atlantic City boardwalk into a site of commercial cacophony, considered electric illumination to be so central to their business that they purchased an interest in the C & B Electric Sign Company. In 1920 R.C. Maxwell purchased the entire capital stock and in 1924 dissolved C & B as a separate business (R.C. Maxwell Collection, Box 1, Hartman Center). There is an element of compelled viewing to the illumination, as well, as illumination made advertisements among the most easily visible features of the nighttime streetscape.

Material Inputs

Management of audiences was a form of efficiency gain. Increased population density and the increase in frequency and length of travel over predictable routes allowed a well-placed poster to enter the field of vision of many more people much more often than had been possible in the more agrarian recent past.[16] (The field of psychology and the language and attitudes of scientific management sought efficiency in the design of

[16] What was efficient for the attention-selling billposter was a new cost for the advertisers whose increasingly far-flung potential customers had to be reached through advertising rather than through costless proximity – though the larger volume of business made it worth the advertisers' while.

advertising content, too.) But refinement of audience wrangling technique was not the only means of increasing efficiency.

Although the commodity in question, attention, is immaterial, the means of appropriating it still relied on material inputs, some acquired through private investment, others through access to public infrastructure. Billposters making private investments in their firms experimented with billboard construction and paste production, and made significant plant and equipment improvements. Starch paste displaced flour paste (*The Billposter-Display Advertising* February 1899, p.11). Billposters hailed the introduction of iron billboards, finding that posters hung on iron needed far less maintenance than those hung on wood, reducing the need for replacement paper and labor time devoted to repair. Mr. Simmons of Duluth, Minnesota wrote that the higher initial construction cost was easily recovered through lower maintenance costs (*The Billposter-Display Advertising* June 1903, p.15). At an earlier link in the poster advertising supply chain, technological improvements in paper production and lithography also offered increased quality and decreased cost. Advertisers rather than billposters paid for the posters directly, but both stood to gain.

The substitution of cars for wagons improved efficiency for billposters with geographically dispersed plants, but this private investment was only beneficial when complemented by public investment in infrastructure. At the turn of the twentieth century, rural roads were impassable for portions of the year, meaning that country route billposting was a seasonal business. Road improvements could therefore extend the country route billboard's useful season (*The Billposter-Display Advertising* February 1902, p.6, January 1903, p.37). Meanwhile, illumination extended the poster's working day by several hours, especially in the winter. Lighting a billboard in a northern city from 4:30 until 10:30 pm adds six extra hours of visibility to the nine daylight hours an unlit billboard could offer. But, like the investment in a car, investment in illuminating a particular billboard was dependent on infrastructure beyond the individual billposter's direct control – in this case an electrical power grid.

Cost savings could also be squeezed from the support activities surrounding and sustaining the core business of pasting posters on surfaces in people's line of sight. Standardized, streamlined business practices included improved bookkeeping practices and pre-printed, clearly formatted blanks for documenting listed and protected service, for invoicing customers, and for paying property owners. The specialized business communications of a good solicitor lowered transactions costs enough to offset the solicitor's commission.

Under the Associated Billposters' regime of administered prices, cost savings for the billposter were not motivated by the need to keep up with price competition. Neither did efficiency gains follow the arms-race dynamic of a price war. Instead, efficiency improvements widened billposters' profit margins and enabled them to increase the scale of their business. Locations that had been marginal could now be brought under cultivation; cities already within the Associated Billposters' territory became ever-more-densely papered and ever more country routes came into the Associated Billposters' reach.

Sequential Rents in Outdoor Advertising

Poster lithographers, billposters, and landowners all carved their incomes out of manufacturers' and retailers' outdoor advertising appropriations. Each needed the others to secure a share of that advertising appropriation, but all competed over the size of the slice each would receive. Their relationships were simultaneously complementary and conflictual.

In the early period, billposters acted outside the dictates and directives of property law. They paid no rent for posting surfaces; without the rights secured by rent payments, they could make no credible claims to advertisers regarding the number of gazes intercepted, and therefore they collected no rent on access to eyeballs. Paying rent to urban property owners and erecting billboards allowed billposters to establish a monopoly on a billboard-sized slice of the field of vision of passersby. Charging a monopoly rent to advertisers for the fictitious (and immaterial) commodity of audience attention allowed billposters to meet the rents charged by landowners for the fictitious (and material) commodity of land. Billposters lived in the margin between two fictitious commodity prices: the going rate for eyes and the going rate for land. The market value of urban land depended in part on its proximity to passersby, but it took the work of the billposters to fully realize that value. The billposters' ability to collect rents on access to attention required the payment of rents to landowners. Neither could realize their rents without the other; they were complementary. But the share retained by each necessarily came at the expense of the other; they were contradictory.

Similarly, neither poster lithographers nor billposters could get anything without the other getting something, but they had to share advertisers' expenditures between them. More for one meant less for the other. When iron billboards and starch paste lowered the need for replacement paper to maintain a display over the length of the contract, the saved expense enjoyed by billposters and advertisers was lost revenue for lithographers.

Everyone realizing revenues from any phase of advertising was taking a share of the selling cost away from jobbers and retailers. They might do so indirectly, as when manufacturers substituted consumer advertising spending for other distribution costs. Or they might do so directly, as when retailers funded their own advertising.

Competition Across Sectors of the Audience Attention Market

The maturing of an audience attention market put a collection of dissimilar activities into competition with one another. Streetcars and billboards competed with newspapers and magazines. On the face of it, these appear to be completely distinct businesses, but they all sold access to audiences' eyes and advertisers made decisions about the allocation of their advertising among all those options. Kodak at first declined to use streetcars and billboards at all because they believed the "better class" of consumers they targeted could be better reached through magazines (Strasser 1989, p.102). (Later on, Kodak did include outdoor advertising in their sales strategy.) By contrast, the makers of Sapolio household cleaners thought their target audience, which included domestic workers, could regularly be found on the streets and on the streetcars and their campaign focused predominantly on these public space placements from the get-go (Laird 1998, p.180).

In this formative stage, competition among sellers of gazes for advertisers' business took place at two levels simultaneously. Billposters along with the solicitors specializing in outdoor advertising and publishers along with the agents specializing in periodical placements competed *within the structures of the market* as they existed at any given moment, and they also battled over the *construction of market infrastructure* and the rules of play.

Within the market structure at a given moment, purveyors of gazes competed on price and quality of product. Billposters were fond of price-per-gaze comparisons as they had the edge by that measure. A modest number of well-placed posters could intercept the eyes of just about every resident of a given city at rates considerably lower than the rates necessary to place a newspaper advertisement in periodicals with a similar reach. For example, in 1900 *The Billposter-Display Advertising* ran an article explaining that an advertising expenditure of $3,000 would buy the advertiser a full-page color ad inserted into the three largest New York City daily newspapers for one day; the same $3,000 would purchase a billboard display reaching at least the same proportion of the New York City population, and probably greater, for *thirty* days (September 1900, p.5). Billposters also frequently questioned the reliability of newspaper circulation as a measure of how many readers really saw the advertisements. Not only were publishers known to pad their reported circulation numbers before the Audit Bureau of Circulation was established, but even actual readers who were not figments of publishers' faulty accounting could easily skip over the page on which an advertisement was printed without ever seeing it. It is much harder for a pedestrian or streetcar passenger to avert her eyes from a large billboard at a busy intersection. Periodical publishers and advertising agents so specialized denigrated outdoor advertising and touted their own virtues as an advertising medium in turn. They claimed (though this was hard to demonstrate rigorously) that newspaper advertisements were more effective, making the selling cost lower. They promoted periodicals' ability to sort audiences by social class and interest. They contrasted the long detailed copy newspaper advertisements could accommodate with the extremely simple sales pitches required by the poster medium.

At the same time, the rules of the advertising game were continuously contested. Outdoor advertising's greatest arena of action was newly burgeoning cities. City residents and their municipal governments were engaged in a continual rear-guard struggle to solve the problems of urban life. What activities could be accommodated and where? As sites of production, sites of household provisioning, and sites of residence became increasingly separated, how would people move through urban agglomerations to get from one site to another on a regular basis? One of the fiercely fought battles over the uses of urban space was over outdoor advertising. Professionalizing billposters and sign painters wanted to establish property rights that would recognize their right to construct, maintain, and place advertising on billboards and painted signs and their right to restrict anyone else from posting over or defacing their legitimate ads. They needed government action to accomplish this. Progressive reformers wanted a different kind of government action, not so compatible with the interests of the billposters. They wanted sharp restrictions on size, placement, and content of billboards, or even the outright elimination of outdoor advertising altogether. Newspapers fearing a loss of market share were eager allies.

Billposters saw the nefarious influence of periodical publishers behind all restrictive efforts. According to their power analysis, periodical publishers felt threatened by billposters' potential to attract advertising expenditure away from the page and onto the billboard. Municipal leaders feared the ability of the newspapers to shape public opinion and so felt compelled to work in the newspapers' interests by restricting billboards. (This argument implicitly agrees that newspapers are persuasive in the realm of political opinion, even as it claims that newspapers are no more and probably less persuasive as a sales tool.) They accused some purported citizens' groups of being fronts for the publishers' interests – an accusation of what we would now call astroturfing. They were probably at least partially right, though not entirely.

The competition between billposters and periodicals did eventually soften from both sides. A number of developments contributed to the détente. Newspapers found they could successfully advertise themselves in the outdoor medium. Although the competition over advertising dollars remained, the newspapers' need to advertise themselves forced them to retreat from attempts to totally discredit outdoor advertising – the high visibility of their own posters damaged the persuasiveness of their claim that *other* advertisers should use newspapers exclusively (*The Billposter-Display Advertising* January 1903, p.31). A growing number of advertising agents made placements in both periodicals and on billboards for their clients. The N.W. Ayer and Son agency was already one of the most famous and prosperous media advertising agencies in the U.S. when they expanded their business into billposting contracts and became an official solicitor for the Associated Billposters in 1899. Within a few years they were actively pushing a both-and message to clients rather pushing an either-or choice regarding billposting and periodical media (*The Billposter-Display Advertising* March 1902, p.3). (Charles Austin Bates, another famous media advertising agent of the day, was also an early official solicitor for the Associated Billposters. His designation did not last long, though. Whereas Ayer was widely respected, Bates was a polarizing figure. Over the course of his career he experimented with turning audience attention into personal income every which way and when he tried to monetize his attention-gathering experience by selling a directory of outdoor advertisers in direct competition with the Associated Billposters' own official "big list", he was dropped from the list of official solicitors (*The Billposter-Display Advertising* April 1902, p.26; June 1902, p.17).) The publishers and billposters needed the agents' intermediation to get business and the agents' ability to intermediate was damaged by the vocal and vicious attacks, so competing suppliers of gazes eventually found it to be in their best interests to tone it down. Also, the cumulative precedent-setting effect of all the prior hard-fought legislative actions, judicial decisions, and business practices was to make rules of the game clearer and more settled. When the rules were up for debate, there was always a chance that a small temporary advantage could be leveraged into a large permanent tilt in the playing field. Once it was clear that neither combatant would permanently vanquish the other, the stakes were not so high and hyperbole gave way to more measured pitches.

Indeed, there were even gestures toward an alliance. *The Milwaukee Sentinel* put up posters with the slogan, "Advertising of all sorts helps all sorts of advertising," and as a result the Associated Billposters held up the *Sentinel* as an example of a good newspaper. It may not be necessary to choose sides between billposting and newspaper advertising, billposters and publishers concluded; both may be on the same side. Rather than battling over shares of a fixed pie, newspapers and billposters could act on a shared interest in increasing the volume of all sorts of advertising (*The Billposter-Display Advertising* October 1903, p.16; January 1903, p.39).

Entanglement of Cross-Sector Competition with Other Battles Over the Public Sphere

The competition across sectors of the audience attention market took place, as Polanyi taught us to expect, in a larger context that spilled over into non-market realms and included non-pecuniary concerns. Billposters and publishers battling over shares of the audience attention market at least shared an interest in expanding the market, but a committed corps of reform-minded citizens opposed the expansion of the audience attention market. The reach of advertising was one piece, the centerpiece for some particularly passionate and focused advocates, of a larger debate over the appropriate extent of the market sphere, over what should be governed by the laws of private property and what should instead hold the status of a public or common good.

Urbanization and the Governance of Public Space

As a newly urbanized population sought to solve the problem of city living, government at the state and municipal levels was drawn into regulation of urban spaces, including the use of urban spaces for outdoor advertising. Billboards were private property, but their utility was bound to their being publicly visible. This put them in the clash zone of several conflicting interests. By definition, the actions of the private property owners who leased space to billposters and the billposters who erected billboards and pasted posters affected neighboring property owners and passersby on public streets – affecting neighbors and passersby was the entire purpose of the exercise. The erection of billboards could lower the aesthetic and monetary value of neighboring property or, possibly, increase its value, as the billposters were fond of arguing with illustrations of derelict empty lots hidden from view by billboards (cf. Poster Advertising Association 1922). Conversely, property owners' ability to realize rents from the lease of their space to billposters was affected by other people's uses of nearby property. If a streetcar route passed by or a nearby attraction drew crowds, the advertising value of the space increased and the well-placed property owner could cash in. If, on the other hand, the neighbors built a structure that obscured pedestrians' and passengers' view, the owner of the now-hidden property no longer had any useful advertising space to sell. The one point of agreement between billposting enthusiasts and billposting opponents was that some regulation was needed.

The Associated Billposters lobbied effectively to ensure that new regulations would secure the property rights that gave them a form of the audience attention commodity to sell but would not bind so tightly as to restrict the reach of their market. The billposters were appreciative of regulation that protected the sanctity of their billboards or otherwise limited the ability of cut-rate competitors to operate. They did *not* want license fees to be too high, but they *did* appreciate license fees that were high enough to serve as an obstacle to entry by competitors who might try to undercut their prices – and they also appreciated the recognition conferred by licensing that theirs was a legitimate business. They did *not* want onerous restrictions on the placement or size of their billboards, but they *did* appreciate restrictions on affixing posters to walls and fences.

Although the billposters were quick to see the nefarious hand of the newspaper interests behind all efforts to limit the reach of the billposting industry, there were reasons other than periodical publisher's financial self-interest to object to the proliferation of poster advertising. Members of groups such as the American Civic Association opposed wonton billposting (and the more extreme members of the group opposed *all* billposting) because they wished to restrain the reach of the market, not just protect the newspapers' share of the market. As the look of the cities changed rapidly and disoriented long-term residents and social elites, they came to attach great importance to aesthetic considerations (*Municipal Affairs* 1899, p.715). While waves of intra- and international migrants poured into the cities and weakened the traditional elites' hold on social authority and political power, newly vulnerable elites desperately sought to maintain the social geography of the city and the visible imprint of their power and influence. The impetus behind the anti-billboard movement was the same as the impetus behind the historic preservation movement, which also originated in the late nineteenth century. Outdoor advertising was attractive to advertisers in part because of its effectiveness at addressing the masses, some of whom were precisely the people traditional elites wanted to make invisible.

Billboard opponents considered billboards a sort of pollution. A broad swath of the upper middle class gained an appreciation of natural landscapes – they were self-conscious about it being a new taste – and took up the habit of going on tourist excursions to wildish places. With only a very short lag, billposters followed them there bearing messages from eager advertisers. Hoping to bring a touch of the rural into the cities, believers in the power of a wholesome environment to achieve social uplift were able to direct a share of public spending to the construction of parks. The parks attracted visitors… with billposters following hot on their heels. The public land of the park itself could be and usually was declared off-limits to advertising, but the private property along the approaches and perimeter could be papered over. Making money on the sale of advertising space at a natural wonder or a city park was, in the reformers' view, an antisocial act. It was a combination of nature and public expenditure that created the attractions that drew visitors, not any action on the part of the billposter or property owner. Accordingly, any income the billposter or property owner derived from proximity to natural beauty was an "unearned increment." Reformers resented the something-for-nothing rents the billposters raked in. Were they not "exacting a franchise from the public"? Was not offending the eyes as much of a public nuisance as offending the ears and thus equally subject to legal restriction?[17] And reformers resented billposters even more since the very act that secured the unearned increment despoiled the attraction that made the unearned increment possible in the first place, an attraction that the reformers appreciated for its non-market values (Kimball 1901, pp.101-105; *Scribner's* October 1903, pp.507-508; Wight 1903, p.493; Woodruff 1907, pp.345-347). The billposter following in the wake of Uncle Sam's soldiers was to those high-minded citizens a nightmarish vision (Kimball 1901, p.102).

[17] The examples of obviously intolerable and illegal noise nuisances reformers used as analogies to rhetorically establish the nuisance character of billboards were, in fact, the normal practice of street crying which had been a common selling practice until around the time of the civil war (Laird 1998).

Billposters could not help but be aware that they were not universally loved and so, complementing their court appearances and lobbying efforts, they aggressively courted public opinion. The Associated Billposters countered objections based on the morally questionable content of billboards by self-policing – refusing to carry advertising for the treatment of venereal disease, for example, or declining to hang posters containing images in violation of current norms of sexual propriety (*The Billposter-Display Advertising* June 1903, pp.12-13). During World War I they demonstrated their good citizenship by donating space for the display of military draft announcements and food conservation messages. (At least some prominent outdoor advertising firms expected payback for their good citizenship and called in favors from government officials to quickly regain nighttime lighting privileges for their illuminated billboards. Wartime blackout orders had cut many hours of display time. In the aftermath of the war, they also debated the possible public relations impact of turning the space that had been used for wartime public service announcements over to their own self-interested anti-Prohibition appeals (R.C. Maxwell Collection, Box 2, Hartman Center).) They countered aesthetic objections by arguing that their business in fact beautified the city. They were fond of before-and-after photos of derelict empty lots obscured by neatly maintained billboards displaying artistic posters. They argued their case in the language of their upper class reformist opponents; in 1922 the Poster Advertising Association published a booklet entitled "Posters and the City Beautiful" (Poster Advertising Association 1922).

Billposters were keenly aware of the social class dimensions of the battle. The Association's journal occasionally ran satirical pieces about the reformers seeking to constrain their business and the reformers were caricatured in class terms. Although reform activists were often women, the caricatures were of upper class men – men who were implicitly feminized by the descriptions of their hyper-refinement and delicacy. Resentment of Progressive reformers' wealth, understandable coming from those with a chance at becoming wealthy if only the reformers would stay out of their way, was apparent in a satire mockingly sympathizing with a reformer made uncomfortable by the hunger pangs inspired by the view of a poster advertising food seen through his window… and then relieved of his discomfort by sitting down to his ample breakfast (*The Billposter-Display Advertising* May 1900, p.16; November 1903, p.26).[18] This satire also makes visible a conflict in the valuation of urban real estate. For those leasing space to billposters, the development of the market in the eyes of passersby increased the income-generating value of their land. For many of those in view of the new billboards, the altered surroundings lowered the aesthetic value of their homes and may well have lowered the resale value. As billposters secured implicit property rights in the eyes of passersby, exemption from advertising appeals became a kind of luxury good. Purchasing exemptions from advertising appeals became a class-differentiating pattern of consumption, particularly consumption of housing and of vacation travel.

As outdoor advertising gained in popularity among prosperous local businesses and powerful national brand-name manufacturers, billposters acquired influential allies in their struggle to keep outdoor advertising legally prolific. F.E. Fitch, a sharp strategic

[18] As the billposting business grew, the most successful billposters grew to be quite wealthy. The class animus felt by billposters toward reformers was replicated within the ranks of billposters as the proprietors of more marginal plants watched the most prosperous billposters engage in the conspicuous consumption rituals of social ladder-climbers. These prosperous billposters also tended to be the most influential within the Association, and other members began to express doubts as to whether the Association could really be trusted to represent their interests.

thinker with a billposting plant in Albany, New York, reacted effectively to a new ordinance introduced in the Albany Common Council in February of 1903 that would have all but eliminated billboards from the city. The bill had the backing of a politically powerful newspaper owner, but Fitch persuaded four of Albany's leading businessmen – who were also clients of his billposting services – to send a letter to all the local businesses alerting them to the proposed new law and providing them with a form letter to send to the Aldermen expressing their opposition. Three hundred businessmen signed and mailed these letters, enough that the council decided to drop the measure (*The Billposter Display Advertising* April 1903, pp.15-16). Inspired by Fitch's success, Ed. Fournier of North Yakima, Washington averted a proposed fifteen-fold increase in the billposting license fee (along with a more-than-doubled theater license fee that had his most important client threatening to close) with a petition delivered to the mayor (*The Billposter Display Advertising* June 1903, p.17). When newspaper interests, fiscally strapped city officials, or Progressive reformers tried to establish limits or increase taxes and fees on outdoor advertising, the billposters' political organizing was usually at least as successful as the reformers' – as the reformers themselves ruefully acknowledged (Woodruff 1907, p.347). Frequently the billposters blocked the Progressives' model bills from even making the legislative agenda (Schultze 1984; Bailey 1987).

