



FORETELLING THE END OF CAPITALISM

INTELLECTUAL MISADVENTURES SINCE KARL MARX

FRANCESCO BOLDIZZONI

FORETELLING THE END OF CAPITALISM

FORETELLING
the END *of*
CAPITALISM



*Intellectual Misadventures
since Karl Marx*



FRANCESCO BOLDIZZONI



Harvard University Press

Cambridge, Massachusetts & London, England / 2020

Copyright © 2020 by the President and Fellows of Harvard College

All rights reserved

Printed in the United States of America

First printing

Cover design: Tim Jones

Cover artwork: Death holding a scythe, from “Mythologie de la jeunesse” by Pierre Blanchard, 1803, courtesy of Bridgeman images

9780674246720 (EPUB)

9780674246737 (MOBI)

9780674246744 (PDF)

The Library of Congress has cataloged the printed edition as follows:

Names: Boldizzoni, Francesco, 1979– author.

Title: Foretelling the end of capitalism : intellectual misadventures since
Karl Marx / Francesco Boldizzoni.

Description: Cambridge, Massachusetts : Harvard University Press, 2020. |
Includes bibliographical references and index.

Identifiers: LCCN 2019032706 | ISBN 9780674919327 (cloth)

Subjects: LCSH: Capitalism—History. | Economic history.

Classification: LCC HB501 .B712 2020 | DDC 330.12/2—dc23

LC record available at <https://lccn.loc.gov/2019032706>

Per Costanza

CONTENTS

	Introduction	1
ONE	Sitting on the Edge of Apocalypse	17
TWO	The Interwar Revival of Prophecy	61
THREE	Hopes Betrayed	110
FOUR	The End of History and What Followed	148
FIVE	Wanderings of the Predictive Mind	194
SIX	How Capitalism Survives	232
	<i>Notes</i>	279
	<i>Acknowledgments</i>	315
	<i>Index</i>	317

FORETELLING THE END OF CAPITALISM

Introduction



CAPITALISM IS ON TRIAL these days. Its destiny and its alternatives—past, present, and future—are intensely debated. In October 2018 even the White House Council of Economic Advisers dealt with the subject, issuing a report titled *The Opportunity Costs of Socialism*. The report itself is a blend of factual inaccuracies and data presented in a tendentious way to show how the standard of living that Americans have achieved with their limited government is higher than in the European welfare democracies and Nordic countries in particular. But what is interesting in this document is its alarmed tone, which betrays the nervousness of the incumbent administration: “Coincident with the 200th anniversary of Karl Marx’s birth,” the report reads, “socialism is making a comeback in American political discourse. Detailed policy proposals from self-declared socialists are gaining support in Congress and among much of the younger electorate.”¹

In fact, supporters of “democratic socialism” in the United States generally fight for what Europeans call “social democracy,” which is arguably not a variety of socialism but a mild variety of capitalism. The use of the word “socialism” by politicians and activists is due not only to a certain casualness in handling terms and concepts but especially to the need to highlight the differences with the liberal tradition associated with the Democratic Party in the years of John F. Kennedy and Lyndon B. Johnson, and more recently Barack Obama. American radical progressives are not satisfied with establishing a Medicare for All, or a national health insurance, except as an intermediate target. They want to remove the entire health care system from private hands, take it away from the greed of corporations, and be able to count on an extensive system of public hospitals and doctors who are state employees. That is what is normal in Europe and what many of us think is a decent arrangement, even though it used to work better in the past and could be improved. Speak to someone at a bus stop in Helsinki or in Rome and you will hear more or less the same mix of satisfaction and complaint. Those who complain that they do not receive enough from the state often lack a benchmark.

Determining whether social democracy is exportable to the United States goes beyond the scope of this book. European social scientists have often looked with astonishment at the events in this country, which they consider both familiar and exotic. German professors visiting the United States at the beginning of the twentieth century were surprised that there were no maids in the homes of their colleagues, that unions were weak and religious sects strong, and that socialist ideas had no appeal to the working classes. They were aware, in short, that the distance between the Old and the New World was more than a geographical fact. Regardless of the success of the current battle of the

American left, it is certainly possible to do something to improve the situation of a society torn apart by inequality and racial divisions, and in which entire subsets of the population not only live in economically disadvantaged conditions but also have a life expectancy significantly lower than that of their fellow citizens. Every step to redress these imbalances, no matter how small, is an important step, and every result is an achievement.

For Europeans, on the other hand, reappropriating social democracy means reappropriating their history—a history that has been vilified by a class of opportunistic politicians who, in the past thirty years, have sacrificed the ideal to their shortsighted calculus of consent. It was unquestionably much easier to be a social democrat during the postwar boom than it is today. When the wealth pie grows quickly, one is more willing to give up part of one's share for the good of the community. In more difficult times, however, selfishness is unleashed. Moreover, reclaiming the state is beset with a number of difficulties. For example, because of the way in which the international financial system has been shaped, and because of the choice to embrace unregulated globalization, it is hard for any government to control capital flows. But in the conflicted and malaise-ridden epoch we are living through, there are also encouraging signs indicating potential grassroots support for a return to the original spirit of social democracy.

A minority fringe of those who call themselves “democratic socialists” really wish to end capitalism, even if only as a long-term goal. They advocate social ownership of the means of production but not central planning, given the unfortunate outcome of the Soviet experiment. They favor participatory arrangements based on decentralized, democratic decision making, and workers' self-management, and dream of replacing corporations

with a host of cooperatives. How do they expect to get there? The answer is often given: by activism and persuasion, or by infecting society a bit at a time with virtuous example. Either the departure from capitalism is total, it is argued, or it will be ineffective, because capitalists will not submit to taming. I think this battle to “overthrow the system” is lost from the start. And I believe that throwing such arguments in the air does not do progressivism any service, but risks spreading false hopes, while delegitimizing the reformist politics that are needed. Instead, it is necessary to reaffirm the role of the state in the modern economy, its just ambition to control strategic sectors and to claim for itself the monopoly of public services. A democratic state is, and does, what its citizens want it to be and do. Hence, the best way to empower it is to prevent corporate interests from manipulating public opinion. While this book does not start from the immediate concern of engaging with current political debates, the story it tells should speak directly to the reader’s preoccupations, highlighting the risks of indulging in unrealistic expectations about the future of capitalism. I hope that awareness of these pitfalls will not lead to despair for those who want a better world, but that they will find reason for an even more tenacious commitment.

In this work I deal with the prophecies about the end of capitalism that have dotted the history of modern social science since its inception. Almost all of the great social theorists, at one point or another in life, engaged in forecasting. This is not surprising. It is indeed quite natural that clever, curious people have wondered about the future of the system in which they find themselves. What is striking is that most of them, not just socialists and progressives, but also advocates of economic freedom, expressed varying degrees of skepticism about the survival of capitalism. The second interesting element is that these prophecies

never came true, and it is important to understand why. Forecasting, moreover, still continues, and this too requires an explanation. By reflecting on the way the end of capitalism has been imagined over the past two centuries, and by engaging in conversation with the forecasters, much can arguably be learned not just about social science, but about capitalism itself. This journey through unfulfilled prophecies therefore has two objectives. The first objective is to make sense of why forecasts fail and to find out what is wrong with them. The second objective is to use this information to improve our understanding of how capitalism works and what sustains it.

I started investigating capitalism about fifteen years ago, when I was still a doctoral student. Those were the years before the global financial crisis. The political and intellectual context of that decade seems very distant from the present one. Thinking back to those years so close in time but so far in mood, I feel like those writers who just after the First World War referred to the Belle Époque, which ended in 1914, as a lost world. Fortunately, unlike then, there is not much to regret about the recent past. We mistakenly believed that the problems of capitalism were, after all, still under control. My first book, a history of the idea of capital from the sixteenth century, was intentionally made to end in the 1970s. To an editor who tried to make me desist (for sales reasons) from this suicidal choice, I boldly replied that I was not interested in the past thirty years because the age of social classes and class conflict, which had begun with David Ricardo and Karl Marx, was over forever, along with the end of manual labor. A sin of youthful naivety? Of course it was. However, I cannot get the thought out of my head that in those years we were living under a dictatorship of optimism. The crisis did not give us lessons (no crisis has ever taught anyone how to avoid the next!), but it did at

least help us to look differently at the situation we had before our eyes. We understood that capitalism was still the great protagonist of our time. This extraordinary chameleon had managed to transform itself once again until it became almost unrecognizable. But now it was out in the open, and it promised to be an unpleasant presence.

Although it is the result of academic research, this book is aimed at a general readership. I hope, above all, that it will arouse the interest of those who, young or old, are driven by a strong commitment to social justice. The problems in dealing with capitalism now are the same as those encountered many times before; thus, being aware of the responses, and self-deceptions, of earlier generations can certainly help us put things into perspective. But even those who are fond of capitalism will find food for thought in the story I am about to tell, and in the implications that follow from it. Capitalism is destined to create troubles, and society will not accept to let itself be governed by capital. It has always managed to put limits on its excessive power and will continue to do so.

The book is compact in size and has a simple structure. It can, I think, be easily read from cover to cover following the order in which the chapters are presented, but those interested in specific themes or periods can orient themselves using the summary offered here. The first four chapters outline the historical narrative of unfulfilled prophecies from the nineteenth century to the present. They are followed by two chapters reflecting on the implications of this story. In these later chapters I wonder about what went wrong, or what is wrong, with attempts to predict the future, but also about the persistence of capitalism, trying to get to know more about its nature and its dynamics.

Chapter 1 takes us back to two centuries ago, to the exact point where these misadventures began. Around 1848, the year of the February Revolution in France, the term “capitalism” was born (the term “capitalist” had already been in use for quite some time). Along with this new concept, prophecies about capitalist and postcapitalist futures also emerged. Was this a coincidence? Of course not. During the middle of the nineteenth century, intellectuals began to realize that the world around them had changed to the point that the old categories were unsuitable for describing the new society. As soon as the existence of capitalism was recognized, these thinkers wanted to know when and how it had begun and how long it would last. Britain, which during the Victorian era was the engine of global capitalist development, was also the nerve center of forecasting activity in this period. The first part of our story starts here, with John Stuart Mill and Karl Marx as the two main protagonists. At the height of British industrialization, Mill believed that the growth potential of the capitalist economy was near to exhaustion, as it had already reached the limit of demographic and environmental sustainability. He thought that continuing on this path was neither possible nor desirable. He implicitly compared capitalism to a living being that could not escape ageing, but he saw this transience as an opportunity for moral progress. Once freed from the tyranny of need and unable to grow further, Mill anticipated, developed countries would be in an ideal position to pursue social justice. By contrast, Marx’s vision of the future of capitalism was not one of decline but of downfall. Capitalism would be swept away by the operation of the laws of motion that governed history. His argument was that the development of productive forces would make the property relations upon which capitalism rested obsolete.

However, he was not entirely clear about the mechanics of its collapse. At times he seemed to stress the tendency to chronic overproduction, at other times that of the profit rate to fall. To these factors he added the revolutionary role that would be played by a class-conscious proletariat. Marx was not naive and knew that there were other factors that worked instead in favor of capitalism, but his list was far from complete, and he actually misunderstood the effect of technology. He was also unable to anticipate that capitalism, for all the moral misery it created, would raise the living standards of the working classes and lead them increasingly to behave and think like the middle classes. The improvement in the living conditions of the working class was continuous from the end of the nineteenth century through the postwar period. It was this discrepancy between theory and reality that, at the turn of the twentieth century, led to the first doubts within Marxism and, a few years later, prompted the critique of a great liberal thinker like Max Weber. But in part, at least, Marx has been vindicated. Are not we talking today about the crisis of the middle class, the vanishing middle class, and so on? One may not trust Marx as a prophet, but, if we are to understand capitalism, it is hard to get rid of him.

By the time of the Great War, when Chapter 2 opens, Marxism had already split into two currents, one revolutionary and the other reformist. The first saw in the imperialist instincts that had caused the war the sign that capitalism had reached its last stage. They held that capitalism had exhausted all the margins of exploitation within the developed world and that even its ability to make profits in the colonies was quickly running out. War was the moment of truth, and what would follow would be either “socialism or barbarism.” By contrast, the reformist wing, which was the majority in Western Europe and would give rise to

modern social democracy, had stopped believing in the end of capitalism and was sure that the warring powers would eventually reach an agreement to share out any future wealth. The Russian Revolution opened up an unbridgeable gulf between these two souls of socialism.

Only a few years passed since the powerful shocks of 1914–1918 and the Western world was hit by the stock market crash of 1929 and the Great Depression, which in turn paved the way for the rise of Nazism. This sequence of economic and political upheavals ended, in a truly tragic way, with World War II. In such a turbulent period, the forecasting machine started to work again at a frantic pace. The more orthodox Marxists saw in the Great Depression the proof that Marx was right and that capitalism was on its way out. Other and less dogmatic analysts did not see anything irreparable in the crash. Market instability could be remedied by regulation and planning. Indeed, this was the path taken in both dictatorships and democracies. But the way in which the international New Deal was taking shape raised other doubts. What if, a growing number of people thought, this highly regulated monopoly capitalism was the prelude to the convergence between capitalism and Soviet collectivism? Against this background, the eccentric prophecies of two great soloists stand out. One was John Maynard Keynes, the other Joseph Schumpeter. Keynes predicted that around 2030 civilized peoples would lose their insane passion for capital accumulation and would dedicate themselves to the good life, which for him essentially meant spending afternoons in the company of Virginia Woolf and attending ballet performances. We still have about ten years to verify the correctness of the prediction made by this distinguished Englishman, but we can already doubt it. Schumpeter, for his part, believed that the end of capitalism would come at the hands of

the wicked intellectuals who were advising Franklin D. Roosevelt, whom he found guilty of wanting to take down capitalists on account of envy. Only an intellectual could overestimate so much the hold of his colleagues on politics and society!

In the postwar period, the trend toward the intensification of state intervention in capitalist economies continued, albeit in new forms. The accomplishments of social democracy and the Keynesian mixed economy seemed to be living proof that a middle way between capitalism and socialism was possible, and for a while the fatalism of the prophets of doom gave way to the pragmatic optimism of the welfare state architects. In almost all European countries, a nonaggression pact between the social classes was made with the blessing of the state. Workers accepted private ownership of capital, and capitalists agreed to pay to ensure the universal right of the citizenry to lead a dignified existence. The rationalistic dream of building the good society by means of political and economic technology appeared to be within reach. This happened while the advent of mass affluence on both sides of the Atlantic created a climate of general confidence in capitalism's ability to avoid new crises. But the urgency to divine the future came back in full force in the 1970s, when a decade of slower growth, high inflation, and unemployment put an end to social peace. This is the subject of Chapter 3. The signals of the sea change, in truth, had already manifested themselves in the second half of the 1960s, starting from the United States. In those years a malaise about the dark side of affluence grew. The more critical sectors of the public and the educated younger generations were unhappy with consumer society, as they felt it was producing a new form of alienation. Not only did they complain about materialism, but they also felt that their lives were being controlled by corporations through manipulation of

everyday choices. Finally, they repudiated the imperialist and neocolonial policies led by Western governments around the world, from Africa to Vietnam. These widespread feelings were given voice by Critical Theory, and particularly by the work of Herbert Marcuse. For cultural conservatives like Daniel Bell, the rise of the counterculture sounded instead like confirmation that capitalism was being undermined by its self-defeating values. Affluence had generated a hedonistic and largely antibourgeois spirit that was eroding the foundations of capitalist society. In the difficult economic circumstances of the 1970s, the uncertainty brought about by the transition to the postindustrial society precipitated a climate of distrust. Many doubted the ability of capitalism to survive in this changing environment, where all the anchors that had ensured postwar stability were missing. They came to the conclusion that, while the welfare state and the mixed economy had managed to pacify and stabilize capitalism for a while, they had not resolved its contradictions, which were now reemerging in the form of political contradictions. Capitalism, as Jürgen Habermas maintained, had managed to avoid economic crises by turning them into political crises, but as a result the state was now undergoing a legitimation crisis.

The mood changed again with the rise of the New Right in the 1980s and its slogan that there was no alternative to the status quo. But the new era was definitively confirmed when the disintegration of the Soviet bloc left critics of the existing order without a counterexample. This introduces the period covered by Chapter 4. The chapter opens with Francis Fukuyama's strong claim about the "end of history" in 1989 and closes with the debates that took place during the Great Recession and its aftermath. These were twenty years of formidable triumphalism. The almost absolute domination of neoliberal ideas and practices seemed to give

capitalism an unbreakable shell, blocking out all hopes of an anticapitalist future. Critics of the system had to seek refuge back in utopia, a genre that had fallen from grace during the Age of Revolution and since then had only made brief appearances. Capitalism was thought to be immortal, and people began speaking of it as an entity outside of time and space. It was said that it had even transcended itself, evolving into an enhanced and perhaps ultimate form. One of the oft-repeated arguments was that physical capital had lost much of its importance in the postindustrial society, while the now prevailing form of capital, being knowledge or information, tended to be less concentrated. The myth spread that everybody could be a capitalist and that proletarians were extinct. These catchphrases also lay at the core of the Third Way project, the political project of a new centrist élite eager to dispose of social democracy, which it depicted as an anachronistic response to the problems of the liquid society. While Bill Clinton's and Tony Blair's spin doctors extolled deregulation over public intervention and workfare over welfare, insecurity grew and inequality skyrocketed in societies that were polarizing into extremes. On top of that, finance turned into a dangerous bomb ready to explode. And the explosion, indeed, occurred.

After 2008 the winds of intellectual change shifted yet again. As expected, the financial crisis put the forecasting wheel back into motion. So it happened that, amid a thousand shades of caution, some authoritative social scientists did not hesitate to fix the date of the death of capitalism around 2040. After almost two centuries, we seem therefore to be back to square one, to Victorian-style apocalyptic prophesizing. But the crisis has also brought with it a more constructive lesson. It drew our attention to the fact that all the interpretations of postindustrial reality given since

the 1990s were wrong. In our society distributional conflict not only persists but tends to be exacerbated by the low growth rates that characterize the service economy. It follows that either the left finds effective tools to deal with it or its place will be taken by the populist right.

This brings us to the last part of the book, which aims to draw some conclusions on the nature of forecasting as well as on the functioning and possible evolution of capitalism. In Chapter 5 I perform what might be called an autopsy on prophecies. I investigate the general and specific elements that caused their failure, and the reasons why forecasters so often fall into recurrent thinking traps. I distinguish three orders of reasons. The first order includes limitations in human cognition, within which various types of cognitive distortion are highlighted. The second order is that of theoretical flaws, among which the underestimation of culture as a social force is undoubtedly the most important. The third one is the Enlightenment mind-set of modern thinkers. In the chapter I also deal with the relationship between social forecasting and utopia (dystopia) as alternative ways of imagining a counter-reality in accordance with our desires (fears). I show how, beyond appearances, there is some continuity between utopia and forecasting, as prophecies about the end of capitalism stem from a particular form of utopia: the search for a law of social evolution. The latter, in turn, is traced back to the belief in the power of reason and the tendency toward human progress that made its way into European culture from the late eighteenth century. Social thinkers were then convinced that, by applying reason to the study of history, it would be possible to grasp the lines of its future development. Having abandoned the idea that the golden age was behind them, they felt entitled to imagine that this development would, in general, bring good

things. So their expectations often ended up reflecting their desires. In sum, at the time of the French Revolution, the older utopian drive merged with the new idea of progress, and this step would shape the course of nineteenth-century intellectual history. When, in the twentieth century, the cast-iron certainties about the bright future of humankind were eventually shaken, faith in forecasting also began to falter. The totalitarian nightmares, the horrors of war, and the disappointments with actually existing socialism, but also the moral misery that capitalism continued to produce, made social critics increasingly disenchanted. No longer being able to count on anything but their own ever feebler hopes, they nevertheless remained on the lookout for signs of capitalist decadence.

