

# **Engineering and Accumulating Souls in the Offshore World: The Case of Malta**

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## **Abstract**

This is a study about labour discipline in the online gaming industry of Malta. My study identifies a specific articulation of what at first glance appear to be mutually exclusive management regimes that Burawoy has called “hegemonic” and “despotic” factory regimes (1979, 1983). This mix pertains to the online gaming sector on Malta which has recently grown immensely (more than 350 online gaming operators have relocated to Malta since 2000). The study tries to establish the reasons behind this unusual mix. The articulation in question is unusual because the literature on work and labour relations focuses on historical accounts of transitions and superimpositions of one regime with another, presupposing radical breaks in time. The paper argues that the reasons behind the labour discipline regime prevailing in the gaming sector are rooted on the one hand, in the internal dynamics of the industry, and, on the other hand, in the specific developmental form the Maltese welfare state has been pursuing, i.e. opening up of juridical enclaves for differential taxation and regulation for the sake of attracting foreign investment to Malta. This has resulted in the emergence of a working environment that contains both welfarist and despotic elements. I call this regime “hybrid” labour regime and argue that it serves as a vehicle for engineering and accumulating souls.

I review the historical developments of the online gaming sector against the backdrop of the specific political infrastructure that attracts and supports this industry. The penultimate chapter demonstrates what kinds of souls (subjectivities) are engineered by the hybrid regime where gestures of corporate care entangle with insecurity, volatility and arbitrary dismissal from work, amidst deployment of management techniques such as compulsory lie detector tests that blur the boundaries between policing and work. This question is addressed through a re-reading of the Foucauldian notion of pastoral power. Further, I question the conventional assumptions of radical breaks splitting the modern from postmodern capitalism (neoliberalism) by arguing that, far from being a radically new era, neoliberalism represents the climax of the modern capitalist rationality because it purges all modern impurities from workers' souls (such as the militancy and unionism from the welfare state period), and opens up spaces for the free operation of the engineering and accumulation of souls performed by the hybrid regime and its discourses of pastoral power. The final chapter outlines further research directions.

The study engineers and relies on a tripartite conceptual apparatus: hybrid labour regime, accumulation of souls and veridiction of accumulation.

*Key words: workers, capitalism, lie detectors, luxury, neoliberalism, hybrid labour regime, accumulation of souls, veridiction of accumulation, subjectivity.*

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## Table of Contents

Abstract.....	i
Acknowledgments.....	ii
Chapter One.....	1
Introduction.....	1
1.1 Methodology.....	3
1.2 Road map.....	4
Chapter Two.....	6
Literature Review and Theoretical Framework.....	6
Chapter Three.....	25
Sources of Disciplinary regimes.....	25
3.1 Introduction: Framing the case study.....	25
3.2. The institutions.....	33
3.3. Conclusion.....	41
Chapter Four.....	44
Workers' subjectivities torn between luxury and intense policing.....	44
4.1 Introduction.....	44
4.2 Workers' profile.....	45
4.3 The hybrid labour regime.....	47
4.2 Time and Space.....	54
4.3. Conclusion.....	62
Conclusion.....	65
Appendix 1.....	70
References.....	72



# Chapter One

## Introduction

The contemporary narrative on the state of labour is dominated by concerns such as flexibilization of labour after the welfare state (e.g. Standing 2011, Harvey 2005, Moody 1997). The global turn to neoliberalism has been associated with a direct affront to labour: diminishing socio-economic rights, low levels of job security, structural unemployment, outsourcing of production and the concomitant rise of deregulated special economic/export processing zones, to name but a few. Meanwhile, the competitive abolition of capital controls and increased capital mobility has been accompanied with intensive integration of nation-states in a race to the bottom for the sake of attracting and retaining global capital flows within their increasingly porous borders (but not so porous for labour) (see Palan 1998a, Cerny 2007). A multiplicity of terms have been devised to capture the experience of loss of job security and the increase of precariousness for the working class; for example, “the precariat” (see Standing 2011). I do not dispute the findings of the adverse effects flexibilization has on labour, nevertheless, my specific research focus points to a segment of the working

class whose position seems more complicated than conventional precariat accounts would be able to account for.

This study explores the issue of labour discipline and worker subjectivities in the online gaming industry of Malta. Online gaming has become a major aspect in the way Malta and its people navigate the murky waters of what the Comaroffs (2001) have called “millennial capitalism”, namely the predominance of industries whose “single common denominator [is] the allure of accruing wealth from nothing” (ibid.: 22). Gambling is an example of millennial capitalism *par excellence*. And it has been doing extremely well, especially in the past few years of financial crises (see Appendix I).

The specific problematique of this paper is labour discipline in the online gaming sector and the particular subjectivities it engineers. The discipline in question generates contradictory pressures visited upon the workers: lie detector tests entangle with strong degrees of administration of corporate care. I call this regime “hybrid labour regime” because it combines both despotic and hegemonic regimes (see Burawoy, 1979, 1983). The research question of this study consists of two layers: what enables articulation of despotic and hegemonic discipline in the online gaming sector, and what kinds of subjectivities does it engineer? In answering this question, Burawoy’s developmental sequence of factory regimes (hegemonic following despotic) gives way to a simultaneous articulation of said regimes. In other words, I draw on Burawoy through a synchronic re-reading of his diachronic concepts of hegemonic and despotic discipline by rooting them to the specificities of the development of neoliberal capitalism on Malta.

Further, I argue that this novel disciplinary regime functions as a vehicle for engineering and accumulating workers' souls. In this sense, late capitalism (or postmodernity) becomes the positive condition for the realization of what Foucault has called “pastoral power” associated with the modern state.

## **1.1 Methodology**

This study has been spurred to some extent by a personal experience with the online gaming industry in Malta. I conducted 10 interviews with workers, some of whom had been my ex-colleagues. My interest in online gaming workers was triggered specifically by accounts about deployment of compulsory lie detectors at work. Having spoken about it with workers, I decided to approach responsible institutions because I was unsure of the legal framework with regards to polygraph tests at work. I approached the General Workers Union of Malta, the Department of Employment and Industrial Relations which deals with worker-employer disputes and oversees the harmonization of Maltese labour law with EU legislation (DIER 2010); the Employment and Training Corporation which offers re-qualification courses to workers and serves as a mediator between job-seekers and employers; the Centre for Labour Studies at the University of Malta, a research think-tank. In addition, I interviewed a manager from the Lotteries and Gaming Authority, which is the state agency responsible for online gaming regulation.



The inability (and to some extent even resistance) of these institutions to yield satisfactory information to my questions generated important data about workers' welfare in the gaming sector.

The sample of my research is based on interviews with people working for three different gaming companies. With the exception of three of them, who were managers, the rest occupy a customer support position in their respective companies. The aim was to compare and contrast their experiences. Most of my informants are foreign workers in the industry, however, I spoke to a Maltese worker as well. The nature of the industry is such that the reliance on foreign languages is very high, therefore the majority of the customer support agents come from abroad. The usual length of the interviews is 1.5 hours but some lasted up to 3 hours. The gender composition of my informants is fairly balanced, however, I did not look specifically for gender patterns. My sources of information were not limited to these interviews only. I have analyzed newspaper reports and materials produced by state institutions such as the Lotteries and Gaming Authority (LGA).

## **1.2 Road map**

This study is structured in the following way: I start by reviewing the relevant literature on capitalist labour discipline in the context of debates about the changing political

economy of capitalism and against the backdrop of classical reflections within the management tradition with regards to workers' subjectivities. This is followed by an empirical chapter which deals with the articulation of regimes of discipline that prevail in the gaming sector. I root it in a discussion of Malta's development as an offshore jurisdiction. Malta grants taxation exceptions to foreign investors (such as gaming companies) but has the Maltese state also been granting exceptions to labour law in order to keep investors on its shores? My hypothesis about this was confirmed in a conversation with an employee from one of the numerous "auxiliary" services that sprang around the online gaming industry that cater for its needs (i.e. taxation and licensing services, recruiting, and lie detector testing, euphemistically referred to as "employee screening"). This is the focus of Chapter three. After the reader is familiarized with historical development of online gaming on Malta, I turn the attention to workers experiences of the hybrid labour regime (Chapter four). Chapter five concludes the study and specifies directions for further research.

## ***Chapter Two***

### **Literature Review and Theoretical Framework**

Research and theorization of labour and industrial relations lies at the very heart of classical sociology which came about with the inception of modern capitalism and constitutes the scientific attempt at making sense of the changes stemming from the modern phenomena of industrialization and urbanization (see Van Der Pijl 2009, Chapter 1, cf. Giddens 1973). All three foundational sociological thinkers put industrial relations at the heart of their theories: Marx theorized forces and antagonistic social relations of production, Weber – the work ethos of modern capitalism, while Durkheim occupied himself with questions about division of labour and social solidarity in modern society. Strong interest in the capitalist labour relations at the *fin de siècle* came from the emerging managerial class and its organic intellectuals, too. What they had to deal with was the pragmatic task of day-to-day organization and control of the industrial labour process in order to increase efficiency and expand profit margins against the background of growing intra-capitalist competition with the simultaneous objective to deal with worker's resistance from the organized labour movements (Van Der Pijl 2009., see also Watson 2003).

The most prominent figure was Frederick Taylor who fathered scientific management. His approach is embedded in a peculiar theory of human nature that assumes there was a “natural tendency” of workers to “take it easy”, e.g. to try to smuggle moments of idleness during work (Taylor called it “soldiering”, see Watson 2003: 24). Taylor also believed that if he separates manual from intellectual operations at the shop-floor this will “liberate” the worker from thinking and will eradicate worker militancy and syndicalism. With regards to workers' subjectivity, we are faced with its annihilation in high Fordism, manifested in deskilling, mechanization, eradication of creativity, utter alienation, etc. However, management's development from the dawn of scientific management has undergone important changes and has entertained diverse notions of workers' subjectivities. For example, the rise of the service industries in post-Fordism are dominated by work ethic which embraces personal relations, “emotional labour”, personal commitment, and so on (i.e. Hochschild 2003, Boltanski and Chiapello 2005). Put simply, workers' subjectivity is back on management's agenda. My task is not to make a detailed genealogy of the managerial rationality *per se*. However, there are certain moments that are instructive for the understanding of contemporary labour subjectivities. Thus, after the war, the Taylorist assumption that workers are thoughtless machines devoid of subjectivity is questioned by other management theorists, most notably Maslow and Herzberg (Watson 2003: 26). Maslow complicated Taylor's philosophical anthropology of workers' nature by claiming that while Taylor had discovered only the first tier of natural needs (i.e. “soldiering”) there are other needs,

such as the need for food, security, love, prestige but chief among them is the need for self-actualization (ibid. 25). This need is found in different proportions in people, thus some people have a greater need than others, hence they should be promoted to higher hierarchical positions within the firm.