Municipalities under pressure from multiple angles experimented with the use of a selection of regulatory tools, varying with the relative degrees of influence wielded by billposting fans and foes in their town. Many sought some direct authority over billposters' persons by requiring billposters to be licensed – despite the new expense, association billposters quickly came to appreciate licensing as it limited competition and the nuisance of small-scale snipers. Many municipalities, often the same ones, sought direct authority over the billposting business's effect on city space by writing rules setting placement and construction specifications for billboards. The need for such rules was often justified as a measure to protect health and safety. Every once in a while, a billboard would indeed fall over, occasionally injuring or killing an unfortunate pedestrian. Some cities required that billposters obtain a permit for each individual billboard in their plant. Some imposed setback and size standards on billboard construction, sometimes even applying such rules retroactively to existing structures. Billposters protested that the safety justification for placement and construction standards was a ruse, that the rules were more onerous than those for non-advertising construction such as buildings and fences, and that the real purpose was to interfere with their ability to carry on a legitimate (and often licensed) business. They cried foul when rules were applied retroactively to already-existing structures, imposing a huge expense if preexisting plant were to be brought up to new code. They howled especially loudly when the size limitations imposed by municipal regulation were incompatible with standard poster sizes making the largest billboards allowed by local law all but useless as business assets. Many municipalities also experimented with indirect power over billposters' business activities by wielding the tool of taxation. Imposing taxes specifically on billposters' business activities and assets, usually the billboards themselves, increased the cost of doing business and so could be expected to decrease the scale of the business. In some cases the primary intent was probably to curb the volume of outdoor advertising and any benefit to local government budgets was a very attractive side effect. In other cases, fiscal exigencies may have been the primary driver of billboard taxation.

Billposters constantly tested the reach and rigor of the new regulations' enforcement and frequently wound up in court. The intent of their testing was often to probe a layer deeper and test the basic legitimacy of the regulations. Flouting regulations and then arguing the case in court was a way to challenge the laws. New restrictions were also challenged in court directly by billposters seeking injunctions against enforcement before acting in defiance of the law. Though billposters may have at times been less than entirely satisfied by the courts' rulings, the cumulative effect of the hundreds of decisions handed down over more than two decades, at times appealed through several levels of the judiciary up to and including the Supreme Court, was that the rights of private property owners to lease space to billposters, the exclusive property rights of billposters in the billboard surfaces they built and maintained, and the rights of advertisers to place almost any content they pleased on those surfaces received explicit government sanction.

When outdoor advertising was taken up by legislative bodies or by the courts, the outcomes nearly always recognized and helped standardize the business of selling access to the eyes of passersby. Widespread licensing of billposters clearly legitimated their activities in the eyes of the state. With a combination of arguments for free speech and the impossibility of legislating aesthetic values, billposters and their clients successfully evaded any significant limitations on the content of billboard ads (Schultze 1984; Bailey 1987). Despite a reasonably extensive and organized resistance, the state collaborated with industry to achieve this expansion of the market realm. Public space was now a site for the appropriation of attention as a form of private, salable property.

The anti-billboard reformers were caught in a contradictory position. They objected to the extensions of the market realm that intruded on their attention, offended their aesthetics, and excited their resentment. But there was a limit to how much change they could really bring themselves to advocate for. As Richard Hofstadter put it, the middle class citizen "was too substantial a fellow to want to make any basic changes in a society in which he was so typically a prosperous and respectable figure" (Hofstadter 1972, p.210). Yet the billposter also thrived in this world.

Conclusion

Studies of the rise of mass consumer culture typically emphasize the development and integration of markets for the new consumer goods and the new producer goods used to make them. Such studies often attend carefully to the transportation and communications infrastructure – railroads, telegraphs and telephones, postal service – that made it possible. The then-new marketing practices are widely recognized and are seen as necessary corollaries of market development. This is true enough, but the changes in marketing consumer goods were also built on the development and integration of yet another new market: the market for audience attention. The actions of manufacturers of branded goods, retailers, periodical publishers, billboard owners and billposters, advertising agents, and others, together with the actions of local, state, and federal government created the fictitious commodity of audience attention and brought this new market into being.

The audience attention market required property rights in attention. Property rights in attention, in turn, require a degree of excludability, monopoly in the

Chamberlinian sense. The billposting sector of the advertising industry achieved excludability through the Associated Billposters' aggressive pursuit of monopoly in the narrower, more commonly used sense of the word. They went to great lengths to suppress competition and secure a high degree of price setting power. When they were able to exclude others' posters from their billboards and offer advertisers credible guarantees of display at agreed-upon locations for an agreed-upon period of time, the nature of the transaction between advertiser and billposter changed; rather than an exchange of money for the service of gluing posters to visible surfaces, it became an exchange of money for access to the eyes of passersby. The price was proportional to the number of intercepted gazes, not the cost of providing the service. Under this monopoly pricing regime, billposters, especially in large cities, were positioned to secure large rents. They were monopolists in the Schumpeterian mold, however. The constant threat posed by the advertisers' ability to substitute other advertising methods compelled billposters to keep innovating if they were to keep claiming a share of the surplus.

The audience attention market also required mechanisms for the exchange of attention. The Associated Billposters and billposting solicitors acted to generate a more streamlined, centralized, but highly skewed flow of information about available billboard advertising. The "Big List" of member billposters, official solicitors' intermediation, and the Promotion Bureau's pamphlets increased advertisers' ease of communication with billposters – at least, with billposters belonging to the Association. By standardizing the range of services offered and price scales, the Association limited the scope of negotiations with advertising clients. This was, of course, to their own benefit, though, ultimately, advertisers had to be satisfied enough with the service to keep buying.

The realization of the value of audience attention was only achieved in the context of an interlocked set of simultaneously complementary and conflictual relationships. For example, manufacturers' advertising expenditures were in large part an effort to lower the selling costs absorbed by jobbers and retailers, yet they still relied on jobbers and retailers to get the goods to the final consumers. Claude Hopkins was explicit about his role as an advertising agent in lowering merchant's fees. He advocated the use of advertising campaigns featuring coupons to be redeemed at a retail store, thus pressuring retailers to have the item in stock. Hopkins warned manufacturers not to double their selling costs by spending on consumer advertising and also spending on jobbers' distribution costs (Hopkins 1966, pp.132-141). Advertisers therefore earned the share of their income that came from manufacturers at the expense of jobbers and retailers, even as a large share of their business still came from retailers. One portion of advertising professionals' business was devoted to squeezing retailers; the other portion of their business depended on retailers thriving.

Just as advertising professionals played a role in both the horizontal and vertical competitive struggles engaged in by advertisers, they themselves engaged in both horizontal and vertical competitive struggles. Horizontal intersectoral struggle within the advertising industry shaped the distribution of advertisers' spending amongst purveyors of advertising space in newspapers, magazines, billboards, streetcars, and direct-to-home delivery. Hopkins assured manufacturers that clip-out coupons were more effective than other advertising options, but he also had a clear interest in attracting advertising appropriations to his agency for print media placements rather than allowing that spending to be redirected to other forms of advertising. Billposters and publishers fought especially fiercely over advertising dollars *and* over the rules of market engagement by which they fought. At the same time, each was engaged in vertical struggles with their own suppliers and distributors. Purveyors of outdoor advertising space established monopoly rents on the eyes of passersby but then had to pass on a portion of that as rent paid to landowners. One of the benefits of local monopoly and national association was the ability to hold down commissions paid to solicitors.

The struggles to shape the market and thrive in the market took place in a wider context of social struggle over the appropriate reach of the market. Billposters achieved sufficient excludability to secure monopoly rents on the sale of attention, but excludability extended only to the borders of the billboard. It was enough to create a market in a new form of property, but not enough to avert a tragedy of the commons.[19] For audiences, the clamor for attention could lead to sensory overload. "Has it come to this?" *The Newark Evening News* asked in bold headline type over an illustration of an intersection entirely overtaken by advertisements, with rooftop billboards doubling the height of buildings and banners stretched across the streets (October 11, 1911). Billposters would have been quick to point out the self-interest behind such editorializing, but the question was – and remains – legitimate. Is it in fact acceptable for attention to be appropriated and sold anywhere and everywhere it can be intercepted?

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[19] Audience attention in fact fits Hardin's classic model of the tragedy of the commons quite well (Hardin 1968). It is rival, but excludable to only a very limited degree, and each individual's efforts to appropriate attention increase the difficulty of accessing attention for all. The benefits of advertising are a least as dependent on the advertiser's share of attention relative to competitors as on absolute volume and many advertisers become locked in an arms race with competitors – to the great benefit and delight of advertising professionals (Mataja 1903).

Commentators from outside the advertising profession, especially those of higher socioeconomic status whose attention was most in demand and whose participation in the material culture of the day was least dependent on what they could glean at low or no cost, remarked despairingly on the sensory assault. They lamented the proliferation of outdoor advertising degrading the landscape. They complained about the flood of junk mail infiltrating their homes and demanding at least enough attention to distinguish it from personal mail and discard it – while direct mail marketers attended ever more carefully to efforts to make their mailings look like personal correspondence (Laird 1998, pp.77, 220; Fowler 1900, pp.234-237). (Though it's worth keeping in mind that advertisers and advertising professionals themselves considered approximately half the population to be too poor to be worth targeting (Marchand 1985, p.64) while those with lower incomes published fewer opinion pieces in the *New York Times* and made greater use of advertising ephemera to decorate their living spaces, so the reaction to the explosion of advertising was certainly not univocal.)

Meanwhile, advertising practitioners commented on the difficulty of attracting attention to their message and developed theories and strategies regarding both placement and content to try to increase the effectiveness of their advertising efforts. Since the supply of the raw resource of audience attention was unresponsive to the market (though certainly growing for demographic reasons), all market-driven supply-side adjustments had to take place through efficiency improvements on the part of advertising professionals. Extensive strategies for accessing attention by intercepting eyeballs (e.g. more placements in more newspapers, more posters on more billboards) were soon complemented or even overshadowed by intensive strategies of commanding attention through more carefully targeted placements and carefully market-tested, effective content.

This all had repercussions for the legions of consumers whose attention was so eagerly sought and actively traded. The users of branded goods were never passive in the process of meaning-making in their material culture, and manufacturers' best efforts to stoke demand did not always work as intended. Still, Strasser notes, "[a]s participants in the branded mass market, consumers entered mutually dependent but unequal relationships with large corporations." Especially when paired with rising purchasing power, consumer sovereignty looks like a kind of freedom but unequal power relations remain. Strasser is not the only one to note that identifying as a member of the "class" of consumers pushes considerations of class in the workplace to the background (Strasser 1989, pp.25-26). But people now had a third economic role – not just producers and consumers but also, in part, products. Power was unequally distributed in the audience attention market, just as in the labor and goods markets. The economic value of audience attention was growing, but that value was realized by the suppliers of advertising, not by audiences. For advertisers, access to audiences was a weapon in their horizontal and vertical competitive struggles. For advertising professionals, access to audiences was the basis of profitability. For both, achieving their ends depended on securing a degree of monopoly control over audience attention. No matter how difficult advertisers found it to get their messages heard, that was nothing compared to the difficulty of being heard without the ability to buy the attention of an audience.

CHAPTER 2

THE VALUE ANALYTICS OF ADVERTISING

Introduction

The creation of custom advertising content creates value. In my three-stage model of communication – perception interception, content display, reception – this belongs to stage two. In between the trade in gazes (which secures rents rather than generating new value) and the monetization of brands (fictitious values which allow as-yet-unrealized rents to circulate now) the creation of bespoke business-promoting speech-for-sale alone is subject to the fundamental tradeoff between labor time expended on the production of this commodity and labor time expended on that commodity.

The main purpose of this chapter is to examine advertising content as a produced commodity. The argument begins by clarifying my use of the productive/unproductive distinction in Marxist value analysis. I establish the commodity nature of advertising, with an historical overview of how advertising speech took on a commodity form. I then explore the labor process behind production of advertising and the class relations under which this production takes place. Finally, I conduct a value analysis, focusing in particular on the management of advertising creatives' living labor to generate surplus through compound labor, intensified labor, and the extension of the workday.

Value production in the advertising industry

To claim that anything in the advertising process could be value-producing bucks tradition requires some explanation. The more traditional Marxist analysis of advertising holds much truth. Advertising *is* a cost of circulation in a modern capitalist consumer economy. It *is* paid for out of the surplus of the sellers of advertised goods. But this all considers advertising from the standpoint of the seller of advertised goods. From the perspective of the seller of advertising services, *advertising itself* is the good for sale. Advertising content is a commodity, and (unlike the audience attention traded through the market in advertising space/time) not even a fictitious one. It is an item produced specifically for sale. Its production is bound by the labor time trade-off: selling more advertising content requires allocating more labor and producing more product.

The claim that producing advertising content produces value is *not* a claim that advertising is a socially useful use value. We do not have to establish whether or not advertising is socially useful (in whose judgment? by what standard?). For the creation of exchange value it does not matter much what the product is good for and it does not matter how it is used – or even if it is used. The creation of exchange value does not require the production of a use vale that you or I or any particular analyst or observer finds socially beneficial. The labor power expended on producing corn syrup is productive of exchange value and surplus. But what is the corn syrup good for? It is a critical ingredient in the chocolate pecan pie I make at Thanksgiving, a use value I would be sad to lose. It also disposes of excess corn through our digestive tracts resulting in rising rates of type two diabetes and other maladies. If someone finds the commodity useful enough to buy it, the labor expended in its production is validated and the labor value embodied is realized, even if the commodity is then used in socially destructive ways. Productive of exchange value and socially beneficial are clearly different assessments.

Perhaps the best-known treatment of advertising from a Marxist perspective is the chapter of *Monopoly Capital* that Paul Baran and Paul Sweezy dedicated to the subject (1966). Although their work is important and admirable, my treatment of advertising challenges theirs. There are two main flaws in their analysis of advertising. One is their dismissal of the symbolic use values of commodities – I will have more to say on that in Chapter 3. In this chapter, my bigger concern is their failure to look deeply into the production of advertising. They fall into the trap of conflating the category "exchange-value producing" with the category "socially useful." If they don't find an object or a feature of an object to be socially useful (and they seem to have an austere aesthetic that considers all elements of design that do not directly and exclusively serve objectively definable functions to be unuseful) they consider the labor that goes into making that feature unproductive labor.[20] I am not overly concerned here with the use value of advertising, but with the generation of exchange value. Use value matters only insofar as someone must consider it useful enough to purchase it, regardless of what they do with it or what the social effects may be.

The claim that producing advertising content produces value is also *not* a claim that advertising is consumed productively. That matters for the purchaser but it does not matter to the seller. The seller realizes the exchange value of the good at the moment

[20] Baran and Sweezy construct an exercise in which they attempt to estimate the proportion of labor that goes into making automobiles that is unproductive. The only labor they consider productive is that which can be directly linked to the function of getting the vehicle and all its contents from point A to point B. Hood ornaments, fins, and other such filigree are not productive of any use value they will admit and so they consider the labor that goes into making these features unproductive of exchange value. But this substitutes a projection of the analyst's own consumption practices for economic analysis. Thoreau would presumably consider the *entire* car to be unproductive – although he was never confronted with cars, he did argue, in *Walden*, that trains were a waste and it was better to walk.

payment is received, no matter what is done with it later. Some Marxist analysts, such as Duncan Foley, argue otherwise. Foley (2013) argues that for labor to be productive it must contribute directly to additional future accumulation. Productive labor must either sustain the productive labor force by producing a wage good purchased out of productive laborers' V fund or it must produce an element of constant capital used in production. In particular, if a good or service is purchased through a deduction from the surplus, it cannot be productive – with this argument he specifically dismisses the potential for advertising agencies to produce new value. The concern with whether or not a commodity is consumed productively, however, leads into a *reductio ad absurdum*. Following this principle, we cannot decide if the labor performed by the laborers at a chair factory is productive or not until we know who buys the chairs. If the chair is purchased by a productive laborer for home use, then the chair producers' labor is also productive. If the chair is instead purchased by a capitalist through a deduction from the surplus and not used in new production, then the chair producers' labor is recoded as unproductive. But once the chair producers' labor is recoded as unproductive, the labor that went into producing all of *their* consumption goods also gets recoded as unproductive. This in turn means that the labor that went into producing the consumption goods consumed by the workers who produced the chair producers' consumption goods also gets recoded as unproductive, and so on. The concept of productive labor unravels.

Marx's schematic division of the capitalist economy into department one, producing means of production for sale to other capitalists and department two, producing means of subsistence for sale to workers, simplified out an important category of production. There are goods that belong neither to department one nor to department two. Although purchased by firms, they are not department one goods – they are not consumed in additional future production. Neither are they department two goods – they are not purchased by workers out of the consumption fund supplied by their wages, V. These goods are, rather, purchased by firms and used to support or supply the context for the production of new value. Resnick and Wolff (1987) call the distribution of the surplus made to secure the conditions of existence for additional generation of surplus the subsumed class process. The purchase of advertising services is an example of a subsumed class distribution. Advertising is in this way like the manager's desk chair. It is an unproductive purchase for the buyer – that is, it enters the advertiser's accounts as neither C nor V. But it is nonetheless a commodity purchase. The producer of the commodity creates and realizes value. Furthermore, the commodity of advertising content is produced in large part in advertising agencies that are organized under capitalist relations of production.

Advertising is an immaterial commodity

Advertising content, immaterial and amorphous as it is, is a commodity. Intellectual property laws and advertising industry practice establish rights of ownership. It is alienable from the producer: ownership of the content can be transferred from the ad agency to the client through a monetary market transaction. And, in fact, it is produced for sale in the market. Advertising speech is one form of speech-for-sale, but far from the only form. Bookstores are full of speech-for-sale. So is the iTunes store. So is Washington, D.C.'s K St. So is Broadway.

All of these instances of speech for sale are part of a large and growing sector of the global economy devoted to immaterial commodities. Michael Hardt and Antonio Negri call this shift toward immaterial commodities the postmodernization, or informatization of production. Providing services and manipulating information occupy a larger portion of the labor time of a larger portion of the workforce than in earlier phases of capitalist development. The labor tasks "are characterized in general by the central role played by knowledge, information, affect, and communication." Economic modernization meant a shift from agriculture to industry. Modernization not only brought about the dominance of industry over agriculture according to quantitative measures such as percentage of labor force employed and total value added, but also qualitatively transformed production in all sectors of the economy, including agriculture. The contemporary postmodernization of the economy, in which services and the manipulation of information are coming to dominate quantitatively, is also bringing about a qualitative transformation (Hardt and Negri 2000, pp.280-285).

However, not all instances of speech for sale submit to the same value analysis. New value can be produced and realized only when production is subject to the rivalness of labor time and the output is excludable. (See introduction.) In our digital age, information can be reproduced at a marginal cost indistinguishable from zero. Information can, as a matter of logic, be reproduced and resold without end, although there are often legal restrictions on doing so. Many forms of entertainment are similarly reproducible, as highlighted by fights over control of recorded music and producers' efforts to control digital sharing. Analysis of information commodities usually focuses on this aspect, arguing that since the marginal cost is zero, the "natural" price is zero.

Therefore, all positive prices and profits must be understood as monopoly rents (e.g. Texeira and Rotta 2012). Not all commodified speech fits this mold, however. The costs of packaging and transmitting the information may not always approach zero. Even more relevant to my purposes, some speech can only be sold once. New sales require new output of new labor. Speech produced as a component of affective caring labor is of this sort. So is advertising speech. An advertising agency cannot sell the same ad campaign to multiple buyers. It offers what Faulconbridge et al. call a “bespoke business service” (Faulconbridge et al. 2011, p.18).

The distinction between speech for sale that generates rents and speech for sale that generates new value intersects with the distinction between commodified meanings purchased by someone wishing to *receive* the purchased messages and commodified meanings purchased by a person or firm wishing to *send* the purchased messages. A data mining firm, for example, produces an information commodity to sell to those wishing to *receive* the meanings they offer for sale. They have, and are willing to share with paying customers, information they have gathered, compiled, and organized about consumer tastes and Internet browsing history. The data mining company’s customers purchase the information commodity in order to receive it. In this case, the output of the same labor can be sold over and over (at least until the data are considered too out of date) generating rents, but no new value. Speech purchased by those who wish to listen can be subject to the rivalness of labor time and hence generative of new value only when it is bespoke speech – the speech of a therapist or life coach, for example. An advertising agency’s creative department, by contrast, produces meanings sold to those wishing to *send* a message. Speech sold to those wishing to send the message can similarly be either bespoke or replicable. Because it is custom-made speech, advertising creatives' commodified discourse cannot be reproduced at near-zero marginal cost and resold as information can. Hallmark also sells speech to those wishing to send the message, but in their case the only cost of reproducing the commodified speech is the cost of the paper and ink; the same message produced by the same speech-producing labor can be replicated almost without end.

Table 2.1 Categories of commodified speech

	bespoke	replicable
sold to recipients	psychotherapy	marketing database
sold to senders	*advertising content*	greeting cards

Because it is made to order, advertising content is best understood as the value-creating provision of a service, not the rent-seeking sale of information. To sell more advertising content, the agency must elicit more labor to produce new content.

<u>How Advertising Content First Entered the Commodity Realm</u>

The content component of advertising communications did not begin to take on a commodity form as early as access to eyeballs did. Even after participants in the market were quite clear about the nature of their trade in gazes and advertising agents were well established as column space merchants, the advertisers themselves continued to write their own advertising copy for several more decades. But beginning toward the end of the nineteenth century, crafting advertising content became a specialized profession. Practitioners of this new profession adopted insights from the new academic field of experimental psychology, conducted audience response testing, adapted the language and techniques of scientific management, and sold their services to advertisers whose public face was no longer the face of their founder or proprietor. The new advertising professionals' not entirely spurious claim to communications expertise allowed the creation of advertising content, and not just placement, to become a way to sell a component of the communication process (Pope 1983; Laird 1998).