In Chapter 6 I use, as it were, the report of this autopsy to offer an interpretation of capitalism as an economic and social system. After witnessing so many intellectual mishaps, one might be tempted to attribute extraordinary qualities to capitalism, as if it were its ability to adapt that allowed it to fool the doomsayers all the time. After all, hasn't capitalism come out of every crisis transformed? Hasn't it survived through change? Such an explanation, however, just like the typical arguments used to back catastrophic visions, would presuppose considering capitalism as an organism, like, say, a plant or insect. Albeit suggestive, this biological metaphor is not compatible with rigorous social theory. My sense is that capitalism is neither more nor less adaptable than other past and present socioeconomic systems. I just happen to think that the rise, endurance, and decline of these systems depend on conditions that transcend the features *inherent* in their fabric. Specifically, I argue that capitalism is sustained mainly by two deeper elements: hierarchy and individualism. Through the hierarchical structure of capitalist society, which is embodied in

what Antonio Gramsci would call the opposition between the ruling classes and the subaltern classes, the logic of domination that characterized social relations in antiquity and under the feudal system is replicated. Individualism, on the other hand, is the particular form taken by modernization in its Western variant, the outcome of a long process that began in the early modern period. It leads to human relations being based on contract rather than on solidarity bonds and means relying on the market to meet one's needs. These factors involved in capitalist reproduction are, indeed, eminently cultural. Those who have a materialist conception of history tend to think that cultural attitudes can be reversed by material progress. I do not believe that this is the case, and I will endeavor to justify this position in as much detail as possible.

Another implication of this book is that there can be no "inductive proof" of the future persistence of capitalism based on its past survivals and revivals. Indeed, the historicity of capitalism is the very proof of its mortality. Like all the products of history, one day capitalism will end, or rather slowly turn into a new system, and this will happen when the conditions that determined its origin two centuries ago have completely changed. But, apart from the fact that none of us will live long enough to see this novel system, we cannot place too much hope in the idea that it will be a better one. This is because capitalism has much in common with the even more brutal and unjust systems that preceded it, while the elements of novelty that characterize it will hardly regress to the point of disappearing.

At the end of my journey in social forecasting, I formed the conviction that trying to predict the future is more often a distraction from the difficulties of the present than an activity useful in improving the human condition. I say this with every

sympathy for thinkers who have kept me company for a long time and whose noble failures I have grown fond of. It is better to leave the future to astrologers and focus instead on what can be done here and now. There is not always much one can do, but what one can do is meaningful. If politics is the art of the possible, then what is possible *should* be done.

Sitting on the Edge of Apocalypse



FEW PERIODS IN MODERN HISTORY appear to have been as contradictory as the Victorian era. While steam power set in motion an inanimate army of looms and propelled trains along the tracks, a major upsurge in evangelicalism and millennialism was also taking place. The discoveries of geology and biology, along with the increased sense of control over the natural world brought about by industrialization, undermined traditional religion with two alternative outcomes: a revival of fundamentalism and a tendency to cling to revelation, or the outright rejection of revelation and its replacement by a secular religion of progress. On one side, one would find a return to biblical prophecy and apocalyptic themes in the sermons of preachers, on the other, the humanism of John Stuart Mill and the catechism of earthly salvation of Karl Marx.¹ These ambivalent attitudes toward modernity, paradoxical as they may be, made inroads not just into the intellectual sphere but also into the built environment.

Throughout Britain, the smoking chimney stacks of factories co-existed with a spate of new town halls whose spires and gargoyles looked back to a fanciful Middle Ages. Perhaps no other image captures the spirit of the time as well as that of London's St. Pancras station, a futuristic glass and wrought-iron building, and of its unlikely complement, the immense Midland Grand Hotel designed by George Gilbert Scott in the Gothic Revival style.

On 3 November 1859, next to a note reporting that on the previous day the Crystal Palace had received 962 visitors, the *Times* published a long review of the work of Edward Bishop Elliott, *Horae Apocalypticae*, a four-volume commentary on the Book of Revelation.² The reviewer aptly observed how Reverend Elliott's contribution belonged to a genre that was stirring great interest. "Books on the subject," he wrote, "are in great demand, and the supply apparently meets the demand." And he went on to offer an interpretation of this phenomenon:

The last 10 years, dating their beginning at the great European convulsion of 1848, have, without doubt, witnessed so many national complications, social changes, and individual sufferings—event has so rapidly thundered on event, and scene flashed on scene—so altered have the face of Europe and the relations of Cabinets become, and so unsettled is the European sky at this hour, that intelligent and sober-minded men, with no spice of fanaticism in their nature, have begun to conclude that the sublime predictions uttered on the Mount 1800 years ago are being daily translated into modern history.³

It was obviously a conservative interpretation of what was going on, but nonetheless not an unfounded one. The *Times*

writer, who seemed to share Edmund Burke's nostalgia for the good old days, sought in the rough waters of European politics an explanation for an essentially British vogue. Perhaps more realistically, the twentieth-century historian E. P. Thompson represented the Evangelical Revival as a reactionary force *within* nineteenth-century English society. According to him, it fulfilled the need to justify capitalist exploitation while, at the same time, re-creating community ties among workers that industrialization had destroyed.⁴

Be that as it may, the changing nature of prophecy during the Victorian era mirrors the self-reinvention of religion in response to the challenge posed by the spread of skepticism and unbelief. Sometimes used to show that recent historical events were steps toward the accomplishment of a divine plan, other times transferred to a worldly and purely metaphorical context, the genre of prophecy pervades the cultural production of the period, from fiction to poetry.⁵ Pouring from the pens of both ardent believers and secular writers, it could serve one or more of the following purposes: making sense of the dramatic societal changes of the times; warning against the dangers of the path taken; or reassuring that there would be consolation for present sufferings. In this sense, fantasies about the "seven trumpets" and the second coming of Christ, and speculation about the advent of a classless society, were not different in function. In both cases, at stake were the restoration of justice and the just rewards of the deserving at the end of the turbulent process of contemporary life.

The scientific transposition of prophecy, that is, its incorporation into social theory, was complete when teleology gave way to evolution as the key concept of nineteenth-century intellectual discourse. So in December 1859, Friedrich Engels got hold of a freshly printed copy of Charles Darwin's *Origin of Species* and immediately expressed his enthusiasm to Marx. One year later,

Marx had eventually gone through the book. He could write back to Engels that the work indeed laid “the basis for our views.” He reiterated this conclusion to Ferdinand Lassalle: Darwin’s discovery provided “a basis in natural science for the historical class struggle.”⁶ The theory was, however, not without shortcomings, starting with its “crude English method,” and moreover it could not be uncritically applied to the study of society. For Marx and Engels, what was unique about the human species, even prior to self-awareness, was its capacity to produce its own means of subsistence.⁷ But the evolutionary perspective had a fundamental advantage: it enabled the reformulation of dialectical materialism into a new language, conferring upon the historical process and its envisioned outcome the force of necessity.

Not All Crises Are the Same

The idea that the capitalist regime was unsustainable first emerged around the middle of the century. This was different from earlier ideas of economic crisis, such as concerns about periodic downturns, and even from the anticipation that growth would eventually come to a standstill. Both these ideas recur in classical political economy, the line of scholarship that, in the English-language tradition, can be traced back to the work of the eighteenth-century moral philosopher Adam Smith. Smith himself, who was notoriously optimistic about the power of the market to solve a wide range of problems, held that the economy of a country could be in a “progressive,” “stationary,” or “declining” state, the first “cheerful,” the second “dull,” the third “melancholy.”⁸ But he did not relate these stages to capitalism, a concept that was alien to him. Instead, he set them within a grand narra-

tive of the rise and fall of nations. He considered that this life cycle of nations, although ultimately bound to the consumption of natural resources, was influenced to a significant extent by the quality of political and economic institutions. The existence of natural limits beyond which the British economy could not expand was emphasized by Smith's followers, David Ricardo and Thomas Robert Malthus. However, it is one thing to suppose that an economy cannot grow further, but quite another to speculate about the extinction of the system of social relations upon which it rests and about its replacement by another system. Ricardo sensed that the experience of scarcity would exacerbate social conflict, yet he was far from believing that a reversal of the existing order was possible.

Thinking about the end of an economic and social system requires, first of all, an awareness of the existence of such a system. This is not a trivial fact. It entails some consciousness about time and place so that comparisons can be made with other systems in the past and in the present. History shows that such a consciousness usually develops in times of great change. When people experience the same routine every day, and no major innovation occurs in their environment, they are easily led to believe they are living in a motionless world. But at some critical junctures in human history time seems to accelerate, as with the French Revolution or the Industrial Revolution. Well-known social scientists such as Pierre Bourdieu have reflected on these different perceptions.⁹ Intellectual historian Reinhart Koselleck even coined a specific term to describe the new sense of time brought about by modernity. In the bitterly beautiful German language this takes the name of *Verzeitlichung*, which can be translated as "temporalization."¹⁰ So in *The Old Regime and the Revolution* (1856), Alexis de Tocqueville could speak of an "old"

or “former” regime, whose feudal roots he dissected, precisely because he felt that the Revolution had created a trauma in French society.¹¹ Nobody knew it better than him, as he belonged to an aristocratic family that had miraculously escaped the guillotine. But the expression *ancien régime* entered common use just a few months after the storming of the Bastille.¹² In the field of economic life, the perception of change was somewhat slower, for the great trauma of modernity—the Industrial Revolution—was a process, not a series of events, and it developed over a century at least.

The first to develop a consciousness of a new economic regime are usually the critics of such a regime, and their awareness typically takes the form of denunciation. British economists, however, were not very suitable for this role, as they were the advocates of the rising bourgeoisie, whose interests they defended both against the claims of aristocracy and against those of the working class. We should therefore look elsewhere. In Victorian Britain, social criticism was most often carried out by literary writers, who were divided by ideology but united by a common uneasiness with the times. One does not even have to wait until Charles Dickens (for who could deny that *Hard Times* is a novel about capitalism?).¹³ Earlier on, the scathing words of the Romantic essayist Thomas Carlyle shook public consciousness. His “Signs of the Times” (1829) suggests an interesting connection between the momentous changes in the economic and social sphere and the concurrent prophetic revival. The convulsions of a society that was falling to pieces as the “mechanical age” advanced, he noted, stirred the “fartidical fury” of prophecy. He likened the religious fanaticism of evangelical Millenarians to the hedonism of the Utilitarians. And he mentioned as a champion of the latter approach the young John Stuart Mill, who was still under the influence of Jeremy

Bentham. Both religions were making converts, so that “the casual deliration of a few becomes, by this mysterious reverberation, the frenzy of many. . . . The one announces that the last of the seals is to be opened, positively, in the year 1860; and the other assures us that ‘the greatest-happiness principle’ is to make a heaven of earth, in a still shorter time.”¹⁴

The Germans Marx and Engels, who launched against capitalism the most radical theoretical attack, settled in England in 1849 after long stints in Paris and Brussels, where they had engaged in journalism and political activism. Marx’s background was shaped to a significant extent by the controversy over the desirability of “bourgeois society” that had been raging in Germany since the time of G. W. F. Hegel. The other fundamental steps in his intellectual formation were his reading of the utopian socialists, of the Swiss economist J.-C.-L. de Sismondi, as well as his acquaintance with the ideas of the French socialists Louis Blanc and Pierre-Joseph Proudhon, whom he had met in Paris. These authors identified either the early signs or some important aspects of the new capitalist regime.

Hegel and the Hegelians, both right- and left-wing, had no concept of capitalism, but they had a theory of the bourgeoisie.¹⁵ Their problem was to determine whether the encounter of German values with Western economic individualism—what Montesquieu had called the civilization of *doux commerce* or “gentle commerce”—was a good thing or not. It certainly cannot be said that they were familiar with modern industry. The same applies to those early nineteenth-century authors who wished to achieve a better society by practical experiments, building artificial societies on a small scale. They were such visionaries as Charles Fourier, Robert Owen, and Henri de Saint-Simon, all known as utopian socialists. “The utopians,” Engels rightly wrote,

“were utopians because they could be nothing else at a time when capitalist production was as yet so little developed. They necessarily had to construct the elements of a new society out of their own heads, because within the old society the elements of the new were not as yet generally apparent.”¹⁶

By contrast, Sismondi, the theorist of capitalist crises, was already fully immersed in modernity. In the preface to the second edition of his *New Principles of Political Economy*, from 1827, he wrote: “The study I have made of England has proven to me the validity of my *New Principles*. I have seen in that amazing country, which seems to go through a great trial for the instruction of the rest of the world, production increased while happiness decreased.”¹⁷ This “great trial,” for which Sismondi did not yet have a name, seemed to be based on a substantial confusion between the ends of a good life (happiness) and the means to achieve it (wealth), the English having sacrificed to the accumulation of wealth any other reasonable goal. Hence the peace of all social classes was being threatened by a widespread sense of instability, which was strongest toward the bottom of the social ladder:

The English nation has found it more economical to give up crops which demand much manual labor, and she has discharged half the cultivators who lived on the land; she has found it more economical to replace workers with steam engines, and she has dismissed, then rehired, then dismissed again, the workers in the villages; . . . she has found it more economical to reduce all workers to the lowest possible wages on which they can still subsist. . . . She has found it more economical to feed the Irish with nothing but potatoes, and clothe them in rags, and now every packet boat brings legions of Irish who, working for

less than the English, drive them from all employments. What are then the fruits of the immense accumulation of wealth?¹⁸

All this can be found in Sismondi, including the use of the term “proletarians” to describe the working poor with large, hungry families, and the awareness that capitalism produces economic downturns, frustration, and moral misery. Sismondi’s main concern thus lay in the following paradox: Why were the English persisting in applying Adam Smith’s fallacious recipes, despite the dubious outcomes of their experiment? *New Principles*, being one of the earliest advocacies of public intervention in the capitalist economy, wanted to offer constructive criticism.

The word “capitalism” was coined around the middle of the century by Louis Blanc and Pierre-Joseph Proudhon, who both had a role in the French Revolution of 1848.¹⁹ Being hostile to violence, they were committed to realizing socialism by pacific means: politics in the case of Blanc and economic action in that of Proudhon. Blanc fought for the recognition of the universal right to work to counterbalance the harm that private property, combined with competition, was causing to the weaker members of society. Proudhon mistrusted state intervention and was more inclined to anarchism. Hence, he advocated mutualism. He thought that only an economic system founded on reciprocity could strip capitalists of the monopoly on the means of production and banks of the monopoly on credit while, at the same time, escaping the tyranny of state ownership.²⁰ In his capacity as a member of the provisional government of the Second Republic, Blanc promoted the establishment of publicly funded workers’ cooperatives. Proudhon, on the other hand, sought to establish by himself a “people’s bank,” a credit union that was to

grant interest-free loans. Both experiments failed. The end of the Second Republic at the hands of Louis Napoleon confirmed Marx in his conviction that the proletariat could not achieve socialism by coming to terms with the bourgeoisie. As he argued in *The Eighteenth Brumaire*, such an attempt could not but end in “farce.”²¹ The lesson to be learned was that it was pointless to try to alter the course of history. One just had to comply with it. In time, history would take the proletariat and the bourgeoisie to their final reckoning.

John Stuart Mill as a Critic of Capitalism

Compared to Marx, John Stuart Mill was a more benevolent critic of capitalism. For him, the private-enterprise economy was responsible for producing horrible inequalities, but such inequalities had not been less severe in earlier times. Moreover, it had generated the extraordinary wealth of which Victorian society (or, at least, its more privileged sections) could benefit. Capitalism, in sum, had serious problems but also the potential to create welfare. It deserved another chance. It could, and should, be properly reformed, so that the distributive distortions that affected it would be minimized. In this way, the entire society would be able to reap its fruits.

The attitudes of Mill and Marx are as different as their personalities, their social backgrounds, and their centrality or marginality to the British power system. As John Kenneth Galbraith observes with a hint of sarcasm, “Mill . . . was no revolutionary; libraries were not and are not at risk from having his *Principles* on their shelves.”²² Mill was a member of the English élite and, like his father James, a senior official in the East India Company.

Marx was an outsider to this society and an intellectual maverick: born to a German middle-class Jewish family converted to Lutheranism, he was condemned by his radicalism to a life in exile and was burdened by debt. Again, Mill's education had been informed by the principles of Bentham's utilitarianism, whose more deleterious aspects he later rejected. By contrast, Marx can virtually be regarded as a rebellious disciple of Hegel. As such, he had replaced the master's "Absolute Idea" with the great intramundane force of human history. Like the Left Hegelians, he had retained the dialectical method while "dethroning the self" in Hegel's philosophy.²³

Although not a revolutionary, Mill was a sensitive man. The young optimist ridiculed by Carlyle over the years became increasingly uncomfortable with Bentham's social philosophy—a philosophy of individual self-fulfillment substantially unconcerned with the fates of the less advantaged—and ever more attentive to the social evils of his time. He could no longer put up with the hypocrisy of the Benthamites, who insisted on ascribing failure to succeed in life to weakness of individual character and personal moral flaws. He did not miss a chance to denounce the near-enslaved conditions of the proletariat. His reformism was born out of this internal conflict. It was not without its hesitations and contradictions, but it was nonetheless authentic. Indeed, if Mill acknowledged the merits of capitalism, he made no bones about the fact that, as it was, the system was unacceptable. As he wrote in 1852 and repeated in the later editions of *Principles of Political Economy*: "If . . . the choice were to be made between Communism with all its chances, and the present state of society with all its sufferings and injustices; if the institution of private property necessarily carried with it as a consequence, that the produce of labour should be apportioned as we now see it, almost

in an inverse ratio to the labour . . . ; if this or Communism were the alternative, all the difficulties, great or small, of Communism would be but as dust in the balance.” Yet, he was quick to add: “But to make the comparison applicable, we must compare Communism at its best, with the régime of individual property, not as it is, but as it might be made.”²⁴

The chapter from which these quotes are drawn, “Of Property,” is well known as one of Mill’s most tormented writings. From its first edition in 1848 to the seventh in 1871, it went through countless rounds of revision and rewriting. The most notable change in tone (although without substantial implications) occurred in the third edition in 1852. The change was partly due, as Mill himself would explain in his *Autobiography*, to a deeper study of the issue, and partly to the new political mood that was emerging in the wake of the French events of 1848. He now expected his readership to be “more open to the reception of novelties in opinion.”²⁵ Until then, he had been dismissive about “communism.” He deemed it to be impracticable in a modern society, as it would suppress the incentives that drive people to produce and to care about the quality of what they produce. Communism also appeared to him undesirable. It would make the rich poorer without making the poor richer and, in the long term, would lead to a downward leveling of moral qualities.²⁶ From 1852 onward, on the other hand, he made it clear that his skepticism was not caused by an absolute distrust in the possibilities of such a system. He rejected the most common preconceptions about it. It was not true, he maintained, that communism would encourage laziness and opportunism. Nor would securing the subsistence of each family necessarily lead to irresponsible reproductive behavior and unchecked population growth. Even the difficult problem of how to distribute the workload between the members of society, seeing

that both jobs and skills were different and not easily comparable, could be overcome by “human intelligence, guided by a sense of justice.” The decisive argument for turning down communism in favor of a reformed capitalism was moral in nature and had to do with the preservation of human liberty. “After the means of subsistence are assured,” Mill observed, the desire for liberty “increases instead of diminishing in intensity.” It was impossible to know a priori “how far the preservation of this characteristic would be found compatible with the Communistic organization of society.”²⁷

But what did communism mean to Mill? He was somewhat vague on this point. The distinction between “communism” and “socialism” seems to lie in how far they go in the pursuit of equality by means of wealth redistribution. For example, Mill called both the utopian Owen—the father of New Harmony—and the pragmatic Blanc “communists,” accusing Blanc of preaching the slogan “from each according to his ability, to each according to his needs.”²⁸ In the unfinished *Chapters on Socialism*, written around 1869, he somewhat rehabilitated Owen but kept rebuking Blanc for being willing to destroy the existing system and creating chaos “in the hope that out of chaos would arise a better Kosmos.”²⁹ By contrast, he described as socialists those who accepted some inequality as long as it did not result from chance but from meritocracy, or because it was the price that had to be paid for the pursuit of a greater good. Between radical alternatives and the path of moderation, Mill clearly preferred the latter. He noted, again after 1852, how “the word Socialism . . . is now, on the Continent, employed in a larger sense,” not to suggest “the entire abolition of private property” but rather the possession of the means of production by communities and associations.³⁰ So where did Mill’s sympathies lie? His praise went to the admittedly “defunct”

Saint-Simonianism and, above all, to Fourierism, with its anachronistic small-scale community experiments.