Another formative moment of modern management is the Hawthorne experiments of Elton Mayo. Mayo was inspired by the sociological work of Durkheim and took from him the idea that modern societies are faced with the problem of anomie generated by the conflict between objective positions and subjective dispositions (ibid. 29). Mayo's solution to anomie was the idea that strong corporate cultures and teams can overcome the centrifugal forces of anomie while satisfying the 'natural' worker's need for "community" (ibid.) In short, the Hawthorne experiments represent the culmination of the search for the "soul" of the worker because managers discover how important motivation and mobilization of subjective ("natural") needs/dispositions are for the work-process.

This essentializing process of "discovering" latent needs should obviously be re-interpreted by placing it in a post-structuralist frames, namely, how are needs produced and what managerial practices are deployed to this end? How have these been affected since the turn to neoliberalism in the 1970s? And also, what novel changes have occurred with the shifting of focus away from the body and its disciplining (Taylor) to the disciplining of the souls of the workers (post-Mayo management)?

Modern production and scientific management experienced what Marxists believe are major structural crises which rattled the developed capitalist world in the 1970s. The series of crises of the 1970s that marked the demise of the Keynesian-Fordist mode of accumulation has generated a wave of thinking about how much has changed since the 1970s, where lies the source of change, and what novel socio-economic and political arrangements will come to replace the Fordist period (see Amin 2003: 1). Some of the crises that led to the unraveling of the Fordist-Keynesian compromise are the stagflation crisis (meaning the hitherto impossible occurrence of stagnation and inflation simultaneously) and the oil shocks that followed Nixon's unilateral cancellation of the dollar-gold peg in 1971, the abandonment of the fixed exchange rates which spelled the end of Bretton Woods and paved the way to financial volatility, among others. This led to the crisis of the mass production and mass consumption society and the rise of the monetarist (neoliberal) consensus, and has spurred a variety of theoretical approaches to account for the changes in the global political economy in general, and labour's place in them, in particular.

How far things have changed since the 1970s? Different scholars offer competing interpretations. For example, Ong (2006) looks at neoliberalism as a radicalized version of liberal developmentalism. According to Ong, neoliberalism radicalizes the modern political rationality that constitutes populations as “political problems” and “fields of intervention” by taking on an explicit economical dimension which has decentered the nation-state as the prime frame of reference for political decisions concerning

populations, economic development, and so on. Rather, the neoliberal reason has constituted a multiplicity of sites for intervention and “techniques for differential governing within the national terrain” (2006: 77). heralding the emergence of the postdevelopmentalist logic (ibid.: 80), Ong observes that this logic favors the “fragmentation of the national space” into zones for differential governing which selectively exclude and include populations from capital flows. There are two types of outcomes from this zoning: marginalization in weak states (O'Donnel in Ong 2006: 77) and the deliberate rendering of certain areas/populations/industries as more advantageous for the global markets (ibid.) Online gaming is the product of such deliberation and of the strategic calculus of the Maltese state. As the Lotteries and Gaming Authority representative I spoke to said, “it was a foresight” to open up the Maltese market for the gaming companies.

On the other hand, the conventional accounts of the postwar history of capitalism periodize it rigidly through a neat succession of unique historic developments (i.e. Burawoy 1979, 1983, Harvey 2005, 2010, Piore and Sabel 1984) and looks for the crucial agent behind the 1970s transformations. There are strong systemic theories, which ascribe change to the logic of capitalism itself (i.e. Harvey 2005) or to the objective logic of the world-system (i.e. Wallerstein 2004) and “weak system theories” which give more scope for agency (cf. Van Der Pijl 2009). The most famous approach of the former is world-system theory which theorizes underdevelopment as being the result from unequal market exchanges between giant geopolitical blocs (core, periphery and

semi-periphery, in Wallerstein's language). This theory merges structuralism's emphasis on reproduction but it incorporates also a theory of change whereby change is functional to the long-term reproduction of the capitalist system. This approach has often been criticized for its inability to account for agency (see Brenner 1977). Not only do world-system theorists eschew class from their analysis but in their omission of agency they are unable to account for the processes of legitimation of changes in the industrial development after the 1970s.

Within the trends that give scope for agency, theorists disagree whether it is capital or labour who drives capitalism forward. An example of the former interpretation is the neo-schumpeterian school which posits capitalist entrepreneurialism and innovation as the crucial component propelling the system forward. This approach builds on Kondratiev's long waves (business cycles of growth and bust) and harbors a fundamental assumption about the crisis-prone and cyclical nature of capitalism. Crisis is mitigated by the technological and entrepreneurial innovations which power capitalism through crisis to constant renewal. Innovation also means new management and work organization, as well as technologies and the development of high growth sectors (see Amin 2003). On the other side of the debate is the approach developed by a group of Italian Marxists called Autonomism. This approach, also known as workerism, establishes the absolute centrality of labour as the driving force behind changes in the political economy of capitalism. In this framework, labour is vested with the creative powers which transform capitalism while capital assumes a reactionary role of



appropriating the innovations achieved by labour<sup>1</sup>. From the perspective of this approach, the history of Fordism is refocused in the following way: Fordism came to canalize the revolutionary and creative energies of the proletariat into a disciplined and organized along military lines working class which is forced to expend it in the labour process and mass consumption rather than on revolutions. Here the crisis of the welfare state is understood as resistance towards the alienating effects of fordist-Taylorist production and the regime of accumulation. The most popular representatives of this tradition are Micheal Hardt and Antonio Negri (2000, 2004) whose concept of immaterial labour betray an optimistic assessment of the revolutionary potentials of this new form of labour. That is to say, they do not look at the post-industrial labour negatively as victims as Standing (2011) and other theorists of precariousness do, but bring to the fore the revolutionary potential of immaterial labour.

Another approach comes from the regulation school which also starts from the premise that capitalism is by definition prone to cyclical crises. Given the cyclical nature of capitalism, what explains the paradoxical lack of crises in certain periods that enable stable economic growth? The mitigation of crises is ascribed to the political and institutional arrangements, hence the title “regulation school.” In this school the strong systemic bias and teleology of neo-schumpeterians is abandoned for an open-ended approach to history. Regulationists distinguish between regime of accumulation and mode of regulation. The former refers to the regularities enabling coherent capital

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<sup>1</sup>Boltanski and Chiapello produce a similar account about the role of anti-capitalist critique in the renewal and reproduction of capitalism (1999, 2002).

accumulation (Nielsen, 1991: 22), i.e. the labour process, work organization, discipline, rules for exchange, etc), while the latter is the socio-political framework that stabilizes the system (i.e. laws, consumption patterns, cultural conventions, etc, which tend to reproduce themselves in time, *ibid.*) Thus, while the neo-schumpeterian school assumes capital to be the agent of change through which capitalism weathers moments of crises, regulationists try to explain why capitalism stabilizes. Crisis occurs with the breakdown of the norms which ensure societal integration and stabilize capitalism. Amin identifies certain problems, namely neo-schumpeterians, regulationists and world-system theorists alike rely excessively on “absolute turning points” and rigid periodization: “Reliance on sharp distinctions between phases has been criticized for falling prey, in its worst applications, to a logic of binary contrasts between, say, rigid or collective ‘old times’ and flexible or individualistic ‘new times’ (2003: 3).

Another approach to the issue is the flexible specialization theory associated with Piore and Sabel (1984). They argue that contending development paradigms can co-exist but at certain conjunctures (“industrial divides”) policy choices will influence the direction. Thus, there is no logical necessity for the transition to post-fordism; rather, it is the result of choices taken at the juncture of the crisis. Flexible specialization theory places emphasis on the supposed reversal of Fordist and Taylorist tendencies within the “knowledge economy” because of its increased reliance on skilled, educated workers since the 1970s. Flexible specialization also points to the decentralization tendency of post-fordist firms and the greater emphasis on personal commitment and participation

(Amin 200: 21). This approach cannot account for the complexity of online gaming in Malta. There is certainly a tension due to the simultaneity Taylorist deskilling and worker participation: coaching and team building events that encroach on free time aim at integrating the workforce and securing its active participation are coupled with a profound lack of trust manifested in the despotic management deployment of the lie detector, coupled with efforts at limiting the access of information. Since flexible specialization theory presupposes rigid dichotomy of mass production vs. flexible specialization, it flattens out the complexity, co-existence and mutual influencing of both paradigms. Therefore, this framework cannot capture the evolutionary and slow superimposition of accumulation regimes which characterizes the Maltese case and its hybrid labour regime. Further, the triumphant expectations of the flexible specialization approach (paralleled in the concept of the third spirit of capitalism, see Boltanski and Chiapello 1999, 2002<sup>2</sup>) to restore dignity, respect, mutual trust did not materialize with the knowledge economy, especially in its gaming industry branch I study.

Another problem with the post-fordist literature is that it deals exclusively with economic geography and disregard the issues with labour subjectivity and the management practices, discourses and technologies that conjure them up. The

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<sup>2</sup>The third spirit of capitalism provides excitement through rejection of authority and hierarchy and through promotion of autonomy and flexibility. Its mode of fairness lies in the promise of career mobility and networking. Its mode of security suits the most flexible of workers, and relies on self-help and the promise of self-management. While Boltanski and Chiapello's depiction fits very the general atmosphere of the online gaming companies, permeated by negation of authority, team-work, games, and other niceties, at the point of security I am forced to diverge from Boltanski and Chiapello's typology because the industry offers a mix of welfarist and neoliberal logic of security which involves both private company welfare and flexibility coupled with pronounced loss of autonomy in the workplace.

functionalism of schools such as world-system theory and the neo-schumpeterians assigns labour a role of either to catch up with technological and systemic innovation of capital, or to respond automatically to its given position in the temporal-spatial changes of the world-system (Amin 2003). Also, these approaches tend to focus solely on the political economy of capitalism and miss out on the experiences of the workers caught up in the very processes they try to account for. The question of how the relative stability of the capitalist system interacts with the production of worker subjectivities is under-explored and this is the main question this study engages with.

All schools thus far reviewed agree that the Fordist mode of production (mass production and mass consumption accompanied with Taylorist labour discipline at the shop-floor) was the basis for the post-WWII economic reconstruction (see Jessop 2006). The logic behind it is parallel increases in productivity and wages to power consumption which generated the class compromise of the “embedded liberalism” of the Bretton Woods international regulation framework (see Ruggie 1982). The Fordist compromise was also the basis for the welfare state which served as a vehicle for constraining radical critique of the status quo. Fordism nurtured a specific type of management, called “scientific management” which, as outlined above, was the realization of the idea that the worker is a machine devoid of subjectivity whose movements can be mechanically perfected for optimum productivity. The Fordist factory discipline is what Foucault has described in *Discipline and Punish* when he argues that modern discipline means the achievement of optimum effectivity through rationalization

and division of labour. This is visible from in the sections where Foucault describes the introduction of military technologies in the organization of production with their distinctive mechanistic approach to the human body and its capacities<sup>3</sup>.