The division of labor first yielded a full-time copywriter in 1880 when department store owner John Wannamaker hired John E. Powers to write copy to advertise Wannamaker's Philadelphia store. After several years of personality clashes Wannamaker fired Powers, who then continued to write advertising copy full time as a freelancer. Following Powers's lead, a handful of other full time copywriters made careers as freelancers during the late 1880s and early 1890s. That is, they became independent petty producers of advertising speech (Fox 1997).

Into the beginning of the 1890s, advertising agencies continued to take little responsibility for content and none had a full-time copywriter, but as 1900 approached more and more of the labor of producing advertising copy moved into the agencies. In the first decade of the 1900s advertising agencies began introducing art departments and took over responsibility for the visual, nonverbal components of advertisements as well. By 1920 the division and shifting of labor was complete: advertising agencies produced the content for the preponderance of advertisements produced on behalf of large manufacturing and merchant enterprises. (Smaller enterprises and owner-managed enterprises continued then to produce much more of their own advertising content and still do so now.) Growing numbers of advertising agents identified their business as primarily the creation of content, with placement as a corollary service – some even advocated keeping the two activities, content and placement, separate (Fox 1997, pp.25-27, 35-38; Laird 1998, p.42).

During the initial migration of copywriting into advertising agencies, the agencies offered the service of crafting content as a deal-sweetener to attract advertisers to the space-merchant side of their business. Collectively forswearing price competition, as the advertising industry did fairly successfully, forced agencies to compete in other dimensions. If they were not going to increase their volume of business by cutting their commissions on placements, they needed another way to attract clients. This need supplied the initial impetus for agencies to take on content creation. Since there was no additional charge for the content creation, they had to cover the cost of producing content out of the commission charged on advertising space. This exaggerated the economies of scale advertising agencies could enjoy by serving several large clients instead of many small ones – when serving a large client running a national campaign, the same content could run repeatedly in hundreds of newspapers, earning a large commission that could cover the wages of copywriters and artists and still turn a profit.

As long as advertising content was produced by the advertisers, and very often by the founder-proprietor himself, the content was largely shaped by the tastes and egos of these businessmen. They considered their advertisements to be projections of themselves as much as they were sales tools. Accordingly, attempts to measure the advertisements' effectiveness as sales tools were rare and haphazard. As firms grew, owner-managers dwindled in number and the day-to-day decision-making was taken over by managers who were salaried employees. This meant that the "I" behind the earlier style of advertisement was now absent, shifting the emphasis to the sales tool function of the advertisements. Those now writing the ads, whether as employees of the advertised firm or of the advertising agency, were under greater pressure to prove the value of their professional services (Laird 1998, p.97, pp.257-260, Chandler 2002).

Advertisers were, of course, keenly interested in measuring advertising's success in commanding attention. Their sales revenues depended on it. Advertising professionals, too, had an interest in demonstrating the effectiveness of advertising. *Their* revenues depended on their ability to persuade advertisers that the service they offered was effective. Demonstrating effectiveness required defining the purpose of advertising in objective terms that were measurable, at least in principle, and then attempting to measure advertisements' performance according to those metrics. The advertiser's end goal, of course, was for advertising to lead to sales at least often enough to cover the cost of running the advertisements. This cannot be directly measured – too many confounding factors blur the picture – but both businessmen and academic researchers tried. In particular, the use of various assessment tools measuring the more direct link between advertisements and audience attention became common practice. Walter Scott Dill celebrated the scientific turn in the advertising profession in *The Psychology of Advertising* (second edition, 1910). "Advertising has as its one function the influencing of human minds," he explained, therefore its scientific basis is psychology. Beginning around the year 1900, Dill noted approvingly, advertisers began to study psychology and psychologists began to study advertising (Dill 1910, pp.2-3).

Out in the field, advertising professionals introduced new research practices. They conducted field tests on advertisements by, for example, running different ads in different markets and comparing the resulting sales trends. Variants of advertisements that called for a direct consumer response were keyed so that advertisers could determine which styles of ads and which placements elicited the highest response rates (Dill 1910, p.1). In the lab (or some other controlled research setting), researchers attempted to determine which ads, and which qualities or characteristics of such ads, attracted and held attention and left a permanent impression. Dill devoted a chapter of his book on the psychology of advertising to "Attention Value," attempting to answer the question of how much audience attention an advertiser gets when paying for an ad placement. His conclusions made note of the size and position but also the content of the advertisements (Dill 1910, pp.157-176). Harlow Gale, a professor at the University of Minnesota, made advertising a central concern of his research into attention and reasoning and his research produced results that could be useful to advertising practitioners, even though he was not a particular fan of advertising (Eighmey and Sar 2007, p.147).

Despite the efforts of advertising professionals and academics to measure advertisements' command of attention, these measurement efforts remained a gesture that indicated quality rather than a precise quantification of units of attention sold. In the previous chapter we saw that billposting was converted from a service paid for on the basis of the labor involved in hanging posters to the sale of audience attention paid for on the basis of how many gazes were intercepted. Measuring brains' attentiveness is a more complex task than counting the eyes whose fields of vision passed over the page or poster. As a result, crafting advertising speech remained a service. Since there was no standard way to measure units of attention, content creation could not command rents on the basis of units of attention commanded. Even now, after an additional hundred years of research in cognitive science, no one quite knows what the response to an advertisement will be. It remains difficult even to assess what the effect of an advertisement was, despite the more detailed data and more sophisticated statistical tools at our disposal.

The research attempting to systematically describe and quantify leaned in the direction of standardizing the sale of advertising content as an audience attention commodity, much as accurate audits of newspaper and magazine circulation data were a move to standardize the audience's-field-of-vision commodity. Indeed, Claude Hopkins was ready to declare the standardization, or at least the potential for standardization, complete when he wrote *Scientific Advertising* in 1923. "The time has come when advertising has in some hands reached the status of a science. It is based on fixed principles and is reasonably exact" (Hopkins 1966, p.213). But his claim was premature then and remains so ninety years later.[21] As a result, the creation of advertising content remains for the most part a commodified service. When offered as an independent commodity, it embodies the value imbued by abstract labor on the basis of the time taken to produce it.

The Creative Revolution in Advertising and the Unbundling of Commodified Speech

As long as content and advertising space remained bundled as a package, the price paid for content was constrained and distorted by the pricing of advertising space and the agencies' resulting commissions on space sales. Although content-crafting services were aimed at increasing the agencies' volume of business, advertisers who relied on

[21] He was especially misguided in his claim of "fixed principles." Attracting and holding attention depends largely on novelty. What successfully holds attention can therefore not be fixed – once the novelty wears off attracting attention requires something new.

advertising agencies for content were increasingly reluctant to entrust their business to an agency handling the account of a competitor. Therefore, although it was initially motivated by each agency's drive to grow its share of the audience attention market, the bundling of content and space put limitations on market share by forcing the space side of the advertising business into monogamous relationships with advertisers within any given product category.

Two related developments in the 1960s deepened the commodification of speech as an independent item of trade while loosening some of the constraints on agencies that resulted from the bundling. One was an increased emphasis on creative content. When content creation was an adjunct to space sales and served primarily as a means of wooing clients, other means of wooing clients – nicely wine-lubricated business lunches, for example – could and often did substitute for creative content. For a complicated combination of reasons, a number of advertising agencies in the 1960s substituted away from the social relationships mode of attracting and holding business toward greater reliance on creative content. Among the conjuncture of factors were the infiltration of the industry by ethnic minorities who did not have the cultural capital to succeed on the business lunch model and advertising industry workers' search for outlets for their creative drives. For a number of agencies, these internal shifts successfully intersected with changes in advertisers' standards for justifying their selection of agency.

At the same time, adman Marion Harper figured out a corporate structure that could sidestep the conflict-of-interest constraint on agencies' market share. He built the first advertising agency conglomerate, called Interpublic. Interpublic served as a parent company that could pool media-buying and financial functions while holding multiple subsidiary creative agencies with a large degree of creative independence. This allowed Interpublic to hold competing accounts even though any individual subsidiary agency typically could not (Lawrence 2002, pp.17-18). Harper's innovation spread, and consolidation of the industry accelerated after 1980. Indeed, his experiment in corporate structuring proved so successful that in 2009, just six holding companies accounted for $42.7 billion in revenues, about 10% of total global advertising spending, and each of those companies employed between 14,000 and 90,000 people. Since then, two of those six (Omnicom and Publicis) have merged. At the same time, a large number of very small firms operate with a staff of 20 or fewer (Faulconbridge et al. 2011, pp.4, 15-17)

The developments in industry culture and in corporate structuring both contributed to dividing off speech as an independent commodity in its own right rather than an add-on to media purchases. Although commissions on media buys continue to have some role in advertising agency compensation, fee-for-service and results-based compensation have grown in importance.

The labor of producing speech

Producing speech surely qualifies as labor. It requires the use of human mind and muscle to produce an effect on the world. The production of speech is an immaterial form of labor, but that does not make it any less of a labor, any less capable of producing a salable commodity, or any less capable of acquiring, if performed in the right context, an aspect of abstract labor and hence producing new exchange value and surplus.

The concrete labor of producing speech

All labor tasks have both immaterial (symbolic) and material (physical) components and all products of labor contain both immaterial and material aspects. The emphasis may differ but both for labor and for the resulting commodity, immaterial and material are ends of a spectrum rather than discrete categories with a firm dividing line between them. As Graeber reminds us, there is a material basis for all symbols: our brains and books and electronics are physical objects (Graeber 2001). And Douglas Hofstadter points out that the manipulation of symbols, in our private thoughts and in our communications, produce material results: in his example, stargazers sharing information about a predicted meteor shower physically go to an agreed-upon location to watch together (Hofstadter 2007). Or, to point to an example more relevant to my topic, an advertising campaign turns out to be highly persuasive and as a result acres of orchard land are newly planted in pomegranates and gallons of pomegranate juice in distinctively shaped, pint-sized bottles, are moved into our homes.

Hardt and Negri define immaterial labor as labor that produces immaterial commodities (p.290). I find it useful, however, to maintain a distinction between the labor process and the product. A labor process tending toward the immaterial extreme emphasizes the manipulation of symbols by any physical action that accomplishes the task while a labor process tending toward the material extreme requires specific physical actions. This is not Cartesian dualism. Manipulation of symbols requires physical gesture of some sort, as the bodily maladies associated with office work – e.g. carpal tunnel syndrome – show. At the same time, physical action is informed by intellect (Rose 2004). All specific labors fall at intermediate points between the extremes. To categorize the products of labor, we need to consider use value rather than labor process. An immaterial commodity's use value resides in the informational content; its physical form is purely a vessel for carrying information and the information could be recoded to take on a different physical form without substantively changing the commodity. A material commodity's use value is tied to its physical features while its signaling or symbolic functions are minimal. In between the extremes are commodities such as fashion clothing, jewelry, home décor… items whose specific physical form matters but whose usefulness also depends on the encoded meanings they carry.

The location of the labor process along the immaterial/material axis need not be tightly correlated to the location of the product of that labor along its own immaterial/material axis. With the rise of robotics, for example, a labor process centered on the manipulation of symbols can yield heavily material results. Conversely, physical labor can produce an object laden with symbolic meaning – indeed the fact of a product's being handmade, rather than machine-made, can contribute to its symbolic meaning. The intensely physical labor of dancing can be recorded for a music video and become a component of an informational commodity that can be reproduced in multiple formats.

The concrete labor of producing advertising content, the work of employees known as "creatives," is primarily an immaterial labor producing an immaterial commodity. (The language of the Marxist value theory tradition grew out of an industrial era and so now produces some odd word juxtapositions: concrete immaterial.) The physical components of the labor process and the physical forms taken on by the product are purely vessels for the symbolic content. Hardt and Negri sort the forms of immaterial labor into three categories.

> The first is involved in an industrial production that has been informationalized and has incorporated communication technologies in a way that transforms the production process itself. Manufacturing is regarded as a service, and the material labor of the production of durable goods mixes with and tends toward immaterial labor. Second is the immaterial labor of analytical and symbolic tasks, which itself breaks down into creative and intelligent manipulation on the one hand and routine symbolic tasks on the other. Finally, a third type of immaterial labor involves the production and manipulation of affect and requires (virtual or actual) human contact, labor in the bodily mode. (Hardt and Negri 2000, p.293)

As with the broad categories of material and immaterial, the boundaries between subcategories within immaterial labor are blurry. Rational, analytical thought turns out to be not so neatly separable from emotion meaning that analytical tasks and manipulation of affect are not clearly separable.[22] Emotion is often an indispensable route to the rational (Hochschild 2003). Nonetheless, the distinction is helpful. Recognition of affective labor is valuable, too, for its recognition of the emotional care work that has typically been assigned to and performed by women, whether inside or outside of the market realm.

Within Hardt and Negri's taxonomy of immaterial labor, advertising fits best in the third category, "the production and manipulation of affect," and it requires (usually virtual) human contact. Advertising professionals have long advocated the use of emotional appeals and continue to do so (e.g. Maas 1986, Maas and Roman 1992, Dusenberry 2005, Kaplan Thaler 2003). Contemporary research in cognitive science is consistent with their emphasis on emotion, finding that emotional engagement opens up

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[22] One of the typical characteristics of people who have suffered damage to the limbic system of the brain, which carries primary responsibility for emotional matters, is that they cannot carry out multi-step chains of logical deduction. Their ability to follow a single link in a chain of reasoning is unimpaired and we might expect that because they are quite literally dispassionate they would be able to reason more effectively than the average. In practice, however, it seems that without emotional engagement they cannot care enough to sustain the attention necessary for multi-step logical deduction (Ramachandran and Blakeslee 1998).

neural pathways and triggers responses advertisers are likely to want (Walsh 2002). The affective labor of advertising professionals is, as Hardt and Negri say of affective labor more generally, both economically productive and productive of human communications – capable of generating social networks and community in surprising ways (Hardt and Negri 2000, p.293). (See Chapter 3 on the role of consumer goods, especially branded goods, in social networks.)

In Randall Rothenberg's narrative of the creation of a Subaru advertising campaign of the early 1990s, his observation of a production crew filming footage of a car factory to use in a television ad moves him to comment, "[T]he line between … commercial production and automobile production can grow quite blurry. Both, after all, demand an initial concept. Both require mastery of complex machinery. One may exemplify the information-era economy into which we are ostensibly moving and the other may symbolize the industrial age from which we are passing, but both tasks call for an awful lot of people to repeat a large number of mindless movements in order to disgorge a fairly simple product in the end." (Rothenberg 1995, p.243) Filming involves a lot of tedious repetition. But in other ways, at other times, there are very different forms of concrete labor taking place in the ad agency than in the car factory. Rothenberg also, for example, depicts scenes of the chief copywriter working on the Subaru account at the Wieden & Kennedy agency. Jerry Cronin, a man who disliked cars intensely, struggled to produce words that could encourage people to feel good about going out to buy one. His work required little in the way of specific movements and could not be done mindlessly, though he often seemed to wish it could.

The capitalist class relations of advertising speech production

We all spend a lot of time laboriously producing speech, but most of our efforts are not productive of exchange value or surplus. Certainly there is plenty of classless speech production. I chat with my neighbor on the sidewalk, talk with my brother on the phone. Speech can be produced and sold by a petty producer in what Marx called the ancient class process – the direct producer both generates and appropriates her own surplus. A novelist produces and sells a manuscript to a publisher. A therapist in a private practice produces and sells speech to patients. A fortune-teller sells speech to clients.

Speech can also take place in capitalist class relations. A wage worker can produce speech for a capitalist employer. This is a large component of many service industries – the firm sells the customer an experience which includes scripted interactions with wage workers, all of whom are alienated in the technical, economic definition of the word and many of whom also feel profoundly alienated in an inward, psychological sense (see, for example, Hochschild 2003, The Project on Disney 1995). Those employed by a variety of firms in the communications industries also produce speech for a capitalist employer: reporters for news media, staff writers for television shows, and so on.

The work of producing speech becomes value-producing labor when the speech produced is produced for sale whether by a petty producer or a wage worker. The same legal (and other) tools that define and defend information as salable property establish the potential for speech-producing labor to take place under capitalist class relations. If the speech produced can be owned, then it can be owned by someone other than the producer. Indeed, it can be appropriated at the very moment of its production. The production of speech can therefore generate a specifically capitalist surplus.

In order to sustain capitalist relations of production, it helps an awful lot to limit the access to C goods in some way or another. Very high minimum start-up costs often suffice. This is part of what makes industrial factories such a congenial environment for capitalist relations of production. The advertising industry does not work in quite the same way as heavy manufacturing. Advertising workers are often highly compensated, and the start-up costs are not prohibitive. Furthermore, since the excludability of ideas is always incomplete and under challenge, the complete transfer of intellectual property is never easy. When you sell an idea, you don't forget it. When an idea is appropriated at the moment of its creation, the direct producer does not forget it. This makes the class positions in advertising fluid. Disaffected workers can leave and try to set up their own shop. Indeed, that seems to be the most common way new agencies begin. "The advertising industry," Mark Tungate observes, "resembles a slide of amoeba under a microscope, with elements constantly breaking off and reforming." (Tungate 2007, p.152) Sometimes when the direct producers of advertising content leave their employer, they try to take their past ideas and clients with them. Although they are in breach of contract if they do, sometimes they get away with it. (And other times not.) (See, e.g. Rothenberg 1994, pp.125, 202, Tungate 2007) Many of those now in a position to appropriate the surplus generated in an ad agency started their careers generating surplus. Indeed, they may still be generating surplus. The owner-manager-worker has not disappeared.

Because the relations exist to make advertising a capitalist commodity, the salable property of the agency, the advertisements produced have the dual nature of all commodities and the work of its direct producers both has the dual nature of all work done under capitalist class relations. A commodity has a use value, deriving from its particular qualities and its particular uses, and it has an exchange value, deriving from the fact that as an item available for exchange, it has a price that describes it in terms of general equivalence with all other commodities. The dual nature of the commodity emerges from the dual nature of labor. Any particular labor process is different from all others. Concrete labor refers to the particularities of a given labor process; concrete labor produces use values. Abstract labor is the aspect of labor that equates all labor; the quantum of abstract labor embodied in a commodity produces its exchange value.

The value and the price of advertising

In practice, advertising agency compensation is usually a combination of the old commission on media purchase scheme handed down from the nineteenth century, fee-for-service arrangements, and some contemporary agency compensation schemes also tie rates to sales results. But the real underlying exchange is the sale of commodified speech produced by commodified speech-producing labor power. The commission on media buys is a holdover from an earlier era (as is the name "advertising agent"). Results-based compensation is a technique for ensuring that the agency's interests are aligned with the advertiser's interests and also gestures toward making content, like space, a commodity form of audience attention, but audience responses are too complex and unpredictable to be the full basis for compensation. These are filigree on the basic exchange of money for speech.

Since advertising speech is a commodity produced under capitalist relations of production, its value can be understood as C + V + S: constant capital (material inputs and means of production) plus variable capital (labor power) plus surplus.

C-goods

Even as the Internet and the splintering of broadcast media have fragmented and scrambled the old communication channels, it remains the case that the single costliest component of almost all advertising campaigns is the purchase of access to audience attention. Purchasing a few square inches of advertising space in the print edition of the *New York Times* is not the same thing as purchasing thousands of small scraps of newsprint. Purchasing a few square inches of advertising space in the online edition of the *New York Times* is not the same thing as renting a little bit of server space. The C-good produced by a media outlet for sale to advertisers is not just the physical embodiment of the ad, but the attention of the audience. A media company produces news or entertainment or whatever attracts the attention of an audience, and they sell access to that audience's attention to the advertisers. Historically, access to audience attention was the first component of the advertising process to become commodified. (See Chapter 1.) The original advertising agencies, beginning in the U.S. in the 1840s, concerned themselves only with the purchase and resale of advertising space. Much advertising agency billing still follows the format established more than a century and a half ago: a media purchase plus a percentage fee for the agency out of which the agency funds its operations and generates a profit (when profitable).

The mass media sells advertising space/time as a commodity. The use value of the advertising space/time is access to the attention of the public. What the mass media directly produces – news and entertainment, TV shows and articles and radio broadcasts – is not the commodity they sell to advertisers. What they produce is, rather, the means of production of the commodity – audience attention – they sell. The price of audience attention is proportional to the size of the audience (with adjustments made for the desirability of the audience's composition). Nathaniel Fowler in 1900 described the value of advertising column space in a newspaper or magazine this way: "Space in any periodical is a sort of patented commodity, and if it is good for anything it cannot be purchased for less that the patentee's price, and that price may be based on intrinsic value and it may have added to it the royalty of exclusiveness" (Fowler 1900, p.364). Translating that idea into the categories of Marxian value analysis shows Fowler's analysis to be consistent with my own argument. The price of audience attention is determined by the value of the advertising space (the C+V+S generated in the production of the periodical that attracts readers, roughly equivalent to Fowler's "patentee's price") plus a monopoly premium ("the royalty of exclusiveness") because the publisher has at least a temporary, limited monopoly on the attention of readers. For marginal sellers of audience attention, such as the country route billposters considered in Chapter One, the price they can command may just barely realize the value generated, but for large-scale dealers the monopoly rent may make up the bulk of their revenues. This means that for the capitalist advertising agency, the purchase of the indispensable c-good of audience attention involves the payment of a monopoly rent to another capitalist, the seller of attention.