One may wonder why a man of Mill's intelligence could rely on the application of ideas that others did not hesitate to call eccentric. The answer was because they did not question private property, nor did they oppose individualism—on the contrary, they promoted ambition and rewarded merit.³¹ More important still, they did not threaten to transform the state. This is made clear in *Chapters*, which emphasizes the danger that socialists might take control of the state to transform the social order and steer the economy. It appears paradoxical that, still toward the end of his life, Mill showed he thought Charles Fourier's *phalanstères* (self-sufficient collectives) to be a viable means to social reform. Fourier, he explained, had pioneered a path that “has the great advantage that it can be brought into operation progressively, and can prove its capabilities by trial. It can be tried first on a select population and extended to others as their education and cultivation permit. It need not, and in the natural order of things would not, become an engine of subversion until it had shown itself capable of being also a means of reconstruction.”³²

Eventually, after rejecting radical socialists and giving a hearing to the harmless followers of Fourier, Mill concluded that it was best to keep capitalism and improve it. After all, he argued, “the principle of private property has never yet had a fair trial in any country.” The present distribution of ownership was the result of “conquest and violence” perpetrated many centuries before—a thesis surprisingly close to Marx's notion of primitive accumulation. But another property regime was possible, one not based on force or privilege but on individual merits and industriousness. Embracing it would put an end to the growth of inequality.

Mill seemed to imply that the principle of natural law whereby private property finds its justification in labor, as put forward by John Locke, had remained an empty formula. In order to put it into practice, equality of opportunity was needed. The main tools for realizing it were the taxation of inherited wealth and universal education.³³ This is an argument that would recur time and again in the twentieth century. In the late 1970s it was most notably re-discovered by Ralf Dahrendorf.³⁴ The problem with this way of thinking, which may be termed social liberalism, is that equality of opportunity, unlike equality of result, is a vague and perhaps chimerical concept. Even in the most perfect of countries, where individuals had equal access to education, discrimination did not exist, and any differences in family background had been rendered irrelevant, the unequal distribution of intelligence at birth could not be changed.

Given Mill's conviction that social justice could be pursued in a liberal state, which would not interfere too much with private initiative, he saw in the coming of the "stationary state" an excellent opportunity to realize this ideal.

A World without Bustle

When Mill published his *Principles*, around the middle of the nineteenth century, he felt that an age of unprecedented material progress, which coincided with the Industrial Revolution, had reached its zenith. This progress left serious distributional problems open, but it was nevertheless undeniable. Wealth had increased, population had grown, techniques had advanced. Mill, moreover, had an unflinching faith in the capacity of the human spirit to improve itself, a faith he shared with his contemporary

and correspondent Auguste Comte, although their philosophical views diverged in many other respects.

Even so, Mill was far from thinking that the growth of wealth could last forever. In this sense, he appears to be less modern than many others who came after him and extolled a future of ever greater prosperity, namely, the prophets of self-sustained economic growth. Or perhaps he was more modern than them, since these certainties have been regularly challenged over the past fifty years. In fact, Mill continued to maintain that economic progress was fated to end in a “stationary state of capital and wealth.” It would not be a matter of regress or decline, just a gradual slowdown of growth, as we would call it today, until wealth reached an upper limit. This limit, however, would be compatible with reasonably high living standards, much higher than those experienced before industrialization.

Here lies the main difference between the “stationary state” envisaged by Mill and the one conjectured by earlier writers of political economy, such as Smith, Ricardo, and Malthus. Smith thought not only stagnation but even decline was a concrete possibility, and therefore he wished that the “progressive state” could last as long as possible. But he was quite resigned to the fact that competition between capitalists would eventually push profits down, causing a fall in investment. For his part, Malthus, who saw population emerging from its preindustrial demographic regime, feared two simultaneous dangers, one old, one new—overpopulation and underconsumption. Ricardo held the view that, in such a situation of finite resources and growing population, rents would inevitably erode profits, bringing growth to a halt.³⁵

Mill was largely free from these apprehensions. At the peak of the Victorian era, it seemed to be out of the question that living

standards might regress to preindustrial levels. Population and resources had found a new equilibrium in a country that was wealthier and more populous than ever before. Yet this very country was troubled by the coexistence of extreme wealth and extreme poverty; by the destruction of nature, sacrificed on the altar of mechanized production; and by the degradation of human life. Dickens's "children of man," Ignorance and Want, roamed the streets of British slums. They were everywhere. Mill conceded that industrial growth "may be a necessary stage in the progress of civilization," so that every nation might have to go through it.³⁶ But he believed that in Britain, at least, this stage was coming to a close. The advent of the "stationary state" could perhaps be delayed, but it could not be avoided. Hence he wondered: "When the progress ceases, in what condition are we to expect that it will leave mankind?"³⁷ Nor did he pose this question in the abstract. In other words, he did not treat the exhaustion of material progress as a technical problem but instead as one closely related to the fate of capitalism.

"I content myself with enjoying the world without bustle; only to live an excusable life, and such as may neither be a burden to myself nor to any other." So wrote Michel de Montaigne in his *Essays*.³⁸ This was also Mill's state of mind before the prospect of the "stationary state." After reflecting on its inevitability, he explained that the stationary state was not to be dreaded but welcomed with a certain relief: "I confess I am not charmed with the ideal of life held out by those who think that the normal state of human beings is that of struggling to get on; that the trampling, crushing, elbowing, and treading on each other's heels, which form the existing type of social life, are the most desirable lot of human kind, or anything but the disagreeable symptoms of one of the phases of industrial progress."³⁹

The stationary state would represent “a very considerable improvement” on the present state of affairs. An advanced economy, Mill thought, cannot expand beyond its physical limits. But it does not need to grow further, because it is already able to produce enough wealth to satisfy the needs of the entire society. For this to happen, however, two conditions must be met. The first is that men and women learn how to procreate responsibly to ensure a balance between total population and wealth (here Mill was anticipating something that, by the mid-twentieth century, would indeed occur almost everywhere in the West). The second and more important condition is that wealth should be redistributed—not at random, though, but based on a justice criterion: everyone must be given the same chances in life. Here, again, we come across equality of opportunity. Wherever both conditions were fulfilled, “society would exhibit these leading features: a well-paid and affluent body of labourers; no enormous fortunes, except what were earned and accumulated during a single lifetime; but a much larger body of persons than at present, not only exempt from the coarser toils, but with sufficient leisure, both physical and mental, from mechanical details, to cultivate freely the graces of life.”⁴⁰

The issue comes full circle, but Mill’s hopes went beyond that. The situation to which the stationary state might hopefully lead was for him “that in which, while no one is poor, no one *desires* to be richer, nor has any reason to fear being thrust back, by the efforts of others to push themselves forward.”⁴¹ This also implies that he had a change in the sphere of values in mind. In fact, Mill saw the “struggle for riches” of Victorian society as nothing but the continuation of the more primitive “struggle of war” by other means. It was a little step forward but one still encumbered by a barbaric heritage. The process of psychological change that was

to parallel the achievement of economic maturity was not meant as a mere process of adaptation to better material conditions but as the product of an autonomous, albeit concurrent, moral advancement. Progress was thus understood by Mill to be the progressive attainment of the “best state for human nature.”

Mill knew that the stationary state was not necessarily going to materialize anytime soon. Even a fully developed economy such as that of Britain still had some margin for further expansion. Yet he wished the nation to be wise enough to take a step back before being forced to do so. In this respect, he emphasized the other impending danger faced by Victorian society—the ecological threat. He saw no reason why greater population density should be desired at the expense of the natural environment. He also believed that environmental degradation was having a negative impact on human psychology. “It is not good for man to be kept perforce at all times in the presence of his species,” he noted. “A world from which solitude is extirpated, is a very poor ideal.” To elevate their thinking, humans need moments of quiet contemplation of “natural beauty and grandeur.” And he went on with a warning which, for once, sounds truly prophetic in hindsight: “Nor is there much satisfaction in contemplating the world with nothing left to the spontaneous activity of nature; with every rood of land brought into cultivation . . . ; every flowery waste or natural pasture ploughed up, all quadrupeds or birds which are not domesticated for man’s use exterminated as his rivals for food, every hedgerow or superfluous tree rooted out, and scarcely a place left where a wild shrub or flower could grow.”⁴²

If the stationary state entailed neither the end of the progress of civilization nor that of human flourishing, it was at the same time independent of the course of technological progress. Such progress, freed of the constraints posed by the pursuit of economic

growth, would be channeled toward a nobler end, shortening work hours and easing the daily toils of human beings, particularly of the working classes.

Summing up, Mill did not wish for the end of the regime of private property, but he did wish for its restriction in the name of intergenerational justice. He reckoned, furthermore, that the right time to achieve this would be when both the motive and the physical possibilities of capital accumulation had been exhausted. It is true that Mill never employed the term “capitalism,” which was probably too much of an abstraction for a British author. Yet it is questionable whether a system where private property persists, but where capital accumulation is no longer, might be called capitalist.

The Young Marx: History as Class Struggle

Marx’s thesis on the downfall of capitalism predates his masterpiece, *Capital*, and follows directly from his philosophy of history. In the preface to *A Contribution to the Critique of Political Economy* (1859), he argued that the engine of history is the dialectic between productive forces and relations of production. When productive forces reach a certain level of development, they come into conflict with the existing relations of production, that is, with the specific property relations in whose framework they have been operating. “From forms of development of the productive forces,” Marx continued, “these relations turn into their fetters. Then begins an era of social revolution.”⁴³ Change, therefore, originates in the “economic foundation” or “base” of society, to reverberate later at a higher level and transform the “superstructure” of political, cultural, intellectual, and religious life.

Marx used this model to explain the transition from the ancient mode of production and society based on slavery to the feudal system, and from feudalism to the capitalist and bourgeois system of his day. At the same time, he announced that the capitalist mode of production was already unleashing the antagonistic forces that were to overthrow it. Compared to earlier transitions, however, the end of capitalism would represent an unprecedented discontinuity: it would create the conditions for the definitive “solution” of the contradictions that had marked the “prehistory of human society.”⁴⁴

In *The Communist Manifesto* (1848), Marx and Engels had already sketched this picture, although in a less detailed manner. They maintained that the bourgeoisie, the new ruling class, was about to be dethroned by the proletariat because it was unable to control the giant production-and-exchange machine it had set into motion. The bourgeois relations of production were becoming obsolete vis-à-vis a productive capacity that was expanding beyond any expectations. This was demonstrated by the economic crises that had repeatedly followed one another over the previous few decades: “In these crises,” Marx and Engels wrote, “there breaks out an epidemic that, in all earlier epochs, would have seemed an absurdity—the epidemic of over-production.” The bourgeoisie, then, sought to foil the revolt of productive forces in various ways. Depending on the circumstances, this was done either by containing productive capacity or by conquering new markets or again by intensifying the exploitation of old ones. But each of these strategies proved counterproductive, “paving the way for more extensive and more destructive crises.”⁴⁵

Not only would capitalism be struck by the same weapon with which it had once killed feudalism; it would die at the hand of an actor it had itself created. This was the proletariat, a social class

that did not exist before the separation of the workers from the means of production and their transformation into “appendage[s] of the machine.”⁴⁶ The size of the proletariat was increasing rapidly as a result of industrial growth and also because the lower middle classes (small tradespeople, independent handicraftsmen and peasants, and so on) were slipping away, overwhelmed by the competition of powerful capitalists and by the standardization of production. The emergence of this greater proletariat, whose members were united by their miserable living conditions, facilitated the development of class consciousness and the formation of unions. The bourgeoisie was forced to provide them with education, through which they would acquire additional weapons to carry their struggle forward. The proletariat represented, therefore, the new “revolutionary class.” But unlike the revolutionary movements that had preceded it, which were “movements of minorities, or in the interest of minorities,” the proletarian movement was the “movement of the immense majority, in the interest of the immense majority.”⁴⁷ This fact, as Marx would make clear in *Capital*, was of great importance in predicting the duration of the forthcoming revolution. The abolition of capitalist property and its transformation into “socialised property” would be a much shorter process compared with the process that had led to the incorporation of small ownership based on personal labor into capitalist property: “In the former case, we had the expropriation of the mass of the people by a few usurpers; in the latter, we have the expropriation of a few usurpers by the mass of the people.”⁴⁸

The Thesis Reformulated

The mature treatment of the prophecy is found toward the end of volume 1 of *Capital* (1867), culminating in chapter 32, on the

historical tendency of capitalist accumulation. The premise for it is the “general law” put forward in chapter 25, according to which capitalist development goes hand in hand with the deterioration of the living conditions of the proletariat.

For Marx, capitalism rests on exploitation. By separating workers from the means of production and from the product of their labor, the capitalist appropriates a part of the value they produce—the “surplus value.” Another way to put it is that workers are underpaid, as their wages do not match the quantity of labor supplied. Capitalists are always on the lookout for ways to increase surplus value, and, moreover, they are subject to the pressures of competition. Both reasons lead to an intensification in the use of machines in production, resulting in a rise in the ratio of machinery to total capital and greater unemployment. Competition, however, is inexorable, claiming exploiters among its victims too. A growing number of small entrepreneurs succumb and suffer the same fate as wage workers. The natural growth of population further expands this “industrial reserve army” of unemployed people. The reserve army is an offspring of accumulation, but, at the same time, it serves its needs, as it supplies the system with “a mass of human material always ready for exploitation.”⁴⁹

Within this overall dynamic, two phenomena are particularly relevant. The first, which Marx calls the “centralisation of capitals,” is due to the powerful forces of competition and credit. In a market economy, firms have to grow in scale to finance their operations, pursue technological innovation, and contain costs and prices.⁵⁰ The second phenomenon is the immiseration of the proletariat, a concept that in *The Communist Manifesto* seemed to imply the actual impoverishment of the working classes. In *Capital*, Marx made clear that this “accumulation of misery,” being the counterpart of the accumulation of capital, was not to be meant as absolute impoverishment, or even necessarily as a

material condition, but resulted mainly from the “agony of toil, slavery, ignorance, brutality, mental degradation,” all of them by-products of alienation. “As capital accumulates,” he wrote, “the lot of the labourer, be his payment high or low, must grow worse.”⁵¹

At this point Marx’s theory of value and his analysis of capitalist accumulation meet his materialist philosophy of history. Just as all previous modes of production were undermined by the productive forces that developed within them, capitalism too embodies its antithesis. The seed of its self-destruction lies in its expropriational character. This feature, which once enabled capitalism to establish itself by dispossessing the worker of the means of production, in the long term turns against it. While nascent capitalism produced the negation of individual private property, mature capitalism produces the negation of capitalist private property. This does not mean, however, that its downfall will turn history back to a precapitalist, postfeudal epoch. The “negation of negation” will not restore private ownership based on labor but will lead instead to the ultimate overcoming of any form of private property.⁵²

When would this happen? Marx did not offer actual dates, but he did provide a precise indication of the sequence of necessary preconditions. The socialization of production had to reach such a critical mass as to make intolerable the contradiction between the social production of wealth and its private appropriation that is latent in the capitalist system. The increased scale of production and advanced division of labor, the adoption of complex machinery with high fixed costs, and the imperative of technological innovation—all this was leading toward the centralization of the means of production and the organization of labor based on cooperation. The need to absorb growing production, in a regime where overproduction crises were always lurking, was pushing in

the same direction. This realization prompted Marx to forecast “the entanglement of all peoples in the net of the world market” and the globalization of the capitalist regime.⁵³

The centralization of capital, which represents the true “immanent law” of capitalist production, would spark among the capitalists a fight for survival. And since “one capitalist always kills many,” eventually most of them would go bankrupt and become proletarians. A system where an enormous production potential coexists with an enormous mass of people deprived of purchasing power could clearly not be sustained for too long. Yet, for Marx, the final crisis was not to follow mechanically from inequality or market imbalance, however extreme these problems might be. It would be brought into being by the proletariat as an active subject endowed with class consciousness. The proletariat, as a result of its participation in capitalist production, would grow into a “disciplined, united, organised” force and eventually rebel against the logic of surplus-value extraction. It would thus accomplish the fate in store for it, namely, to dismantle the capitalist relations of production. As the most famous passage in chapter 32 reads: “Centralisation of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated.”⁵⁴

Falling Profits?

In this broad framework we should situate Marx’s thesis of the tendency of the rate of profit to fall, as outlined in the posthumous volume 3 of *Capital*.⁵⁵ Many have succumbed to the temptation to

reduce Marx to this formula. Sometimes expressed in simple algebraic terms, it has become the $E = mc^2$ of Marxian economics, or even a shorthand for “Marxism for dummies.” Nothing could be more misleading. This particular thesis merely represents a corollary to the prophecy. Nor is it Marx’s most original intuition, although it had been swirling around in his head since the preliminary sketch of his critique of political economy, the *Grundrisse* of 1857–1858.⁵⁶ The idea, indeed, comes directly from Smith and Ricardo. But while their prognoses may be similar, their interpretations of causes diverge. Smith believed that the tendency of profits to diminish was the inevitable consequence of competition in a modern market economy. Ricardo, who otherwise blamed rentiers for the troubles of capital owners, attributed it to the natural limits that economic growth could not overcome. For Marx, on the other hand, the falling rate of profit had to do with all these things, but it ultimately depended on a deeper problem: capitalists pursue profits through capital accumulation—and they are partly forced to do so by the inner logic of the system—but this strategy turns out to be a contradiction in terms.

It follows from Marx’s theory of value that the rate of profit can be increased by an increase in the rate of workers’ exploitation (that is, the rate of surplus value), while it declines when the amount of machinery employed in the production process increases. To make more profits and keep their competitors at bay, capitalists must expand the size of their firms. They will initially do so by investing in both labor and machinery. The fact that workers are recruited in competitive labor markets, however, has an unpleasant consequence. When labor is in higher demand, the reserve army of the unemployed shrinks, and wages rise. The rise in wages brings the rate of exploitation down, thus affecting the

rate of profit. A further source of troubles for entrepreneurs is the competition they face in commodity markets, which drives production costs up. To all these difficulties they react by substituting machinery for labor. It is almost an automatic reflex, and it is a fatal one. Not that there is a right way to fix such problems—capitalists are, indeed, caught in an impossible dilemma. Thus, by replacing workers with machines, they jump out of the frying pan into the fire and intensify the tendency of the rate of profit to fall.

Marx acknowledged the existence of “counteracting influences” that would check the fall of profits. He also conceded that, given the massive amounts of labor and fixed capital set into motion by the industrial development of the mid-nineteenth century, one should have rather wondered “why this fall is not greater and more rapid.”⁵⁷ His conclusion was that, in fact, there was still much room for increasing the rate of exploitation, and many ways to do this. But he did not always look in the right direction. For example, he argued that employers were likely to lobby successfully to enforce a longer working day. As we know, the reverse happened. At the same time, he underestimated the role that technological progress was to have in reducing the cost of machinery. It should be borne in mind that Marx wrote at the end of the age of the textile industry and iron making. It would certainly be anachronistic to expect him to anticipate the world of applied chemistry and electricity. Yet it is significant that, whenever he thought of technological development in his own day, all he saw was a force that was working against the interests of the capitalist class.