Within sociology of work, the transitions in the development of capitalism and its attendant managerial regimes have been studied intensively by Burawoy (1979, 1983, 1985). Burawoy has famously differentiated between three categories of labour control regimes. The first of these - despotic control - was manifested in arbitrary managerial coercion and despotism in the 19th century factory, induced by the “anarchy of the labour market” (market despotism) (Burawoy 1983: 588). Drawing on Marx, Burawoy argues that the despotic mode is due to workers’ total dependence on the market for livelihood, their working in a deskilling environment (a specialist worker has more leverage over capital), and due to competition among capitalists forcing them to drive costs down through expansion of the working day and productivity of labour. By contrast, the second mode of control - hegemonic - aims at securing workers’ consent for participation in the labour process. Burawoy relates it to the rise of the welfare state after WWII arguing that the welfare state reduced workers’ dependency on the factory as a sole means of income via welfare provisions such as social wages, housing benefits, subsidies for healthcare, education, and other policies that forced capital to absorb the costs of reproducing the workforce. The larger framework of Fordism-

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<sup>3</sup>To the Fordist industrial discipline which produces crystallized alienated labour (cf. Gramsci on the emancipatory effects on consciousness of assembly line monotony), Piore and Sabel (1984) contrast the “district modes of production” as in France where individual artisans’ subjectivity and personal relations between producer and consumer prevailed. By contrast, mature industrial capitalism, exemplified by Fordism, produces high degree of alienation and imposes impersonal relations.

Keynesianism that characterized the expansion of the world economy after the war allowed for rising wages and state/capital absorption of said costs. This is also referred to as “demand-side” economic policy which privileged organized labour *vis-à-vis* capital, thus aligning capital and labour’s interests (Burawoy draws on the classic Gramscian formula of hegemony as a combination of coercion and persuasion/production of consent<sup>4</sup>). Therefore, securing workers docility at the shop-floor had to involve a lot of concessions to labour: more benefits, autonomy, rising wages to boost consumerism and management could not be as despotic as before (1979, 1985).

With the onset of neoliberalism/post-Fordism in the 1970s, Burawoy identifies a new shift in the ‘politics of production’ called “hegemonic despotism” which captures the dynamics of weakening of labour with the onset of globalization that marked the crises of the welfare states. The despotic part is captured in easy firings, loss of social rights, and the hegemonic - in labour’s concession to the sacrifices that capital exacts from it. Meanwhile, the state role diminishes. As Burawoy argues, “in the contemporary period the logic of capital accumulation on a world scale determines that state intervention becomes less relevant for the determination of changes and variations in the form of production politics” (1983: 591). Chapter Three of this thesis is devoted to disproving this claim by outlining the role of the state in the creation and perpetuation of the hybrid labour regime.

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<sup>4</sup>Burawoy shares Frankfurt schools’ concern with what prevents workers from waging a militant class war against capitalists, and, like Frankfurt school theorists, finds answers in the field of culture the hegemonic factory regime he studied is conducive to (Burawoy 1979).

Sallaz (2002) has observed the following manifestation of “hegemonic despotism” in a casino he worked for: hegemonic control is expressed in the high degree of autonomy which is necessary for the provision of tailor-made customer service. Competition among Las Vegas casinos has turned customer service a major asset for casinos in their bid for attracting customers spoilt for choice. Put simply, customer service becomes a tool for product differentiation. However, as Sallaz shows, granting workers autonomy is risky, especially in a situation where workers’ income depends primarily on tips. This remuneration model ensures both provision of excellent customer service but also its opposite in the cases where workers do not receive tips. In these cases, they can (ab)use their autonomy and simply withdraw their interactive labour (i.e. by refusing to maintain a nice atmosphere on the table) to the detriment of the casino which expects them to provide emotional and interactive labour irrespective of the flow of tips. Sallaz thus shows how the structure of work salaries and the broader developments in the casino industry induces a particular type of discipline: hegemonic (manifested in increased worker autonomy) and a particular resistance to it in the sense of worker appropriation of their autonomy to serve their own interests. However, there are cases where autonomy is suspended and tight supervision takes its place: when affluent customers betting more money than usual join a blackjack table. This is a situation whereby the casino cannot risk antagonizing the customer, hence managerial control over the dealers intensify. Therefore, management regimes can replace one another in relation to the types of customers patronizing the casino. However, even

though Sallaz points toward a coexistence of these regimes, he stays faithful to Burawoy's periodization of disciplinary regimes: his casino study is a typical example of hegemonic despotism (loss of social rights, depressed wages, etc).

Boltanski and Chiapello (1999) present a Weberian account on the issue of hegemonic control which is useful for capturing the realities in the gaming industry in Malta. They borrow from the importance Weber has given to the ideational matrix of Calvinism in ensuring the cultivation of particular ethos facilitating the expansion of capitalism. Weber provides an account on the role of religion for the discipline of one's entire life (both professional and personal) and how this ethos 1) makes Protestant workers more adaptive and respectful of their working conditions in a modern industrial setting, and 2) is internalized by the workers which produces the pacifying effect of religion that mitigates against class struggle. Boltanski and Chiapello provide us with a historical study of the changing regimes of justification that supply the participants in the capitalist process with moral-ethical justifications for participation. According to them, "a "spirit of capitalism" [is] the ideology that justifies people's commitment to capitalism, and which renders this commitment attractive." (2002: 2) The new spirit of capitalism, they argue, suited best for the contemporary epoch of deindustrialization and the rise of the service economy, consists of high demand for personal commitment in the work process (1999: 12). The new spirit of capitalism is expressed through three dimensions: the first one specifies what is "exciting" for one about participation in a system which will not necessarily benefit one. How does capitalism generate enthusiasm? The second



dimension emphasizes security: what forms of security are offered and how is the tension between enthusiasm (i.e. in the provision of autonomy and flexibility) and the need for security resolved? The third dimension is the “set of arguments” that lend overall legitimacy to the process of accumulation by imbuing it with notions of fairness, common good, and so on. It also marks the transition in the contemporary business firm from hierarchical and rigid bureaucratic organization to horizontal, networked and highly flexible organization. The specific ideology nurtured in the new type of business organization is personal commitment. The new type of work is also marked by an increasing blurring of the boundaries between private and professional life, a point which I illustrate in my empirical section.

This review attempted to outline some of the different theoretical approaches to the nature of labour and its role in the transformations of the political economy of capitalism since the 1970s. While some scholars presuppose radical breaks with the past, others argue that change is more gradual. I believe that a recourse to the Foucauldian concept of pastoral power can help us assess important changes in the practices of work in late capitalism. Foucault argues that pastoral power, linked to the Christian institutions, aims at securing individual salvation in the afterlife, and is ready to sacrifice itself for its 'flock' as opposed to royal power which expects sacrifices. Pastoral power is strongly focused on the individual, and cannot be exercised “without knowing the inside of people's minds” (ibid. 783). Further, “This form of power is salvation oriented (as opposed to political power). It is oblation (as opposed to the

principle of sovereignty); it is individualizing (as opposed to legal power); it is coextensive and continuous with life; it is linked with a production of truth-the truth of the individual himself" (ibid.). The technique for extracting truth and secrets about oneself is confession which spread from the 13<sup>th</sup> century onwards. Foucault argues that pastoral power has infiltrated the political rationality of the modern state with the difference that modern pastoral power has shed its religious underpinning and cares not for the afterlife but for life on earth, and is exercised by the bureaucratic welfare state.

This study pushes the Foucauldian notion of pastoral power further. Drawing on Rose and Miller (1990) who have argued for the application of Foucauldian analysis of power to enterprises, the study applies the notion of pastoral power in order to capture better what kinds of workers' subjectivities are produced by the hybrid labour regime since turn to neoliberalism. In *Discipline and Punish*, Foucault theorizes and historicizes modern discipline, tacitly connecting it with the emergence of capitalism which produced new disciplinary techniques that economized and perfected the working body's capacities. The accumulation of capital is related to the "accumulation of men," observed Foucault, indexing together the maximization of docility and utility suited for the capital accumulation (1995: 218). As this study is concerned with labour, the capitalist enterprise is a suitable milieu to explore the question of discipline from a Foucauldian perspective.

According to Foucault (1990), in the course of the centuries confession morphed from being the ultimate process of subjectification (in both senses of the term – subject-

creation and subjection) into becoming the promise of liberation (ibid.: 59-62). Pastoral power, which cannot operate without confession (Foucault, 1982), thus promises purging of sins, salvation and liberation at the expense of divulging one's innermost secrets to the powers that demand to hear them. In the modern period confession has generalized and moved away from the church into the schools, the police, the psychiatric ward, and other institutions of the welfare state considered with the administration and preservation of life, based on knowledge about its field of intervention. Pastoral power is the expression of the social-democratic compromise of the Keynesian-welfare period.

In the neoliberal period pastoral power has moved even to the capitalist enterprise as my case demonstrates. The gaming industry performs regular lie detector checks, informed by a paranoid assumption that all workers are guilty of selling information by default, until s/he proves the opposite after taking a polygraph test. In other words, the pre-modern logic of the original sin in Christianity seems operative at the level of individual enterprises.

According to Butler (2005), Nietzsche indexed subjectification to interrogation. When one is accused of having caused injuries, one is forced to “give an account of oneself”, to try to establish one's causal agency in the wrongdoing so that the crime is rectified and morality affirmed. In the process of interrogation (imbued with unequal power relations) a reflexive subject emerges. The creation of “bad conscience” brings about an “I” at the cost of turning what Nietzsche considered to be the natural

aggression of life against the subject itself: “The “I” turns against itself, unleashing its morally condemning aggression [...], and thus reflexivity is inaugurated” (ibid.: 9). Since the subject emerges in the process of interrogation, having been forced to reflect on itself and give an account of oneself, that is to say, in the context of unequal power relation where one party is in a position to deal out justice and administer punishment, the subject emerges “as a morally accountable being as a consequence of fear and terror.” (ibid.: 11). For Nietzsche, morality is against life since morality attempts to tame and purge aggression that he considered to be “coextensive with life” (ibid.) Therefore, the reflexive subject of “bad conscience” can only be crafted “in opposition to life itself.” (ibid.: 13)

We have here the outlines of two modalities of veridiction (truth-telling) with the following implication: pastoral power sacrifices itself and offers salvation (and crafts subjectivity) through the injunction to confess; interrogation preserves the legal-moral order and crafts subjectivities by annihilating life itself. In the first instance power is sacrificed for individual salvation (see Foucault 1982), in the second, the subject and life are sacrificed for the sake of the 'sterile' moral order. That is to say, in both cases truth-telling is rooted in objectives of “higher order”.