The physical C-goods required for an ad agency are basic modern office goods, possibly with more audio-visual razzmatazz. Most of the rest of what goes into a finished advertisement is most often subcontracted to companies or independent freelancers specialized in film production, film editing, photography, audio production, etc. Whether in-house or contracted out to suppliers, advertising takes on physical forms: print ads in newspapers and magazines, billboards, radio advertisements, television spots, banner ads on and pop-up ads affiliated with websites. The work of physical production and its contribution to the total value of the commodity is well understood. The portion of the value of a newspaper advertisement that is derived from production of its physical form comes from C-goods such as cameras, props, ink, paper, printing presses and from the living labor of models, photographers, layout artists, printers. Because of the range of suppliers, the complete roster of people associated with any given advertisement may occupy a tremendous variety of class positions. Annie McDermott was an independent supplier of props for television advertisements specialized in soap scum and grime effects for cleaning product commercials. Because of her concern that others might steal her formulas for producing photogenic goop and sludge, she would spit into her bottles before bringing them to the set so that the enzymes in her saliva would break down some of the components, foiling attempts to reconstruct the recipe through a laboratory analysis (Rothenberg 1995, p.252). She was able to maintain the ancient class process and continue self-appropriating her own surplus through protecting proprietary information, which also allowed her to secure rents as part of her revenue stream.

V + S: Living Labor in the Ad Agency

The twinned aspects of commodities (exchange value/use value) and of labor (abstract labor/concrete labor) are in constant contradiction with one another. The process of commodity exchange is a process of reducing an infinite variety of unlike things to a general equivalence. But this process is never fully completed. Variety and difference can be muted, but not eliminated. The exchange value of a good can never tell us everything we need to know about it. This is as true of labor power as of any other commodity. The sale of labor power as a commodity aims toward the elimination of difference, but people remain a heterogeneous bunch and the labor of one person is usually an imperfect substitute for the labor of another.

At the simplest level of analysis and the highest level of abstraction, any labor hour performed by any worker is assumed to be equivalent to any other hour performed by any other worker. In a workday of equivalent length, one worker will generate as much value (v+s) and receive as much value (v) as any other worker. Holding to the assumption of the equivalence of all worker-hours, unless the employer can reduce the cost of v-goods the only route to the generation of greater surplus is the extension of the working day. When wages are set by the day rather than by the hour (as was common in Marx's place and time, Western Europe in the mid-nineteenth century), the number of hours' work required to produce a value of v remains the same, so the extension of the working day adds more work hours devoted to the generation of s. If the rate of exploitation (s/v) is 100% and then the workday is expanded from 10 to 11 hours, the rate of exploitation increases to 120% and the mass of surplus rises from 5 to 6 labor hours per worker per day. Marx called this absolute surplus; more hours of surplus labor are performed as an addition to the workday.

But the equivalence of all worker-hours assumption can be relaxed to allow the labor theory of value more flexibility and allow it to describe a wider range of the world's great variety. Workers can work with greater or lesser intensity of effort, whether from internal drive or external compulsion. To describe this difference, high intensity work can be accounted for as equivalent to a greater number of work hours than the actual number of clock hours devoted to the work. The workday becomes denser. For example, starting from a base of average work intensity, a ten percent speed-up would mean that each worker generates an hour and six minutes worth of value during each hour measured by the clock. If v remains unchanged (and this can easily be the case even if paid hourly rather than by the day), the worker produces a value of v faster, leaving more of the day for surplus generation – and the surplus is generated at the faster rate of the denser workday. If the rate of exploitation (s/v) had been 100%, after a ten percent increase in work intensity the rate of exploitation would be 120%. In an 11 hour workday, for example, the mass of surplus produced would increase from 5.5 to 6.6 labor hours per worker per day.[23] This is relative surplus; the value of labor power is produced faster leaving a greater proportion of the workday for the production of surplus.

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[23] The workers now generate 11 hours of labor value in 10 hours. Suppose they work an 11 (clock) hour day both before and after the speed up. Before, they worked 5.5 hours of necessary labor and 5.5 hours of surplus labor. After the speed up they produce the value of their labor power in only 5 hours and their remaining 6 hours of work produce surplus. The rate of exploitation is now 6/5 = 1.2. And because each clock hour is worth 1.1 hours of labor value, the mass of surplus they produce would increase from 5.5 to 6.6 per worker per day.

The workday can also be made denser by the skill of the workers, as distinct from the intensity of their work effort. The combined variation of innate abilities, general education, and job-specific training and experience results in variation in the hourly output of different workers even when given identical inputs and tools. Just as a clock hour of work performed at high intensity may produce more than an hour's worth of labor value, a clock hour of work performed by a highly skilled worker may produce more than an hour's work of labor value. Skilled workers can command a higher wage, so their workday generates both more v *and* more s than the average. Both are scaled up in equal proportion. This is compound labor; during the time than an average worker produces a value of $v + s$ and receives v, the skilled worker can produce $n*v + n*s$ and receives $n*v$ ($n>1$).

Advertising creatives are highly paid because their talents are rare and desirable. Their talents are rare because the creation of effective advertising is extraordinarily demanding. As Sut Jhally notes, it is harder than creating a good movie or book: not only does effective advertising have to hold the audience's attention, as a good movie or book does, but it must also inspire a specific course of action in response (personal conversation). The necessary talent is hard to find. John Philip Jones explains the failure of most advertising campaigns by blaming inadequate creative work. And why is the work not good enough? "The most obvious creative deficiency is that there is simply not enough creative talent." (Jones 2004, p.49) Mary Wells Lawrence remembered of her years running an agency, "No matter how hard we searched, no matter how much money we paid – and we paid extraordinary salaries – we were never uniformly talented. No agency is. There isn't enough talent in the business. The knowing use of enablers, who are not talented enough but are sweetly willing, is one of the darker sides of creative business." (Lawrence 2002, p.118) Their talents are desirable because they can be used to generate exchange value. They generate exchange value for the advertising agency that employs them and sells the speech they produce on the job. Advertisers are eager to buy the advertising creatives' speech because of the likelihood that their speech will help to increase sales and hence generate exchange value for the advertiser.

Advertising creatives' abilities are rare enough and the product of their labor is valuable enough that their labor can be understood as compound labor. Both their labor power and the product of their labor exchange at a price that is several times higher than is typical for many other laborers. The creatives' high pay is not a sign of a low rate of exploitation; their high pay is in proportion to the high surplus appropriated by their employers. And compound labor need not occur in isolation. The patterns of generating absolute and relative surplus through the extension of the workday and the intensification of work effort still hold. A skilled worker performing compound labor can work an additional hour in the day without additional pay, generating $n*v + n*(s+1)$ in total value, including an additional absolute surplus of n and resulting in an increased rate of exploitation. A skilled worker can work at higher than average intensity, using fewer than v hours to generate the value of her labor power, $n*v$. This generates relative surplus and also increases the rate of exploitation. A skilled worker produces a surplus even if the wage of $n*v$ is large.

The claim of exploitation calls to mind long hours in oppressive working conditions for minimal pay. Advertising professionals typically work long hours under quite attractive working conditions, and some are rewarded with enviably high salaries.

The claim that advertising creatives are exploited workers employs the term "exploitation" in a narrow, technical sense. Their work lives may not be experienced as miserable drudgery but they still generate exchange value in excess of what they are paid. The buyer of advertising creatives' speech-producing labor power sets them to work, generally taking care to manage the labor process to generate high output, and sells the product of their labor for a sum greater than they paid for the labor power. Therein lies the exploitation, even in the presence of comfy couches and company cafeterias.

The abstraction of concrete labor

In the early twentieth century, scientific management attempted to analytically break down *all* (material manufacturing) jobs into units that could be used to describe *any* (material manufacturing) job. Tacit knowledge, specialized skill, and creativity were stripped away from many workers and concentrated in the activities of management. This deskilling made workers in any job more and more interchangeable with workers in any other job. To the extent that scientific management achieved its aims, the tensions between concrete and abstract labor in industry were addressed by the abstraction in practice of concrete (physical, material) labor (Braverman 1974).

At the turn of the twenty-first century, Hardt and Negri believed the informatization of the economy to be making concrete labor more abstract in a different way. They write, "We should note that one consequence of the informatization of production and the emergence of immaterial labor has been a real homogenization of laboring processes." In Marx's time, the concrete labor of the tailor and the weaver differed markedly, they argue; abstract labor was an abstract concept. "With the computerization of production today, however, the heterogeneity of concrete labor has tended to be reduced… The labor of computerized tailoring and the labor of computerized weaving may involve exactly the same concrete practices – that is, manipulation of symbols and information." Instead of specialized, relatively inflexible tools, we have the computer as a universal tool "or rather as the central tool, through which all activities might pass. Through the computerization of production, then, labor tends toward the position of abstract labor" (p.292).

Viewing the abstraction in practice of concrete labor as a phenomenon of computerization commits two errors: it forgets the important precedent of scientific management of physical labor and overlooks the heterogeneity of mental labor. Computerized tailoring and computerized weaving both involve the same concrete practices of manipulation of symbols and information, but at that level of generality, we could as easily say that hand tailoring and hand weaving involve the same concrete practices – manipulation of thread primarily with gestures of the arms and fingers. A worker's skill at manipulating symbols appropriately for one production process may not transfer at all well to another. It is often in the most highly automated production processes that employers are the most discerning about the specific prior training and experience of their employees.

When the commodity being produced is discourse and the creativity of the workers' concrete labor is essential to the production of the use value – without which the exchange value cannot be realized – the tension between concrete and abstract labor cannot be addressed with the principles of scientific management. (Interestingly, early twentieth century advertising professionals did take inspiration from scientific management, but they tried to apply those principles to getting *audiences* to do what they wanted.) Nor does informatization resolve the tension between concrete and abstract labor. The fact that the advertising creative and the civil engineer both spend their workdays manipulating symbols in no way reduces the concrete specificity of their tasks. It remains the case that labor acquires its abstract aspect only through the market. The same concrete tasks performed outside the reach of the market have no affiliated aspect of abstract labor. The division of labor within the advertising agency certainly created plenty of deskilled employment, but the question here is how the tension between concrete and abstract labor is addressed for workers whose job title is, quite literally, "creative."

Management of Creative Labor

Standardization and routinization are inimical to creativity. Adam Smith tempered his paean to the benefits of the division of labor with an admission that working long hours on a standardized repetitive task is mentally deadening. The creation of advertising therefore cannot be subjected to the same routinization of the labor process, even as it remains the case that the product is subject to the reduction of commodities to a monetary equivalent. If human resources management in industry is a field whose goal is to facilitate the numbing of workers' minds by finding ways to overcome the resistance of workers to the mind-numbing conditions of their work (Braverman 1974), the management of the labor of advertising creatives is directed towards preventing the numbing. Ad agency leadership has among its central goals the development of a workplace culture and environment conducive to creativity.

Fostering an appealing company culture and work environment makes the agency attractive to prospective employees and allows the agency to hire selectively. Hiring highly skilled workers gives a firm access to those workers' compound labor. Mary Wells (later Mary Wells Lawrence) remembers that in the 1960s she was dying to work at Doyle Dane Bernbach because, she says, *everyone* was dying to work there (Lawrence 2002, p.4). The legendary David Ogilvy was similarly besieged by people angling for employment because he had a similar reputation for encouraging creativity – couches for copywriters, an agency cafeteria to encourage serendipitous encounters among employees (Maas 1986, pp.43-60). When Wieden and Kennedy was still fairly new, in the early 1990s, account director David Luhr said, "All Wieden & Kennedy is, is an environment. That's the most important thing we own. An environment for doing great work." As a result of this reputation for a congenial work environment, Dan Wieden and David Kennedy were continually courted by advertising workers wanting in (Rothenberg 1995, pp.217, 300-301).

Layered on top of the scaled-up surplus generated by compound labor, the advertising agency may draw absolute surplus out of its workforce by an extension of the workday. Mary Wells Lawrence writes of the long hours she expected of her employees:

> I welcomed them [new clients] as if I were the Mother Superior of Lourdes and persuaded my fellow workers that we had been given divine insights – all we had to do was work overtime. We worked endless hours and I looked upon anyone who left the agency before eight or nine p.m. as a traitor – an attitude that was nurturing and animating at Wells Rich Greene but didn't help me in my long-distance life with my family in Dallas. (Lawrence 2002, p.60)

Nurturing, animating, and, she might have added, absolute surplus-generating.

The same attention to an attractive work environment that attracts workers capable of performing compound labor can also intensify the work effort and generate relative surplus. While all the attention people in charge of running agencies give to creating a fertile work environment may have corollary benefits for employees, it also increases their generation of surplus. “Creating a fertile universe for your staff is the only way to ensure future creative and financial success,” Robin Kaplan Thaler writes as she explains how employees are encouraged to “bring their whole being to work” with the result that “most people feel more accepted here than in previous jobs” (Kaplan Thaler and Koval 2003, p.222). It is a neat trick, making them feel emotionally unalienated from their labor process while continuing to alienate them from the economic value they generate.

It is a neat trick, but not easily accomplished. Some of Arlie Russell Hochschild’s insights about emotional labor can be adapted to this case. Ad creatives do not have direct personal contact with consumers, but do work to produce an emotional state. They can feel estrangement, potentially painful internal divisions. How much do they or can they believe in what they say on the job? David Ogilvy insisted he did not and would not ever advertise a product he did not believe in (Ogilvy 1983). If true, that is the privilege of the successful agency founder and CEO. Most advertising agency employees have a much weaker right of refusal. James Othmer chose to open his memoir of a career in advertising by evoking the job’s challenge to the ad creative’s sense of self with a barrage of questions from supervisor to worker about his ability to work on accounts for objectionable clients such as tobacco companies. Phil Dusenberry sometimes waxed enthusiastic about the product he was selling – Ronald Reagan, for example – but other times he remained silent on the question of whether he believed in the products or not, instead focusing on the intellectual/creative thrill of the process, finding a solution to a selling problem. Hey, we can keep selling Snickers by presenting it as a good solution to hunger, but we can also sell Snickers by presenting it a good cure for boredom! Brilliant insight! In his book he betrays no sign of concern over whether it is good for consumers to be persuaded that mindlessly eating candy bars is a good response to boredom, but perhaps he or someone else working on the account felt some qualms. Kaplan Thaler and Koval write about bringing employees' emotional selves to the workplace in order to work more effectively at managing the emotions of consumers – and as founders and CEO/Chief Creative Officer and Chief Marketing Officer of their firm this may not be troubling to them. But the question of what use an employer makes of employees' emotional work – does the employee's management and display of emotion become part of the job, converting it into value-producing emotional labor? – and what identity crises it may spawn for the employee apply. Susan Linn adopts the phrase "Pontius Pilate Plight" to describe the split between standard professional practice and personal values felt by some of those who work in marketing (Linn 2004, p.22) and there are certainly some who leave advertising jobs because they decide that they can't stand trying to sell people things they don't need.

Posing another challenge to an advertising firm attempting to draw surplus out of creative workers, a culture that celebrates the artist as a heroic individual creator can do little motivate creative workers who are economically alienated from the product of their labor and who remain largely anonymous even when their creations become ubiquitous. Who created the frogs croaking Bud-Weis-Er? Or the polar bears drinking Coca-Cola? Or, a century ago, the Quaker Oats man? But, in at least partial compensation for invisibility outside the field, there is widespread recognition of authorship and the possibility of prestigious rewards within the advertising industry. Advertising agencies spend a considerable sum of money (up to a half a million dollars) to enter their employees' work in competitions each year (Tungate 2007, pp.244-247). This serves multiple functions for the agency. The possibility of public recognition from peers can motivate employees (intensify their effort, generate relative surplus). A track record of winning awards can attract desirable employees (expand access to compound labor). An impressive trophy shelf signals creative skill and is attractive to potential clients.

Recently, agencies have added some new tools for sustaining and managing creative workers. Robert Saville, co-founding partner and creative director of Mother advertising agency in London described how Mother provides a setting for employees to do self-directed work:

> [P]art of the encouragement of keeping and encouraging creativity in an organization has to be to find a framework where people can express their creativity. Salman Rushdie worked in advertising at one point, so did Ridley Scott, so did Alan Parker… Our job really is to try and make sure that people are able to explore their creativity in different ways, sometimes on their own behalf, to pursue their dream of writing a book, or making a comic or creating an event, and sometimes in association with clients. And clients want to know that they've got access to those people, so they want to find a place which is sympathetic to making sure that there's the right environment for those people to come, because creativity has phenomenal value.

Saville wants to harness the creative drive, rather than set up employment at Mother in opposition to the urge to create, forcing workers to leave to go pursue those ideas (Williams 2010, p.113). The KesselsKramer agency, with offices in Amsterdam and London, similarly encourages self-directed work and then provides a sales venue online and in a gallery associated with the agency. (Williams 2010, pp.204-5) (This is not completely new. Decades ago, Mary Wells Lawrence, in her desperation to keep a particularly valuable creative mind working at her agency, financed the production of a movie he wanted to make (Lawrence 2002, pp.126-130). But that was rather an extreme case.)

Conclusion

Advertising speech produced in an advertising agency is speech with the status of a commodity. It is recognized both in practice and by law as property. It is alienable. It can be exchanged for money. Many analyses of informational commodities focus on non-rival information, information that can be replicated and resold without end. The same market research report can be sold to Hertz and Enterprise. Some informational commodities' usefulness to the purchaser is undiminished or even augmented when others have access to the same information. In these cases the sellers of information are driven to try to police their customers' post-purchase behavior and limit the second-hand circulation of the information. Advertising speech, however, is rival. The purpose of advertising speech is differentiation, which means that the advertising campaign sold to Hertz *cannot* also be sold to Enterprise.

Since advertising speech is rival, exchangeable, alienable property, it is a commodity whose production is bound by the fundamental labor time trade-off. Producing more advertising speech for sale requires allocating more labor time to its production. Therefore the value flow realized in its sale is newly produced exchange value derived from productive labor: concrete speech-producing labor which is twinned with an aspect of abstract, value-producing labor. The setting that enables trade in commodified speech also enables the commodification of speech-producing labor power. Producing speech can be – and, in most advertising agencies, is – a concrete labor activity carried out under capitalist relations of production. The value of the speech produced can therefore be analyzed with Marx's tripartite division of a commodity's value. The inputs and exhausted means of production pass on their value unaugmented (c). The living labor of advertising creatives adds new value, which is divided between the wage paid to the creatives (v) and a surplus appropriated by their employers (s). Some advertising workers are highly compensated, but their high wages derive from their performance of compound labor. Their higher-than-average compensation does not come at the expense of the employer's surplus but rather comes twinned with a large surplus. And layered on top of the scaled-up v and s of their compound labor, advertising agencies are managed with an eye toward generating both absolute surplus (from a long workday) and relative surplus (from an intense work effort).

The employees of J. Walter Thompson or Wieden and Kennedy speak, but the words they speak on billable company time are not theirs. And the words they speak are not just communications; they are also commodities. The exchange value of those commodities is, similarly, not theirs. What remains theirs is their discourse-producing labor power. As concrete labor, it is highly specialized, highly skilled, very rare, and often fetches a very high price. Nevertheless, it contains an aspect, too, of abstract labor subject to the logic of capitalist class relations. As well rewarded as it may be, and even if experienced by the laborers as gratifying, creative work, it produces exchange value and yields a surplus.

CHAPTER 3

THE USE VALUE OF ADVERTISING

Introduction: Advertising and the Capitalist Enterprise's Conditions of Existence

A capitalist enterprise can only persist in a context that meets its necessary conditions of existence, but the context is not independent of the firm itself. The enterprise is always engaged in efforts to shape its context at the same time that it is engaged in efforts to survive and thrive within its context. Advertising is one of those context-shaping efforts; the use value of advertising is to secure the enterprise's conditions of existence. The intended targets of advertising include the economic conditions of existence, comprising both class processes (fundamental and subsumed) and nonclass economic processes; political conditions of existence; and social or cultural conditions of existence. The pursuit of any of these conditions of existence cannot be isolated from the others. The economic context affects the political and cultural contexts; the political context affects the cultural and economic contexts; and the cultural context affects the economic and political contexts (Resnick and Wolff 1987).

In the economic realm, advertising can aim to influence the behavior of consumers, competitors, or employees. When aiming at consumers, advertising can attempt to increase demand, which facilitates accumulation by allowing surplus value to be realized on a larger scale. Advertising can also aim to make demand less elastic, enabling the enterprise to enjoy monopoly pricing power and realize nonclass revenues. The enterprise can expect that influencing consumers will influence competitors' behavior indirectly, but the advertising can also aim to have a direct influence on competitors. Advertising is also one of the weapons in the struggle between manufacturer and merchant, both through the signal of consumer demand and directly. Similarly, the enterprise can expect that influencing consumers will influence capital markets indirectly, but advertising can also directly target investors in capital markets. When we draw the analysis inward from the enterprise's market context to the internal production process, we find that advertising can act as a tool of labor discipline, contributing to the renewal of the fundamental class process of labor exploitation (Hadar 1966; Jones 2004; Resnick and Wolff 1987; Tungate 2007).

Advertising can try to influence the political process and secure the enterprise's political conditions of existence. This is clearest in the case of lobbying, which is just advertising with a very narrowly defined target audience. But purchased persuasive efforts of the kind more traditionally labeled advertising and disseminated through the purchase of media advertising space/time can also pursue political ends, aiming to influence policymakers or to influence citizens to pressure policymakers.