Since the late nineteenth century, Marx’s critics and his more dogmatic apologists alike have paid disproportionate attention to his conjecture on the rate of profit. This is partly understandable. Unlike the general prophecy of capitalist downfall, which remains

somewhat undetermined, the profit rate is a concrete, measurable thing. And the fact that it was not going in the direction envisaged by Marx was hard to ignore. But the contrast with reality does not seem to be the only reason behind so much interest. In fact, the falling rate of profit is the *pièce de résistance* of an interpretation of the Marxian system that we might call production-centered. According to this interpretation, failing profitability was, for Marx, the main cause of capitalism's eventual collapse. Since the rate of profit thesis rests on Marx's theory of value, the theory of value is attacked to show how Marx's entire construction—encapsulated, as it were, in the rate of profit thesis—is logically flawed. The first to use this line of argument was the conservative economist Eugen Böhm-Bawerk in 1896, and similar claims are still repeated in popular accounts.⁵⁸

Marx believed that the value of commodities depends on the quantity of labor they embody. Yet any attempt to deduce market prices from “values”—the so-called transformation problem—has failed, beginning with Marx's own attempts. Orthodox economics could thus easily maintain the alternative thesis that prices are determined by the relation between the utility and scarcity of goods. It is clear that if labor is not (the only element) involved in the process of valorization, the possibility of profits being affected by exploitation, on the one hand, and by the substitution of machinery for labor, on the other, becomes much less plausible. But critics who overfocus on these aspects miss the point. The conclusion that prices can (entirely or in part) be explained in terms of utility and scarcity does not disprove the claim that exploitation and the appropriation of surplus value underlie the wage-labor relation. Indeed, a modern Marxist can argue that “workers . . . do not create *value*, but they create *what has value*. . . . What raises a charge of exploitation is not that the

capitalist gets some of the value the worker produces, but that he gets some of the value *of what* the worker produces.”⁵⁹ Nor does modern price theory disprove the tendency of inequality to grow in the capitalist system. This tendency, which eventually results in the exacerbation of the conflict between a few privileged individuals and an army of dispossessed people, lies at the heart of Marx’s analysis and has little to do with the rate of profit.

In the twentieth century, the American Marxist Paul Sweezy pointed to a way out of this deadlock by giving up the profit rate thesis and bypassing Marx’s theory of value. In *Monopoly Capital*, written with Paul Baran, he observed that Marx’s conjecture might have been consistent with the competitive capitalism of the Victorian period but certainly did not fit with twentieth-century monopoly capitalism.⁶⁰ While in the former context firms were “price takers,” that is, they were at the mercy of market forces, in the latter giant corporations were “price makers”—they had the power to impose market prices that were compatible with their need to make profits.⁶¹ If there was still any room for competition, this was not over prices but over technological innovation. Trained in mainstream economics, Sweezy put aside the concept of surplus value and talked only about “surplus,” defined as the “difference between total social output and the socially necessary costs of producing it.”⁶² Having dismissed the tendency of the rate of profit to fall, he focused on the other side of Marx’s construction. This was the theory of underconsumption or “overproduction,” as Marx and Engels called it to distinguish this new phenomenon of the industrial age from the “thousand-year-old” consumption deprivation of the masses.⁶³ According to Sweezy, it was here—in the permanent imbalance between the massive amount of goods that capitalism was able to produce and the limited capacities for absorption of the market—that Marx’s most

powerful intuition lay; it was the fuse that could really blow up the system.⁶⁴

Doubt Creeps In

Between the end of the nineteenth century and the First World War—the period that, in the history of socialism, corresponds to the Second International—several people on the left began to express skepticism about the downfall of capitalism. When Marx died in 1883, the developed world was still suffering the effects of the Depression of the 1870s. But the virulent booms and busts that had followed one another during industrialization subsequently subsided. The industrial economy seemed to progress without further shocks. The growth of labor productivity was sustaining capitalist accumulation. Moreover, nothing suggested that living standards would decline; quite the contrary. Engels lived long enough to witness all this, and yet he interpreted it as the calm before the storm. But within the social democratic movement, the cradle of Western Marxism, various positions soon emerged.⁶⁵

The German Social Democratic Party was center stage in this debate. This is hardly surprising given that the world's largest socialist party had taken root in Marx and Engels's homeland.⁶⁶ Until the early 1890s, there was substantial concord among party members about the official line, laid down in the Erfurt Program of 1891. As Karl Kautsky laconically summarized, "Irresistible economic forces lead with the certainty of doom to the shipwreck of capitalist production."⁶⁷ This, of course, did not entitle workers to sit back and passively wait for destiny to unfold. Pursuing social reform, Kautsky explained, was by no means useless as long as it helped improve the living conditions of the proletariat. But

one had to be wary of investing too much energy in these short-term achievements and losing sight of the main goal of the struggle, which was still the overthrow of the capitalist system.⁶⁸

Less than ten years later, serious cracks had already emerged in the party's ranks. One of the authors of the Program, Eduard Bernstein, had changed his mind. In a series of writings, and most notably in *The Preconditions of Socialism*, he put forward the thesis that the expansion of world trade and the reduction of geographic distance (globalization in modern parlance) had successfully redressed market imbalances and averted overproduction crises. Whenever a local crisis broke out, industrial cartels and the banking system were able to effectively contain it. Bernstein also noted how capitalist development, rather than causing growing social polarization, had in fact diminished it. The rise of a middle class of white-collar workers had fundamentally altered the dichotomy between capital and labor, softening class conflict. It was a complete defeat for Marx. Volume 3 of *Capital*, which Engels had managed to publish just a few years earlier, in 1894, appeared to Bernstein to be an outdated text. Capitalism was here to stay. It was better to forget about long-term forecasts and focus instead on gradual reform. In his famous phrase, "the ultimate aim of socialism is nothing, but the movement is everything."⁶⁹

Where did this sea change come from? Bernstein had spent several years in England and was not insensible to the intellectual influence of the Fabian Society. The socialist ideas of the Fabians did not originate in Marxism but in the radical utilitarian tradition, and they openly invited "those Socialists who are looking forward to a sensational historical crisis, to join some other Society."⁷⁰ In Germany, on the other hand, Bernstein's theses stirred great controversy, all the more so since he

was one of the literary executors of the Marx-Engels papers.⁷¹ His views were firmly rejected by Kautsky, who began to wage war against revisionism in the party. At the 1899 Hanover Congress, Kautsky restated the Erfurt position. He argued that the safety valves that were temporarily releasing the pressure on capitalist accumulation would not save it from the specter of “chronic overproduction” in the long term. As to the “new middle class,” he warned that it was ready to throw itself into the arms of the most reactionary bourgeoisie. It certainly did not represent a reliable ally for the proletariat.⁷²

Kautsky saw overproduction as more of a secular tendency than an impending threat. It would not cause a sudden and spectacular breakdown of the existing economic system. Therefore, he thought that a social revolution (not a violent one) had to be actively encouraged. At the same time, he reaffirmed the historical necessity of capitalism’s downfall, defending Marx’s prophecy against the charge of being pointlessly apocalyptic. As Simon Clarke observes, “While Kautsky expected that socialism would be won long before any terminal crisis which might spell the breakdown of capitalism, he also noted that the existence of an ultimate limit [was] still important in bringing the ultimate goal within sight.”⁷³ The danger that his comrades might become discouraged by the long wait was a real one. Capitalism resembled a tunnel whose end was nowhere in sight, and many were tempted by Bernstein’s suggestion of coming to terms with the enemy in the hope of obtaining a gradual improvement in their conditions.

Of course, revisionism also extended to the interpretation of crises. These did not represent the effects of an irremediable contradiction between socialized production and privatized distribution but merely “disturbances of circulation,” as the Austrian

Rudolf Hilferding wrote in 1910, of defects of coordination associated with market competition according to his Russian contemporary Mikhail Tugan-Baranovsky.⁷⁴ Hilferding was among the first to notice that, after the turn of the century, monopoly and economic planning had increasingly replaced competition. Stabler conditions were being created where capital accumulation could, at least in theory, continue indefinitely. Since capitalism was not going to be undermined by its economic contradictions, overcoming it was for him essentially a question of political will. Hilferding believed that the proletariat had first to seize power through democratic struggle. Once in power, it could easily achieve socialism by taking advantage of the spontaneous tendency toward economic concentration, being cartels and trusts already controlled by banks—what Hilferding called “finance capital.” He had not given up Marx’s ideal of changing the world. He just wanted it to be changed by a velvet revolution, ideally bank nationalization.

This time Rosa Luxemburg—who had also attacked Bernstein—assumed the role of the guardian of orthodoxy. Luxemburg reminded Hilferding that capital accumulation could not take place independently of the existence of markets. Market saturation represented an objective limit to capitalist reproduction. Capitalism was thus doomed, but there was an explanation why it was still alive: surplus value could also be realized *beyond* the sphere of capitalist relations. Before surrendering to its own limitations, capital accumulation was seeking to extend its tentacles to noncapitalist countries and social strata. The survival of capitalism was possible as long as these hunting grounds existed and would cease with their exhaustion. But as the margins for its expansion became limited, competition between capitalist countries intensified, generating crises, wars, and revolutions. Luxemburg

put forward her thesis in *The Accumulation of Capital* one year before the outbreak of the Great War.⁷⁵

As we have seen, even those who continued to draw inspiration from Marx wavered between a rather mechanistic interpretation of crisis and its opposite: the conviction that capitalism could only be overcome by an act of will. To some extent at least, this variety of positions arose from the many ambiguities and inconsistencies in Marx's corpus. Did Marx's theory of crises place more importance on underconsumption or on the dynamics of profits as causes of capitalist destabilization? Moreover, what precise role did he assign to human agency as a revolutionary force? And last, were these paths to overcoming capitalism still viable in the light of the transformations that capitalism had undergone since the prophet's death? There were no simple answers to these questions.

Max Weber's Plea for Realism

The main alternative to Marx's theory of capitalism was developed, at the turn of the century, by Max Weber, one of the founding fathers of modern sociology, and he came to quite different conclusions about the future prospects of this system. In the first place, Weber saw the origins of capitalism not in plunder but in social evolution, and interpreted the latter as operating according to a logic antithetical to historical materialism. From this alternative perspective, capitalism is not a mode of production associated with a specific stage of technological development but a type of economic organization whose establishment parallels the historical process of rationalization. By rationalization is meant the process by which values, emotions, and tradition give

way to calculation and the pursuit of efficiency as prime motivators of human behavior. Capitalism is seen as the very expression of this transition, which also involves other spheres of social life, such as politics and religion. Its birth appears to be especially intertwined with early modern changes in the religious sphere. Weber identified the “spirit” of capitalism with the calling of the Calvinist entrepreneur. As he argued, most notably in *The Protestant Ethic* (1904–1905), the capitalist was prompted by an impulse in itself irrational—anxiety about salvation—to develop mundane qualities such as thrift, hard work, and above all a distinctive methodicality, which would make him an economically rational actor.⁷⁶

Capitalism and modernity are, therefore, two sides of the same coin. The closeness of this bond explains why capitalism does not find a natural limit in the further development of the forces that generated it, for rationalization is a continuous, cumulative process. Yet, the progress of rationality does not leave capitalism unchanged. Capitalism sheds its skin as it grows older. At a certain point, its ties with the religious motive are cut and its spirit dissolves into bureaucratic routine. As Weber put it: “The Puritan wanted to work in a calling; we are forced to do so. For when asceticism was carried out of monastic cells into everyday life, and began to dominate worldly morality, it did its part in building the tremendous cosmos of the modern economic order. This order is now bound to the technical and economic conditions of machine production which to-day determine the lives of all the individuals who are born into this mechanism, not only those directly concerned with economic acquisition, with irresistible force.”⁷⁷

The care for material goods, Weber continued, quoting the seventeenth-century English churchman Richard Baxter, once lay

on the shoulders of the Puritan “saint like a light cloak, which can be thrown aside at any moment.” As a litmus test to determine if one was a recipient of grace, the economic success of the early capitalist was a mere accident, an unintended consequence of his faith. But fate had decreed that the cloak should eventually evolve into an “iron cage.” (The German expression, *stahlhartes Gehäuse*, literally translates as “a shell as hard as steel.”) In time, the accident became the essence. And indeed, in the early twentieth century, nobody could deny that “the pursuit of wealth, stripped of its religious and ethical meaning,” was regarded as an end in itself—in the United States it was almost like a “sport.”⁷⁸ But if capitalism had turned into an empty shell, the hardness of this casing—so deeply ingrained in people’s minds and actions as to be second nature—was the best guarantee of its perpetuation. “To-day the spirit of religious asceticism,” Weber concluded, “has escaped from the cage.” But capitalism no longer needed to be sustained or legitimized, since it now rested on “mechanical foundations.”

Even so, there were no certainties about the future. *The Protestant Ethic* ends with two alternative scenarios. One possibility was that an entirely automated capitalist machine would continue to determine the lives of its human cogs “until the last ton of fossilized coal is burnt.” Only some external constraint might hamper it. The other scenario, by contrast, is open to surprise twists: “No one knows who will live in this [iron] cage in the future, or whether at the end of this tremendous development entirely new prophets will arise, or there will be a great rebirth of old ideas and ideals, or, if neither, mechanized petrification, embellished with a sort of convulsive self-importance.”⁷⁹ The cautiousness of Weber’s approach is remarkable. Faced with the same problem, the American economist and sociologist Thorstein

Veblen had little doubt: the technical rationality of the modern industrial process clashed with the liberal values of bourgeois society. “The discipline of the machine process,” he wrote in 1904, “cuts away the spiritual, institutional foundations of business enterprise; the machine industry is incompatible with its continued growth.”⁸⁰ Capitalism could no longer live without applied science, but, at the same time, it was destined to be overwhelmed by it. The only force able to counter the absolute rule of technical rationality was for Veblen the concomitant drive toward nationalist and predatory warfare.

Weber returned to the issue one decade later, and he seemed even more skeptical about the possibility that the iron cage of capitalism might be broken. In the summer of 1917 he made a passing comment on its future prospects. He described the present age as “an age which will inevitably remain capitalist for a long time to come.”⁸¹ The following year, a lecture delivered in Vienna before the officials of the Austro-Hungarian army—alarmed by the possible spread of the Russian Revolution to the West—gave him a chance to elaborate on the point.⁸² As is often the case, expectations and reality can take different courses. Austria would not follow the Russian example. However, the Austrian and German empires were to collapse that fall, and socialist movements played a role in these revolutions amid the turmoil generated by the military defeat. Weber, whose understanding of structural tendencies was second to none, had not anticipated these imminent events. He also thought that the Bolshevik experiment in Russia would be short-lived and would end with the restoration of the tsar.⁸³ But despite its contingent flaws, the Vienna lecture is an interesting document because it is the only writing where Weber explicitly deals with socialism and engages with Marx and the Marxists.

Weber's attack on Marxism as a theoretical system starts from the confutation of its main "slogan"—the thesis that the separation of the workers from the means of production is typical of capitalism. This separation was, for him, a more general phenomenon that could be observed in any modern organization and not just in private enterprise. It could be found in the university, in the army, and in state administration. Professors are separated from the ownership of libraries and from the technical equipment with which they work; soldiers are separated from the ownership of weapons, ammunition, and vehicles. Unlike medieval vassals, officials of the modern state are separated from the means of government, which are the sole property of the state: "Everywhere we find the same thing: the means of operation within the factory, the state administration, the army and university departments are concentrated by means of a bureaucratically structured human apparatus in the hands of the person who has command over this human apparatus."⁸⁴

This process, Weber argued, is certainly a consequence of technological progress, which generates tools of ever greater complexity (such as machines, firearms, labs), but is also the result of the superior efficiency that can be obtained by this organization of labor. Moreover, it goes hand in hand with other aspects of rationalization: the birth of modern bureaucracy, rational-legal authority replacing charisma as a source of power legitimation, and so forth. In *Economy and Society*, Weber qualified his view. While he confirmed that the expropriation of workers may be explained by "technical factors" and "economic reasons," he added that, in actual historical experience, it took root because it was functional to the market system that was developing, on the one hand, and suitable to the "structure of power relationships in the society," on the other.⁸⁵ But this argument, which sounds like a

partial acknowledgment of Marx's reasons, is not developed further. This was done by a distinguished anthropologist of a later generation, Karl Polanyi.⁸⁶ Further, Weber conceded to Marx that socialism *may* represent an even more advanced stage of rationalization. The expropriation of capitalists from the means of production, and the transfer of those means to the state or to workers' cooperatives, would not contradict society's evolutionary logic. This process would just "bring . . . to completion" the original expropriation of the *individual* worker.⁸⁷

By relativizing the meaning of dispossession as capitalism's original sin, Weber's approach weakens the image of Marxism as a self-sufficient framework for understanding society. It shows that society is a broader category than capitalism and that, consequently, the method of historical materialism should be reversed: if the study of society enlightens that of capitalism, the study of capitalism does not exhaust that of society. However, while this perspective certainly strips Marx's laws of motion of their aura of naturalistic scientism, it does not disprove them. In fact, the confutation of Marx's prophecy is carried out on a purely empirical ground, by tracking the unexpected directions in which the tendencies he had observed eventually developed.⁸⁸ First, Weber notes how, in the absence of a physical pauperization of the working class, no mass base for a revolution could be formed. Second, while Marx was quite correct in supposing that competition among entrepreneurs would doom them to extinction, he had too hastily concluded that this centralization of capital would weaken capitalists *as a class* and strengthen the proletariat. On the contrary, once having run out of capital, the former entrepreneurs had put themselves at the service of trusts, cartels, banks, and finance, concurring with the growth of the bureaucracy of private enterprise. In no way could the interests of this new

bourgeoisie, nor those of the expanding rentier class, match those of the proletariat. And what about the hopes Marx had set on the progressive intensification of crises and depressions? Weber's objection here is that industrial cartels, market regulation, and control of credit supply had much reduced cyclical economic instability and the intensity of crises.

There is little new in such criticism. In most cases, Weber took on board the objections already leveled against orthodox Marxism by the social democratic revisionists, although he did not share their conclusions. For instance, he found Hilferding's view that monopoly capitalism could easily be turned into socialist planning rather unconvincing. "It is the dictatorship of the official," he wrote, "not that of the worker, which, for the present at any rate, is on the advance." Not to mention the social democratic underestimation of the lure of profit. From Weber's perspective, the profit motive underlay modern economic life, and bureaucratization had not made it weaker. It would persist "as the lode-star of production."⁸⁹

Weber's last word on Marx is encapsulated in the twofold characterization of *The Communist Manifesto* as "a scholarly achievement of the highest order" and the founding text of a religion of salvation ("a prophetic document"). He contended that the prophecy of the downfall of capitalism and the advent of the classless society was no more logical than, say, the Christian prophecy of the Last Judgment and the advent of the Kingdom of God. Its followers would hardly let themselves be convinced by rational arguments. It was thus "a grave step" for the revisionist leaders "to deprive the masses of their faith in the sudden dawning of a blissful future, a faith which had been given to them by a gospel which proclaimed, like the Christians of old: 'Salvation may come this very night.' A creed such as the *Communist Manifesto* and

the later catastrophe theory can be dethroned, but then it is almost impossible to replace it with another.”⁹⁰

Weber’s disbelief in the possibilities of socialism by no means entails that he regarded future life within the iron cage of bureaucratized capitalism as a desirable condition. An interesting indication can be found in the famous essay on politics as a vocation he wrote in 1919, a year before his death. Despite his commitment to value-neutral science, he depicted bureaucratization as a source of oppression. It deprived social action of any spontaneity and meaning for those who performed it, and opened the door to a “polar night of icy darkness.” This has led some to see in the work of this liberal thinker the seeds of a critical theory of instrumental rationality.⁹¹

The Twilight of the Victorian Imagination

With the outbreak of the First World War, the long nineteenth century comes to a close, but the main discontinuity in this story occurred earlier, around the end of the Victorian era. This was an extraordinarily imaginative period. In Britain first, and then in Europe, intellectuals, like anyone else, had to come to terms with the new world of industrial capitalism. Since the changes capitalism brought about were dramatic, it became somewhat natural to think that they could be reversed in an equally dramatic way. If not by radical means—bourgeois thinkers being notoriously afraid of revolutions—the coveted reformation had to be at least far-reaching in its consequences. In this sense, the Victorian imagination is still pure and unconstrained by past unfulfillments.