Lie-detector interrogation at the gaming companies, however, pretends to offer neither individual salvation, nor does it demand individual sacrifice for the sake of preserving the bourgeois morals, as Nietzsche would critique it. It does not forgive after confession, as pastoral power does, nor does it deal out justice on the basis of

knowledge extracted from the reflexive subject. Unlike modern pastoral power and biopower which cares for, and governs life, the gaming industry's pastoral power severs one's access to the means of one's livelihood, thus it does not deal out salvation but damnation. The morality of this pastoral power is the morality of capital accumulation. It demands sacrifices and extracts secrets for the sake of capital accumulation only. The subject that emerges is the subject of accumulation and the modality of truth-telling can be no other than **veridiction of accumulation**. The **veridiction of M-C-M1** demands individual sacrifices (enshrined in the labour contract) for the sake of removing obstacles to capital accumulation. Thus, in what follows I argue that, in addition to the accumulation of bodies, post-fordist hybrid discipline fully realizes modern pastoral power enabling it to engineer as well as accumulate docile souls.

## ***Chapter Three***

### ***Sources of Disciplinary regimes***

This chapter deals with the first layer of my research question, namely: what enables the articulation of despotic and hegemonic labour control into the hybrid regime in Malta's online gaming industry? Answering this question will necessitate addressing the panorama that spans the level of the state down to the level of the individual enterprises under scrutiny.

First I introduce the reader in the Maltese context, then I outline the managerial regime in question, followed by a brief discussion on the role of state in the particular economic development that enables and perpetuates this regime. I argue that the neoliberal offshoreization of Malta created the space where the hybrid labour regime can freely engineer and regulate workers' souls.

#### **3.1 Introduction: Framing the case study**

Malta has become an important node in the global financial and service industries. The two most prominent aspects of the Maltese islands are its tourist and

financial (including gaming) industries. Malta is a tax haven even though it officially denies it because EU is – at least declaratively - against such jurisdictions. Malta maintains double taxation treaties with other countries and a tax imputation system which reduces the corporate tax of 35% to levels between 0 and 5%. even VAT is subject to discounts, for example, for foreign yacht owners. Thus, a diverse body of foreigners, dubbed “desirables” (Xuereb 2011) (perhaps to differentiate them from the African migrants to Malta) take advantage of the tax breaks Malta offers: from film studios, pensioners, yachtsmen (Verdun group 2011), through aviation firms/aircraft and maintenance (CSB group, n.d.), to online gaming operators (Snook 2011). By contrast, the local workforce (regardless of nationality) is subject to progressive taxation. Malta has been categorized as a “market entry conduit”, meaning that it is a stepping stone to a larger market, by virtue of its EU membership and network of double taxation treaties with other states (Palan et al 2010: 38).

All this renders its activities somewhat ambiguous. From the perspective of the EU, tax havens and offshore financial centers are frowned upon. Ironically, though, Malta became a very successful offshore jurisdiction precisely since EU-accession in 2004. Far from an obstacle to offshoreization, Malta’s EU membership paradoxically became the positive condition of it. 2004 is also the year when Malta officially developed a regulatory framework for the online gaming industry (LGA 2012). In fact, EU membership gives the tax politics of the island-state a degree of legitimacy while its membership in the single market turns it into a highly attractive foothold for gaming

operators. Thus, one of the major reasons that draw online gaming companies to Malta are its “favorable taxation regime” and its EU-membership. I contextualize Malta’s development as an offshore jurisdiction with the help of Ronen Palan (2003, 2006).

According to Palan (1998b, 2003), offshore jurisdictions and tax havens are the result of a bifurcation of national sovereignty that rests on the controversial ability of states to maintain market-based criteria for citizenship (see e.g. Ong 2006) by commodifying their national sovereignty to enable rights of incorporation, preferential tax regimes and other benefits to foreigners and non-residents against a fee. Palan (2003, 2010) argues that tax havens are not just physical but also juridical enclaves. This decouples offshore the dimension from any strict geographical parameters. Ong (2006) uses the apt term of “zoning” to designate the process of sovereignty bifurcation which is the result of granting exemptions from taxation, labour, environmental and other regulations to foreign investors which, in the case of China, have resulted in the creation of Special Economic Zones. The privileges and exemptions to gaming companies granted by the Maltese state bear direct relevance to the situation of workers on the ground this study is concerned about.

Online gaming companies have been relocating to Malta *en masse* since 2000: over 350 licenses thus far have been issued by the LGA (from 42 in 2004, see LGA 2004), which makes Malta become more and more the global hub for such companies. Malta claims to be the first EU member-state to have begun regulating remote gaming in Europe (LGA 2012). Regulation largely means issuing of licenses and opening up of



the national economy in order to attract foreign owners of betting companies. To that end, even the history of Malta and its colonial heritage are mobilized to sell the country. For example, each brochure the LGA produces, advertises Malta's bilingual "competitively priced human capital" and narrates briefly Malta's supposed seven millennia of history (LGA 2012).

The first gaming companies arrived in Malta in 2000 when it passed the Department of Public Lotto Act which attracted gaming companies by levying only 0.5% tax. This was replaced in 2002 by the Lotteries and Other Games Act. That year the UK offered gaming operators 0% tax and companies started leaving Malta. The competition from the UK forced the Maltese state to update its regulatory and taxation framework and it passed the Remote Gaming Regulations Act on 20th April 2004. The new act expropriates regulatory control from Parliament by vesting it entirely onto the Authority: "the regulations were under the control of the Authority and can be changed by way of a simple legal notice." (LGA 2004) This point is crucial because the whole regulatory control is in the hands of the LGA which officially does not deal with workers. However, when I spoke to a polygraph provider, I was told that before they conduct a lie detector test, they have to apply for a special license to the Ministry of Foreign Affairs and the LGA.

In short, the major reason why online gaming companies choose to relocate to the Maltese islands is the dual tax regime that grants them enormous concessions: tax is capped at 466,000 euro/pa, only 0.5% tax is levied on gross bets, while the tax

imputation system allows for a reduction of the usual corporate tax from 35% to between 0 and 5% after dividends. The other reason is the series of exceptions the industry enjoys, ranging from granting of special licenses to perform lie detector tests to exemptions from the property legislation (generally granted to affluent investors who are induced to purchase high-end apartments in Malta's numerous luxury gated communities via the lifting of some obstacles usually placed on foreign property purchasers). For example, in a page of the Air Malta in-flight magazine I tore during my last visit to the island, I read the following advertisement trying to lure foreigners buy property:

Primarily aimed at resident professionals – Malta's friendly tax system is attracting a growing number of foreign finance and i-gaming firms, and with the international shifting of hedge fund managers from the UK and other traditional markets, Malta is also attracting its fair share of candidates, with the island being seen as a good place for business relocation and for start-up hedge funds offering an EU presence in a low-cost, friendly and accessible jurisdiction. [...] Pendergardens [a gated community] in St Julians is one of the more affordable options and, typical of these projects, is in a *Special Designated Area* (so free of buying restrictions for foreigners). (Bilocca 2012, my emphasis)

The Maltese case is thus fully amenable to explanations of neoliberalism as exception as advanced by Ong (2006). Malta is reminiscent of China's developmental strategy of opening up of internal Special Economic Zones where regulations and taxations are suspended in what is still a welfare state. Malta pursues strategies for offshore development based on two pillars from the pre-offshore welfare state<sup>5</sup>: 1) past taxation legislation such as double taxation treaties (these are bilateral agreements between states to exempt from taxing any profit which arose and has been taxed on each party's territory and is pending repatriation) and 2) progressive taxation (applied to workers) to tap into the global capital flows through opening up of pockets of differential regulation on its territory. Put simply, a major residue of the Maltese welfare state - progressive taxation - now articulates effectively with the neoliberal offshoreization strategy because the tax breaks the state is able to offer investors are paid for by the exorbitant 35% income tax (plus VAT and other indirect taxes) they charge workers, especially the well-paid ones such as those in gaming companies. It is in these juridical pockets of differential regulation (not offered to Maltese companies, which is illegal in the EU, see Palan 2003) that provide the cozy groove for the gaming industry.

Currently the industry employs more than 5000 people (from 230 in 2004, see LGA 2004) around half of whom are foreigners (LGA interview). I have been unable to find statistical information on the sociological profile of this workforce but drawing on my conversations with workers in the sector, as well as on my personal experience, I can

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<sup>5</sup> This is not the place to assess how welfare is Malta. It spends less than the EU average on welfare (ca. 20% as opposed to 26,9%) but if spending is calibrated according to PPP, Malta spends exactly 3 times the lowest spending states - Bulgaria and Romania - who have 20 times the population of Malta.

safely say that most of these workers are well educated (most have received tertiary education), speak between two and three European languages and are highly mobile.

The industry has been on an ascending trajectory in terms of profitability (see Appendix I). Estimations are difficult, though, because of the reluctance of some gaming operators to disclose their profits to the National Statistics Office (NSO 2011 :16). On a European scale, the online gaming industry is estimated to generate around 12 billion euro per year (Europa.EU 2012) In Malta, state revenue from online gaming stands at 48.8 million in 2010 (Ersnt and Young 2011). Thus, far from being in a state of contraction as befell the industrial sector with the inception of neoliberalism, which generates expulsion from the job market, the gaming industry is growing and hiring. The expansionary moment, coupled with reliance on educated and ‘trustworthy’ labour force generates effects for the labour force similar to the effects of the golden era of welfare-state capitalism of the Bretton Woods framework and its hegemonic factory regime. It should be noted, though, this welfare regime has two layers. Thus, as much as the Maltese state provides welfare, there is a strong degree of privatized welfare regime internally generated by the gaming industry itself. Some of the workers I spoke to told me that their company purchases private health insurance for them, which allows them to use the services of private hospitals. Thus, the competition between the companies for educated cadre whose loyalty has to be secured (all companies operate with extremely sensitive information), drives them to provide higher salaries, big bonuses, private health insurances, free excursions and so on.