In the cultural realm, advertising is one of the influences on the culture of consumption. Any given advertisement makes a narrow set of claims about a specific product and tries to shape the cultural discourse in such a way that particular meanings and associations become attached to that product. In the aggregate, advertising speech presents a model of how consumer goods in general are incorporated into the culture. Advertising is never the only intervention in meaning making, but its prominence makes it powerful (Jhally 1987). To the extent that an advertisement contributes to a general consumption culture compatible with capitalism, it has an element of public good to it – if the public in this case is restricted to capitalists. At the same time, to the extent that an advertisement contributes to depleting audience attention and giving audiences practice in filtering and resisting advertising speech, an advertisement has a negative externality. (What exactly is considered negative about the externalities of advertising differs with perspective, of course. For capitalists, audiences schooled by earlier advertisements to resist advertising messages is a negative externality; for parents being nagged to buy toys and junk food, signs that their children have learned a little more resistance to advertising messages would be most welcome (Kirschenbaum and Bond 1998; Linn 2004).)

Interventions in each of these realms interact with all the others in complex ways. Influencing the cultural practices that make use of consumer goods (cultural realm) influences the market demand for those goods (economic realm of circulation). Influencing the economic realm to successfully increase revenues and profit margins may alter public perceptions directly and also fund additional advertising that will influence political and cultural conditions. And so on. Branding is a particularly densely woven example of the interrelations among all these realms and the contribution of advertising to influencing them all (Resnick and Wolff 1987, pp.207-213).

The Enterprise's Economic Conditions of Existence

One of the enterprise's economic conditions of existence is that, in general, on average, over time, revenues must at least equal outlays. This does not have to be true during every period, but if revenues are consistently less than outlays, the enterprise goes bankrupt and ceases to exist. We can categorize the firm's revenues by the class or nonclass origin of the source. We can categorize its outlays, or distributions, to use

Resnick and Wolff's term, according to the conditions of existence those payments aim to secure (Resnick and Wolff 1987, pp.208-210).

As a result of the fundamental class process, the exploitation of productive labor, the enterprise receives surplus value. If the enterprise provides conditions of existence for other capitalists to exploit labor and receives payment in return, there will also be subsumed class revenues on the revenue side of the ledger. Lastly, the enterprise may also receive nonclass revenues, such as payments made out of workers' wages over and above the labor value of the goods sold. Importantly for the analysis of advertising, monopoly pricing on goods sold to anyone other than direct appropriators of the surplus yields a nonclass revenue equal to the increment of price above value.

On the expenditure side of the ledger, the distributions may be categorized according to a complementary scheme. Distributions to secure the fundamental class process – and there may be many! – are categorized as subsumed class payments, ΣSC. Distributions to secure subsumed class revenues are labeled ΣX. Distributions to secure nonclass revenues are labeled ΣY. Resnick and Wolff constructed the following equation to summarize the class and nonclass revenues the enterprise receives and the distributions made to secure each of these revenues:

$$SV + SCR + NCR = \Sigma SC + \Sigma X + \Sigma Y \qquad (1)$$

Of course, surplus value received may be more or less than the subsumed class distributions made in pursuit of surplus, subsumed class revenues may be more or less than the ΣX distributions made in their pursuit, and nonclass revenues may be more or less than the ΣY distributions. Sometimes revenues are received without any distributions needed to secure them; other times distributions meant to secure a particular stream of revenue may fail. The equality may not even hold in the aggregate, but if the left hand side is less than the right, this represents a crisis for the enterprise (Resnick and Wolff 1987, p.209).

Basic tools of value analysis

I will consider here the manufacturers of a final consumption good purchased by workers. If the good sells at its value, the manufacturers receive a revenue of c + v + s on the sale of each unit. (I will use lower case letters for the per-unit value, upper case for the aggregate. So c multiplied by the number of units is C, etc.) If the good sells above its value, the manufacturer receives an additional value flow, and since it is received from workers, it is a non-class revenue (ncr). In Baran and Sweezy's analysis in *Monopoly Capital*, they did not distinguish clearly between surplus value and value flows resulting from monopoly power. They described labor exploitation and monopoly power as both contributing to the pool of surplus (Baran and Sweezy 1966). This conflation obscures some important differences in the two sources of profit. Surplus value produced by surplus labor arises in the production process. Monopoly pricing is a market phenomenon. A firm's ability to generate surplus is largely dependent on the relative power of capital and labor whereas the firm's ability to generate revenues from monopoly pricing is largely dependent on the relative power of the firm and its actual or potential competitors, the firm and its customers.

Edward Chamberlin's *Monopolistic Competition* (1933) makes an important contribution to theorizing price-setting power in the realm of circulation. Chamberlin's central argument is that the standard model of monopoly is a better approximation of most producers' reality than is the model of pure competition and that the best approximation of all is a hybrid occupying an intermediate point on a continuum between the two extremes. Markets resembling the neoclassical model of pure, perfect competition – that is, one with many producers producing indistinguishable goods, each one of whom must act as a price-taker who can reliably dispose of the firm's entire output at the going market price – are very rare. However, the pure theory of monopoly in which sellers face an invariant, downward sloping demand curve for a good with no available substitutes and can set price (or choose quantity) at will for their profit-maximizing ends overstates the case. Most sellers sell goods that are distinguishable from others, so the competition is not pure competition, but for which there are substitutes, so neither is there pure monopoly.

Each producer, therefore, faces a market distinct from that of all other producers and confronts an individual demand curve whose parameters are set by the availability of substitutes and their prices. In the limiting case at the competitive extreme, there are so many sellers with goods that are so nearly the same that any one seller is responsible for a miniscule fraction of the total output. Additionally, every seller has equal ease of access to every potential buyer, and vice versa, and buyers choose only on the basis of price. Each seller therefore has no pricing power but also has no excess inventory problem: the individual demand curve converges toward a horizontal line. In the limiting case at the monopolistic extreme, there are no remotely near substitutes for the good in question and the seller can therefore set the price at will but must take the resulting demand-limiting consequences (Chamberlin 1962, pp.17, 65-68).

Except, of course, that even a producer as near as possible to the purely monopolistic end of the spectrum does not face an exogenous, invariant demand curve. Instead, as Schumpeter among others has pointed out, stoking demand for their unique output is one of monopolists' indispensible activities (Schumpeter 1942). Chamberlin, too, devoted considerable attention to the question of selling costs. Chamberlin distinguished between costs of production and selling costs by defining production costs as costs incurred in the process of *fulfilling* demand whereas selling costs are costs incurred in an effort to *change* the demand curve (1962, p. 117).

With some assumptions about a functional relationship between selling costs and changes in the demand schedule and accurately calibrated profit maximizing behavior, a unique equilibrium price can still be defined. With any remotely adequate admission of uncertainty into the analysis, however, Chamberlin's theory of price splinters into the kaleidoscopic proliferation of possibilities recognized by Keynes (1964) or G.L.S. Shackle (1972). Price, and hence value for those who do not distinguish between the two, has no reliable determinants. Maximization remains a lovely dream.

Chamberlin treats price and value as synonyms. (Chamberlin subtitled his book "A Reorientation of the Theory of Value." Doing so emphasized his departure from the theory of perfect competition but also announces his identification of value with price as a market phenomenon.) Although drawing some insights from Chamberlin to analyze market price, I maintain a conceptual distinction between price and value. And, as class is my entry point into value analysis, I will categorize outlays and revenues according to their relation to the fundamental and subsumed class processes rather than, as Chamberlin did, in relation to consumer demand. Whatever the price of a good is in a particular case, we can decompose the price into its value components, constant capital, variable capital, surplus value, subsumed class revenue, and nonclass revenue: c + v + sv + scr + ncr (Resnick and Wolff 1987).

Advertising Outlays Part I: Persuading consumers

One use value of advertising is to sell more goods. Despite saying many other things that complicate the claim, advertising professionals say over and over[24] that selling more goods is the only aim of advertising. Since realization of embodied labor value cannot be assumed, advertising may be one of the actions the enterprise takes in order to realize surplus value generated in one production period and enable the continuation of the fundamental class process in the next. By shifting the demand curve outward advertising may even enable the production and realization of surplus value on an expanded scale. To the extent that advertising achieves this, it can be considered a subsumed class payment – one of the many claims on the surplus that also secure the conditions for the continued existence of surplus.

Advertising also aims to reduce price sensitivity. The enterprise may convert the increased demand into higher prices instead of higher volume (Jones 2004). To the extent that advertising enables the enterprise to enjoy pricing power and charge a price higher than value, it secures the conditions of existence for revenues in addition to embodied C, V, and SV. In the case of a consumption good sold to workers, the additional revenue is a nonclass revenue and so the expenditure on advertising that secures monopoly pricing power can be categorized as one of the Y outlays.

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[24] e.g. “Clients advertise with one overriding objective: sell more stuff” (Dusenberry 2005, p.86).

Indeed both things can happen at once. Assume a starting point at which goods are selling at a price equal to value, point A in figure 3.1. Then suppose a successful advertising campaign shifts the demand curve outward. The increased demand can translate into an increased scale of production and realization of exchange value at the same price (point B) in which case the advertising budget can be considered entirely a subsumed class payment. Alternatively, the increased demand can translate into increased price at the same scale of production (point C) in which case the advertising budget can be considered entirely a Y-expenditure, spent to secure monopoly pricing power, yielding a nonclass revenue. But the result could also be anywhere in between points B and C in which case the advertising outlay is partly a subsumed class payment and partly a Y expenditure. (Indeed, the resulting price and quantity could even lie on the demand curve outside segment BC or, if the enterprise does not take full advantage of existing demand, below the demand curve.)

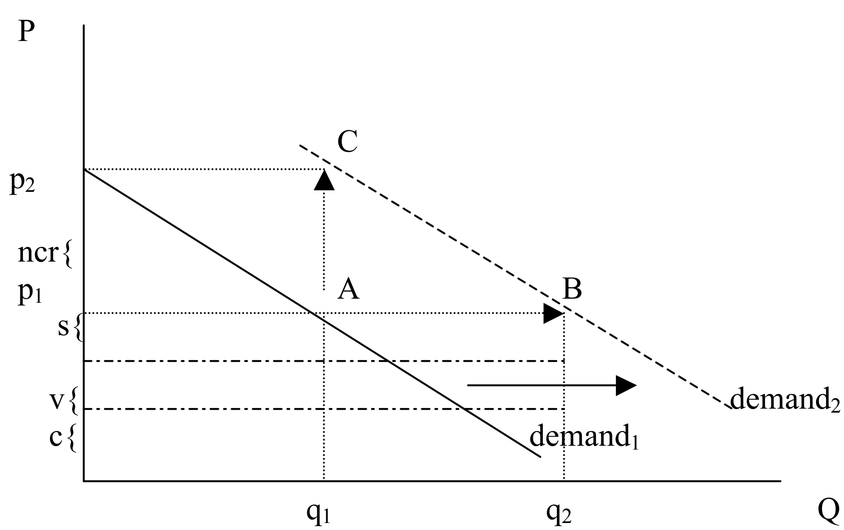

Figure 3.1 Increased Demand Yields New Revenues

Advertising Outlays Part II: Communicating with Competitors

Persuading consumers will influence competitors, too. Customers will change their behavior, which will change market conditions, and competitors will respond to altered market signals. Sometimes, however, advertising is created with a direct influence on competitors in mind. Indeed, Jones posits that advertising decisions consider the competition first, customers only later. Phil Dusenberry described the advertising campaign created when McDonald's decided to add pizza to the menu this way: "They were trumpeting their huge investment in pizza as much to intimidate Pizza Hut as to signal to Wall Street that they were committed to being a hot growth company again." (Presumably the ads were also intended to persuade customers to buy pizza.) Dusenberry's advertising agency, BBDO was working for Pizza Hut and designed a retaliatory advertising campaign that denigrated McDonald's pizza. The campaign was counted a success: McDonald's backed out of the pizza market. "Our Patriot missiles had knocked down Mickey D's Scuds," Dusenberry crowed in his memoir (Dusenberry 2005, pp.152-153). The communicative goal of the advertising can be for competitors to respond immediately and directly to the signal in the advertising, not just to the change in consumer behavior influenced by the advertising.[25]

Advertising that communicates to competitors directly reverses the chain of influence. Instead of influencing competitors through consumers, the ads influence

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[25] Public advocacy advertising sometimes takes an analogous approach, attempting to influence public officials directly in addition to encouraging constituents to pressure officials. Sometimes an advocacy group will even show an advertisement to the government or corporate officials whose behavior they want to change *before* broadcasting the ad to sway public opinion. If the targets agree to change, the advocacy group may agree not to air the ad – essentially public-spirited blackmail. e.g. Mayor Dinkins of New York City and water quality (Kirschenbaum and Bond). Hershey's and child labor. (Green America Quarterly fall 2012)

consumers through competitors. The individual enterprise's market conditions depend on consumers' choices within a given choice set and on the choice set itself. Advertising can persuade consumers to make a particular choice out of the available options and as the enterprise and its competitors respond to those consumer choices, the choice set they present to customers shifts. Advertising can also directly persuade an enterprise's competitors to change the choice set they present to consumers, which then necessarily results in consumers making different choices. When McDonald's withdrew from the pizza market, Pizza Hut had to contend with fewer potential close substitutes.

Both communicative channels can be active at once. Consumers and competitors can both receive and respond to the advertising signal at the same time. These two communicative targets of advertising are simultaneous, not substitutes. And in both cases the resulting exchange value revenues for the enterprise that successfully stokes demand can be a combination of additional surplus value and additional monopoly rents (which are typically nonclass revenues), meaning that the outlays on advertising can be considered a combination of subsumed class distribution and Y distribution.

Advertising Outlays Part III: Advertising and the relationship between manufacturer and merchant

The relationships among manufacturers, distributors, retailers, and consumers are intricately braided together. Manufacturers communicate directly to consumers through consumer advertising, but very often rely on distributors and retailers as intermediaries between initial production and final sale. Manufacturers interact directly with intermediaries, but also rely on the demand signals retailers get from consumers to help make their case for shelf space. Just as advertising can simultaneously influence consumers and competitors, advertising can simultaneously influence consumers and distribution chain intermediaries (Jones 2004; Maas and Roman 1992; Strasser 1989).

Advertising that communicates directly to consumers, when persuasive, alters the demand signals that retailers get from consumers. Manufacturers' practice of intensively cultivating this channel of communication dates to the late nineteenth century. Through much of the nineteenth century, manufacturers had approached distribution as a push: they sold to wholesalers, the wholesalers' drummers (salesmen) pushed goods to merchants, who then had to be relied upon to promote the goods to consumers. Late in the century, modernizing marketers shifted to a demand pull strategy. Over and over, advertisements exhorted consumers to ask for Cottolene (or whatever)… accept no substitutes… send your grocer's name and address to the manufacturer if he does not stock this product. When it worked, customers walked into a store requesting the product of a specific manufacturer and the retailers then had to stock that product to satisfy their customers. When it didn't work, the grocer would tell the customer, we don't have Brand X, but Brand Y is just as good, and the customer would accept the substitute (Laird 1998, Strasser 1989).

Evidence of consumers' brand loyalty is still a persuasive argument for retailers to stock a particular brand. Not carrying the favored brand risks losing customers. As an additional advantage of carrying the brand, brand advertising relieves retailers of some of the duties of salesmanship. Manufacturers will sometimes add extra inducements for retailers to supply shelf space by giving the local retailer a mention in locally placed brand advertisements or by delivering ready-to-use in-store promotional displays. A strong brand is a near-guarantee of strong, steady sales, which is attractive to retailers (Jones 2004).

However, manufacturers bargain with merchants over the size of merchants' fees, too, not just shelf space. Whatever benefit retailers derive from stocking strong brand-name products comes at the cost of reduced bargaining power and lower merchant fees. Manufacturers who invest in strong branding can, branding consultant Scott Davis says, "maximize channel influence" (Davis 2000, p.181). That is, they are in a position to dictate how their products move through the distribution chain and to retain a hefty share of the surplus and monopoly pricing premia.

Ideally, manufacturers and retailers both want the product to be in stock already when the customer walks in wanting it. So although manufacturers' advertisements have to persuade consumers to buy, they also have to persuade retailers that consumers will want to buy. It is not enough for the manufacturer to have confidence in an upcoming advertising campaign or for the manufacturer even to demonstrate to retailers after the fact that the advertising successfully stoked demand. The retailers have to believe *beforehand* that the advertising campaign will be effective. Car manufacturers need their dealers to approve of the manufacturers' advertising (Rothenberg 1994, p.112). Soft drink companies have to keep bottlers happy (Dusenberry 2005, p.246).

Intermediaries are therefore important direct recipients of advertising messages, not only recipients of indirect signaling through consumers. Manufacturers choose content and placement that they believe will be noticed by and be persuasive to merchants. Maas and Roman advise manufacturers to pay attention to retailers as intentional targets of the advertising: "The local supermarket manager may never see your commercials on TV but will notice a big poster across the street from the store" (1992, p.56). To the extent that advertising successfully increases the manufacturer's power to bargain for lower merchant fees, it reduces one type of subsumed class distribution that the manufacturing firm must make. (On the other hand, merchant's advertising can cultivate customers' loyalty to the store rather than to the manufacturer's brand and position the merchant enterprise to increase the share of the surplus it can command.)

Advertising Outlays Part IV: Advertising and the Management of Labor in the Production Process

Some advertising is as much a form of internal communication as it is an external communication. As in all cases, the communication can be channeled indirectly through consumers to employees and simultaneously communicate directly to employees. Advertising communicates directly to employees in ways that can motivate and discipline. Businesses with strong brands tend to have higher levels of self-reported employee job satisfaction and fewer instances of disruptive labor conflict (Davis 2000, pp.7, 122-123, 230; Lindemann 2010, pp.114-115). Advertising can also necessitate new means of labor discipline that complement the advertising in order to align employee behavior with the consumer expectations aroused by the advertising. As early as the 1890s, Nathaniel Fowler urged merchants to be sure their store clerks were familiar with the firm's advertising so that the clerks would know the expectations customers were prompted to bring with them to the store (Fowler 1900, p.481). As the service industry grows and as even firms that produce material goods sell a brand experience, the labor discipline function of advertising magnifies in importance. More jobs require the affective, interpersonal labor of representing the brand to the consumer.

In the 1960s and 1970s, the car-rental agency Avis ran a famous campaign that highlighted their status as number two in their product category with the theme “We try harder.” Phil Dusenberry marvels at the advertising insight that produced this campaign: “The slogan not only positioned Avis beautifully as the appealing underdog to the category leader, Hertz. It not only made a national virtue out of being number two. But the campaign did triple duty by inspiring Avis employees. They were proud to be known as the people who try harder. If you could have measured Avis employee morale at the time, the needle would have flown of the meter” (Dusenberry 2005, p.104). The only problem with Dusenberry’s analysis is that his assessment of the effect on Avis employee morale is entirely conjectural. Mary Wells Lawrence, who had direct knowledge of the creation and execution of the campaign tells a more complicated story: “Nobody was more surprised than they were to discover they were Number Two and trying harder than Hertz.” Some were furious about the demands the ad claims put on them. “It was nip-and-tuck for a while whether the dealers would go along with the new image and the expectations. ‘I couldn’t even get a job at Hertz,’ one of them told me. ‘Now you people tell me I am better than Hertz? That I try harder than Hertz? Are you crazy?’ But in the end they did go along, and the wonders never ceased” (Lawrence 2002, p.7).

Arlie Russell Hochschild’s study of the emotional labor of flight attendants conducted in the 1980s reveals how, for service workers, consumer advertising indirectly disciplines employees. The advertisements set passengers’ expectations for service, meaning the ads “subtly rewrite job descriptions and redefine roles.” The flight attendant's smile is advertised as part of the package that comes with the plane ticket. At times, the ads sexualize the smile. "As one flight attendant put it: 'You have married men with three kids getting on the plane and suddenly they feel anything goes. It's like they leave that reality on the ground, and you fit into their fantasy as some geisha girl. It happens over and over again.'" Even when not sexualized, the advertised smile can "inflate the expectations of passengers, and therefore increase their right to feel disappointed. Ordinary niceness is no longer enough; after all, hasn't the passenger paid for extra civility? As every flight attendant knows well, she can expect to face surprisingly deep indignation when her expressive machine is idling or, worse yet, backfiring". But the employee discipline exercised by advertising through setting consumer expectations cannot work in isolation. In order to match flight attendants' behavior to passenger expectations, flight attendants attend regular, intensive training in the management of emotion (Hochschild 2003, pp.90-95).

Although most pronounced in service industries, the internal communications function of advertising is not limited to service industries. Mary Wells Lawrence tells the story of a corporate campaign she worked on for Ford. Ford was in trouble in 1979 and a complete turnaround would take a long time. "We thought the only meaningful contribution that corporate advertising could make at that critical hour would be to produce a wave of fresh confidence in Ford among Ford owners, new car buyers, Washington critics, the press, and, most important of all, among those downtrodden souls who were sitting in those dark offices at Ford." Her agency, Wells Rich Green got the Ford account on the basis of this pitch. They then created the promised advertisements.

Ford executives loved them and at Henry Ford's suggestion they played the advertising music (an inspiring march) in the halls at Ford offices (Lawrence 2002, p.218).