Nineteenth-century social science shares with other contemporary forms of imagination its future orientation, which is

expressed in social forecasting, and its great hopes for a reversal of the most unpleasant aspects of capitalist civilization. The emergence of social forecasting is one manifestation of the “temporalization” that accompanies the advent of modernity. From the nineteenth century onward, one could actively imagine the future because the past had been left behind. The enthusiasm about this emancipation from the past was such that those who experienced it were led to see the future as a blank slate, where anything and everything could happen. If we broaden our view to other literary genres, this phenomenon is even more striking.

Let us consider, for a moment, the utopian genre. Whereas earlier utopias (and sometimes later utopias) are utopias of place, nineteenth-century utopias are utopias of time. They are set not in a distant space but in the future. Time is the great discovery of the century. In general, the nineteenth-century social scientific imagination tends to take up the space previously occupied by the utopian imagination. This leads to the retreat of utopia into the domain of literature or its reorientation toward dystopia—the exorcism of unwanted futures. At other times, the utopian vision takes the form of science-informed literary fiction, which is only apparently utopian because it is transformative in character. Such best-sellers as Edward Bellamy’s *Looking Backward* (1888) and, especially, William Morris’s *News from Nowhere* (1890) exemplify this trend well.⁹² They are set in a future where capitalism has given way to state socialism and libertarian socialism, respectively. In Morris’s case, the transformation unfolds according to the laws of motion of Marxian theory.⁹³ Scientific or not, nineteenth-century utopia welcomes revolution and catastrophe as vehicles of liberation from an oppressive world. This is also the background for Richard Jefferies’s novel *After London* (1885), where, following the decimation of the English population by an

unexplained cataclysm, nature reigns supreme, and London, the modern Gomorrah, reverts to a toxic swamp.⁹⁴

The power of the Victorian imagination gradually declined as expectations were updated. Apocalyptic visions of destruction and regeneration became less and less frequent. H. G. Wells's "modern utopia" (1905), which is perfectly attuned to the mood of the day, is nothing but the reassuring image of an ordered society where science and technology improve people's lives. It is a utopia of the possible, which has given up any radical ambition to pursue equality in the name of "a flexible common compromise." With no place for Marx, it only has a place for Darwin. As Wells put it, "In a modern Utopia there will, indeed, be no perfection; in Utopia there must also be friction, conflicts and waste, but the waste will be enormously less than in our world."⁹⁵

In time, therefore, the sense of caution grew. At the turn of the century this was apparent in the more nuanced social-scientific anticipations of Weber and of heterodox Marxist writers alike. One might object that the expectation of a sudden breakdown of capitalism had never been harbored by Marx but emerged as a later, simplified version of his message.⁹⁶ Nor did Mill envision an environmental catastrophe as probable. Unquestionably, they were sophisticated thinkers. But they nonetheless shared the perception that a radical transformation of the world was inevitable, and it is this perception that fell apart at the beginning of the twentieth century. The revised expectation was that a breakdown was still possible but certainly not around the corner. The feeling of impending doom gave way to the awareness that social changes take a long time, and they may require political means. Along with this came the realization that the passage of time alters the nature of things. No human institution—not even

capitalism—remains the same forever. Thus, the predictive power of theories, too, is relative.

Faith in the ability of reason to discern the evolutionary mechanisms of society was, as a result, weakened, while its scientific pretenses were channeled by the new “mathematical psychics” of economics toward the narrower realm of human decisions.⁹⁷ Yet Victorian prophecies lie at the root of all modern prophecies because they embody archetypes and patterns of thinking that would recur at critical junctures of later history. The nineteenth century produced, as it were, both the categories of modernity *and* those for analyzing modernity. So it should come as no surprise that, despite their good intentions, many more thinkers in the twentieth century would give in to the temptation of social forecasting.

The Interwar Revival of Prophecy



IN THE INTERWAR PERIOD the debate on the future of capitalism was revived by a series of political and economic upheavals. During these two decades, time seemed to accelerate again. The First World War, the Russian Revolution, the collapse of the Central Powers, the Wall Street crash of 1929 and the Great Depression, the advent of totalitarian regimes such as Nazism and Stalinism, and the rush toward World War II followed one another in rapid sequence. This convulsive rhythm of events is reflected in the hectic character of social forecasting, which was called upon to respond to a continuous need for reassurance.

The Great War and the Russian Revolution were a test for the international left. These events highlighted the wide gulf that had arisen between reformist and revolutionary socialism. The two currents were divided not only on the interpretation of events but also on the practical attitude to be taken concerning them. Issues such as the following formed the subject of the dispute: What was

the cause of the war, and what would be its impact on the socio-economic order? Did one have to fight for one's own country, even if this country was a capitalist power, or should one take advantage of the confusion to try to overturn the existing order? Could the Russian Revolution spread to Europe and the rest of the world? Far from diminishing, divisions were destined to grow during these years. The establishment of Stalin's regime of terror in the 1930s accentuated the radicalization of public opinion. Many Western Marxists, who had strong democratic sensibilities, were disappointed at the turn that the USSR was taking. They could have subscribed to the withering critique made by George Orwell in *Animal Farm*.¹ The Soviet state had turned out to be a cruel farce where class, hierarchy, and exploitation had perfectly reproduced themselves. Workers now were just under a different boss. This belief reinforced the commitment of social democratic and labor parties to seek an autonomous way to achieve social justice.

In addition to the Russian Empire, the war had swept away two other giants, namely, the German and Austro-Hungarian empires, opening a gap in their administrative machines. Social democrats thus had their long-awaited opportunity to seize power, contributing to the government of the new republics. But the undertaking proved more difficult than expected, in part because they found themselves struggling with two periods of turbulent economic instability in connection with the aftermath of the war and the Great Crash. In the struggle to secure consensus in the fragile Central European democracies, the reformist left suffered fierce competition from a new political creature—fascism—that spoke the language of the masses fluently. This was a competition in which it soon succumbed. Fascism, too, claimed to be committed to protecting the working classes. "Fascism, like socialism," Karl Polanyi wrote, "was rooted

in a market society that refused to function.”² But it had no time for mediation and compromise, and it despised those who engaged in such activities. To such things, fascism preferred action.

While the economic turmoil of the early 1920s mainly affected the countries that had lost the war, the depression triggered by the Great Crash hit the entire capitalist world, spreading like an epidemic through the dense network of economic and financial relations. In the first half of the 1930s, Europe and America found themselves caught in a grip of deflation and unemployment unprecedented in intensity and duration. And almost everywhere, in dictatorships as in democracies, the response to the crisis was state intervention, consisting of various forms of planning. But it was the whole economic structure that was changing. After all, the crisis had only accelerated this ongoing process. Throughout the interwar period, many observers were struck by the emergence of something variously defined as “monopoly,” “organized,” or “bureaucratic” capitalism to underline some of its characteristics. Werner Sombart—with Max Weber the towering figure of early twentieth-century German social science—wrote one of the first historical accounts of this new phase. For him, “with the outbreak of the World War the era of high capitalism suddenly reaches its end.” For some time now, he noted, “symptoms of decay” had been visible. These symptoms, besides the intrusion of the state into economic life, included the “depersonalization of business,” the replacement of competition with cartel agreements, and the routinization of innovation. In short, capitalism was approaching old age: it was described as a man entering his fifties, at a time when average life expectancy did not reach sixty years.³

What was to come after capitalism? In the 1930s it became almost commonplace to hypothesize the convergence between

capitalism and socialism, or rather the convergence of both toward a third system, a Brave New World with still vague outlines. The idea that fascism, the New Deal, and Soviet dirigisme were driven by some obscure force of progress to increasingly resemble one another swirled around in the heads of many, whatever their political orientation. One could say that it became a mainstream idea. After the Second World War, however, the convergence hypothesis appeared for what it was: just a dream (or a nightmare, depending on one's point of view) linked to the anxieties of a troubled period. The paths of development of the two surviving economic systems seemed to diverge again, as befitted the division of the world into two blocs: in the West the "free economy," in the East central planning. But the lessons of the interwar period were not forgotten. Everyone (or almost everyone) by now knew that capitalism left unbridled could not work. And the Soviet Union was there to remind them that there was an alternative. Thus postwar capitalism, too, came to incorporate a significant amount of planning. Social democracy finally had its revenge.

Socialism or Barbarism?

During the First World War and its aftermath, Western Marxism's identity vis-à-vis Russian Marxism was consolidated. Contrary to a commonly held view, the formation of this identity had little to do with the disappointment of Western thinkers at the failure of the Russian Revolution to gain a foothold in Europe, prompting them to retreat toward softer areas such as cultural and literary theory.⁴ In the West, skepticism about the imminent end of capitalism was rooted in a nonmechanistic interpretation

of historical development that emphasized human agency, as exemplified by the seminal work of the Hungarian philosopher Georg Lukács, *History and Class Consciousness*.⁵ In any case, the genesis of this attitude preceded the October Revolution and represented the dominant line among German social democrats and within their Austrian counterpart, the Austro-Marxists.⁶ By the time of the war, most Western Marxists had come to adopt reformist positions, stressing the role of democracy and parliament in the construction of socialism. It was the “slow revolution” theorized by Otto Bauer: a peaceful transition supported by the will of the majority, which he thought would radically reduce inequalities without the need for further bloodshed and without compromising the functioning of the productive system.⁷ Exceptions to this reformist-realist consensus could be counted on the fingers of one hand: Rosa Luxemburg (murdered in 1919) was certainly the most authoritative exponent of the radical wing. Among the Russians, by contrast, the group of those who continued to believe that capitalism would collapse under the weight of its economic contradictions was large, and included such eminent figures as Nikolai Bukharin, V. I. Lenin, and Leon Trotsky. For them, the coup de grâce had to be delivered through revolutionary action.

Karl Renner, who was to become the first chancellor of the new Austrian Republic after the war, represented the extreme pole of revisionism. Renner was now a long way from Marx. In 1916 he wrote: “Capitalist society, as Marx experienced and described it, no longer exists.”⁸ Marx had described a stateless economy, and it could not have been otherwise. In his day, the economy was a private affair. Dominated by free-trade ideology, economic life was conducted anarchically and without major interference from the government. Things had begun to change in the last quarter

of the nineteenth century, with protectionism, the formation of industrial cartels, unionization of the workforce, and control of production being transferred to a financial system dominated by the joint-stock bank. But only the experience of the war had shown how far state intervention could go. The war economy had seen the state committed to mobilizing and managing resources in a rational and efficient way, to planning production, and regulating distribution. During the war, the process of nationalization of cartels prefigured by Hilferding was either completed, or had begun, in many countries. According to Renner, it was difficult to imagine that this trend could be reversed, as it represented the culmination of a historical process.

Certainly, where Renner saw a victorious state, orthodox Marxists would continue to see the executive committee of the bourgeoisie. In this intermingling of the state and the economy they saw nothing good but only a sign that capitalism, in this phase of its development, had appropriated the state and was using it for its own ends. As Bukharin wrote, "The capitalist mode of production is based on a monopoly of the means of production in the hands of the class of capitalists within the general framework of commodity exchange. There is no difference in principle whatsoever whether the state power is a direct expression of this monopoly or whether the monopoly is 'privately' organised."⁹ In fact, the Russians thought, there was evidence that the state had already become an obstacle to capitalism. The clearest statement of this thesis is Leon Trotsky's in the book he wrote at the outbreak of the war. He saw in the war the manifestation of the final conflict that foreshadowed the overcoming of capitalism. The forces of capitalist production had entered into conflict with the framework of the nation-state that by now constituted an obstacle to their further development. The nation-state

had “outlived itself,” as he put it. Hence “the War proclaims the downfall of the national state. Yet at the same time it proclaims the downfall of the capitalist system of economy.”¹⁰

For Trotsky, one should not be misled by the nationalist claims that had ignited the conflict. The war was the consequence of imperialism and responded to the interests of the bourgeoisies of the great powers, notably Germany and Britain, who were fighting to divide the world and its markets among themselves. Any outcome would be provisional, paving the way for new claims. So an era of permanent instability was beginning that would in any case end with the self-destruction of the capitalist system. Faced with the alternative of “permanent war or revolution,” one could expect a revolutionary response from the proletariat, and this was to occur not on a national scale but on a world scale.¹¹

A similar interpretation of the war as a defining moment, a sort of showdown for capitalism, was given by Rosa Luxemburg. In a famous pamphlet written in 1915, she explained that capitalist society was at the crossroads: “either an advance to Socialism or a reversion to barbarism” was to be expected; “either the triumph of imperialism and the destruction of all culture, and, as in ancient Rome, depopulation, desolation, degeneration, a vast cemetery; or, the victory of Socialism, that is, the conscious struggle of the international proletariat against imperialism, against its methods, against war.”¹²

In the final analysis, the assessment of the prospects that would follow in the wake of the war depended on the interpretation that was given to imperialism. Those who interpreted it as a stage of capitalism—as the “highest stage,” as Lenin wrote—came to the conclusion that capitalism was a train launched at full speed toward the precipice. But even within this current, it is not certain that imperialism meant the same thing to everyone. What

these thinkers saw sometimes seems to be a function of the desired outcome. Thus Lenin, who was inclined to believe that capitalism was unsustainable on the production side, emphasized the formation of monopolies as a distinctive element of the new phase. Luxemburg, who was more inclined to see underconsumption as its main weakness, identified imperialism with the globalization of capital—or with the development of underdevelopment, as her followers would put it.

On the opposite front, there were those who saw imperialism not as a stage in the development of capitalism, but rather as a particular policy dictated by capitalist interests. The champion of this position was Kautsky. Kautsky's thought had evolved profoundly since the time of his dispute with Bernstein. He was now in a very reformist position.¹³ For him, the essence of imperialism consisted in the drive, common to advanced industrial capitalist nations, "to subjugate and incorporate an increasingly vast agricultural territory, regardless of the nationality of the peoples who live there." This was due to the need to compensate for the tendency of industrial production to grow faster than agricultural production. Imperialism was not, however, the only possible solution to this problem. On the contrary, it was to be expected that after the war the dominant powers would make an agreement to share the world out peacefully. This would open a new phase in the history of capitalism called "ultra-imperialism," characterized by the "transfer of cartel policy to foreign policy."¹⁴

This thesis was harshly attacked by Lenin in his *Imperialism*, written in 1916 during his exile in Switzerland and published the following year. Lenin insisted that imperialism was that stage of capitalist development "at which the dominance of monopolies and finance capital is established; in which the export of capital has acquired pronounced importance; in which the division of

the world among the international trusts has begun, in which the division of all territories of the globe among the biggest capitalist powers has been completed." These processes were guided by the structural and irreversible transformation of the economic base. One could not imagine a future in which the monopolistic organization and the financialization of the economy would be compatible with a nonviolent policy of the states, or with a peaceful division of the world. Kautsky's separation of the politics of imperialism from its economics was, according to Lenin, completely arbitrary, and had the sole purpose of justifying his "bourgeois reformism and pacifism, the benevolent and innocent expression of pious wishes."¹⁵

Kautsky had been the most authoritative figure of the Second International, and by picking on him Lenin was scolding the entire community of social democratic Marxism. The definitive breakup of the socialist world would be symbolically sealed by what was to happen in Russia a few months later. By 1918 Kautsky had become "renegade Kautsky," the enemy of the October Revolution.¹⁶ In hindsight, one can see that revolutionary Marxism and reformist Marxism were expressions of two different societies. The Bolsheviks did indeed make the Revolution, but they put an end to something that was not really capitalism but rather a postfeudal autocracy. This was replaced by a regime far removed from democratic ideals that would attract the criticism of Western Marxists for a long time. The social democrats, for their part, came to power in the newly founded republics of Germany and Austria. In the 1920s even the French socialists overcame their traditional reluctance to join bourgeois governments by agreeing to pursue a "socialist management of capitalism," while "socialism itself was relegated to a distant future, 'nebulous and mythical.'"¹⁷

Translating theory into practice was not easy for anyone. The early history of Western-style socialism's relationship with power is almost everywhere a story of division and often frustrated ambition. The beginnings of the Weimar Republic are emblematic. They were marked by the splitting of the Social Democratic Party, the bloody repression of the Spartacist uprising, and the substantial inability to alter the preexisting economic power relations. Equally short-lived was the government experiment of the Austro-Marxists. Unable to appeal to the peasantry and middle classes of a largely rural country, they succumbed to the reactionary forces everywhere except Vienna.¹⁸

1929: Crisis Theory Reloaded

The stock market crash of 1929, and the depression that followed, did not change the positions of the various currents of Marxism on the possibility that capitalism might end in a sudden economic breakdown, as these positions had consolidated in the 1920s.¹⁹ As Sweezy observed, even the Bolsheviks believed that the occurrence of a fatal economic catastrophe in the West was an implausible scenario. They rather expected the downfall of capitalism to result "from wars" growing out of the "intense hunt for monopoly profits by the great trusts in rival capitalist countries."²⁰ And what about Trotsky? He went on repeating until his death that the time was ripe for global socialism, meaning that all the prerequisites were in place for the proletarian revolution. By that time, however, his seemed a rather desperate appeal: "The objective prerequisites," he wrote in 1938, "have not only 'ripened'; they have begun to get somewhat rotten."²¹

Even more so, therefore, the social democrats of continental Europe, who did not believe that capitalism was doomed at all,

did not allow themselves to be overinfluenced by the Great Depression. Proof of this is the cold reception of the book by Galician economist Henryk Grossmann that came out on the eve of the crash: an attempt to give a mathematical demonstration of the inevitability of the breakdown in the most crudely mechanistic style.²² Kautsky, Hilferding, and Fritz Naphtali, among others, spoke of the Great Depression as a passing turbulence of capitalism.²³ Social democrats tended to attribute the origin of this and previous crises to flaws inherent in the market mechanism. The problem, they assumed, was destined to be solved by itself as the role of the market in the capitalist economy narrowed and there was a progressive transition to “organized capitalism”—that is, to a rational economic order where the uncertainty that derives from free competition is suppressed.²⁴ The primary objective was therefore to facilitate a rapid return to normality and to allow the transition to continue on its course. The struggle for democratization of the economy could be given new impetus by regaining prosperity.