In other words, the despotism of the gaming market generates this serendipitous effect for the workers. The contrast with the labour market despotism which generated the big 'industrial reserve army' and the concomitant despotic factory control regimes Lee (2007) describes could not be overstressed. In addition, high turnover in the industry forces companies to develop strategies to create a sense of "family" in workers, to secure their loyalty: private welfare, career development prospects, regular gifts, and so on. For example, Maria, who is one of my informants told me that they notice when a worker starts feeling bored and try to promote/upgrade their position and responsibilities. This has been corroborated by other interviewees: "if you want to grow, they really help you<sup>6</sup>" (Lesley, a customer support agent). On the other hand, the exceptions to labour regulations granted by the Maltese state accounts for the regular deployment of semi-legal managerial techniques such as polygraph tests (because there is no explicit provision in the labour law for or against polygraphs at work), and high degree of despotic labour control. The nature of the gaming jobs involves handling of extremely sensitive information (i.e. credit card numbers, bank accounts, IDs), hence the need to ensure workers will not feel tempted to sell this information. Put simply, companies are competing for highly qualified staff but they do not trust them. Many of my informants casually acknowledged that they work in a perpetual office paranoia. For example, in addition to polygraph screenings to prevent information leakages, in many

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<sup>6</sup>This points to the persistence of old school management methods for increasing worker productivity, such as Elton Mayo's which was outlined in Chapter two.

offices people are not allowed to take out any kind of paper out of the premises of the company, several workers confided in me.

The gaming industry's profile demonstrates the limits of applying Burawoy's notion of "hegemonic despotism" to Malta. We need a new model to account for the managerial regime in an expanding industry which provides its employees with many benefits and rapid corporate mobility but simultaneously with little security and lie detectors. I propose the term hybrid labour control regime to account for the articulation of hegemonic and despotic regimes.

### **3.2. The institutions**

This section deals with the findings of my research on state and non-state actors who exercise direct as well as indirect influence on the way the gaming industry on Malta has developed as well as on its reliance on the hybrid labour regime. Their actions (and inactions) thus bear direct relevance to the situation of the workers on the ground. I start with the Lotteries and Gaming Authority which is the official regulator of online gaming on Malta.

The online gaming industry is regulated by the Lotteries and Gaming Authority (LGA). The LGA was established in 2004. Its foundation marked the climax of a taxation war with the UK which had offered gaming companies 0% tax (see LGA 2004). The passing of the regulations made Malta the first country in the EU to regulate online

gaming. The regulatory act in question is the Remote Gaming Regulations (L.N. 176/04) which superseded the Public Lotto Ordinance Act (L.N. 34 of 2000) which regulated “*offshore* betting offices” (LGA 2012, my emphasis). The LGA thinks of itself incorporate terms: Regulators should “have a sound corporate structure that enables them to take on new challenges.” (LGA 2012). Its corporate identity is manifested also in its physicality. The spatiality of the LGA points to changes in the “self” of the state, namely the subsuming of the logic of the state with the logic of a business firm. As Brown (2003) has shown, one of neoliberalism’s main characteristics is the colonization of the political by the market logic of efficiency and optimization. The state is conducting itself like a corporation, as is visible through its new agencies, such as the LGA.

LGA has new premises in the industrial area called Mrieħel. The area houses production facilities such as the only brewery in the island, as well as wholesale shops for construction materials and huge supermarkets for luxury household products. The Malta Financial Services Authority has also recently relocated there. These relocations are an apt illustration of the post-industrial economy taking over the spaces of the industrial economy. LGA shares the same building with a large luxury kitchen/bathrooms shop. The international auditing firm Deloitte is also located there as well as numerous smaller tax advisory firms and consultancies. They share not only the same building with the Authority but also seem to work together as every annual report of the LGA is co-written with representatives from private “tax advisory” firms (that is, consultancies who advise foreign companies on legal evasion and the Maltese tax

regime.) Rather than a typical Maltese state institution which is normally housed in a neoclassical or baroque building, the LGA looks similar to its business neighbours in its new, flashy corporate headquarters.

When one enters, one is faced with the big desk of the secretary, overlooking a table and chairs ensemble for the visitors. The whole foyer is extremely colorful, reflecting the corporate logo of the authority:



*Illustration 1: LGA front desk. Source: <http://www.lga.org.mt/>*

During my conversation with the LGA representative, who happened to be its Chief strategy officer<sup>7</sup>, I understood that the objectives of the LGA are entirely player and firm-centered. For example, my interlocutor explained that since tax is almost non-existent and Malta raised only 22 million euro from the companies last year I cannot claim that money is the reason why Malta wishes to attract gaming companies: “As you

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<sup>7</sup> A typical representative of what Wedel (2009) has called the class of the “flexians” existing beyond the public and the private, and inhabiting transnational “flex nets” my interlocutor is a state official but conducts himself like a business executive. He has a long employment history in public and private agencies, but looks and speaks more like a businessman than a statesman.



can see, we don't do it for money. We do it for social reasons", he added. "Just like there are economic reasons for doing something, there can be social reasons, such as having hospitals, education, and so on." I asked for clarifications, and he said that player interests is all they care about and Malta's comprehensive regulations are much better able to take care of players' interests than other countries, such as France. In other words, he engineered a rhetorical preemption of all possible accusations of "naked business interests" by presenting Malta almost like a charity organization that sacrifices potential revenue in the name of players welfare. Contemporary business is seldom done today without an "ethical reason" behind; every cup of coffee drunk "empowers women" somewhere so why should offshore gaming not have an ethical/charity ethos behind it too? Going back to Boltanski and Chiapello (2005), moral-ethical ideas about fairness and the common good are part and parcel of the "third spirit of capitalism" which furnishes participants with justifications for their involvement in the accumulation process. According to LGA, its aims are to protect "minors and vulnerable persons", to safeguard players' rights; promotion of "responsible gaming in a safe environment"; ensuring the "integrity of games" and keeping gaming free of illegality (LGA 2012). Except for caring for the above and granting of licenses, the LGA does research into gaming and collects taxes from these companies. Further, it claims it is "supporting good causes and ensuring that the sector contributes to the country's development." (LGA 2012). The LGA thus acts as a government agency with explicit

corporate identity and self-presentation which issues licenses, collects tax, monitors the industry for fraud, and protects players but is disinterested in workers.

During my interview with the authority representative, I discovered that workers occupy little, if any, significance in the symbolic universe of the LGA. For example, when I asked about employment conditions and mentioned that lie detector is employed in some companies, he admitted he knows nothing about it. I asked if he knows what the law states about such cases and he said again he did not know. But when I asked him to volunteer his own personal opinion on the issue, he said that he personally agrees with the practice because “The information is too sensitive and has to be protected.” LGA's disinterestedness in workers is also obvious from the following example. LGA works closely with a recently established institution called the Malta Remote Gaming Council (MRGC). In effect, this council acts as a syndicate of the gaming company owners, as well as ISP providers and other “stakeholders”:

This Council brings together all our remote gaming licensees, giving them a great opportunity to meet new challenges backed by the inherent advantages of collective effort. LGA also launched an on-line forum aiming to create an on going discussion between all stakeholders, ISP providers, legal and financial representatives in the Malta remote gaming industry.” (LGA 2012).

I did not have an opportunity to speak to any MRGC representatives, however, I am mentioning their existence here in order to draw an important contrast; namely, while gaming workers' unionization is virtually zero, the employers work closely together, with partner businesses and with the state (the LGA). Neither of the two largest trade unions on Malta (GWU and UHM) have a seat and by extension - say - in this council.

Having been unable to determine with the help of the LGA the extent to which compulsory lie detector tests in gaming are permitted and what are the rights of workers in these cases, I turned to some of the wide spectrum of institutions dealing with labour relations and labour law. The rationale behind my contacting them was to obtain information on the legal arrangements behind polygraph testing at work. The legislation in question, the Employment and Industrial Relations Act (EIRA) specifies provisions for termination of employment, hiring, maternity leaves, etc. However, there is nothing in the EIRA which governs the application of polygraph tests and nothing that authorizes immediate dismissal from work upon failing the polygraph test. To the contrary, the EIRA is very clear on termination of employment and protects against arbitrary dismissal from work through certain provisions which, for example, specify that firing should proceed in order of seniority, and so on.

I spoke to representatives from the Employment and Training Corporation (ETC), the Centre for Labour Studies (CLS), the Department for Industrial and Employment Relations (DIER), the General Worker's Union (GWU) and a private company

administering lie detector tests upon demand. Safe for the last two, the rest were surprised at my findings and questions. For example, I contacted a professor of labour history from the Centre for Labour Studies (CLS) which is a research and policy think-tank in the University of Malta boasting that “act[s] as national monitoring agency and clearing house for trends and developments occurring in employment and industrial relations” (CLS 2011). Ironically, the representative of CLS I spoke to about the lie detector, a renowned professor of labour history, admitted that he does not know what I am talking about and said that his son, an employee in one of the major Internet service providers (ISPs) works with gaming companies and knows better than me that such practices do not exist there: “I have never heard of the practices that you are talking about taking place in the on-line gaming sector in Malta”, adding that

Taking a lie detector test would be a management practice - like punching in for work; or having to stay on call during certain hours - I do not think it is illegal. Nothing in the law says that it cannot be done; and there are no trade union representatives to protest the measure.

In all fairness, his last point is not entirely true because even though the online gaming sector is not unionized, a representative from the GWU admitted that he had lodged a complaint about lie detector usage around 3 years ago but has not heard about investigation developments ever since. Thus I turned to the ETC which is a government

agency established in 1990 to mediate between job-seekers and employers. The ETC regularly conducts training and qualification upgrading courses both for the employed and the unemployed. Their answer to my question was laconic: they did not know and advised me to speak to the Department of Employment and Industrial Relations (DIER).

Having spoken to them, I turned to DIER. DIER sprang up from a study commissioned by the imperial government which led to the inception of the Labour Bureau in the aftermath of WWI, the predecessor of DIER (DIER 2010). Just like ETC, DIER mediates between workers and bosses, however, unlike ETC does not train workers but deals with disputes: “DIER enjoys a successful track record in its dispute resolution exercises, thus avoiding disrupting strikes or other forms of industrial action contributing to an increasingly stable industrial climate.” (DIER 2010). DIER claims to be the state agency which mitigates class struggle and produces a framework of stable industrial relations, which is often advertised in invest in Malta brochures, such as those that the LGA produces. When I addressed the issue of the polygraph tests to DIER, all they said was that the Employment and Industrial Relations Act (EIRA) is “silent on this issue” and I was referred to the Commissioner of Data Protection.

It is significant how much labour relations have changed. One should venture no further than the proverbial Centre for labour studies which studies trends in labour relations but did not know about the lie detector. The history of its emergence is illuminating: in the 1970s, amidst militant strikes and protests in the now privatized and scaled-down Drydocks of Malta, the government and people from the Economics

department of the University came to the conclusion that what is needed in these dark times was more “worker participation” by which they meant “devolution of powers to the employees” (CLS 2011: 8). As the above discussion on the MRGC and ETC indicates, the Maltese labour relations have long abandoned the idea of “worker participation” for outright exclusion of unions and workers from the decision-making process, to the extent that even CLS academics seem to be unaware of the latest trends in industrial relations in gaming.