That, apparently, took care of managers. What could the corporate campaign do to enlist the line workers in the Ford overhaul? American auto workers were not highly regarded in public opinion. The advertising campaign enlisted line workers as spokesmen for the company, emphasizing their commitment to quality. Television advertisements featured real workers in real plants. "Every time we filmed a worker in his home plant the quality of workmanship at that plant shot up. It was as if the whole plant had gone on stage and declared it was personally responsible for the quality coming out of the Ford Motor Company. Plant managers fought to have commercials made in their plants starring their workers" (Lawrence 2002, pp.218-226).

The success of the internal communications function of advertising is as uncertain as the external communications functions. For advertising to discipline service workers by setting customer expectations, the advertising must successfully shape customers' views and then their employees must respond to customers as their employer intends; either step of this mechanism could break down. Additionally, the second step requires additional internal communications beyond the advertising campaign. Hochschild describes the intense initial and continuing training required of flight attendants, training intended to shape their on-the-job performance to the specifications that the advertisements promise (Hochschild 2003). Even when skipping the intermediary of consumers as conveyers of the message, internal communications purchased from outside advertising or branding consultants and received directly by employees can be just as unpersuasive as advertising directed outward sometimes is. Branding consultants regularly develop mission statements for firms, but 77% of employees in the U.S. say they don't think the mission statements match the way their companies actually operate (Conley 2008, p.11).

Advertising Outlays Part V: Advertising to Influence Capital Markets and Secure Financial Conditions of Existence

Access to credit is often critically important for an enterprise's survival. Just as firms purchase the aid of advertising agencies to communicate with those they encounter in their production and distribution chains – consumers, retailers, and employees – they also purchase the aid of advertising agencies to communicate with investors.

David Ogilvy wrote that one of his main purposes in writing *Confessions of an Advertising Man*, which was in effect an advertisement for his agency, Ogilvy, Benson & Mather, was to prepare the way for an initial public offering of stock in the company (Ogilvy [1963] 2003, p.15). He is not the only one to use advertising to try to influence financial market activity. Whether making an IPO or seeking to raise capital for a company that is already publicly traded, firms who depend on capital markets do not wish to leave the decisions of the capital markets to chance. Instead, they purchase the attention of investors by purchasing ad space in targeted publications, ad time on Sunday morning news shows, billboards in the financial district. Mark Tungate writes that one significant beneficiary of the 1990s dotcom boom was the outdoor advertising industry who supplied the billboard spaces for "dotcom companies [to plaster] their incomprehensible logos all over town. … British dotcoms ask[ed] their media buyers to concentrate on sites in the City in order to raise their profile among the financial community" (Tungate 2007, p.214). They wanted investors as well as consumers to have warm and familiar feelings about their company.

Through a combination of the warm feelings investors have about the brand and the predictable pricing and sales volumes resulting from consumers' warm feelings, advertising and other branding strategies contribute significantly to stock market performance. David Aaker and Bob Jacobson found that a measure they called brand equity influenced stock market returns almost as much as reported earnings (Davis 2000, pp.xi-xii). Other studies comparing the stock market performance of companies with strong brands to those without found that a portfolio of businesses selected on the basis of brand strength consistently outperformed the rest of stock market and did this at lower risk. In mergers and acquisitions, a brand can be a very large component of the price of the firm, often the largest single asset (Lindemann 2010, pp.14-17).

Political Conditions of Existence

Advertising represents more than a distribution (measured in value terms) securing a revenue (also measured in value terms). Advertising's economic effects are never isolated from its political and cultural effects. Directly and indirectly, advertising does more than secure economic conditions of existence; it influences, and is in turn influenced by, politics and culture.

A great deal of the communication that firms purchase in an attempt to secure favorable political conditions is created by lobbying firms, which are, in effect, advertising agencies specializing in a very narrowly defined target audience. But other, less specialized advertising agencies also sometimes get a piece of the action. Phil

Dusenberry recalls that the campaign his agency, BBDO, designed for DuPont won awards. "But more than anything else, it changed people's impression of DuPont, particularly among the key constituencies we were aiming for: Wall Street as well as Washington, other businesses as well as consumers." Aiming for the political and business elites meant, among other things, purchasing spots on the Sunday morning talk shows (Dusenberry 2005, pp.135-137). Similarly, Mary Wells Lawrence's wrote that the goal of a Ford corporate image campaign she worked on in beginning in 1979 was "[t]o convince Wall Street, Washington and everybody else that the Ford Motor Company was alive and well" (Lawrence 2002, p.223). Communicating to "Washington" was an explicitly acknowledged purpose of the advertising campaign, alongside communicating to capital markets, competitors, and consumers.

Political candidates and organizations such as political action committees often purchase advertising in an attempt to sway voters or stoke constituents to pressure their elected officials on some particular issue; sometimes an enterprise or business group will do so, too. During the past several years, Massachusetts voters have been urged by businesses communicating through broadcast advertising to take concrete political action. We were asked, for example, to call lawmakers to express our opinions on proposed "right to repair" legislation which requires car manufacturers to provide independent mechanics with the information necessary for them to make repairs, weakening the monopoly position of authorized dealerships. (The law passed.)

Cultural Conditions of Existence: Advertising and the Social Meanings of Goods

When advertising speaks to consumers and tries to persuade them to buy, it is aiming to achieve an economic condition of existence – sales revenue. But persuasion in the service of this economic end is simultaneously the pursuit of cultural conditions of existence. Asking people to buy means asking them to make a meaning for the good in their material culture. As Daniel Bonner, chief creative officer at advertising agency AKQA says, "[W]hen it [advertising] was good it would influence culture. It would change people's opinions" (Williams 2010, p.7).

Consumption has a ritualistic element; it is a part of the social fabric. Material goods therefore have symbolic as well as physical use values. One of the uses of goods is to communicate – the goods we purchase, use, display, and give as gifts are the vocabulary in a system of social communication. In Mary Douglas and Baron Isherwood's words, "[G]oods are part of a live information system." We deploy them in our construction of an identity and our presentation of ourselves to others; we consume in order to belong. Even when the act of consumption occurs in private, the social meanings of the good influence the experience of consumption (Douglas and Isherwood 1979, pp. 10, 74-77). Without any observers and without any intention of reporting the act of consumption to others, purchasing and using a good allows us to feel connected to a set of symbolic associations. As Mary Douglas admits, taking this view of consumption goods must analytically strip away some real features of consumption goods – food also provides biologically necessary calories, vitamins, and minerals for example, but it is worth deemphasizing the physical properties of goods in order to see the social function of consumption with increased clarity (Douglas and Isherwood 1979, pp.59-62).

Since consumption goods are markers of relationships among people and a channel of communication amongst people, there is a potential fetishism of use values that runs parallel to the fetishism of exchange values. Marx argued that the exchange value of capitalist commodities derive from the social relations of their production, but since these commodities appear on the market stripped of their context their exchange values comes to appear to be innate features of the commodities themselves. Attributing the exchange value to the product rather than to its production history is a form of fetishism. Marx never settled on a fully articulated theory of consumption. At times he treated use values as though they were self-evident features of the specific, concrete commodity. Other times he noted the socially embedded, relative nature of consumption. Anthropologists such as Mary Douglas, Marshall Sahlins, and David Graeber analyze the ways in which goods are used to both mark and (re)produce social relationships and so reveal that attributing a use value to a commodity in isolation from its social context is as fetishistic as is attributing an exchange value (Douglas and Isherwood 1979, Sahlins 1976, Graeber 2001).[26]

Advertising professionals take this anthropological view of consumption. Advertisements that evoke a group identity have largely displaced advertisements that talk about the qualities of the product (Jhally 1987). If the social signaling function of a

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[26] All three, in turn, draw on the work of prior scholars in the anthropological canon. I cite these three in particular because Douglas explicitly aims to engage with the economics discipline's attempts to theorize consumption while Sahlins and Graeber explicitly engage with Marx and the Marxist tradition.

product is not yet developed and the anthropological theory of consumption seems poorly suited to analyzing demand, advertising will aim to make the anthropologists' analysis more apt. Kenneth Roman and Jane Maas in their primer *How to Advertise* explain the distinction between low-ego involvement goods, for which the anthropological view of consumption is least applicable, and high-ego involvement goods. Low-ego-involvement consumption decisions involve things that are not intimately tied to our self-image or the social image we want to project. High-ego-involvement decisions are those that we believe do make statements about ourselves. The advertiser's aim is to move all goods toward the high-ego involvement end of the spectrum. They quote branding consultant Steve Arbeit: "Our objective is to raise the level of ego involvement, and to guide the consumer decision into brand loyalty" (Maas and Roman 1992, p.6).

The anthropological view put forth more than thirty years ago in Douglas and Isherwood's classic *The World of Goods* is corroborated by modern cognitive science. Pepsi is consistently chosen over Coke in blind taste tests. Pepsi made much of this result in their "Pepsi Challenge" advertising campaign beginning in the 1970s – when they weren't telling young people they belonged to the Pepsi generation. (The Pepsi generation theme persisted for a startlingly long time. Some members of the first Pepsi generation had grandkids who heard the same come-on from PepsiCo (Dusenberry 2005, p220).) This blind taste test result was confirmed much more recently in research conducted by Baylor College of Medicine professor Read Montague, a neuroscientist. In the next stage of his experiment, he ran a non-blind taste test. Coke won 75 percent of the time. Why should that be? What about the total experience of the sight plus taste of Coke appeals more than the sight plus taste of Pepsi *given that taste in isolation favors Pepsi*?

Brain imaging showed that seeing the Coke label activated brain areas that are active when thinking about self-image and cultural identity. That response to the brand association overrode the direct sensory input of taste. Drinking Coke fulfills a social role that Pepsi, no matter how it tastes, has not been able to take on (Conley 2008, pp.156-7).

Sut Jhally describes the role of advertising as analogous to religion – providing a structure of meaning, an ideology. In his analysis, symbolic use values have fulfilled their potential to become fetishistic. There are cases, though, for which it might be more accurate to consider advertising an instance of the practice of magic. David Graeber distinguishes between religion and magic by identifying what is understood as the source of power or meaning. In religion, power and meaning are understood to come from some source external to human activities and the social process – God (singular) or the gods. In the case of magic, everyone understands that the power and meaning derive from human activity (Graeber 2001). Despite the fact that the individual creators of advertisements are most often unknown to the viewers of ads, everyone understands fully that advertisements are the creations of people. In our postmodern culture of references, mash-ups, and ironic remove, the knowingness of magic may be displacing fetishism. Still, no matter how self-aware we are of the source of social meanings, to take part in the social meaning we need the good and to get the good we must buy. A Snuggy costs the same amount whether you wear it while cuddled up on the couch as the ad depicts or whether you wear it with a wink and smirk while out on a pub crawl.

Interrelations Among the Conditions of Existence – The Case of the Brand

The enterprise's economic, political, and cultural conditions of existence can be teased apart analytically, but they occur simultaneously and interdependently. When an enterprise's advertising activity aims at one condition of existence, it necessarily also has repercussions for the others. The realization of exchange value, which typically holds a privileged position in the enterprise's list of aims and often holds a privileged position in our analysis, depends on the political processes that set the context of production and the rules of exchange and on the cultural processes that structure the desire to acquire. The brand as both a cultural and an economic artifact illustrates this simultaneity particularly well.

A brand is a legally recognized piece of intellectual property based in the symbolic use value the branded good holds for consumers. The symbolic use value is a cultural prerequisite for sales and therefore for the enterprise's economic survival. The brand channels the cultural process of generating symbolic use values toward economic ends – both through sales revenues and attracting investment in capital markets. Meanwhile, establishing the brand as a business asset depends on a political process of defining and defending property rights. The private property status of a brand helps to channel the desire to participate in social communication into flows of value for the brand owner and also contributes to shaping the terrain on which the process of social communication takes place.

The use value of the brand for consumers

Brands have a functional use value for consumers. We have seen that material goods have symbolic as well as physical use values, and a brand can be a powerful symbol. Indeed, the power of the symbol can have measurable physiological effects, as in the case of over-the-counter pain medications. Brand-name drugs are demonstrably more effective in reducing the experience of pain than chemically identical generics (Jones 2004, pp.23-24).

John Philip Jones describes a measurement technique for quantifying the use value of a brand to the consumer. The measurement is derived from a comparison between a blind test and a named test. The brand with the largest market share is nearly always preferred in a blind test and it is preferred by an even wider margin in a named test. As a result you can disaggregate the preference into the proportion attributable to physical attributes, which Jones calls functionality and the proportion attributable to the symbolism and associations of the brand, which Jones calls added value. For example, if a product is preferred by 48 percent of the sample in a blind test and is preferred by 60 percent of the sample in a named test, the total preference is due 80 percent (i.e. 48/60) to product functionality and 20 percent to added value. With packaged food, the added value is typically about 20 percent, but added value tends to be higher for toiletries and proprietary drugs (Jones 2004, pp.22-23).

The exchange value of the brand and its use value for the enterprise

For the firm, brands have the use value of attracting value flows in money form. Branded goods that can deliver added symbolic use values along with the product's physical properties sell higher volumes at higher prices than goods without the added value. Successful brand advertising yields horizontal shifts in the demand curve and also reduces the price elasticity of demand. Manufacturers want low price elasticity, "and there is good evidence that advertising does this job effectively." As a result, "large, successful brands have prices[27] at least 10 percent higher than their category average" (Jones 2004, p.25). The firm can sell more units at higher prices and both their sales volume and their prices are usually enviably stable. A firm's investment in advertising (and other components of brand-building) can yield increased surplus, increased non-class revenues, and greater predictability.

Brands, as a result of a long-unfolding political process, have the status of intellectual property and are treated as a business asset. Because the brand is property, the value-attracting use value of the brand for the firm can be sold or leased in a monetary transaction. When sold, the brand has an explicit price. (And money is used as a means of exchange.) When a brand is licensed rather than traded the use value of the brand is loaned to another – and because of the nonrival nature of information, the licensor does not give up the use value of the brand even during the period of the licensing contract. Rather than an outright sale in which ownership of the brand is relinquished and its full fictitious value is realized at once, licensing offers the use of proprietary features of the brand to licensees and can generate rents – called royalties in this case – for the brand owner. Major League Baseball licenses team names and logos to apparel manufacturers, for example, while still also using the brand to sell stadium tickets and make radio and television broadcast deals. Worldwide, licensing deals in 2008 were estimated to total

[27] This is measured by *effective* prices, taking into account promotions, coupons, and sales.

US$187 billion. The licensee typically pays a royalty ranging from five to fifteen percent of the wholesale price on each unit sold, allowing the licensor to earn returns on the brand asset without any significant additional capital investment (Lindemann 2010, p.96).[28] Even when not traded, the brand can be assessed for its monetary equivalent[29]. (Money in this case is used as a measure of value without any exchange taking place.) The most widely accepted method of assessing brands depends on the price premium and the high degree of predictability in sales. The assessed value of the brand is the net present value of that portion of future revenues attributable to the brand. That is, calculate the price premium commanded by the branded good over the price commanded by an undifferentiated substitute, estimate the future volume of sales, and calculate the present value of expected future revenues resulting from the price premium (Davis 2000, Jones 2004, Lindeman 2010). How much those high-degree-of-confidence predictions of sales volumes and revenues are worth to the company can be summed up in a single number, the value of the brand. Dusenberry writes, “That figure is, in essence, a measure of loyalty, of people’s emotional attachment to your brand” (Dusenberry 2005, pp.172-3). It is also, of course, a measure of people’s willingness and ability to pay. The brand owner has to care more about “share of wallet” (Lindemann 2010) than about mindshare. Brand consultancies such as Interbrand and BrandZ use this present value calculation to make lists of the world’s most valuable brands.

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[28] Licensing can also be used as a tax-dodging tool for multinational enterprises: they arrange for subsidiaries in high tax jurisdictions to pay royalties to branches of the multinational in jurisdictions with lower tax obligations. By arranging the ownership and use of intellectual property just so, they can minimize the overall tax bill (Lindemann 2010, p.97).

[29] The assessed value of the brand influences the stock market valuation of the firm as a whole. See the end of section two above on advertising and the firm’s financial conditions of existence.

Table 3.1 Assessed brand values

Interbrand			BrandZ		
rank	brand name	assessed value (in millions of $)	rank	brand name	assessed value (in millions of $)
1	Apple	98,316	1	Apple	185,071
2	Google	93,291	2	Google	113,669
3	Coca-Cola	79,213	3	IBM	112,536
4	IBM	78,808	4	McDonald's	90,256
5	Microsoft	59,546	5	Coca-Cola	78,415
6	G.E.	46,947	6	AT&T	75,507
7	McDonald's	41,992	7	Microsoft	69,814
8	Samsung	39,610	8	Marlboro	69,383
9	Intel	37,257	9	VISA	56,060
10	Toyota	35,346	10	China Mobile	55,398
11	Mercedes-Benz	31,904	11	G.E.	55,357
12	BMW	31,839	12	Verizon	53,004
13	Cisco	29,053	13	Wells Fargo	47,748
14	Disney	28,147	14	Amazon	45,727
15	HP	25,843	15	UPS	42,747
16	Gillette	25,105	16	ICBC Bank	41,115
17	Louis Vuitton	24,893	17	Vodafone	39,712
18	Oracle	24,088	18	Walmart	36,220
19	Amazon	23,620	19	SAP	34,365
20	Honda	18,490	20	MasterCard	27,821

Sources: Millward Brown 2013, Interbrand 2013

Spending on advertising that contributes mightily to the creation and maintenance of a brand is an investment in the creation and maintenance of the brand as a business asset. Different estimations of brand values can vary widely, but, despite sometimes wildly inconsistent assessments depending on the precise methodology of the assessor, top brands are hugely valuable assets. For many companies, the brand is (or the brands are) their largest single asset. The most highly valued brands are worth billions or even tens of billions of dollars. (See table) However, the assessed value or the sale price of a brand bears no necessary relationship to the advertising and marketing labor that went into its creation. It does not have an exchange value related to an "embodied" quantum of (largely immaterial) abstract labor, but only a market price determined entirely by other factors, such as the degree of monopoly pricing power and projected sales. The purchase of a brand is not the purchase of a commodity embodying abstract labor.

Instead, the value of the brand is a fictitious value. Those billions of dollars of assessed brand value – the present value of an expected future value flow – appear in the firm's assessed value now, they can potentially be realized in the sale of the brand now, but no productive labor has yet been performed and no labor value has been realized. This is what makes the brand a fictitious value. Not only is the brand's value a fictitious value in the sense that it is based on a projection of future revenues, but it is by definition based on future revenue flows that will *never* be backed up by productive labor. The brand assessment calculates only the monopoly price premium. Part of what makes fictitious values unstable (in addition to the impossibility of knowing the future) is that financial instruments can be crafted on the basis of future value flows that are far removed from productive labor. Indeed, Google ranks as one of the top brands and earns revenues almost entirely on the basis of a high degree of monopoly power in the audience attention market – Google receives about one third of all online advertising spending (Interbrand 2013, p.14). And yet, in an intriguing contradiction, the instability of fictitious values is held at bay by branding. Branded goods have more predictable future sales than unbranded. The value of the brand depends on expected future monopoly rents, but a perception of reduced risk also enters into the pricing.

The creation of a brand is never complete. A brand identity is always a work in progress, cultivated by the brand owner but ultimately given existence only by the lived consumer culture practices of those who deploy brands in their social signaling and those who respond. A great deal of advertising addresses people who are already regular consumers of the advertised good, maintaining rather than growing the brand's customer base. This is in part a resignation to the realm of what is possible in the attention market – audiences' perceptual screening makes already-existing users more likely to notice the ads (Davis 2000, Jones 2004). But it is also a recognition that the brand only continues to exist as long as people continue to (re)create and receive the brand's meanings. Continually re-enlisting consumers in their work of social communication is a necessary condition for the brand to persist. This cultural work, taking place largely outside of the fundamental class process, is necessary for the brand owner's continuing realization of exchange value through product sales and the validation of fictitious value (an economic matter).

<u>The Enterprise's Balance Sheet – Some Numerical Examples</u>

Informational advertising

One function of advertising – one that advertisers often invoke in defense of the practice and that neoclassical economists applaud – is to disseminate information (e.g. Hadar 1966, p.137, Stigler [1960] 1968). The classical model of a market assumes complete, perfect, costless information for all agents interacting in the market. Classical demand theory assumes, furthermore, that consumer preferences are exogenous (Katzner 2006). Of course, information is not complete, perfect, and costless. If, by chance, there are consumers with an exogenous preference for thneeds sitting around thinking to themselves, "I need a thneed, but I don't know where to get one," while there are thneed sellers sitting around with unsold inventory, some informational advertising – "Thneeds available for purchase now at the Thneed Emporium at 101 Main Street!" – can help those supply and demand curves meet in the same plane. This is commonly called "Here I am!" advertising. The billboard by the side of the highway that says "Ma's Diner Exit 8 Turn Right ¼ Mile" is the archetype of advertising that serves this function. In this case advertising can be a feature of a market in which commodities sell at their value; we can consider this a narrowly defined perfect competition, keeping the assumption that commodities trade at their values and that consumers are never persuaded to change their preferences, but dropping the fantastical assumption of perfect information.