It must be said that by the 1920s the opinion had spread that this milder, well-ordered form of capitalism was something one could live with. While before the Great War the moderate wing of social democracy hoped for a velvet revolution, now the watchword was no longer to transform capitalism into something different, but to pursue “economic democracy” *within* capitalism.²⁵ Besides, men like Hilferding were fully integrated into the Weimar establishment. How could one, from that position, continue to see the state as a bastion of the bourgeoisie to be conquered? In fact, they now saw it rather as a forum where all social classes could assert their voice. The Wilhelmine state was over, they thought, and the Weimar Republic was an opportunity to start from scratch. But how, then, to return to normality after the Great Crash? Weimar’s economic experts appeared strikingly

unprepared. Hilferding, who served as finance minister until December 1929, treated the German economy with the bitter medicine of austerity, wary of any unorthodox measure. He did not repent even after leaving his post, and instead offered his external support to the Brüning cabinet, which was even more conservative in economic policy.²⁶

Social democracy in Central Europe was not in good health, and Hitler's rise to power was fatal. It soon became time for self-criticism. In a book from 1936, which contains the gloomy premonition of a second world war, Otto Bauer reflected on the new type of capitalism that had emerged from the crisis.²⁷ The reorganization of capital had been accomplished through the rationalization and steering of the economy by state power, a phenomenon that did not escape the attention of many others, especially in the United States and Germany—and from which Keynes drew important theoretical lessons. Massive investment in armaments had served Germany and Italy to absorb the reserve army of the unemployed. More peaceful means had been used under the American New Deal. But in any case, everywhere the recovery had taken place thanks to a substantial extension of public intervention in economic life.²⁸ Bauer was far from convinced that state intervention alone could overcome the contradictions of capitalism; this was certainly not the case as long as the ownership relations and the class structure underpinning it were left intact. Governments meticulously regulated production and distribution, prices and wages, and claimed to protect their citizens with economic nationalism. But whatever they did, they ended up necessarily privileging either capital or labor, exacerbating in the former case the tendency to underconsumption, in the latter the fall of the profit rate. Bauer, however, looked with interest at these experiments in economic management—their technology

if not their ideological motivations—and was aware that a possible imminent war could once again turn the tables. Still stunned by the political failure of Austro-Marxism, he hoped to see a new socialist reformism emerge from the ashes of social democracy. The aim was to replace the dirigisme of the fascist sorcerer's apprentices with an authentic social philosophy of planning.²⁹

The radical Marxist interpretations of the Great Depression, on the other hand, had certain elements in common. First, they all stressed the tendency of the world economy toward chronic depression, interspersed with shorter and shorter intervals of prosperity. Second, they shared an essentially negative view of the New Deal, seen as the form taken by monopoly capital in times of crisis. Similarly, fascism was portrayed as the latest incarnation of the bourgeois order: no longer able to shield itself behind liberal values, capitalism, it was argued, was turning to illiberal means. Finally, they agreed that government intervention and totalitarianism might delay the end of capitalism but could not prevent it.

As for the causes of the Depression, the discussion becomes more articulated. It is useful to remember how, in the Marxist tradition, at least three crisis theories coexisted, all found to some extent in Marx: overaccumulation, underconsumption, and disproportionality. The latter was undoubtedly the preferred explanation of the social democrats. Attributing the troubles of capitalism to the “anarchy” of the market, they pointed to the “rationalization” of the system as the solution to all problems. If the crises were triggered by a simple mismatch between supply and demand of goods, by defects in the circulation of money or in that of capital, it was sufficient to replace anarchy with a variable amount of planning. Orthodox Marxists obviously saw this interpretation as superficial, because it lost sight of the causes of

disproportionality—the famous contradictions. In the interwar period, faced with a choice between placing the emphasis on over-accumulation or underconsumption, they gave for the most part an underconsumptionist interpretation of the crisis. In the 1930s, only a few authors remained faithful to a reading of Marx that saw “the contradiction between growing productive power, consequent on accumulation, and falling profitability of capital” as the main problem of capitalism. The tendency was rather to see crises “as the conflict between ‘productive power’ and ‘consuming power,’” as the British economist Maurice Dobb complained.³⁰ And it is somewhat paradoxical that one of Marx’s subtlest interpreters, who was less prone to catastrophism, should have defended the lost cause of declining profitability.

The underconsumptionist view, then, represented the majority view. Luxemburg’s follower Fritz Sternberg, writing in 1932, expected that the collapse of global capitalism would begin from its weakest link. Germany seemed to be the perfect candidate for this role.³¹ It had just recovered from its postwar hyperinflation when the crisis hit hard the purchasing power of working and middle classes and unemployment rocketed. Industrial production was set to stagnate. There was no way to compensate for the lack of domestic demand with colonial substitutes, as the country had lost its overseas empire. Sternberg thus thought he had identified the elements that were the prelude to the downfall of German capitalism. In fact, they only led to the downfall of the Weimar Republic.

The Polish economist Natalie Moszkowska made a more original contribution. The rejection of the thesis of the fall of the profit rate led her to elaborate a theory of capitalist wastefulness. According to this theory, the success of capitalist exploitation generated a tendential increase in the rate of profit and a chronic

depression in consumption, and it was this distributional problem that triggered crises.³² The permanent excess of production over consumption resulted in a massive waste of inputs and goods. What was unemployment in the 1930s, Moszkowska observed, if not a waste of labor power? The capitalist powers tried to remedy the *economic* imbalance by stimulating consumption that did not, however, satisfy the existing *social* needs: examples of this were the expenditures for the repression of internal dissent and for war, or the attempts to push the subject nations into absorbing productive surpluses. This was a circular strategy, unsustainable in the long term, as it left unaddressed the distributional causes of the imbalance while creating a greater waste of resources.³³

In the United States, the foremost Marxist analysis of the Great Depression came from the communist dissident Louis Fraina, writing under the nom de plume of Lewis Corey. In *The Decline of American Capitalism* (1934), while admitting that capitalism had already known and overcome other crises, he insisted that this time was different. In common with previous downturns, the Great Depression resulted from the cyclic dynamics of overaccumulation and underconsumption. But “its duration, severity, and specific character” suggested that “non-cyclical factors of economic decline” were also at work. There was no longer any scope for further profit expansion. Capitalism had already spread to all productive sectors and to all five continents. There were no more regions of the world to colonize and no industries to mechanize, including agriculture. The strategy of limitation of output, control of prices, limitation of competition, and restrictions of technological progress pursued by monopoly capitalism was seen as the very proof “of decline, as it emphasizes the incapacity to develop fully all the forces of production and consumption.” Corey

concluded that “unlike former experience, this depression cannot end in any real upswing of prosperity.” He warned, however, that there would be no actual breakdown but a slow decay: “The cyclical movement continues, but on a lower level, within the restricting circle of economic decline. This means a ‘depressed’ prosperity, with increasing insecurity, unemployment, and instability; while economic, class, and international contradictions and antagonisms become sharper and more threatening. There may be spurts of unusual prosperity, but these will merely intensify the decline.”³⁴

This analysis of the Great Depression and the New Deal converges substantially with the official position of the Soviet Union as anticipated by Stalin in a speech in 1934 and fully presented the following year by his economic adviser Eugen Varga in a report to the Seventh Congress of the Comintern.³⁵ Varga thought that the 1929–1933 crisis was part of a cyclical movement, like those that had preceded it, but that it also had specificities that heralded a longer-term, creeping stagnation or a “depression of a special kind.” He noted that full recovery was very unlikely, as the conditions that had led to chronic overproduction persisted, even though state intervention in the economy managed to prevent the situation from plummeting. But Varga also observed how in the years of the crisis, bourgeois democracy—capitalism’s political integument—had exhausted its historical function of developing the productive forces further, turning into an obstacle that should be removed. He thus interpreted the spread of fascism as the last bulwark erected by the bourgeoisie against the imminent threat of a proletarian revolution.

We will return shortly to the different interpretations of state-directed, organized capitalism, in its democratic and totalitarian forms. First, however, it is important to note that the developments of the 1930s in the field of economic policy also paved the

way for the more optimistic view that governments now had concrete means to regulate the private economy and turn it in socially desirable directions.

Growing Pains, Higher Virtues

The new theories of economic governance, born in the context of the Great Depression, were developed almost simultaneously and largely independently in Stockholm and Cambridge. In 1932 the social democrats came to power in Sweden. Swedish social democracy had long since cut ties with Marxism and saw Marx as a kind of distant ancestor who spoke an archaic language.³⁶ Free from ideological foreclosure and driven by an essentially pragmatic spirit, the new government immediately promoted what sociologist Walter Korpi calls the “historic compromise” between capitalists and workers whereby both sides recognized the legitimacy of the other in exchange for substantial concessions.³⁷ A new generation of economists, such as Gunnar Myrdal, Erik Lindahl, and Bertil Ohlin, worked with Finance Minister Ernst Wigforss to develop countercyclical policies, including government-sponsored job creation programs funded by deficit spending.³⁸ Alongside these interventions, a revolutionary social policy laid the foundations for the most audacious welfare state experiment ever attempted in the Western world, the implementation of which would continue until the 1970s. It can be said that for the Swedish social democrats the issue of the future of capitalism had become irrelevant because they were convinced that they had found a practical way to solve modern social problems on a day-to-day basis. In Chapter 3 we will see that their optimism was perhaps exaggerated. But for now we leave Stockholm for the United Kingdom.

In Cambridge, another intellectual vanguard revolved around John Maynard Keynes.³⁹ Keynes was a liberal in the British sense of the term. Unlike several of his disciples and followers, he was not driven by a strong passion for social equality. What he really cared about was that economic life should be conducted in an orderly manner without too much turbulence and that great injustices should be avoided. In other words, Keynes could not stand the fact that the economy was dominated by irrationality and that someone had to pay a higher price for this chaos. His own critique of contemporary capitalism derives more from complacent élitism than from a deep sympathy for the less well-off. Be this as it may, in the 1920s and 1930s Keynes broke with all the precepts of economic orthodoxy. He dispelled the myth that the market economy spontaneously tended toward equilibrium and showed that crises do not improve if left unaddressed. He argued that unemployment was caused by a lack of private demand that would have to be compensated for by increasing government spending. Finally, he argued that expansive monetary policies were needed to get out of slumps: the value of money was not a taboo to accept but something that the public hand could set at a convenient level.

Just like the Swedish economists, Keynes combined scholarly life and policy advising, although he was not always a prophet honored in his own country. The undisputed prestige he enjoyed was not enough to convince the British Treasury that a total reversal of its traditionally restrictive approach to economic policy was necessary. On the other hand, the economic administrations of countries such as the United States and Germany had come to conclusions close to those of Keynes, proceeding empirically and without being supported by his rigorous theory. But when these insights were logically and convincingly formalized in the *Gen-*

eral Theory of Employment, Interest and Money (1936), they gained scientific acceptance and began to travel the world.⁴⁰ This irresistible rise was not interrupted by Keynes's death ten years later. In the postwar period, Keynesian ideas became a global force, capable of influencing the action of the governments of all those capitalist countries in search of an intermediate path between the absolute rule of the market and central planning.⁴¹

Like few other intellectuals, Keynes lived in symbiosis with the frenzy of his times and with the events that caught his attention every day and stimulated him to search for solutions. The fact that he devoted much of his energy to developing a theory of macroeconomic management, and the presentism encapsulated in his famous saying that "in the long run we are all dead," should not, however, lead one to believe that he was averse to more speculative concerns. In reality, Keynes thought of capitalism in terms of a double horizon: one short- to medium-term, which he dealt with as an economist; the other long-term, which he dealt with as a moral philosopher, as John Stuart Mill had done before him. And it is no coincidence that both figures had this dual intellectual nature. As will be remembered, Mill was convinced that capitalist development had natural, or environmental, limits, as well as moral limits. The latter were not as inexorable as the former, but the confidence he placed in the progress of civilization raised his hopes that humankind could abandon such a dangerous path on its own before being forced to do so. Such views had a certain sway in the twentieth century, revived as they were by two periods of crisis. The concept of environmental limits, which is still popular, came back to the fore in the 1970s, when the second cycle of intensive growth for Western economies, known as the postwar Golden Age, ended. We will discuss this later, but for now the focus is on moral limits. It was the crisis of the interwar period,

with its wars, revolutions, economic turmoil, and social upheaval, that made Keynes wonder if morality could save the world from the greed of capitalism.⁴²

Keynes addressed this problem in one of his most enigmatic writings, “Economic Possibilities for Our Grandchildren,” conceived between 1928 and 1930. It is a short text, totally free of academic pedantry, as are many of his essays in persuasion and biography during these years. It is not the high literary quality of this text that makes it special, but the singular prediction that it contains. The final version of the essay opens with a reference to the Great Crash. What was happening had forced Keynes to put his hand back to the 1928 draft, not to change its conclusions but to invite the public to put the crisis into perspective. The crash, Keynes reassured his reader, was not the death knell of capitalism. Nor would it cause the decline of the British economy. It was certainly a major shock, but it could be handled with new methods: the art of policy-making could do it. Crises of this type, he insisted, should be seen not as “the rheumatics of old age” but as “the growing-pains of over-rapid changes.”⁴³ Capitalism could and would flourish for another one hundred years.

What would happen next is another story. To explain this, Keynes took a step back. He noted that, since the Industrial Revolution, extraordinary technical progress in the manufacturing, energy, and communications sectors and the “power of compound interest” had raised living standards in Europe and the United States fourfold. This was despite the fact that population growth had been very rapid for quite some time. So Keynes calculated that around 2030 the “economic problem” would be definitively solved in the developed countries. By economic problem he meant the satisfaction of absolute needs, that is, the material needs that we feel regardless of the comparisons we make with

our fellow human beings. He admitted that there were also relative needs, those linked to status and social approval, which are potentially inexhaustible, but he predicted that these too would change as a result of major economic and social transformations.

Satisfying material needs would lead people to work less and less and accumulate less. For the first time in human history people would have a lot of free time, and would be concerned about how to use it. Keynes was confident that this would translate into significant moral uplifting. It is as if he thought that humankind was programmed for high purposes and that this deeper nature would emerge as soon as it had been freed from the need to pursue material comfort. As he put it:

When the accumulation of wealth is no longer of high social importance, there will be great changes in the code of morals. We shall be able to rid ourselves of many of the pseudo-moral principles which have hag-ridden us for two hundred years, by which we have exalted some of the most distasteful of human qualities into the position of the highest virtues. . . . All kinds of social customs and economic practices, affecting the distribution of wealth and of economic rewards and penalties, which we now maintain at all costs, however distasteful and unjust they may be in themselves, because they are tremendously useful in promoting the accumulation of capital, we shall then be free, at last, to discard.⁴⁴

From Keynes's further elaboration of "most distasteful human qualities," one sees that the love of money is at the top of his blacklist: "We shall be able to afford to dare to assess the money-motive at its true value. The love of money as a possession—as

distinguished from the love of money as a means to the enjoyments and realities of life—will be recognised for what it is, a somewhat disgusting morbidity, one of those semi-criminal, semi-pathological propensities which one hands over with a shudder to the specialists in mental disease.” The reference to mental disease is not accidental. His biographer Robert Skidelsky reminds us that Keynes was an attentive reader of Sigmund Freud and psychoanalysis.⁴⁵ Indeed, this passage seems to contain a reference to the essay “Character and Anal Eroticism,” in which Freud presented the tendency to hoard and accumulate money as the sublimation of a sexual instinct. This neurosis was a manifestation of an anal-retentive personality, which included character traits of orderliness and obstinacy (what today we would call obsessive-compulsive symptoms) and originated from failure to overcome the anal stage in childhood.⁴⁶

But for Keynes, the love of money is above all a social pathology that had had its peak in the Victorian period. Keynes grew up surrounded by the values of Victorian society: the “gods” of “avarice and usury and precaution,” empowered with the tools of the Benthamite calculus, inhabited the land of traditional religion. In Keynes’s interwar writings there are continuous allusions—sometimes decidedly anti-Semitic—to the strange alliance, made in Disraeli’s Britain, between the Protestant ethic of accumulation and Jewish religion, which had “sublimated immortality into compound interest.”⁴⁷ As for utilitarianism, it was still a cumbersome presence in British universities when Keynes was a student, as he recounts in “My Early Beliefs.”⁴⁸ It was precisely from the meetings of the Cambridge Apostles that the protest of Keynes and his circle against the values of their fathers started, which they rejected completely in the name of the countervalues of the Bloomsbury Group.⁴⁹

Keynes's philosophical positions have a double impact on his economic theory. This impact is, in the first place, foundational, since the theory rests on the observation that the pursuit of individual self-interest does not necessarily ensure full employment of the factors of production nor social welfare.⁵⁰ But they also inform Keynes's understanding of capitalist dynamics. The scheme of the *General Theory* implies that some degree of carelessness about the future is needed to make the capitalist economy work. Paradoxically, in fact, it is the search for the "spurious and delusive immortality" pursued by the Victorian economic man, never living the present but projecting into the future the results of his actions, that worsens the periodic crises from which capitalism suffers. The most famous image of this vicious cycle is given by the paradox of thrift, a situation in which the excess of savings leads to a decrease in aggregate demand and to persistent underemployment of the productive factors.⁵¹

But Keynes's disapproval of the love of money also explains some of his political attitudes, such as the credence he gave to Soviet communism in the 1920s. Beyond the intolerable dogmatism of the Bolshevik acolytes, and their inexplicable (for him) passion for the proletariat and disrespect for the educated middle class, he saw in communism an extraordinary experiment aimed at changing human dispositions and bringing out morality. For this reason, he was ready to forgive its relative inefficiency. Not that he thought that the Soviet system was desirable in itself, or that it was in any way applicable to the Western world. But knowing that a greed-free society could exist had to be a moral spur to improve a free society.⁵²

The prophecy enunciated in "Economic Possibilities for Our Grandchildren" is based on a logic, and unfolds according to a causal chain, that is worth analyzing in more detail. The logic is

apparently simple: the solution to the economic problem triggers a change in the moral code. The causal chain is more complex and passes through a theory of the social role of wealth and its determinants. As the social importance of wealth diminishes, Keynes says, the urge to accumulate ceases. But wealth loses its social importance when scarcity is eliminated. The premise for the entire argument is, therefore, that scarcity makes wealth status-signaling; it turns it into an element of distinction. When scarcity is overcome, capital accumulation comes to a halt.

Unfortunately, this prophecy has traditionally lent itself to superficial readings, helped by the text's nonacademic style. Many commentators seem to think that Keynes posited a simple mechanical link between one's realization of a full belly and the consequent decision to stop accumulating money. No wonder, then, that the criticisms leveled at him by today's economists are often not very subtle. On the right, there are those who argue that the principle of non-satiation is supposedly inscribed in our DNA and has an evolutionary basis. Humans are said to have "reference points that adjust upward as their circumstances improve."⁵³ But this thesis does not explain why the drive for wealth in pre-industrial societies was much weaker (and even absent in hunter-gatherer societies). On the left, by contrast, behavioral critiques have been made. Some argue that consumption habits are self-reinforcing. The more we consume, the more we learn to consume.⁵⁴ A subtler objection would be that it is necessary to keep work separate from accumulation. On one hand, it is possible to accumulate even without working. On the other, work is not only a means of satisfying material needs, or of procuring displayable wealth, but also a means of psychological realization. Yet this function of work is not innate: it still exists because there is social recognition of work. Keynes may well have thought of this and

concluded that once the social importance of wealth had disappeared, social recognition of work would also slowly disappear.

All that remains, therefore, are two weaknesses in Keynes's reasoning. The first is his underestimation of the fact that capitalism generates inequality. It is hard to think that, as long as inequality exists, the engine that drives people to work and accumulate will be turned off. This is not only because economic inequality prevents some social strata from significantly raising their standard of living, despite the increase in overall wealth, but above all, because the existence of inequality keeps the social importance of wealth alive. Even when the economic problem is solved, what drives people to work and accumulate is the combination of formal equality (which gives hope of ascending the social scale) and economic inequality. In an unequal society, the mechanisms of distinction and social emulation based on income or possession of material goods persist. "And the greater the inequality," it has been noted, "the greater the competitive pressure."⁵⁵

The second problem is the assumption that Keynes makes about human nature, a very benevolent assumption. The Frankfurt School thinkers we will meet in Chapter 3 can provide a healthy corrective to this somewhat naive anthropology. As always, the proof of the pudding is in the eating. Thus, in the postwar period it became clear that, instead of favoring the moral uplifting of human beings, affluence is more often accompanied by their degradation. Wealth does not necessarily free up time for culture and art. On the contrary, capitalism turns culture into business and, by shaping shared imagery, enslaves minds to its logic. It creates a society of consumers of canned culture, victims of an eternal compulsion to repeat. More generally, capitalism continually widens the space of competition, transforming goods

that were not economic into goods that can be bought and sold. It generates, in short, a system of expectations that are functional to its reproduction.⁵⁶

Convergence

Between the wars, a number of scholars and economic commentators pointed to changes in modern corporation and industrial structure. These changes tended to weaken ownership while empowering management, and to suppress competition. The first aspect that struck the imagination of intellectuals was the separation of ownership and management; the second was the “bureaucratization” of business management; finally, “trustification” (the formation of industrial cartels) and the tendency toward monopoly characterized the environment in which corporations operated. These phenomena did not appear suddenly in the interwar period. The emergence of the joint-stock company had already attracted the attention of Marx, and even more so that of Engels in his later years. Since the early twentieth century, its destiny had been widely debated inside and outside socialist circles. In Germany, the potential for social transformation inherent in the separation of ownership and management, on the one hand, and industrial concentration, on the other, had been fully grasped by Walther Rathenau and Rudolf Hilferding, respectively, both leading social democratic thinkers.⁵⁷ The rise of a class of engineers to positions of authority within American corporations had made Thorstein Veblen fantasize about the possible, albeit remote, advent of a “Soviet of technicians” that would defeat once and for all the vested interests of “absentee owners.”⁵⁸ It could well be argued that these were changes in the

economic structure that had manifested themselves since the 1870s and were among the features of the so-called Second Industrial Revolution.