### **3.3. Conclusion**

This chapter explored the rise of the gaming industry on Malta. I have traced its existence to the wider development of the Maltese state as an offshore jurisdiction which is the main reason why gaming companies choose to establish themselves on Malta. This justifies a devotion of this chapter to the institutions, in general, and their reactions to my queries, in particular.

Just like the academic body vested with the privilege to study labour and the latest developments in industrial relations, the LGA representative was also genuinely surprised when I directed our conversation towards the work conditions in the companies his institution regulates. A brief exchange with a foreign company which performs lie-detector tests on workers (referred to as employee “screening”) threw more

light on the issue. The person I spoke to said they work mainly with online gaming companies. To my questions about the legal framework, he replied that “we already have done work in Malta. It is no problem but officially it is more company policy” and that employee screening “need[s] compliance officer and by MFA”. MFA is the Ministry for Foreign Affairs of Malta.

The brief exchange with the private firm that conducts “screenings” made me aware why so many traditional labour institutions did not know much about lie detector tests. The necessity of special licenses granted by the Ministry for Foreign Affairs point to a possible bifurcation of regulatory jurisdictions over workers, as well as over gaming companies. Put simply, the old model of workers' issues being under the jurisdiction of traditional labour institutions (unions, ministries of labour, etc) has given way to a model of overlapping sovereignties whereby the MFA expropriates the traditional labour institutions and takes over their responsibilities in order to grant exceptions to foreign gaming operators to perform polygraph tests on unwilling workers. This issue definitely deserves further investigation which I have not been able to conduct in the short time-frame my research took place. The little evidence I have, though, confirms my initial hypothesis that Malta is comparable to states like PRC whose integration with the global market proceeds via differential juridical regulation and “zoning” (see Ong 2006).

In this chapter I have located the reasons for the disciplinary hybridism in the structure of the gaming industry itself, namely they stem from the expansionary trajectory of this extremely successful industry, which generates effects similar to the

Keynesian-Fordist period. This is coupled with the specific political infrastructure manifested in the state of exception gaming companies operate in which accounts for the manifestations of despotic control over workers. After having discussed the reasons for the hybrid labour regime in gaming, I turn to a more detailed exploration of the pastoral power that operates through it and how it engineers and accumulates souls.



## **Chapter Four**

# **Workers' subjectivities torn between luxury and intense policing**

### **4.1 Introduction**

In the previous chapter I offered an explanation of the paradoxical entangling of corporate benefits and polygraph tests by drawing on Burawoy's historical periodization of labour control regimes (1979, 1983). In this chapter I turn to the consent-building managerial strategies and then push the analysis further in order to demonstrate that the production of consent which aims at aligning the interests of labour and capital is a violent process of subjectification which involves destabilizing and even breaking habitual ways of understanding of temporality and work workers entertain. Thus, here I engage with the two sides of the hybrid labour regime in the online gaming industry in Malta and workers' reactions to them. I have isolated a few aspects which I consider representative of the hybrid labour regime that contain both despotic (that is, diminishing autonomy) and hegemonic aspects (expressed through corporate care

structures). I look at the hybrid regime from the perspective of the Foucauldian notion of “pastoral power” (1982). Pastoral power, according to Foucault, is rooted in the rationality of the Church which cares, forgives and governs but the functioning of this power is impossible without production of truth through confession. Truth, care and power are the dominant modality of work in the gaming companies which flocked Malta since it engineered its turn to neoliberal offshoreization.

In short, this chapter looks at how the hybrid labour regime accumulates souls of gaming workers through extracting truth and administering care. Then I question the conventional assumptions of radical breaks splitting the modern from postmodern capitalism (neoliberalism) by arguing that, far from being a radically new era, neoliberalism represents the climax of the modern capitalist rationality because it purges all modern impurities from workers' souls (such as the labour militancy and unionism associated with the welfare state period). Hence it opens up spaces for the free operation of the engineering and accumulation of souls facilitated by the hybrid regime's pastoral power.

## **4.2 Workers' profile**

Except for one Maltese worker, the rest of the workers I interviewed were foreigners. This reflects the overall composition of the online gaming sector whose

customer support units are heavily dependent on foreign languages. Many workers relocate to Malta from Scandinavian states, but also from Italy, France, Germany, Russia, etc. They receive “attractive remuneration packages”, especially relative to local salaries. Salaries for the customer support agents start at around 20,000 euro pa. This is around three times the minimum salary on Malta (Malta CC 2011). Managers earn around 35,000 euro. The reward structure in online gaming offers base salaries but it also produces effects like the piece-rate system (performance-based remuneration). This is because, most, if not all, online gaming companies utilize a bonus system. This means that the worker is “incentivized” to intensify their own productivity as their remuneration will be correspondingly increased. Performance-based wage/bonus system tends to induce competition among workers, and gives them a sense of autonomy over their speed and performance (Burawoy, 1979: 65)<sup>8</sup>. This, as Burawoy argues, aligns the interests of the worker with those of management and the enterprise (ibid.). However, gaming bonus works not only on individual level as workers tend to work in teams. This means that intra-corporate competition is exercised among teams, not so much within them.

The people I spoke to were in their late 20s and early 30s, and, except for two persons, the rest hold at least a Master’s degree (very often in the arts and humanities). Thus, unlike many accounts of work in late capitalism (e.g. Moody 1997, Lee 2007), my

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<sup>8</sup> Thus, even though Burawoy (1979) studied factory workers who work under piece rate conditions, their game of increasing productivity which they call “making out” puts them on par with the gaming workers who are expending extra effort to get a bonus. However, since I did not conduct ethnographic fieldwork in gaming companies, therefore I did not have the chance to observe any strategies of this sort.

study focuses on the (relative) winners in neoliberalism: they are educated, well paid, and highly mobile (akin to Indian call-center women, see Patel 2010). Other differences with the literature on neoliberal work flexibilization emerge as well. Firstly, Malta does not export low-skill workers, like the Philippines (e.g. Ong 2006, Rodriguez 2010) but *imports* highly qualified ones who tend to be European citizens. Secondly, with regards to work conditions, gaming offices are permeated with an atmosphere of care and luxury (free sushi parties, etc discussed below); by contrast, Ong invokes the rise of “incarceral” modes of labour control in East Asia. Though different from the carceral regimes Ong describes (2006: 8), subjecting gaming workers in Malta to lie detector tests points to the re-emergence of the logic of 19th century liberal labour discipline that blurs the boundaries between work and police interrogation, between workers and criminals (see Losurdo 2010). However, this is also coupled with a strong degree of corporate care. For example, recently one of my informants attended a corporate event in one of Malta's 5-star hotels. After the event, all participants went to the beach together.

#### **4.3 The hybrid labour regime**

I think of the managerial regime in the online gaming industry with the apt term of “technology” as proposed by Rose and Miller (1990). They use the term “technology” in their analysis of governing and ruling which goes beyond traditional structures for the exercise of political control such as the state. They define technologies as the

underlying mechanisms which operate as the positive condition for the possibility of governance. Which management technologies are deployed via the hybrid labour regime? Part of the strategies I have grouped under the despotism of the office include compulsory lie detector tests, low levels of security (manifested in high turnover and very easy dismissals from work), flexibilization of work, circumscription of physical space of worker. In addition, there are very harsh secrecy clauses in workers' labour contracts which effectively regulate what a worker can say even after work. What is more, there seems to exist a particular secrecy and openness dialectic. For example, Marina<sup>9</sup>, a customer support agent, explained the routine of lie detector interrogation. She said a man who "never smiles" does it in a separate room:

He exists for this only. It is the only thing he does in the office. The first time I went through that I was really scared, you know, and I asked him if it hurts. He said it doesn't but then he put the straps around my arm and wrist so tight that after 40 minutes of questioning, I started hurting really bad. At some point I complained and he removed the straps and stopped the test. You know that the polygraph does not prove anything? Courts don't accept it. I can't understand why they take it so seriously.

Having asked what kinds of questions she must answer, Marina said that:

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<sup>9</sup> All names have been changed.

First he starts with questions to calibrate the polygraph to your level, you know? Like if you are nervous and stuff, so it doesn't take truth for a lie only because you are nervous.. Then he starts asking you what you studied, and so on. One time I told him I studied Counter-terrorism and he looked surprised." (laughter)

Marina claimed the way lie detectors are used on people without criminal charges in her office parallels the practices in counter-terrorism interrogations. She studied law and said that, according to international law, terrorism suspects are stripped of their human rights, therefore it is legal to torture these people, subject them to lie detectors without prior allegations, detain them in obscure locations without explanations, and so on. She laughed when she spoke of counter-terrorism practices. It just seemed too absurd for her to find herself in a similar situation, in her office.

The symbolic violence of the lie detector interrogation has extremely non-symbolic consequences. Marina mentioned how her best friend Costas was fired after failing the test:

I was late for work and when I took the lift to go to my office and I saw him having complete breakdown and crying on the floor inside the lift, but, you know, I couldn't do anything, and I didn't do anything. I wanted to hug him really bad and I wanted to speak to him but nothing! I just stood there, in

silence, and I watched him cry like crazy! When I got to my floor, I left without looking back.

To this day, however, Costas has contacted neither lawyers, nor unions and has not made any attempts to seek justice. In fact, not a single worker I spoke to is unionized or contemplates unionization. Marina said workers are routinely asked if they take drugs and are also forced to divulge other personal information such as relationship status (it is forbidden to be in a relation with a colleague). Costas also had uncomfortable moments during interrogation when he was practically forced to admit that he is gay. For example, when he confirmed that he is in a relationship, the “man who never smiles” asked him if he lives with his girlfriend. To this Costas had to say “no” but since he had admitted that he is in a relationship, it transpired that he must be gay. The interrogator realized that and rephrased the question by changing the word “girlfriend” to “partner”. Costas felt he had disclosed too much. Rob, another worker, confirmed that the “man who never smiles” often goes too far asking personal questions. One time he had to tell him “you should stop asking me that, you cannot ask me that”.

In an environment where one is forced to disclose intimate details from one’s sexual life to a cold-hearted interrogator, workers seem to be faced with impenetrable secrets. For example, one of my informants told me how one day they fired a colleague of hers after he took the lie detector test, even though they had told him “you passed the

test very well.” He was not told he was fired but discovered it the next morning when he arrived at 6.30am for work and could not open the door with his magnetic card. He was trying and calling colleagues until 8 when my informant arrived and saw him despairing at the door. She opened the door for him with her card and let him in only to be faced with a manager and a security guard who told the young man that he was not supposed to be here because he is fired. Then the security escorted him out of the premises. Thus, there is clearly a very unequal relation in terms of distribution of information. I asked if the “guy who never smiles” is an ex-policeman. Marina thinks he is but she admitted she does know anything about him while he knows intimate information about her (and everyone else): i.e. if she is using drugs, how often, and so on. It is significant that while Marina was telling me this story, Rob, who was around us suddenly interrupted her by saying “Marina, we are not supposed to speak about these things” and she changed topic. Then he said “oh come on, I was joking!” to which she replied, “no, no you are right, let’s not speak about it anymore.”