By circulating information, advertising facilitates the sale of commodities, and hence the realization of appropriated surplus. Payment for this use value of advertising can be considered a subsumed class payment: it is paid for out of the surplus and secures a necessary condition of existence for the appropriation of surplus. In the modeled world in which goods trade at values but information carries costs, the enterprise's balance sheet contains SV on the revenue side and $SC_{advertising}$ (along with any other subsumed class distributions) on the expenditure side.[30]

[30] One of the roles of merchants is, similarly, to circulate information. This is why merchants are indispensable and earn a fee for their intermediation. Historically, $SC_{merchant}$ and $SC_{advertising}$ have been partial substitutes for one another; among manufacturers' goals for advertising spending is often to diminish their dependence on merchants to disseminate information and attract consumer attention, thereby strengthening their bargaining position in relation to merchants and allowing them to negotiate decreased merchant fees.

Persuasive advertising

There is no reason to suppose that advertising is uniquely isolated from determinants of demand. An analytical separation between the circulation of information and persuasion is common in the literature, but highly artificial. Facilitating circulation in order to meet demand and influencing the shape of demand happen at the same time. (I will presume in the following examples that advertising increases demand, but there is always the possibility that advertising may be dissuasive.)

As discussed in Section 2 and illustrated in Figure 3.1 above, if advertising increases demand and producers meet the higher demand with higher output and sell the output at its value, the additional revenue generated as a result of the advertising's impact on demand is all additional C, V, and S. (This is represented by a move from point A to point B in Figure 3.1.) In this case, the advertising is a subsumed class distribution – it secures a condition of existence for (increased) realization of surplus. If, however, producers do not increase output, higher demand translates instead into a higher price. (This is represented by a move from point A to point C in Figure 3.1.) In this case, the additional revenue generated as a result of the advertising is a nonclass revenue. But attracting that NCR_{demand} increment of value may not come free. The advertising, then, becomes a Y expenditure – it secures a condition of existence for the generation of nonclass revenue.

The following examples consider a simplified hypothetical case in which two firms compete in the market for a single product type; one firm advertises and the other does not. A variety of possible outcomes are illustrated.

Increased demand for the product type

Consider first the case in which advertising increases the demand for the product type in a market featuring multiple evenly-matched sellers. All sellers have identical costs of production, enjoy equal market share, and make products that are indistinguishable in a blind taste test – or at least, if distinguishable, score equally. Suppose that one firm purchases an advertising campaign that successfully increases consumer desire for the product type but the advertising does not persuade consumers to differentiate between different firms' products. In this case total market demand will increase. The increased demand could generate increase in the volume of sales, which would generate increased total surplus. Alternatively, the increased demand could translate into a constant sales volume but an increased price, generating a new NCR. Or the outcome could be a combination of both.

Since the advertising spurred demand for the product type but did not inspire brand loyalty, we will assume that the increased demand is met in equal shares by both sellers in the market. This is not ideal for the firm paying for the advertising. Their actions will increase both their revenues and their expenses while their competitors will enjoy increased revenues without increased expenses. Consider these simple examples of a market with two firms. They have identical production costs and identical market shares. One firm then decides to advertise; the advertising successfully increases the demand for the product type.

Case 1: Both firms maintain the same output, but charge a higher price. The new revenue from advertising is therefore a NCR and the spending on advertising is a Y expenditure. Both increase their rate of profit, but firm 2 increases the rate of profit more.

Firm 1												
	expenses				revenues				price / qty		profits	
	C	V	SC	Y	C	V	S	NCR	#uv	unit price	total profit	profit rate
no ads	10	10	3	0	10	10	10	0	10	3	7	0.304
ads	10	10	3	2	10	10	10	3	10	3.3	8	0.320
Firm 2												
	expenses				revenues				price / qty		profits	
	C	V	SC	Y	C	V	S	NCR	#uv	unit price	total profit	profit rate
no ads	10	10	3	0	10	10	10	0	10	3	7	0.304
ads	10	10	3	0	10	10	10	3	10	3.3	10	0.400

In this case, Firm 1 succeeds in increasing both total profits and profit rate (from 7 to 8 and from 0.304 to 0.320 respectively). However, Firm 1's competitive position has weakened. Firm 2's increases in total profits and profit rate (from 7 to 10 and from 0.304 to 0.400) outpace those of Firm 1.

Case 2: Both firms maintain the same output, but charge a higher price. The new revenue from advertising is therefore a NCR and the spending on advertising is a Y expenditure. Firm 1's volume of profit rises but because of the high cost of the advertising relative to the increased price, the rate of profit falls. Meanwhile, Firm 2 becomes more profitable by both measures.

Firm 1												
	expenses				revenues				price / qty		profits	
	C	V	SC	Y	C	V	S	NCR	#uv	unit price	total profit	profit rate
no ads	10	10	3	0	10	10	10	0	10	3	7	0.304
ads	10	10	3	3	10	10	10	2	10	3.3	6	0.231
Firm 2												
	expenses				revenues				price / qty		profits	
	C	V	SC	Y	C	V	S	NCR	#uv	unit price	total profit	profit rate
no ads	10	10	3	0	10	10	10	0	10	3	7	0.304
ads	10	10	3	0	10	10	10	2	10	3.3	9	0.391

In the second case, a total advertising expenditure of \$3 in the market as a whole generated total additional revenue in the market of \$4. If the spending on advertising and the resulting revenues had been divided proportionally among all participants, advertising would have paid off for everyone. In this case, however, firm 1 paid 100% of the advertising expenses but received only 50% of the increased revenues, reducing the total volume of profits and the profit rate. This is the reason that advertising for undifferentiated (or barely differentiated) products is done by a trade group when and if it is done at all. Individual cotton farmers do not generally advertise cotton fiber, but Cotton Incorporated, a trade group of cotton growers and importers, does. Some milk advertising attempts to differentiate by brand, but the milk advertising that became most deeply embedded in the culture – the "Got Milk?" campaign – was purchased by the California Fluid Milk Processors. In this way, individual firms' spending on the ads is in rough proportion to each firms' revenues resulting from the ads.

The risk that spending on advertising could benefit competitors is also the reason for trademark protection. It is no coincidence that manufacturers lobbied hard for new trademark legislation at exactly the time that advertising was multiplying its importance in their marketing strategies. They could only capture the full benefits of product differentiation and brand loyalty if they could limit the ability of close imitators and outright counterfeits to siphon off a portion of the returns to advertising. Manufacturers wanted, and still want, to capture all of the additional revenues generated by the increased demand spurred by the ads they pay for. Brand owners use trademark infringement lawsuits, private investigators, and public police forces (to whom they may pay a special subsidy)[31] to go after counterfeits (Conley 2008, pp50-52).

Case 3: Both firms respond to increased demand with increased production. Price remains the same, but quantity increases. The new revenue from advertising is therefore an increase in total S, and the spending on advertising is a subsumed class distribution. Firm 1's total profit rises, but profit rate falls. Firm 2's total profit rises, profit rate stays the same.

[31] In New York, for example, the city police force has a counterfeiting task force. "Members" pay $3,500 for the counterfeiter-busting services, and could be asked for more if the budget runs out.

Firm 1												
	expenses				revenues				price / qty		profits	
	C	V	SC	SC_{ads}	C	V	S	NCR	#uv	unit price	total profit	profit rate
no ads	10	10	3	0	10	10	10	0	10	3	7	0.304
ads	15	15	4.5	3	15	15	15	0	15	3	7.5	0.200
Firm 2												
	expenses				revenues				price / qty		profits	
	C	V	SC	SC_{ads}	C	V	S	NCR	#uv	unit price	total profit	profit rate
no ads	10	10	3	0	10	10	10	0	10	3	7	0.304
ads	15	15	4.5	0	15	15	15	0	15	3	10.5	0.304

Firm 1's $3 advertising campaign attracts 10 new purchases, but those new purchases are evenly divided between Firm 1 and Firm 2. Firm 1's return on their $3 investment in an advertising campaign is $15 in new sales, of which $5 is new surplus, out of which they must pay the $3 advertising bill plus $1.50 in other SSCP… only a $0.50 increase in total profits. Firm 2, meanwhile, gets an additional $3.50 in profits without any outlay for advertising.

Next consider the case in which a firm advertises and successfully attracts new users of their product type, but attracts all those new users to their specific brand. Their sales increase while their competitors' sales remain the same.

Firm 1												
	expenses				revenues				price / qty		profits	
	C	V	SC	SC_{ads}	C	V	S	NCR	#uv	unit price	total profit	profit rate
no ads	10	10	3	0	10	10	10	0	10	3	7	0.304
ads	20	20	6	3	20	20	20	0	20	3	11	0.224
Firm 2												
	expenses				revenues				price / qty		profits	
	C	V	SC	SC_{ads}	C	V	S	NCR	#uv	unit price	total profit	profit rate
no ads	10	10	3	0	10	10	10	0	10	3	7	0.304
ads	10	10	3	0	10	10	10	0	10	3	7	0.304

This case is identical to the previous case, except that Firm 1 gets all the new sales. $3 is spent on advertising and attracts 10 new purchases at $3 per unit. The advertising makes Firm 1's per-unit selling costs higher than Firm 2's, therefore lowering their profit rate. However, the increased volume of sales is enough to increase the total volume of profit. Instead of spending $3 on advertising to generate only $0.50 in additional profits, as before, Firm 1 spends $3 and generates $4 in additional profits.

Increased demand for the specific brand at the expense of competitors

Advertising may fail to increase demand for a product type but increase demand for a specific producer's output. Consider the case, common in wide swaths of the economy, in which a firm's advertising can raise that firm's sales *only at the expense of* their competitors. The successfully advertised firm's new customers are customers lost to the competition. General Mills sells more boxes of breakfast cereal while Kellogg's sells fewer. Or vice versa.

Suppose that Firm 1 spends $3 on an advertising campaign and attracts 5 new purchases. Those are sales that are lost to Firm 2. If Firm 2 did not predict the drop in demand for their product, they will face a realization crisis, as shown here:

Firm 1												
	expenses				revenues				price / qty		profits	
	C	V	SC	SC_{ads}	C	V	S	NCR	#uv	unit price	total profit	profit rate
no ads	10	10	3	0	10	10	10	0	10	3	7	0.304
ads	15	15	4.5	3	15	15	15	0	15	3	7.5	0.200
Firm 2												
	expenses				revenues				price / qty		profits	
	C	V	SC	SC_{ads}	C	V	S	NCR	#uv	unit price	total profit	profit rate
no ads	10	10	3	0	10	10	10	0	10	3	7	0.304
ads	10	10	3	0	5	5	5	0	5	3	-8	-.348

Firm 2 has to make a choice about how to resolve their realization crisis. They could advertise to win back the lost sales. In that case both firms would wind up with balance sheets that look like this:

	expenses				revenues				price / qty		profits	
	C	V	SC	SC_{ads}	C	V	S	NCR	#uv	unit price	total profit	profit rate
ads	10	10	3	3	10	10	10	0	10	3	4	0.154

They would again be evenly matched, but now both have increased their selling costs without increasing their volume of sales, therefore reducing both total profits and profit rate. Concern with the waste of advertising in competition over market share dates back more than a hundred years. Each competitor is forced to advertise to defend their market share against encroachment by heavily advertised competitors. The result, it seems, is higher prices and lower profits, a loss for both consumers and manufacturers (though a gain for advertising professionals). (See, e.g. Mataja 1903.) Because this struggle over increments of market share is the most common market situation, much advertising is what John Philip Jones considers defensive advertising, maintaining market share in the face of competitive challenges (Jones 2004).

Perhaps the best that can be said for this form of competition is that it holds price competition at bay, and cutthroat price competition can be ruinous for the firms involved. In the example, Firm 2 could try to sell off the excess inventory by cutting the price. They could sell at a price below value. If they dropped the price as low as $2.30 and if they were able to sell all 10 units at this price, they would just barely be able to cover their costs, but would fail to realize enough surplus to return a profit. If their desperation to dispose of their output pushed the price lower than that, they would lose money on every sale.

In the previous example, the advertised firm increased their volume of sales, and their advertising expenditure in is therefore a SC. In fact, however, branded advertised goods typically sell at higher prices than unadvertised goods of the same product type. The market bifurcates into Cheerios and dozens of nearly indistinguishable supermarket house brands of o-shaped oat cereal (Jones 2004, pp.24-25). In this case, the advertising generates a non-class revenue, so it should be considered a Y expenditure. In the following example, Firm 1 used their advertising to raise prices without losing volume while Firm 2 continued to sell at the same volume and price. In this hypothetical case, Firm 1 increased both their total profit and their profit rate as a result of the advertising.

Firm 1												
	expenses				revenues				price / qty		profits	
	C	V	SSCP	Y_{ads}	C	V	S	NCR	#uv	unit price	total profit	profit rate
no ads	10	10	3	0	10	10	10	0	10	3	7	0.304
ads	10	10	3	2	10	10	10	3	10	3.3	8	0.320
Firm 2												
	expenses				revenues				price / qty		profits	
	C	V	SSCP	Y_{ads}	C	V	S	NCR	#uv	unit price	total profit	profit rate
no ads	10	10	3	0	10	10	10	0	10	3	7	0.304
ads	10	10	3	0	10	10	10	0	10	3	7	0.304

Advertising and the residual use value retained by the ad's creator

The capitalist relations of production within the advertising agency transfer ownership of the ideas from the creative worker to the agency; the market exchange between advertising agency and client transfers ownership of the ideas from agency to client. (See Chapter 2.) From the perspective of the general public viewing the ads, the original authorship of advertisements is almost always entirely obscured. However, within the advertising industry, traces of authorship remain. Despite the legal transfer of intellectual property, the originators of the ideas retain a residual use value, different from the use value obtained by the purchaser.

For the advertising creative worker, a portfolio of past work is an important component of a job application or performance review portfolio. It is important for an advertising creative worker's bargaining position to be recognized as the author of successful work. They will need this portfolio to be considered for a job and to bargain for wages. Sometimes, on the basis of the work that appears in an ad campaign, an advertising creative working at one agency will be recruited by a different agency and offered higher wages to defect. If an advertising creative chooses to break away from employment with an existing agency to start his or her own agency (and therefore move into a position of appropriating, not just producing, surplus), that portfolio of past work is essential for attracting clients. The ideas advertising creatives produce have a self-promotional use value for the creatives themselves, even though they have no legal ownership of those ideas. The ideas advertising creatives produce contribute to determining the exchange value their labor power commands and may enable them to become surplus appropriators.

For the advertising agency, a portfolio of past work done at the agency is important both as a sales tool and as a labor recruitment tool. Not only is a portfolio of past work presented to potential clients to be assessed on its merits according to the potential clients' own judgment, but the advertising industry has a busy calendar of competitions and awards ceremonies at which creative work can be judged by panels of experts. Mark Tungate notes, "Advertising agencies love receiving awards because these shiny hunks of metal and glass are tangible proof of their most ephemeral asset – creativity." Erik Vervroegen, creative director of TBWA/Paris explains that clients know they need creative work to attract and hold attention in a setting where continuous, conflicting demands are made on the public's attention. Awards are understood to be evidence of creative excellence, so agencies like to have such evidence to present to potential clients. In addition, agencies compete for the best creative talent as much as they compete for clients. Or rather, agencies compete for the best creative talent as one component of their competition for clients. Awards help attract talent – the best people want to work at the best agencies. Many agencies consider the potential competitive advantages of a glittering awards record to be so powerful that they are willing to spend large sums of money – in some cases up to half a million dollars a year – to enter the competitions (Tungate 2007, pp.244-247).

Brief Critique of the Neoclassical Approach

In the neoclassical microeconomic tradition, the firm's decision to advertise is approached as an optimization problem. If the market price of the advertised good is above the marginal cost of its production and if advertising can increase sales, advertising can increase profits – provided that the additional revenues outstrip the expense of the advertising itself. A rationally profit-maximizing firm finding itself in such a situation will therefore choose to advertise (*The New Palgrave* 2008, p.32; Hadar 1966). If we suppose that the effects of advertising persist over time we can complicate the mathematics and make it a dynamic optimization problem rather than the simpler static version (Sethi 1977), but the core idea is the same.

There is a grave inconsistency in the axioms underlying models of advertising as an optimization problem. Advertising only makes sense when participants in the market do not have perfect information. (That is, all the time.) Optimization, however, requires perfect information. (I suppose we could reconcile this contradiction by saying that firms know everything but consumers do not, but in that case we have to assume that the people who work at firms forget a large portion of what they know when they stop at the supermarket on the way home from work.) Unfortunately for would-be optimizers, there is no clear relationship between advertising expenditure and consumer behavior. Some advertising appears to be effective, but advertising's effects are not sufficiently predictable or quantifiably ascertainable to be susceptible to optimization. John Wanamaker famously remarked that he was quite aware that half of the money he was spending on advertising was wasted, but since he didn't know which half that was he intended to continue to spend his accustomed full amount (Laird 1998, p.27). David Ogilvy made an even more extreme (and even more self-serving) assessment of advertising at large – ninety-nine percent of it, he said, sold nothing – though he claimed better-than-average results for the advertisements *he* crafted (Ogilvy [1963] 2003).

Neither theoretical nor empirical contributions to the economics literature show anything resembling a consensus regarding how to understand advertising's influence over consumers. Despite marketers' extensive self-analysis and their eager adoption of all relevant resources from psychology and cognitive science to assess advertising's effects on human brains, no one knows before an ad is created and run what its impact will be. Indeed, even after the fact no one can say for certain what its impact was. Even in the current regime of constant digital surveillance of online behavior, with the ability to track precisely which ads Internet surfers had in their field of vision and which they clicked on and which items they purchased, it is still extremely difficult to calculate an advertising return on investment with enough confidence to exclude an ROI of zero. (And it is likely in many cases that the ROI is negative, sometimes significantly so.) Optimization in advertising is clearly a quixotic pursuit (Lewis and Rao 2014).

For those building models on the presumption that advertising persuades consumers through informationally vacuous emotional appeals, proceeding to analyze the firm's advertising decisions as the rational solution to an optimization problem is doubly inconsistent. If consumers are subject to persuasion, surely so are the managers or owners, or whoever makes advertising decisions. Advertising agencies advertise themselves, too.

The presumption that the firm is a cohesive unit pursuing profit maximization also contradicts the reality that the firm is not a singular entity; it is an aggregation of people who often have conflicting beliefs and agendas. Pamela Walker Laird is right to emphasize that it matters *who* within the firm makes decisions about advertising (1998). The use-value of advertising for the firm considered as a whole is not necessarily the same as the use-value of advertising for the people within the firm who direct advertising activities. Therefore, we can also ask about the use value of advertising for the people within the firm making advertising decisions. For an owner-manager who considers the firm an extension of himself, advertising may have an ego-stroking use value. For a manager justifying and defending her position at the firm, advertising may have a use value related to office politics.

Conclusion: Making the Decision to Advertise, Securing Conditions of Existence

Enterprises making the decision to advertise are simultaneously striving to survive within the context they face and to reshape their context to better suit their purposes. Advertising can take intentional aim at securing economic, cultural, or political conditions of existence. And these are all interrelated. Whether intentional or not, the effects of advertising can have repercussions in all realms.

The operation of advertising within the audience attention market and the influence the results of attention exchanges wield over all other markets redirect value flows throughout the economy. Advertising helps to secure capitalist (and sometimes non-capitalist) firms' political and financial conditions of existence. All of this makes advertising an important player in shaping the production and distribution of the surplus at the micro and macro levels.

Advertising is one of the clearest bridges between economic activity and the construction of ideology. Any single advertisement taken in isolation makes a narrow set of claims and a limited persuasive pitch: This product will improve your well-being! Buy it! Taken as a whole, and despite internal contradictions (Colgate and Crest can't both be the uniquely best toothpaste), advertising is an inescapable player in the creation of an ideology compatible with capitalism. It makes corporate brands into familiar, reliable, widely shared cultural reference points. We can hardly imagine who we would be without them. Regardless of whether or not any specific advertisement can be definitively credited for any particular sales, advertising can be seen as a collective ideological intervention of the capitalist class, one of the ways capital secures the cultural conditions that enable the continued appropriation of surplus.

CONCLUSION

PRIMITIVE ACCUMULATION IN THE CULTURAL COMMON

"Collective representations are the result of an immense cooperation, which stretches out not only into space but into time as well; to make them, a multitude of minds have associated, united and combined their ideas and sentiments; for them, long generations have accumulated their experience and their knowledge."

– Emile Durkheim, *The Elementary Forms of the Religious Life*, p.29

The Cultural Commons

A culture is a kind of common. The cultural common comprises both meanings and attention; it provides the basis for social communication and at the same time is created and recreated through the process of social communication. In contemporary capitalism, however, the cultural realm has been incorporated into the economic realm in such a way that the common nature of culture is disintegrating before our eyes. Informationalized capitalism (Hardt and Negri 2000, pp.280-1) carves private property out of the cultural common in a dizzying array of ways.

A culture, among many other functions, supplies a pool of shared meanings. Like other common-pool resources, these can be both means of subsistence and means of production. We draw on the cultural common to meet the basic human need of making our lives comprehensible to ourselves and to others (subsistence) and we draw on the cultural common for material to rearrange and recombine in the generation of new meanings (production). New meanings may augment or displace old, enlarging and/or reshaping the common. The shared-meaning aspect of the cultural common differs critically from the standard model of the common, which is defined by being rival but not excludable. Meanings, unlike pastures and fisheries, are strengthened rather than depleted with use.