But what no one could deny at the beginning of the 1930s were the proportions assumed by these processes. As we saw, the planning efforts in the United States and Germany had multiplied in response to the Great Depression. And in the Soviet Union, where the problem of private ownership of the means of production no longer existed, Stalin's industrial policy, aimed at rapidly closing the technological gap with the Western powers, pushed toward greater industrial concentration and the dominance of capital-intensive sectors. Faced with this evidence, the thesis emerged that capitalism and socialism were converging, an idea that had many variations. This was not a Marxist vision, though it was somehow indebted to Marx's analysis even when its supporters belonged to the opposite ideological camp. There is, however, a substantial difference. While for Marx the socialization of production, in its double component of "centralisation of the means of production and socialisation of labour," was the fundamental premise of the prophecy of downfall, here instead the downfall is not part of the picture. There is no implosion of the old system accompanied by political revolution, but an orderly transition to a new system. And, perhaps more importantly, this system does not have the traits of a society without economic inequality or social hierarchies. It was indicated with various terms such as bureaucratic collectivism or state capitalism and presented as a hybrid that could not be fully defined either as capitalism or socialism. It is the particular interpretation of the new system as a "managerial society" that we will now dwell on here.

In 1932, the separation of the ownership and control of enterprises was made explicitly the subject of analysis in *The Modern*

Corporation and Private Property, written by the Columbia law professor Adolf Berle, a member of Franklin D. Roosevelt's "brain trust" on economic strategy, and by his economist colleague Gardiner Means. They observed that two-thirds of the industrial wealth of the United States was now held by the stockholders of large corporations. The growth in size of firms and investments in technology had made systematic recourse to financing through the public issue of stocks on the market indispensable. However, the most disruptive novelty was the widespread nature of stockholding, and therefore the extreme dispersion of ownership. In this context, control of a corporation could be exercised by a minority stockholder, holding only a minimal share in the ownership of the capital; or even, in an increasingly frequent case, by persons who were not stockholders at all, but who acted on their behalf, namely, managers. It is easy to see that when one acts on behalf of thousands of people, none of whom has a decisive weight, one ends up acting with one's own head. And the profit motive, so fundamental for the stockholder, may not be the same for the manager. In short, for Berle and Means, this change, concerning both the means of production and the motivations of entrepreneurial activity, was doubly destabilizing for capitalism. In emphatic tones they wrote, "This dissolution of the atom of property destroys the very foundation on which the economic order of the past three centuries has rested."⁵⁹ And again: "The divorce of ownership from control . . . almost necessarily involves a new form of economic organization of society."⁶⁰ It was an epochal change comparable to the early modern transition from feudalism to capitalism.

An important point on which Berle and Means's approach departs from that of other authors is, however, their conviction that this change could be governed without trespassing the

boundaries of a market economy, albeit heavily regulated. The wealth could and should remain in private hands, while the government should supervise managers so that they would act in the interest of the corporation and would not turn into a greedy plutocracy. So to the evangelical question “Who will guard the guardians?” Berle and Means gave a simple and benevolent answer—an answer not very different from that already suggested by Keynes in “The End of Laissez-Faire” (1926). Upon reflecting on the “trend of joint stock institutions” and what he called the “tendency of big enterprise to socialise itself,” he concluded that “the battle of Socialism against unlimited private profit is being won in detail hour by hour. . . . For my part I think that capitalism, wisely managed, can probably be made more efficient for attaining economic ends than any alternative system yet in sight, but that in itself it is in many ways extremely objectionable. Our problem is to work out a social organisation which shall be as efficient as possible without offending our notions of a satisfactory way of life.”⁶¹

Much less reassuring was the interpretation that others gave to this process ten years later, as the world plunged into a new world war. The key thinker was the Italian Bruno Rizzi. A self-taught intellectual and activist, he was the protagonist of a surreal story that deserves to be told.⁶² Thanks to his work as a traveling salesman, in the 1930s Rizzi visited capitals all over Europe, coming into contact with Trotskyist circles. Between 1938 and 1939 he wrote a series of letters to Trotsky to convince him that Stalinism was not a transient degeneration of socialism, but the expression of a new system of social organization, neither capitalist nor socialist, in line with a trend under way in the major industrial powers. Rizzi also sent him several chapters from his forthcoming book, *The Bureaucratization of the World*.⁶³ His

letters were never answered. Returning to the Italian province after the war, he discovered only a few years later that Trotsky had publicly engaged with his ideas on various occasions, drawing the attention of the American philosopher James Burnham, who between 1939 and 1940 was going through his divorce from Marxism to become one of the fathers of neoconservatism. In 1941 Burnham published *The Managerial Revolution*.⁶⁴ In both works there is the idea that in industrialized countries the social divide was no longer between capitalists and proletarians but between those who control production (bureaucrats for Rizzi, managers for Burnham) and those who do not. Both capitalism and socialism would be replaced by a new model of “bureaucratic collectivism” or “managerial society,” a model that was already at an advanced stage of development in Nazi Germany and the Soviet Union but was also present in the United States of the New Deal, though in a more primitive form. In Burnham, there is also some satisfaction about what was happening.

As for Trotsky, he reproached Rizzi and Rizzi’s “semi-follower” Burnham for relying on superficial similarities among the systems of the United States, Germany, and the Soviet Union—such as the fact that all these countries were ruled by bureaucracies, ownership was limited, and planning prevailed—ignoring the different “class significance” that these characteristics assumed in the various contexts, as a result of the historical dialectic.⁶⁵ Of course, what he was concerned with was reiterating that the latest developments in the USSR represented a perversion of socialism, produced by Stalin’s hijacking, rather than a new model. The matter was very simple. “Either the Stalin state is a transitory formation, it is a deformation of a worker state in a backward and isolated country,” he wrote, “or ‘bureaucratic collectivism’ . . . is a new social formation which is replacing capitalism throughout

the world (Stalinism, fascism, New Deal, etc.)”⁶⁶ Leaning toward the first interpretation, Trotsky was confident that Stalin’s regime could be overthrown by an authentically proletarian revolution, a prospect that Burnham instead branded as utopian. But even the vision of the latter was overshadowed by partisan feelings. According to George Orwell, Burnham was essentially “fascinated by the spectacle of power” and, convinced that Germany would win the war, fantasizing that it would shape the world in its own image. As he humorously put it, “Burnham sees the trend and assumes that it is irresistible, rather as a rabbit fascinated by a boa constrictor might assume that a boa constrictor is the strongest thing in the world.”⁶⁷ If the march toward bureaucratic collectivism was undeniable, one could doubt that it was irreversible and not just the expression of a particular historical phase.

In the Eye of the Storm

The time has come to take a closer look at Germany, the middle ground between the liberal and Soviet worlds that everyone was carefully watching in the 1930s. Could it be the economic model tested in the Nazi laboratory, the one on which the economic systems of the future might converge? Before we tackle this issue, we should ask ourselves what the intellectual climate was in the late Weimar Republic. Our question should not be asked in the abstract, but rather with reference to a specific subset of the cultured élite—those who thought that social policy could be better carried out within a nationalist and dirigist framework. It is these thinkers who, at least initially, had sympathy for the new regime.

In 1927 Werner Sombart published the third and last volume of his masterpiece, *Modern Capitalism*, devoted to the age of

“high capitalism,” which covers the period of the Industrial Revolutions until the First World War. The volume also deals, albeit in a sketchier way, with the emergence of a new phase in the interwar period, called “late capitalism.” It concludes with a chapter on the economic life of the future.⁶⁸ Here Sombart, after recalling the sensational predictive mistakes made by past thinkers, from Tocqueville to Marx and his own mentor Gustav Schmoller, warned that the analysis of social facts must be kept quite separate from one’s own desires. He also argued that it is not easy to predict the future, but it is easier to guess what will not happen. Those who predicted the undisputed dominance of a single economic system were mistaken; history showed that various systems, different in power and extent, had always coexisted. Even long-lasting changes induced by revolutions were to be excluded. Revolutions, he thought, can destroy the existing order, as had happened recently in Russia, but do not result in new economic systems, which are the product of slow and gradual changes. Similarly, the scenario of a return to precapitalist economic formations was considered fanciful. It was decidedly antihistorical, for Sombart, to imagine that humankind would give up modern technology. What about the exhaustion of natural resources? Referring to a conversation he had had with Max Weber, and his old adage that industrial capitalism would end when the last ton of iron was merged with the last ton of coal, he objected that oil, hydroelectric power, tidal power, and solar power would come after coal.⁶⁹

For the future, Sombart thus foresaw the coexistence of capitalism with other economic systems. Capitalism was going to be transformed by ever stronger restrictions and interventions from public authorities. It would in a sense change soul (in this regard he agreed with Weber), losing its original momentum, the “Faus-

tian impulse,” and relying instead on bureaucratic routine. Of the three ingredients that constituted capitalism—rationalism, the acquisitive drive, and individualism—only the former would prevail in the long run. The process of objectification of the enterprise and depersonalization (*Vergeistung*) of its ownership, as well as the pursuit of economies of scale and other forms of productive efficiency already present in late capitalism, would continue in the twentieth century. At this point a natural move for the state would be to “bottle” capitalism, as one does with a good wine, and direct it toward its ends. But if economic planning was to mark the destiny of both Western capitalism and Soviet socialism, would not the difference between the two regimes be gradually lost? Sombart’s response leaves no room for doubt: “We will now, however, gradually have to get used to the thought that the difference between a stabilized and regulated capitalism and a mechanized and streamlined socialism is not very large, and that for the fate of people and their culture it is thus practically of no consequence whether the economy is shaped in capitalist or socialist fashion. What matters is the following: the mode of operation is in both cases the same; in both cases the entire economy rests on the basis of depersonalization.”⁷⁰

Another interesting aspect in this writing is the prediction that capitalism would not remain for a long time an exclusively Western phenomenon. When the Asian and African nations freed themselves from the yoke of colonialism and imperialism, Sombart thought, they would probably synthesize the traditional values of their cultures and the elements of the system in which they had unwillingly found themselves a part. What this synthesis would produce “will be a construct which will carry some traits of European-American capitalism; in its essentials, however, it will be entirely different from our capitalism, since it rests on

completely different bases.”⁷¹ This anticipation corresponds to the philosophy of German historicism, which is that every social formation in human history is unique and unrepeatable. One does indeed have to admit that Sombart saw well what would actually happen many years later in places like East Asia.

All in all, Sombart’s position on capitalism is in line with more general ideas on the decline of Western civilization that were rather widespread in interwar Germany. At the heart of these ideas—expressed in almost poetic language in a famous work by Oswald Spengler—was the conviction that liberal democracy and the rationalistic culture of the Enlightenment had by now exhausted their life cycle.⁷² If anything precipitated the tones of a discussion that had remained in academic speculation until then, it was the Great Crash. In an atmosphere still dominated by anger at the humiliation of the Treaty of Versailles, there were groups like the *Tatkreis*—a conservative *völkisch* circle that grew up around the magazine *Die Tat* (The Action)—that drew on this mood to propagandize against the fragile Weimar Republic. In the Republic they saw the Trojan horse by which liberalism and commercial culture were corrupting Germany to enslave it to the Atlantic powers. The German state had to be rebuilt from its foundations. If classics such as Hegel and Nietzsche, and contemporary authors such as Edgar Julius Jung, Carl Schmitt, and Othmar Spann were, for these “conservative revolutionaries,” the models to follow in the field of political science, the way to economic salvation was J. G. Fichte’s old recipe of the “closed commercial state,” that is to say, national self-sufficiency defended by a coherent neo-mercantilist strategy. Only by autarky and debt repudiation, they argued, would Germany free itself from the grip of financial dependence on Britain, France, and the United States. After the Nazi seizure of power, the *Tatkreis* was dissolved. Some

members of the movement considered their mission accomplished and joined the Nazi Party. Others were persecuted by the Nazis, lost their lives, or sank into anonymity.

In circles like this (not unlike the radical left) the advent of the Great Depression was interpreted as a sign that the decline of the capitalist system was accelerating. In 1931, Ferdinand Zimmermann, the editor of *Die Tat*, published under the pseudonym Ferdinand Fried a book on the subject that became very popular among middle-class readers in Germany and elsewhere.⁷³ In introducing the Italian edition, the publisher recalled the words of Benito Mussolini: "Last summer President X, the chief of one of the most powerful States in the world, said to me that the crisis in which we are now involved was of the same kind as those which have preceded it, and would, like those, speedily pass. To my mind, . . . it is something more momentous than that, a crisis of the capitalistic system. The whole system is at stake."⁷⁴ Zimmermann, a student of Sombart, was fairly well read, even though he lacked the analytical rigor necessary to develop such a demanding topic. The signs of the imminent end of capitalism were identified by him as the exhaustion of technological progress, the demographic stagnation of the developed countries, the suppression of internal competition and free trade, the dissolution of the entrepreneurial spirit into bureaucracy, and the growing role of the state. Like Keynes, whose name appears in the pages of the book, Zimmermann believed that the end of capitalism would not lead to a descent toward lower levels of prosperity but to the transition from a "dynamic" economy whose aim is the generation of needs to a "static" economy oriented toward satisfying needs, and where politics would have its revenge on economics.

As Isaiah Berlin observed in a report for the publisher Faber & Faber, the only original thesis in this book is the claim, which

is unfounded, that the age of inventions and industrial innovation was over. The assertions on “death of individualism, growth of mass production, collectivism,” as well as the conclusion that “since collectivism is coming anyway, it might as well be dealt with efficiently and fairly by being converted from Trust-collectivism into State-ownership of the means of production,” can be found in dozens of other works.⁷⁵ The same can be said for the exhortation to break the chains of financial subjection and the recognition of a special destiny of Germany in guiding the struggle for liberation: it is enough to think of the advocacy of a “German Socialism” made in those years by Sombart himself.⁷⁶ But, once again, he did not confuse prediction with policy recommendation, the analysis of reality with his desires.

Nazi “Capitalism”: Can It Last?

After Hitler’s rise to the chancellorship in 1933, another group of German intellectuals—many of whom were forced to emigrate for ideological or racial reasons—began asking themselves a different kind of question. First of all, they wondered about the strange nature of the Nazi economic and social system. Second, they wondered how long it could last. These concerns were central to the Frankfurt School during its American exile. At the Institute of Social Research, which moved to New York City, thinkers such as Max Horkheimer, Friedrich Pollock, and Franz Neumann took part in a heated wartime debate. But this also involved Hilferding, who, hunted by the Gestapo, was fleeing through Europe.⁷⁷

To describe the Nazi hybrid, in 1941 Pollock developed the ideal type of “state capitalism” (the term itself preexisted, dating back at least to Bukharin).⁷⁸ It was a different formation both from the

competitive capitalism of the liberal age and from the monopoly capitalism that had asserted itself since the end of the nineteenth century. At the same time it was not socialism, regardless of whether this term meant the ideal goal indicated by Marx or the actually existing socialism of the Soviet Union, because in state capitalism there were private ownership and profits, and there was the market. It was not even a relapse into precapitalist formations, because it was based on the triumph of rationality and technique. State capitalism was configured in every respect as “a new order.” What then made it so radically different from the earlier system? A first answer is that the features it inherited from the past had changed their function. The market, for example, had become a mere distributive mechanism: it was no longer the “steering wheel of production.” Prices did not serve as signals. Similarly, profits no longer functioned as incentives that could drive capital flows.⁷⁹

Another element of discontinuity was the substantial emptying of meaning of things such as private ownership and initiative. Under capitalism, be it competitive or monopolistic, producers were free to make their own decisions as to investment and the use of resources. In monopoly capitalism, it is true, minority stockholders succumbed before the management, but control remained in private hands. Under state capitalism, by contrast, even the largest stockholders were powerless. Nor could any decision be made by the top management without the blessing of the Nazi Party and its apparatus. The allocation of factors of production was decided centrally by the long arm of the state. The state, through planning, decided what to produce, how to produce it, what to invest in, and what not. The room for private decision making was stripped to the bone in the name of a higher interest. This primacy of politics reverberated on the functioning

of society. Wealth and property had ceased to be the main determinants of the status of individuals. What mattered much more was their proximity to the levers of decision-making power. Nazism represented, as Peter Drucker wrote in the same years, “the end of economic man.”⁸⁰

The fact is that this system ensured economic and social stability. Central steering of the economy had eliminated cyclical fluctuations and waste of resources, achieving full employment. Economic problems had thus been reduced to political problems or problems of administration. One could even say that “under state capitalism economics as a social science ha[d] lost its object.” Pollock declared himself unable to discover any factors that could lead to unemployment, stagnation, overproduction, overinvestment, or retrogression in technical development. To work, such a system only needed a constant supply of raw materials. This led him to believe that state capitalism was free from internal contradictions and therefore tended to be stable. It could only falter in the event of differences of interest within the ruling class or collapse with the defeat of Germany in World War II—political and military, not economic, circumstances.⁸¹ But what really mattered to him was to stress the potential that planning could have if it were placed in a democratic order. His dream was to see state capitalism resurrect after the war and become the formula by which to ensure prosperity and social justice in the free world.

In his essay “The Authoritarian State,” Max Horkheimer, who substantially accepted Pollock’s ideas, came to more nuanced conclusions and was more cautious in his hopes for the future. Even the prospect of a democratic transformation of state capitalism, as a surrogate for a proletarian revolution that now seemed impossible, left him skeptical. The road to hell was paved with good intentions. If even the noble ideal of socialism had suffered

monstrous degeneration in Stalin's regime of "integral statism," what aberrant developments could the new "capitalism" undergo? Nor did the definitive establishment of this system appear to him to be an inevitable outcome of history. Only a dehumanized history that "fails to fulfill its human destiny" could run on tracks already traced. In his characteristically esoteric language, Horkheimer warned that venturing into predictions of this type "recognizes only the dimension of the cycle of progress and regression; it ignores the active intervention of men."⁸²

Then there were those who contested the very basis of the theory of state capitalism. But critics of this ideal type were in turn divided over everything, apart from the fact that they found the expression "state capitalism" a contradiction in terms. Some, like Franz Neumann, thought that Pollock's thesis was something between a gamble and a product of false consciousness. Neumann only joined the Institute of Social Research in the late 1930s, but he soon found himself marginalized. Reluctant to embrace the radical dialectic of the School, his Marxism seemed too orthodox, and his outspokenness certainly did not help.⁸³ In *Behemoth* (1942) he completely overturned Pollock's interpretation of the Nazi economic and social order. According to him, the private economy was not at the mercy of the state; rather, it was the state that was enslaved to large private interest groups. In this sense, the Nazi economy was quintessentially capitalist and its development was in perfect continuity with the monopoly phase. Economic policy, Neumann pointed out, was conditioned by the interests of a handful of families and their cartels: the Flicks, the Quandts, the Wolffs, who became so powerful that they overshadowed the old dynasties of German industry that had backed Hitler's ascent. From this it followed that fascist-style capitalism did not escape the contradictions of capitalism *tout court*. One could therefore

hope that, regardless of the outcome of the war, in the long run antagonisms between oppressors and the oppressed would emerge. The effect of propaganda could not last forever: its magical character clashed with the rationality of industrial production and the organization of society.⁸⁴

Hilferding's criticism took the opposite standpoint, as he found the category of state capitalism not radical enough. He preferred to use the expression "totalitarian state economy," arguing that the fascist regimes of Germany and Italy increasingly resembled the command economy model of the Soviet Union. Hilferding did not dispute that a new order could be observed in these countries. If anything, he went further and said that this order, though not socialist, was now fully postcapitalist. His target was not even Pollock but the orthodox Trotskyists who, to denounce the perverse nature of the USSR under Stalin, insisted on portraying it as a "degenerated workers' state" that could only either relapse into capitalism or evolve, after a new revolution, into a proper socialist state. "The Marxist sectarian," Hilferding wrote, "cannot grasp the idea that present-day state power, having achieved independence, is unfolding its enormous strength according to its own laws, subjecting social forces and compelling them to serve its ends for a short or long period of time."⁸⁵ Hilferding's totalitarian state economy was thus added to the already rich repertoire of ideal types produced by the theorists of convergence, but it came significantly closer to the thesis of "bureaucratic collectivism."