The problem with information thus seems very severe. Marina is forced to exercise self-control since she started working for that company. For example, she is doing everything she can to shield herself from any potential responsibility arising with the availability of player information. After Costas’ violent dismissal, Marina embarked on rigorous self-monitoring and control. For example, if she receives an email from a player with an attachment in it, she immediately thinks that it is a scan of his credit card. This means that she refuses to open it but forwards it to fraud department immediately,



even though they often complain that the attachment is something else and she should check what is in the email before forwarding it to fraud. But Marina is adamant: she does not want to see anything which might later on implicate her and result in her losing her job. As Foucault (1982) has argued, power is not the mere unleashing of violence upon a hapless subject but the structuring of the field of possibilities for action of others. Moreover, freedom is the positive condition for the exercise of power, otherwise we have slavery. In other words, far from a passive object of the exercise of power hovering above her, Marina is the active subject constituted but also a conduit for the pastoral power of the gaming company.

Secrecy does not exist only as a clause on their contracts but diffuses and influences their interactions outside work. This points to the successful effects of the hybrid labour discipline perpetuated by the very subjects it constitutes and silences, and who participate actively in their subjectification. The numerous moments of tension, during interviews, when my interlocutors would pause in silence, thinking whether or not they should answer my question were indicative of the successful transition of the secrecy clause from the contracts to their conduct outside of work. I had a case when a young woman avoided me even though she initially agreed to be interviewed. At first she was reluctant to be interviewed because she admitted she is afraid of the consequences of the secrecy clauses that are effective for two years after termination of employment. Workers and ex-workers who are discovered to have violated them face charges. Then she agreed to be interviewed but after some thought, she broke our

initial agreement and canceled our interview. Events like these are part and parcel of the effect of labour discipline<sup>10</sup>.

The despotic side of the hybrid regime is often aided by the state. For example, Marina once told me that the ETC “works against us” because when someone is fired, the ETC has to dutifully record this fact in the workers’ employment history file which makes finding a new job in the gaming sector almost impossible. Antony, an Italian worker in a gaming company, confided in me that it took him almost a year to find another gaming job after he was fired from his first one. Marina outlined the procedure of ETC involvement in cross-gaming communication in the following way:

Basically, the new employer receives a note stating for what reason you don’t work anymore there. This doesn’t come directly from the old employer but from the ETC. Did you know that in England the new employer does not have such a right to know what happened with your previous job but in Malta they have it. The best you can do is to leave your job voluntarily because then the ETC can write only that you left by mutual agreement and it won’t ruin your chances to get a new job in the sector.<sup>11</sup>.

<sup>10</sup> Secrecy clauses try to mostly the spreading of inside information to third parties. Obviously, my interviews would not be possible if they exercised totalistic control. There was, however, differential disclosing of information. Thus, workers were happy to divulge on certain topics more than others: for example, how good they are as opposed to their Maltese colleagues. As Marina and Samantha told me on a couple of occasions, “they [the Maltese] are not good for anything. They have nothing to offer.”

<sup>11</sup>The ETC does indeed sound more biased towards employers than to workers. This is how they address the former on their website: “Welcome to this section of our website dedicated specifically to the needs of the employer. We believe that employers are a key element in the Maltese economy and a key contributing factor to reducing unemployment. We are therefore committed to work closely with you to

I contacted the ETC with a query on the polygraph testing at work because I assumed that, as one of the chief mediating bodies between employers and workers, the ETC will be knowledgeable about legal provisions guiding the application of polygraphs to workers. In reality, the ETC refused to divulge information and avoided my question by referring me to the Department of Employment and Industrial Relations.

## 4.2 Time and Space

How is the hybrid labour control regime actualized in time and space? A common aspect of the hybrid labour control regime is the corporate organization of workers' leisure time. The flip side of polygraphs and low levels of job security is the constant efforts at integration of the workforce, even outside of work. Maya, a Maltese worker, told me that one reason for contract termination is lack of "team integration." The management insists on team building and good integration: employees are frequently told that they are not competitors but friends and encouraged to go out together. These outings consist of weekly dinners at the company's expenses, free lunches, "happy

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understand better your needs and requirements to do our best to create an environment that is conducive to all parties. We will also strive to reduce unnecessary administrative burdens and let you concentrate on your business. Here you will find a range of services to assist you in your requirements." (ETC 2010) By contrast, this is how they address the latter (job-seekers): "The Employment and Training Corporation is the local public entity which helps you to enter into the labour market. We aim to: Help you to enter into paid work- Help you improve your career if you are already in employment We will strive to assist you in finding the right job - be it full time or part time, temporary or permanent." (ETC 2010)

hours” with nice food in the office, and when the workers complete their annual targets, the company takes them on all-inclusive trips to Las Vegas, Ibiza, and so on<sup>12</sup>. With a company credit card with pocket money to spend. Meanwhile, Maya’s last gift, an expensive designer traveler’s bag that was given to all employees, “serves as a token of belonging to the same company (even in different branches worldwide)”, said Maya. Her last bonus was several 100 euro vouchers for shops and restaurants. However, if “integration” is not achieved, gradually the “non-integrating” person is given signals s/he is not wanted until the contract is terminated. Sarah, who works for another company, which has recently been bought by the employer of Maya said that her manager is probably facing dismissal from work once the merger is done because he is rude: “This company is like a sect. They will not keep you there if you are like him.” This points that a specific workers subjectivity is appropriate for the gaming sector: the nice, calm, friendly, integrated person who enjoys partying with colleagues after work.

Common technologies for producing the said subjectivity and integrating the workforce are team-building events. In that particular company, sometimes these assume a pronounced biopolitical<sup>13</sup> dimension: the company gives the workers free gym membership cards and organizes weight-loss competitions. The person who burns the most calories (these are carefully kept track of and calculated in Excel spreadsheets) gets prizes. Workers are happy to participate, added my informant. The companies also try to inculcate a sense of “we are a family” in workers. Workers do not necessarily take

<sup>12</sup> This particular touristic reward structure is known among workers from other gaming companies I spoke to. R., a worker, expressed admiration and told me she wishes her company was as generous.

<sup>13</sup> I deploy this term in a Foucauldian sense of seizing of life as an object of power.

it seriously, for example, one of my informant often uses this rhetoric to her own advantage but this does not negate the viability of the family rhetoric. The hybrid labour regime produces a disciplinary force whereby the despotism of the lie detector is coupled with gestures of care: free parties in expensive restaurants and clubs, free sushi in the office, and instances of Bourdieu's "strategies of condescension" (1989) that erase hierarchical corporate boundaries, an effort that the universally deplored compulsory polygraph tests simultaneously erode.

Many of the technologies of management have the effects of collapsing not only corporate hierarchy, but also the boundaries between work and leisure time (see Lemke 2001: 203). Marina, a customer support operator with around 2 years of experience in gaming, told me once that they have compulsory office parties twice a year. Further, once every two months they have mandatory "activities", last time it was karting. She does not drive so she just had a beer while watching the others do karting, concluding that: "you can have a full shift [8 hours] but if it's activities time, then you have to go so you can have a straight 15-hour shift, practically."

Collapsing the boundaries between work and leisure is not new: Gramsci (1971) showed how capitalists try to regulate the so-called leisure time of the labour force and even their sexuality/alcohol consumption habits by instilling a value system of sobriety in workers. In a mass production-mass consumption society, leisure time is also functional to capital accumulation; after all, it is during that period that workers are supposed to consume the products of their labour after having spent their wages on them. Leisure

time is a time for controlled consumption which should not distract the worker from his main activity; namely work. The irony today is that far from prohibiting alcohol consumption, the online gaming enterprise is promoting it: “they force you to drink. Our parties are made with very big budgets but all the money is spent on alcohol<sup>14</sup>.”

However, my concern with leisure time is structured not by what happens objectively regardless of workers’ experience of it, but by a genuine concern with workers’ own subjective apprehension of their leisure time. From this subjectivist point of view, I have observed a qualitative change in work-leisure dynamic. First, from the point of view of the worker, parties in expensive hotels are always nice, however there still exists a separation between work and leisure time and the constant invasion of “work time” into “leisure time” sometimes annoys workers. For example, Sarah, a worker with 5 years of experience in gaming in various positions had thus to tell about office parties: “I work with these people all the time. I don’t want to party with them after work.” With regards to the polygraph, I stated that it produces effects even outside of work manifested in self-control workers exercise over what they say. But there is another dimension to this; namely, a particular biopolitical regulationist logic is at work in the sense that, before taking a lie detector test, the workers are told not to consume alcohol for a few days and are even told how many hours they should sleep per day for optimal polygraph results. Their employment depends on this. The lie detector does not control only the inner life and thoughts of the workers but it exercises covert regulation of their non-working time, too.

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<sup>14</sup> Unless there is a lie detector test scheduled when workers are told they should not drink.

The usurpation of leisure time is actualized in spaces other than gyms and karting tracks. For example, workers are habituated to patronize very luxury and high-end events and places because the office parties are often organized in expensive bars and in a 5-star environment. For example, Samantha, a East European woman in her early 30s, came to Malta almost 3 years ago, “as a tourist and to check it out” but she remained. Her previous job was in high finance: she was underwriting subprime mortgages for a mortgage originator who had outsourced this department to her country. In Malta she is an affiliate manager for a small company which deals only with gaming affiliates (independent actors who promote gaming sites and thus generate traffic for them). She said office parties are extremely common. One time her boss invited the whole office to a housewarming party when he had just purchased a penthouse in the most prestigious part of Malta (where most gaming companies are located). Samantha said usually their office outings start with drinks, then they have a fancy dinner in a restaurant and finish the evening with more drinks in one of Malta’s most expensive and luxurious bar, “22” (so named because it is located on the 22nd floor in Malta’s first ever skyscraper). Samantha said this place “of mafiosi” and feels deeply uncomfortable when they go there because it is always full of people but there would be one reserved lounge just for their group. Then the waiters would bring champagne with bengal fire on it and Samantha does not like this display of glamour. Club 22’s interior:



As Burawoy has stated:

unlike legitimacy which is the subjective state of mind that individuals carry around with them, consent is expressed through, and is the result of, organization of activities. [...] Within the labour process the basis of consent lies in the organization of activities as though they presented the workers with real choices, however narrowly confined these choices might be. It is participation in choosing that generates consent. Consent constitutes workers as individuals rather than as a class (1979: 30)



As demonstrated above, the production of consent which aims at aligning the interests of labour and capital can be a violent process which involves destabilizing and even breaking habitual ways of understanding of temporality and work workers entertain. This violence is often successful. Thus, I could notice an absorption of the luxury environment, even though these workers complain about their 5-star surroundings. For example, every time I scheduled an interview, I let my informant choose the place. Many of them, including Sarah, wanted to meet me in the cafe of some 5-star hotel. For example, Samantha was telling me how much she despises club 22 in a very expensive 5-star hotel bar where she took me at her own initiative. Also there she said she goes to Club 22 very often with friends even though she complained about the office parties there. I argue that the internalization of the particular lifestyle and life-goals promoted by the company (i.e. Maya is planning to buy a penthouse) points towards the successful alignment of capital and labour interests. The hybrid labour regime engineers a soul that enjoys 5-star environment, sushi parties, and does not think of unionizing when it is subject of unlawful dismissal from work or subjected to a lie detector test. This is the docile soul of capital accumulation (M-C-M1) which does not obstruct the process in any way.