There is another complementary facet to the cultural common, and that is the shared pool of attention. A meaning belongs to the cultural common only to the extent that the meaning is deployed in social communication, the extent to which knowledge of that meaning is widely shared, the extent to which anyone pays attention. Both collective and individual human survival depend on our bestowing our attention in particular ways. Our collective life requires us to share some objects of attention; without a cultural common setting a basic framework of thought "all contact between [human] minds would be impossible, and with that, all life together" (Durkheim 1966, p.30). For an individual, social isolation, the lack of attention from other people, can be deadly. And attention, unlike meaning, is rival. Like pastures and fisheries, our capacity to attend can be overextended and depleted.

The cultural common is now interwoven with commodity forms. The most immediately recognizable commodity type, a material consumer good produced for sale on the market, pervades the material culture of a capitalist society. Goods, including goods exchanged as commodities, "are part of a live information system" and are deployed in social communication, therefore material commodities are among the inputs into the production of the cultural common (Douglas and Isherwood 1979, p.10). Units of a common pool resource can be extracted and sold – the fish in the water is a part of a common pool resource system but the fish in the net of the commercial fisherman is a commodity (Ostrom 1990, p.30). Similarly, our collective capacity to pay attention to one another is part of a cultural common pool resource system but the attention that is intercepted by communications media and sold to advertisers is a commodity (Jhally 1987). When not consumed or sold immediately, units of a common pool resource can be extracted and used as inputs in a production process, and then the output can be sold (Ostrom 1990, p.30). We all draw from the common pool of culture to make new meanings for our own use, but some producers of new meanings – novelists, lobbyists, and advertising creators, for example – produce those meanings for sale. Lastly, the common pool resource system itself can be privatized. Just as the village common can be enclosed, passing from the status of common pool resource to private property, so, too, can pieces of the pool of shared meaning be privatized. Through copyrighting, meanings produced as commodities to be sold to audiences, such as novels, can retain their private property status even when they become widely shared cultural reference points. Through branding, meanings associated with a product or company that are (re)produced broadly through social communication become private property. In the case of copyrights, the meanings in question begin as commodities but can pass into cultural common (i.e. the public domain) when the copyright expires. In the case of branding, the meanings are produced in the cultural common and then privatized.

The Privatization of the Cultural Common

Over the last hundred and forty years or so, the United States has seen an aggressive move toward the privatization of both the meaning and attention components of the cultural common.[32] We have discovered, in fact, that we never had a common; we had only an ungoverned open access resource, which has now been privatized. From the last few decades of the nineteenth century to the present, both meaning and attention have been the object of primitive accumulation on a stunning scale. The components of culture and of social communication have become commodities rather than common-pool resources.

A culture is simultaneously (re)produced and consumed[33] through the process of social communication. We can think of successful communications in three stages: The first communicative task is to gain access to attention by intercepting the perceptual field of an audience, usually eyes or ears. The second task is to hold the gaze or ear and convey… something – an impression, some piece of information, an emotion. In the case of communication originating with an advertiser, the goal is often to convey some sense of familiarity with a specific product and its use. Lastly, if the first two tasks are achieved, the audience will have received and retained an impression, which will have become a social fact, an element of social communication. In the case of consumer goods, this impression is a brand identity. Advertisers and marketers call this impression left by communications "mindshare."

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[32] My study centers on the U.S., but this movement is not unique to the U.S. A cross-national comparative study would probably illuminate some interesting things about the ways in which the privatization of the cultural common figures in capitalist development.
[33] Consumed in the sense of being used, but in this case not necessarily used up.

The commodity version of the first part of the communications task, access to attention, is advertising space. When an advertiser buys advertising space (or, in broadcast media advertising, advertising time), the purpose of the purchase is to gain access to audience attention (Jhally 1987). When this transaction takes place, units of attention have been extracted from the common pool resource system of our collective capacity to attend and sold in commodity form. Beginning in the late nineteenth century, the businesses of selling newspaper, magazine, billboard, and streetcar advertising space were modernized, standardized, and greatly expanded. Advertisers, advertising agents, and suppliers of media advertising space negotiated means of quantifying and verifying attention units – typically the number of gazes intercepted. By 1920, advertisers could, with a relatively high degree of certainty, purchase access to the eyes of desired audiences in a nationally integrated market in access to audience attention. When broadcast media emerged after 1920, first radio and then television were also incorporated into the attention market. In the last twenty years, the Internet, too, has been tamed into a site for the appropriation and sale of audience attention – the reason that most of what we do online is free is that we are the product. (Commenting on a recent rise in the Nasdaq, reporter Rana Foroohar matter-of-factly, without seeming to imply any radical critique, called the boom the result of a land grab, where the "land" being grabbed is eyeballs (*The Takeaway*, November 26, 2013).) The measurement of attention units has been renegotiated to incorporate information about time spent on a web page and click rates.

There are a variety of commodity versions of the second part of the communications task, most falling under the wide umbrella of intellectual property.

Intellectual property rights make it possible to sell or lease communicative content. A full history of the development of intellectual property in the U.S. is beyond the scope of this paper, but the expansion of property rights in information and ideas is undeniable. Some have already identified the new property rights as a contemporary immaterial analogue of the land enclosures that accompanied the emergence of capitalism in Britain centuries ago and there is a growing literature calling for the treatment of knowledge as a common (Hess and Ostrom 2005). Even when cultural artifacts hold private property status, the cultural common necessarily supplied inputs – they always draw from the common whether or not they contribute to the common. The once reasonably predictable progression of initially-copyrighted artistic content into the public domain has been halted and even reversed. Some content has been clawed back out of the public domain and re-privatized. The Supreme Court's October 2011 decision in the case of Golan v. Holder affirmed that copyright protection can be applied to something that was previously unprotected – (the long-dead composer) Sergei Prokofiev's *Peter and the Wolf* was among the resulting losses to the public domain (Ginsburg 2012).[34] Widely shared cultural reference points are a piece of a common culture, but very often do not, in economic terms, belong to the cultural common. Access is for paying customers and pirates only.

The third stage of social communication, the impression that remains in the mind of the audience, takes on commodity form as a brand. With the passage of trademark laws (pushed hard by manufacturing interests and their advertising industry allies) in the

[34] On the other hand, the Supreme Court ruled in Association for Molecular Pathology, et al., petitioners v. Myriad Genetics, Inc., et al. that genes could not be patented, so the Court's stance on privatization of the knowledge common has limits (Thomas 2013).

1880s, then revised and expanded repeatedly since, the impression left in our minds by the interaction of advertising and social communication about goods became legal, salable property. Legal decisions in England in the eighteenth century had explicitly determined that goodwill could *not* be salable legal property because goodwill was produced by customers and the customers were not owned by the business in question, so their goodwill could not be sold by the business (Strasser 1989, p.43). The legal status achieved by trademarks in the U.S. as a result of the new laws passed in the 1880s meant that goodwill became salable after all. This meant in turn that customers, or at least their attention, impressions, cognitive and emotional relations to the symbols associated with brand identity, could be sold. The breadth of the protection accorded to privatized meanings has increased. When trademark protection began, the standard for identifying infringement was the potential for customer confusion: is it likely that customers intending to buy brand X would mistakenly purchase brand Y? Outright counterfeits are still a major concern for brand owners, but the protections offered to branded meanings have expanded to include dilution: is it likely that the attention and set of mental associations enjoyed by brand X will be altered by the branding and marketing of brand Y (Arvidsson 2006, p.6)? Branding thus not only commodifies resource units drawn from the cultural common, it privatizes portions of the cultural common resource system itself.

Some Consequences of the Commodification of Communications for the Creation of a Common Culture

The consequences of the commodification of communication for the creation of a common culture are complex and contradictory. During some periods, in some contexts, commodified communications contributed to the construction of widely shared meanings. When a large proportion of the population both is accessed by the same attention buyers and has access to the same purveyors of privatized meanings, we can have a broad pseudo-common. Even in a regime of cultural private property we can find commonalities in talking about the local sports team or the popular TV show around the proverbial water cooler. However, when the population is sorted into smaller attention batches, we have fewer common cultural reference points.

In social and political units larger than an everyone-knows-everyone tribe, conceiving of the community is an act of imagination. Benedict Anderson describes the newspapers' contribution to the generation of imagined communities around the turn of the twentieth century, the period of the emergence of modern nationalism. The experience of reading something that you know that people you don't know are also reading produces, he argues, an awareness of shared experience, shared belonging to a common social unit. This is doubly so when, as in the narrative structure of newspaper reporting, the shared reading material tells stories about the common social unit. The newspaper does not just *report* the fate of nations; it *creates* the nation as a coherent entity with a singular fate (Anderson 1991; cf. Hofstadter 1972, p.187 on the same phenomenon on the city level). Anderson focused on the editorial content of newspapers read by audiences who were interested purchasers of the content. However, an important part of the common experience of newspaper readership is exposure to the same advertising, belonging to the same bulk order of audience attention sold by newspaper to advertiser. The shared experience of having our attention sold to the same buyers is a source of commonality, much as is the shared experience of selling labor power to industry as a member of the working class, for example.

Indeed, the two commonalities can work in conjunction to strengthen the sense of shared culture and shared destiny. In *The Labor Question in America* Roseanne Currarino shows how important the ability to fully participate in a shared consumer culture was to Guilded Age labor organizers and social reformers. Given that the dominant culture was already becoming privatized, full citizenship required the purchasing power to buy in, so demanding the right of access to consumer culture through the market was an urgent goal (Currarino 2011). *Making a New Deal*, Lizabeth Cohen's study of industrial labor in Chicago in the 1920s and 1930s, finds that shared participation in American mass culture was an important contributor to the construction of working class consciousness and the ability to organize. Immigrants' children who spoke English, watched the same movies, listened to the same radio shows, and bought the same brand name goods at the same chain retail stores could imagine and create a multiethnic community of working class solidarity in ways that their parents had not been able to (Cohen 1990).

But the commodification of audience attention also contains a contradictory tendency toward fragmentation. The dominant trend in contemporary information capitalism is for the economics of attention selling to splinter the pseudo-common. Sellers of advertising space increasingly sell not just access to our eyes but information about what we are likely to respond to. Advertisers do not want to throw money away on purchasing access to the eyes and ears of audiences who are unlikely to respond, so the sellers of attention race to provide more and more information about us to advertisers and sort us through finer and finer sieves so that the advertising can be more and more precisely matched to its target. Even in traditional print media, many magazines have for decades been selling subscriber information to advertisers and printing multiple versions of each issue so that different advertisers can purchase access to different subscribers (Maas and Roman 1992, p.91). The proliferation of television channels and radio stations yields more narrowcasting than broadcasting and digital TV delivery opens the way for individuation even within audiences for the same shows (Dureau undated). The most developed extremes are to be found online where the technologies of digital surveillance yield millions of personalized internets guiding us to different content[35] and showing each of us a different set of algorithmically targeted advertisements (Pariser 2011).

We attend most readily to content that is already comprehensible in our given frame of reference. This creates a self-reinforcing loop: since attention is most effectively held by ideas that are already familiar and advertisers most often want to purchase just those audiences who are most likely to pay attention to the advertisement, we are increasingly sorted into smaller and more disjoint batches for sale to advertisers (Pariser 2011; Jones 2004). Those who sell audience attention by generating attractive content that will draw our eyes and ears respond to advertisers' demands by generating finely differentiated content in order to achieve the sorting. Others, such as Google, who do not create content but who instead act as curators occupy the tremendously powerful role of gatekeepers to audience attention. They direct us to differentiated content and deliver our gaze to advertisers along the way. The broad pseudo-common possible under a privatized and centralized, broadcast-dominated cultural regime (think *The Ed Sullivan Show*)

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[35] Since 2009, Google has been "personalizing" search results. The algorithm that produces your search results takes into account not only the search terms and features of the sites returned, but also data on your web browsing history.

splinters into many distinct pseudo-commons with fewer areas of overlap (think YouTube or Facebook). Each imagined community grows smaller and more homogenous, while the members of different pseudo-commons become incomprehensible to one another.[36]

The intensely active and competitive market for our attention depletes our capacities. As early as the 1890s the advertising trade press was full of articles concerning advertising saturation and the difficulty of cutting through the clutter, and the scarcity of attention has been a consistent theme in the advertising literature ever since. There are more demands on our attention than we can accommodate, and some demands have more money behind them than others. Decades after the experiences of World War II orphans demonstrated that infants given adequate nutrition, hygiene, and shelter nonetheless died without the affective labor of a caregiver's attention (Gerber 1998), Sherry Turkle's research finds that modern children are in desperate competition with Internet-enabled devices for their parents' attention (Tippett 2012). Our epidemic of attention deficit disorder is as much a phenomenon of the cultural economy as it is a result of individual neurological quirks.

Consequences of the Commodification of Communications for Freedom of Expression

The dominant modern conception of freedom of expression begins with the metaphor of the free market. Although it was written in dissent, Justice Oliver Wendell

[36] This attention sorting, along with geographic residential sorting and gerrymandering, contributes to the extremes of political partisanship that have all but halted the federal government's ability to carry out the functions of governance.

Holmes' opinion in the case of Schenk vs. United States in 1919 became the foundation for contemporary free speech theory. He wrote (quoted in Bollinger 1986, p.18),

> But when men have realized that time has upset many fighting faiths, they may come to believe even more than they believe the very foundations of their own conduct that the ultimate good desired is better reached by *free trade in ideas* – that the best test of truth is the power of the thought to get itself accepted *in the competition of the market*, and that truth is the only ground upon which their wishes safely can be carried out. (emphasis added)

Even as metaphor, the marketplace of ideas conception of free speech has some troubling implications and inconsistencies. There is a contradiction at its core: using the law to restrict expression that an overwhelming majority of us consider to be harmful, e.g. advocacy of genocide, would itself be a form of expression, but we deny ourselves the use of the expressive (and coercive) capacity of the law up until the very moment the speech is materially acted upon. The marketplace of ideas model treats ideas as through they were fully separable from the people who think them, and people as though they were distinct from the ideas they hold, which leaves us with a very thin conception of personhood. The presumption that the best and truest ideas will win out in competition is dubious. (Bollinger 1986, Radin 1996) But the free marketplace of ideas also has some undeniable strengths as an ideal, especially in its protection of minority viewpoints from direct government censorship, which provides for both individual self-expression and the possibility that currently unpopular viewpoints will prove persuasive and lead to social change.

However, as the marketplace of ideas becomes literal rather than metaphoric, the contradictions of the ideal magnify, the strengths wither. To the extent that speech becomes a commodity, the First Amendment right to freedom of speech becomes a form of consumer sovereignty. If we consider speech and attention to be commodities rather than acts of political and social participation through which both the individual and the collective are constituted, the Supreme Court's 2010 *Citizen's United* decision has an internal coherence (Kennedy 2010). Anyone can launch into the discursive sphere as much speech as they can pay for and buy access to as many eyes and ears as they can afford. Limitations on spending and limitations on speech become one and the same. (The best way to get rich off the U.S. political process – now an even better road to riches than before – is to make campaign advertisements.) Speech-as-property also grants speech rights to any entity that can make a purchase, even non-persons. The protection of commodity speech is indispensable to the legal fiction of corporate personhood.

The privatized, branded cultural pseudo-common not only amplifies the speech of big spenders, but also constrains and suppresses noncommodified expression. No matter how much advertising speech and access to audience attention a brand buys, the brand becomes a social reality only when given meaning and granted attention in social practice (Arvidsson 2006). The social communications work of making a brand is a new kind of doubly-free labor – free as in no-monetary-cost to the brand owner and also free as in no-direct-supervision or compulsion. A brand owner eagerly cultivates and appropriates the economic spoils of free (as in no-monetary-cost) expression that produces meanings and draws attention beneficial to the brand. But the brand owner will go to great lengths to suppress, or at least drown out, expression that damages the brand. This can mean countering the expression of brand haters, who denigrate the brand or try to shift the set of mental associations coupled with the brand name for some particular purpose – such as fair trade activists working to draw attention to the conditions under which the branded good is produced. Brand owners will also, however, sometimes go to great lengths to suppress the speech of the brand's greatest enthusiasts. When Adidas enthusiasts, through their consumer cultural practice, built up a fashion association with the brand, Adidas pursued an expensive and aggressive advertising campaign emphasizing the use of their shoes as athletic gear rather than as a fashion accessory (Tungate 2007, p.200). Under the privatized cultural pseudo-common, meaning-making contributions that are not compatible with the private property rights and profitability of existing ideas and brands are suppressed. Brands have limited tolerance for creativity; they encourage us to construct a social identity through our choices from the menu of options they provide rather than through generation of our own new contributions to the range of the possible.

When speech and brands are property, equal protection of free speech rights for all is impossible. Sometimes property rights conflict and any resolution necessarily favors one party's property rights over the other (Friedman 2003). This is what happens when a trademark infringement case is decided. For example, thanks to the Federal Trademark Dilution Act of 2006, Victoria's Secret successfully prevented a small adult novelty shop owner from continuing to use his own name – Victor – in the name of his store because, they said, the store name "Victor's Little Secret" was too close to "Victoria's Secret" and infringed on their brand identity (Barrouquere 2010). Too, when speech is produced under capitalist relations of production, the speech rights of the direct appropriator of the speech (and, after sale, those of the purchasers of that speech) take precedence over the speech rights of the direct producers. Once the cultural common is privatized, access to the cultural means of subsistence and production is structured by the rules of the market, where money is the measure of value.

(Re)Constructing a Cultural Common

The power of the marketplace of ideas conception of freedom of expression has limited our ability to confront the consequences of the literal marketplace of ideas. We need, instead, a conception of freedom of expression that recognizes the problem of commodified communications. We need communicative, cultural practices that will help us to imagine a community as large as our real interdependencies. We need to construct a cultural common to which all have equal access – a voice, like a vote, should belong by right to every person, to be exercised without budget constraints, and our conception of voice must include access to ears. We might begin by returning to the economic model of the common.

Michael Hardt and Antonio Negri are hopeful about the possibility of a new common and an informational communism. With immaterial labor, cooperation is not imposed as in earlier forms of labor, they explain,

> but rather, *cooperation is completely immanent to the laboring activity itself.* This fact calls into question the old notion (common to classical and Marxian political economics) by which labor power is conceived as 'variable capital,' that is, a force that is activated and made coherent only by capital, because the cooperative powers of labor power (particularly immaterial labor power) afford labor the possibility of valorizing itself. Brains and bodies still need others to produce value, but the others they need are not necessarily provided by capital and its capacities to orchestrate production. Today, productivity, wealth, and the creation of social surpluses take the form of cooperative interactivity through linguistic, communicational, and affective networks. In the expression of its own creative energies, immaterial labor thus seems to provide the potential for a kind of spontaneous and elementary communism (Hardt and Negri 2000, p.294).

The community produces and what is produced is community. Private property, they conclude, "becomes increasingly nonsensical in this context" (ibid., p.302). What their account overlooks is that even as *some* labor power becomes decommodified and capital's role in orchestrating the production of *some* (especially immaterial) use values diminishes, the commodification of our attention and personal information intensifies and the enclosure of shared meanings accelerates. (To be fair, this is much clearer now, in 2013, than it was in 2000.)

The communication networks Hardt and Negri celebrate require material support. As currently constituted, the primary way in which exchange value is extracted from communications networks is through the mining and sale of users' personal information and attention. Advertisers then purchase this information and attention to cultivate the creation of brands. The decentralization of the communications network, it turns out, is not necessarily democratizing. The content that comes to our attention and the audiences we find for our speech are selected on the basis of what will make for a profitable trade in attention and meaning. This can result in even less generation of commonality than the old broadcast communication model. Though certainly different, networked culture can be just as biased toward constructing capitalist ways of knowing. And the ways of knowing that we construct become private property harnessed to the process of accumulation.

The material support for networks could be managed differently, however. The technology is not deterministic – it did not automatically generate a common, but neither is the current private property regime inevitable and final. Plenty of time, experimentation, and "cooperative interactivity" have gone into incorporating each new communications technology, including the Internet, into our social reality and there is no reason to think our capacity to experiment and change is spent.

Conclusion

In our current informationalized capitalist context audience attention is available as a commodity, speech is available as a commodity, and speech that has successfully commanded attention is monetized as brands. We still participate in noncommodified speech and attention, and some mindshare still belongs to the common, but these everywhere confront and interact with their commodified counterparts. Through extraction of attention and enclosure of meaning, the cultural common is diminished and depleted.

The creation of private property rights in the basic components of communication and culture is informationalized capitalism's version of primitive accumulation. The earliest waves of cultural primitive accumulation in the U.S. began in the era of U.S. industrial capitalism's most rapid development – as late-nineteenth-century industrial capitalists attempted to deal with the realization problem of mass production they pushed to commodify access to attention through a standardized market for advertising space and they pushed to establish brands as property. Since then, these forms of property, access to eyes and mindshare, have become central to informationalized capitalism. Rosa Luxemburg's argument that primitive accumulation is never finished is vividly illustrated once again.

We have not tended to think of culture as property, but when the means of meaning-making confront us as commodities, we must. But a private property regime is not the only property regime possible. What might it look like to treat the cultural common as a common-pool resource system? We can make no *a priori* prescription for how the cultural common should be managed. As Elinor Ostrom argued, "'getting the institutions right' is a difficult, time-consuming, conflict-invoking process" (1990, p.14). The fact that common property will have to be clawed back from a private property regime will only make the conflict more acute. Difficult, time-consuming, and conflict-invoking as it may be, learning to collectively govern the cultural common is our urgent task.

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