Sarah's case is another indication of the blurring of the boundaries between work and play but her reaction to this is less straightforward. She is an affiliate manager. Part of her job obligations is to go to affiliate conferences which are always held in 5-star

hotels outside of Malta where she has to go to “posh” bars with the affiliates every day after the conference sessions end. When I asked her to describe a conference, she said:

Oh, Jana, they are so disgusting. You cannot imagine what people do there. They are disgusting, rich men who go there to get drunk and enjoy themselves. And think they can sleep with the girls. The [gaming] companies always send beautiful girls to conferences ‘to close deals’ and the whole atmosphere makes me sick. You have to see my manager, he also goes there. He’s married with two children, and when he goes to a conference, he always cheats on his wife! My boyfriend hates it when I have to go to a conference and I hate it too.

During these events, Sarah is paid the normal wage which is usually computed for a 9-to-5 working day and does not cover her obligation to patronize posh bars with drunk affiliates and stay there till 2am. This leads me to conclude that there is a particular notion of temporality which these workers entertain. There is a strict separation between work time and leisure time so Sarah is very unhappy when she has to mix the two. The fact that she insists on getting paid for having to go to luxury clubs after the conference testifies that going there is an obligation and not a real leisure time unlike her manager “who thinks that we are really having fun there,” that is, he considers it non-work. Cases

like Sarah's point to the limits of the legitimating force of the "third spirit of capitalism" and its modeling of work into play. Sarah is not convinced that parties after conferences are "leisure" and "play-time." To the contrary, for her they are part of her work obligations and she wants to be paid for that.

### **4.3. Conclusion**

According to E.P. Thompson, people working and living in the pre-industrial period made little difference between work and non-work. A very strong differentiation between work and leisure time came with the industrial revolution and its novel ways for organizing time and tying work discipline to time (1967: 92). Thus, while industrial discipline was marked by time-sheets, and saw the importance of the time-keepers to oversee that not an hour of productive labour was wasted, the pre-industrial work was task-oriented and responded to pressures other than the factory clock and the exchange of labour time for a wage. For example, agricultural labour responds to the cycles of nature which determine the character of the tasks undertaken (p. 82)

Interestingly, Thompson finishes his influential essay with a speculation on the future automated society, where supposedly, machines will have liberated 'man' from labour. Then the question is what is 'man' to do with all this free time, and Thompson calls for a new dialectic and a new ethos which will once again collapse the boundaries

between time and work, just like in pre-industrial era. However, in the future the old Puritan denunciation of idleness will be replaced by a new ethic for which “the unpurposive passing of time” will be approved. In an ironic twist of history, the Maltese case seems to be presenting us with realization of this dream, albeit not exactly in the emancipatory direction Thompson hoped for. The evidence presented in this chapter points that workers still insist to some extent on the modern, industrial separation of work from leisure time. However, neoliberal capitalism has engineered a transition from pastime being an offense to Puritan industriousness to constituting the stuff of the working day proper in the contemporary era.

Finally, does the new trend represent a radical break with the past or a refinement of old trends? The deployment of polygraph test – points to reemergence of classical liberal conflation of working class and criminality that coalesced in the 19<sup>th</sup> century institution of the work-house (see Losurdo 2010). Further, the concern with workers' leisure time since Gramsci's times and the importance management gives to personal development and career growth, as evidenced by worker's accounts point to the persistence of the old managerial ideas such as Mayo's and Maslow's. However, the changes to work discipline and subjectivities brought about by the neoliberal flexibilization cannot be underestimated. I argue that far from eradicating the modern pastoral power, neoliberalism/post-fordism has cleared the way for its more efficient operation by removing Fordist impurities and producing submissive work subjectivities which do not protest the enforced parrhesia at work. Far from disappearing and losing

its efficacy, modern pastoral power has undergone reconfiguration to the extent that it has become fully realized with the inception of neoliberalism. While modern industrial management accumulates bodies, the post-industrial management colonizes time, accumulates souls and secrets uninhibited by residues of modern-era workers' militancy.

## **Conclusion**

This study of labour discipline in the online gaming sector of the Maltese offshore economy has attempted to bridge varieties of scholarship on work discipline, capitalism, and offshoreization. Herein lies the novelty of my approach: I have employed Burawoy's concept which was developed for industrial and deindustrializing economies to an instance of the so-called knowledge economy in order to test its applicability for the postindustrial condition. By exploring practices of work in the individual enterprises in an offshore context I have also moved away from traditional ethnographic scholarship on tax havens which looks mainly at sovereignty and identity (i.e. Maurer 2000). This has supplemented the political economy literature of tax havens which is entirely focused on the macro plane.

In applying these ideal-types to the online gaming industry of Malta, I faced certain limitation of Burawoy's approach. While I do not dispute the accuracy of Burawoy's general typology, I find it deficient to account for the coexistence of both despotic and hegemonic forms of labour control which I have called a **hybrid labour regime**. I have argued that the reasons behind this mix is the expansionary momentum of the gaming industry on a global scale, especially since the financial meltdown of 2007 and the currently raging sovereign debt crisis in Europe (see Appendix 1). This is coupled with the particular conjuncture the Maltese state finds itself in, since its relatively generous welfare provision is maintained by differential regulation and taxation

offered to foreign investors (such as gaming companies). Thus, in addition for the “favorable tax regime”, it is the juridical exceptions that attract gaming companies to Malta, which facilitates the application and maintenance of gaming despotism (i.e. lie detectors, easy dismissal from work as opposed to the still cumbersome firing process guaranteed by Maltese labour law, etc) that goes unnoticed by traditional labour institutions. The particular expropriation and exclusion of traditional labour institutions from regulatory oversight over the gaming sector was another important finding of this study. There are seismic changes which have affected labour on Malta to the extent that the Ministry of Foreign Affairs takes over from traditional labour institutions responsibility for workers welfare, especially so in the gaming sector.

Workers' own experiences and participation in the hybrid labour regime point to several ways the dynamics of said regime unfold. Firstly, I have corroborated Boltanski and Chiapello's observation on the patterning of work (and by extension labour time) upon leisure (or non-work time). I have argued that one conduit for this takeover is through the hegemonic side of the hybrid labour regime which purports to extend regulation onto workers' leisure time via gaming company's very generous and comprehensive reward structure. However, there is not only a sustained intrusion of work time into leisure time (from worker's point of view) but it also seems that the vestiges of the despotic side of the hybrid labour regime exercise pressure outside work in limiting what workers themselves are willing or unwilling to tell me as a researcher.

However, the hybrid labour regime's success should not be overemphasized. This study has also demonstrated the limits of the notion of regime of justification developed by Boltanski and Chiapello. According to them, capitalism has to justify itself to people who will not necessarily benefit from the accumulation process, and has to secure their excitement for participation: "capitalism is obliged, if it is to succeed in engaging the people who are indispensable to the pursuit of accumulation, to incorporate a spirit that can provide attractive, exciting life prospects, while supplying guarantees of security and moral reasons for people to do what they do. " (2005: 25)

The emphasis on finding justification for participation can obfuscate the fact that workers have little choice but to choose to participate. Also, there is widespread cynicism about the gaming industry among workers. Workers rarely harbour any illusions as to the claims concerning the fairness of the sector advanced by its proponents. In addition, the emphasis on the neoliberal self-responsibilization of the (working) subject, manifested in the spreading of horizontal, networked, self-sufficient teams that Boltanski and Chiapello also have observed, is insufficient to account for manifestations of the despotic managerial regime. Thus, while certainly the companies under scrutiny insist on flexibility, mobility, and self-reliance, and are also trying to encroach on personal life, leisure time, and capitalize on aspirations, dreams and life-goals, this is not a straightforward procedure but a process fraught with contradiction. For example, workers do succeed in faking the lie detector. Also many people believe the gaming companies engage in money-laundering. This points to limits of the regime



of justification of Boltanski and Chiapello. However, for purposes of brevity, I decided to limit the scope of this study to describing and analyzing the labour regime and have left the issue of workers' resistance under-explored. That, however, opens up avenues for further research which can focus exclusively on small acts of resistance and assertion of autonomy. There are issues ranging from workers' own perception of the environment they work on, through discourses saturated with cynicism, to everyday modes of handling the issue of lack of security. The pattern here is individual salvation - collective struggle such as unionization does not stay on their agenda (see Thompson 1967: 86 on workers' struggles within employers' categories).

In addition to the accumulation of bodies, I have argued that the post-fordist discipline aims also at **accumulation of souls**. This term has been the second conceptual contribution of this paper. The pastoral power exercised through the hybrid labour regime has purged the working subject from fordist impurities (i.e. collective resistance, unionism, defense of social rights) and produces the disinterested citizen-consumer Brown (2003) has identified (in my case this being the disinterested yet cynical worker who has no aspirations for organized resistance, unlike workers in the welfare-state era when hegemonic factory regimes went hand in hand with worker militancy) The production of worker's soul tears the worker between the contradictory movements of corporate pastoral care. The hybrid regime's pastoral power engineers and accumulates souls through administration of care and extraction of truth in the modality of veridiction of accumulation. Workers lie nonetheless and try as much as

they can to reassert autonomy, however, entirely within the limits of the individualizing effects of pastoral power.

## Appendix 1

Gaming profitability



Source: Christiansen Capital Advisors

fig. 1. Online casino profitability.

**Source:** <http://www.getpokernews.com/poker-news/online-poker-revenue-statistics/>



fig. 2. Online poker profitability.

**Source:** <http://www.getpokernews.com/poker-news/online-poker-revenue-statistics/>

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