The Self-Defeating Values of Capitalist Society

The New Deal, too, had its enemies, and some went so far as to argue that it was to be blamed for the problems of American

capitalism, while playing down the crisis that had preceded it. Among them was Harvard economist Joseph Schumpeter. Schumpeter thought that Roosevelt's policies had turned a normal downturn in the business cycle into a depression. But depression was not the threat hanging over the future of capitalism. The threat came from the *culture* of which the New Deal was an expression. In the early 1940s Schumpeter was an unhappy man. Not only did he suffer terribly from being overshadowed by Keynes's growing prestige. He felt that he had outlived his time, that he belonged to a world that no longer existed. For an Austrian-born bourgeois, educated in the values of the Habsburg elite, this world was a liberal conservative one.⁸⁶

In *Capitalism, Socialism and Democracy* (1942), Schumpeter made it clear that it was not the periodic crises of capitalism that would bring it to an end. These were part of the healthy dynamic of "creative destruction" in a system driven by innovation. Aside from the ups and downs of the business cycle, he argued, capitalism showed a certain stability. No matter who wins and who loses in a particular phase of the cycle, in the end what is important is the trend, and this pointed to an increase in living standards, which is a net gain for society. Nor was the monopoly structure of the new capitalism, which had replaced the competitive model, a weakness. It was the product of a natural evolutionary process, but it did not affect the functioning of the system—neither its capacity to innovate nor its capacity to make profits. As for the stationary state foreshadowed by Mill and Keynes, which Schumpeter relabeled the "vanishing of investment opportunity," it was not really on the horizon. He was confident that "as higher standards of life are attained, . . . wants automatically expand and new wants emerge or are created."⁸⁷

What, instead, worried Schumpeter, at least after the mid-1920s, to the point of making him believe that capitalism's days were numbered, was its social instability. The contradictions were all within the superstructure: "Capitalism, whilst economically stable, and even gaining in stability, creates, by rationalising the human mind, a mentality and a style of life incompatible with its own fundamental conditions, motives and social institutions, and will be changed, although not by economic necessity and probably even at some sacrifice of economic welfare, into an order of things which it will be merely [a] matter of taste and terminology to call Socialism or not."⁸⁸ Ironically, the withering away of social and cultural conditions favorable to capitalism was a consequence of its economic success. This success was leading to the exhaustion of the role of the entrepreneur and the loss of his prestige; to the destruction of the social strata that had protected the development of capitalism; and to the upheaval of the institutional framework upon which it rested. But Schumpeter especially pointed his finger at the growing hostility of intellectuals to capitalist values.⁸⁹ It is worth analyzing each of these changes.

The "mechanization of progress" had made the entrepreneur superfluous. Innovation in modern industry could no longer rely on the erratic strokes of genius on the part of individuals. It was in the hands of teams of specialists in research and development and proceeded according to predictable patterns. Innovating no longer meant breaking the mold, but taking part in a widely accepted routine, incorporated into the system's operating logic. If early capitalism owed a good part of its dynamism to the deviance of its protagonists and their ability to challenge society, this deviance was now lost. But the problem for Schumpeter was even greater. The loss of prestige of the entrepreneur was reflected in a weakening of the bourgeoisie as a social group and in its progres-

sive transformation into a class of clerical workers. We must observe that this automatic link between the exhaustion of the entrepreneurial function and the weakening of the bourgeoisie seems a bit hasty. Schumpeter took it for granted that the bourgeoisie commanded respect by virtue of their heroic ability to innovate and not because they embodied the supreme value of modern Western achievement-oriented societies, that of wealth acquisition. If we define the bourgeoisie by income rather than function, the “executive” and the “manager” of managerial capitalism will appear indisputably bourgeois. Didn’t they continue to represent role models for the lower middle classes? The ability of the bourgeoisie to contribute to technological progress may have been diminished, but after two centuries of dominance its values had been abundantly absorbed into society.

Capitalism, Schumpeter noted, was built on the foundations of the feudal system. Far from being the enemy of the bourgeoisie, the aristocracy had accompanied its rise, providing a political framework conducive to the development of entrepreneurial activities. Moreover, under its benevolent protection, special arrangements for those who failed to keep pace with the economic changes—such as the traditional support systems of the village and the craft guild—had continued to exist. But both conditions were lacking at the time of late capitalism. The bourgeoisie now thought they could rule by themselves without the political know-how of the aristocracy. This, in Schumpeter’s view, was a dangerous illusion, all the more so for the United States, which was born as a bourgeois republic. True, he observed, “the industrialist and merchant, as far as they are entrepreneurs, also fill a function of leadership. But economic leadership of this type does not readily expand . . . into the leadership of nations.” The bourgeois, he concluded, is “rationalist and unheroic,” and “the

stock exchange is a poor substitute for the Holy Grail.”⁹⁰ Here, on the one hand, Schumpeter overgeneralized the British historical experience of the “active symbiosis” of aristocracy and bourgeoisie, which in many ways appeared to him an ideal condition. On the other, he offered a caricature of the interwar American bourgeoisie, unable to defend their interests against the advance of collectivism. As to the assumption that aristocracy is necessary to guarantee social peace, it seems difficult to reconcile it with the emergence, at the end of the nineteenth century, of the institutions of modern social policy in industrialized countries. These were intended to compensate the victims of capitalism while, at the same time, removing social obstacles to its further development.

The third problem highlighted by Schumpeter was that capitalism tended to destroy the very institutional framework that underpinned it, whose two main pillars were the property of the means of production and freedom of contracting. Ownership in a large corporation was so dispersed that the latter seemed to belong to no one. No one behaved like an owner. Not the management, which was interested in maximizing its remunerations rather than the firm’s profits and was therefore often in conflict with stockholders. Not small stockholders, for whom stocks represented a minor source of income. They had a small-saver opportunistic mentality. Their exclusion from decision-making processes made them critical of the corporation and even hostile to capitalism as such. All that remained was the big stockholders, about whom Schumpeter merely shook his head. Not even they performed, or possessed, “the functions and the attitudes of an owner.” Freedom of contracting, understood as making agreements based on an “individual choice between an indefinite number of possibilities,” also tended to disappear in a business

environment where giant companies faced the interests of other giant companies or of masses of workers. The contract became “stereotyped, unindividual, impersonal and bureaucratized.”⁹¹ Schumpeter’s dismay at these changes is understandable, but the subsequent financialization of capitalism would show that “dematerialized, defunctionalized and absentee ownership” can be as effective as material and personal ownership, even in perpetuating the hierarchical structure of capitalist society. It may not “call forth moral allegiance.” But does capitalism really have to be morally revered and respected to prosper?

The fourth and final factor that was believed to threaten the survival of capitalism was the hostility of intellectuals who gave voice to social discontent. If Schumpeter borrowed from Sombart the image of capitalism as a process of creative destruction, he owed Weber the idea that its historical development had gone hand in hand with the rationalization of human conduct. While for Weber the link was one of correlation and did not specifically concern intellectual inquiry, Schumpeter made it simpler and stated without too much doubt that, from the Renaissance onward, the “civilization of capitalism” had boosted the growth of the rationalist spirit of modern art, science, and technology—a spirit that existed in a latent state for thousands of years. Not only had the advent of capitalism turned “the unit of money into a tool of rational cost-profit calculation,” but above all it had created such things as “the cheaper book, the cheap newspaper or pamphlet, together with the widening of the public,” and favored the formation of an “anonymous public opinion” that was free to express itself. In this liberal climate, intellectuals thrived. Their numbers multiplied following the unprecedented expansion of higher education in the late capitalist period. But many of them were destined to remain unemployed or unsatisfactorily

employed. It is at this point that Schumpeter introduces his sociology of the intellectual. The intellectuals, who already tended to look down on society, attacked capitalism as the cause of their frustrations. They allied themselves with bureaucracies (which had never completely lost their precapitalist mentality), advised politicians, and wrote party speeches. Their ideas eventually informed public policies that became “a serious impediment” to the functioning of the “capitalist engine.” The nefarious influence of intellectuals was even stronger in “stimulating, energizing, verbalizing and organizing” the labor movement, supplying it with “theories and slogans.”⁹² With hindsight, one can certainly say that Schumpeter overestimated the influence of intellectuals on politics and society, again overgeneralizing from the Roosevelt years. It is well known that the United States lacks a strong public intellectual tradition, and indeed the history of its intellectuals is one of progressive retreat to the ivory tower.⁹³ Public thinkers in America have never aroused much respect. In contrast, examples abound of widely worshiped CEOs. This is because American society is founded on a profound anti-intellectualism whose origins were effectively dissected by Richard Hofstadter in a classic study.⁹⁴ But even in Europe, where intellectuals used to enjoy undisputed prestige, the interwar period certainly did not offer fertile ground for the exercise of free thought.

At the end of 1949, a few days before his sudden death, Schumpeter delivered an address before the American Economic Association in New York titled “The March into Socialism.” After reaffirming for the benefit of those present that he was not advocating socialism, nor intended to discuss its merits, he introduced an element of caution about the future. Schumpeter wanted to make it clear that

I do not “prophesy” or predict [socialism]. Any prediction is extrascientific prophecy that attempts to do more than to diagnose observable tendencies and to state what results would be, if these tendencies should work themselves out according to their logic. In itself, this does not amount to prognosis or prediction because factors external to the chosen range of observation may intervene to prevent that consummation; because . . . observable tendencies, even if allowed to work themselves out, may be compatible with more than one outcome; and because existing tendencies, battling with resistances, may fail to work themselves out completely.⁹⁵

Yet he concluded his speech with the following words: “Marx was wrong in his diagnosis of the manner in which capitalist society would break down; he was not wrong in the prediction that it would break down eventually.”⁹⁶ The temptation to engage in social forecasting proved invincible once again.

Cassandra’s Last Warning

During the dark night of the war one last nightmare tormented the conservative mind, namely, that planning would lead to totalitarianism. Underlying this sinister premonition is an interpretation of fascism that does not see it as an alternative to socialism but as an expression of it. This, therefore, was yet another variant of the convergence theory. Its most effective presentation is in a 1944 book by the libertarian economist Friedrich Hayek, also an Austrian. Frightened by the massive use of planning to support

the military effort of a champion of the liberal economy like the United Kingdom, which had become his new home, Hayek warned the British that they were setting out on the “road to serfdom.”⁹⁷ He argued that a nation does not have to be morally corrupt to become like Germany. The step from planning to totalitarianism is shorter than one may think, as the suppression of the market sooner or later leads to the destruction of freedom. The UK still had time to reverse the course, but it had to act quickly. It is evident that, to sustain such a strong thesis, one must see in the market more than an allocation mechanism. Indeed, for Hayek the market is the regulatory principle of society. It is the origin and guarantor of its moral law. To prevent pragmatic objections, he paid particular attention to disproving the view that technological progress made embracing planning an inevitable choice. Market competition within a rational framework of rules, he explained, remained the most efficient way to organize even a very advanced economy. The greater the economy’s complexity, the less able the planner is to manage the information required.

In 1947 the question of freedom in a planned economy was taken up by Karl Polanyi in his essay “Our Obsolete Market Mentality.” To Hayek’s view that, as freedoms are the product of the market economy, they are destined to evaporate with the disappearance of the market economy, he replied that this was not necessarily the case. This was a hasty conclusion dictated by economic determinism. Proof of this was that, during the war, the United States and Great Britain had remained democracies even in times of pervasive macroeconomic management. Nor was Polanyi tender with the likes of Burnham, who to him cultivated “the ideal of the Brave New World” of technocratic control over society. He reiterated Orwell’s point that they confused their wish

that “the whole of society should be more intimately adjusted to the economic system” with an inevitable consequence of the ongoing economic changes.⁹⁸ No, economic planning did not necessarily have to go hand in hand with the managerialization of society. Polanyi was convinced that there was room for freedom and democracy in a complex society, and that their exercise would be realized in the governmental steering of the economy. Of course, the freedom he had in mind is not the condition of being able to do whatever one wants according to one’s own financial means. That was an outdated and unacceptable nineteenth-century concept. Expanding freedoms meant to him putting as many people as possible in the position to enjoy the material security afforded by economic progress. In this sense, as he put it, “regulation and control can achieve freedom not only for the few, but for all.”⁹⁹

In short, in the aftermath of World War II, Polanyi thought that the time was ripe for putting an end to the anomaly that had occurred with the birth of industrial capitalism a century earlier, when machines had prevailed over human beings, labor had become a commodity, and the economy had taken over the society it was meant to serve. He was right in that he sensed that governmental steering of the economy could also be done in a democratic context, as indeed happened in much of the Western world in the second half of the twentieth century.

CHAPTER THREE

Hopes Betrayed



THE TWO DECADES THAT FOLLOWED the end of the Second World War were a period of unprecedented social peace and prosperity. Keynesian full employment policies seemed to have indefinitely averted the risk of new crises. Capitalism no longer looked threatening, for it was thought to have been finally secured and tamed. It could now coexist harmoniously with the working class and even improve its standard of living. This change in perspective was closely associated with the triumph of social democracy, which promoted the historic compromise between capital and labor. From Scandinavia to Britain social democratic architects, wielding the gospel of enlightenment, set out to build the good society as a realistic, rational utopia. Even the United States, always reluctant to wage war on inequality, saw in the 1960s an expansion of social welfare programs.

In this context, speculating about the end of capitalism was seen at best to be a wasted effort, at worst a pathetic pastime. As Gunnar Myrdal, one of the masterminds behind the welfare state, explained, the appeal of the revolution had waned the moment governments had put in place “coordinated public policies of such . . . far-reaching consequence that they could gradually bring the economy of a country to function in accordance with the majority interests of all . . . citizens.” Marx’s fundamental limitations lay in his determinism, which prevented him from understanding the potentialities of economic planning. Just as classical liberal thinkers were prisoners of an obsession with natural order, Marx was stuck in a teleological vision of historical development, one burdened with “metaphysical preconceptions.” By contrast, planning was “an exercise in a non-deterministic conception of history.” Its success showed that, within the constraints of existing conditions and forces, humans could “change reality according to [their] design.” As such, it disproved the existence of ineluctable laws of motion of capitalism.¹

Yet, even in the midst of this idyll, the social optimists’ camp was crossed by critical currents. These highlighted the central mechanism through which capitalism ensured its own survival—the manipulation of society to induce new needs. The most famous statement of this thesis is perhaps that of economist John Kenneth Galbraith. In *The Affluent Society*, he referred to the “machinery for consumer-demand creation” of marketing and advertising.² The specter of overproduction, once a leitmotiv of early Marxism, returned to haunt the West in an era of overwhelming abundance, stirring the radical critique of Paul Sweezy and the modern theorists of underconsumption. Nor did these authors fail to notice that the increasing reliance of income

redistribution programs on economic growth was turning into a dangerous dependency.³

So much for the more economic analysis. Meanwhile, the Frankfurt School developed a broader philosophical critique of late capitalist society. The central theme of this critique was that capitalism, resting upon instrumental rationality, had made human beings subservient to the needs of production. Once ends were removed from individual conscience, human existence began to revolve around the efficiency of means. Knowledge was reduced to technique and truth to utility. But, since no one wondered any longer about meaning, any possibility of questioning the system was precluded. The operation of the “culture industry” was paradigmatic of the eclipse of modern reason. “The might of industrial society,” Theodor Adorno and Max Horkheimer wrote in *Dialectic of Enlightenment*, “is lodged in men’s minds. . . . The culture industry as a whole has molded men as a type unfailingly reproduced in every product.”⁴ Based on the observation of mass culture in interwar America, these reflections on the transformation of art into business focused on the strategy by which capitalism exerted its control over society, shaping the tastes and behavior of its human material. The supposed democratization of aesthetic experience and its diffusion in the media were in fact forms of “mass deception” deeper than advertising. The pseudo-art of Hollywood movies and popular music was aimed at producing submissive and obedient consumers. And the new media, such as cinema, radio, and later television, encouraged a passive spectatorship. They served capitalism just as they had served fascism.

If capitalism could count on such powerful means to reproduce and perpetuate itself, it is understandable that critical theorists were fundamentally skeptical about the possibility of breaking its

chains. What for social optimists were reasons for hope became for pessimists reasons for despair. Take, for example, economic planning. It, too, had its dark side. As we saw in Chapter 2, Horkheimer was afraid that Nazi state capitalism might become a model for future economic governance.⁵ Twenty-five years later, Herbert Marcuse once again put state power on trial for implementing the “Welfare-Through-Warfare State,” which he regarded as an equally oppressive regime.⁶ Such a daring parallel pointed to the ambiguous nature of state involvement in the economic life of a democratic society. The apparent benevolence of the United States toward its working class clashed with strong imperialist instincts and concealed its complicity in the new forms of oppression exerted by organized capitalism. Even at home, while not always posing a direct threat to civil liberties, the state-capitalist machine invariably hindered the self-realization of individuals and the full expression of their personalities.

The new capitalist society was thus characterized as an “administered society.” On this point, views both within and outside the Frankfurt School converged. In this society, class conflict was institutionalized and handled by the state through the politics of industrial relations, that is, through legislation, the unions, negotiations, compromises, collective bargaining, and so on. Just like a football match, everything was done according to the rules of fair play. But, besides undermining Marx’s predictions, did this not make obsolete the very same category of exploitation? Two answers to this question were possible. Some social thinkers, such as Ralf Dahrendorf, responded in the affirmative. Marxian theory had remained stuck in the nineteenth century, while capitalism had changed. What defined capitalism was not a given structure of property relations but rather its distinctive relations of authority. Therefore, Dahrendorf referred to

the industrial society of the 1950s as a “postcapitalist society” in which owners of the means of production had lost “factual control” over them.⁷ Prophets of doom could lay down their pens and revolutionaries their flags.

But others were coming to the opposite conclusion. The antagonistic nature of capitalism had by no means disappeared. The contradictions and instability of the system were merely operating at a different level. They no longer affected the relation between capital and labor (which, at least in Europe, had ceased to be a relation between private individuals). The conflict was now within the state, the “capitalist state.” However, it took time before this awareness was reached. Three major events had to occur. These were the social protests of the late 1960s, the slowdown of growth, and the energy crisis of the 1970s. Such events took place over the course of just a few years but, like sparks from a raging fire, charred the roots of postwar optimism.

The late 1960s marked everywhere the return and exacerbation of class conflict. This not only manifested itself in factories, where strikes multiplied, but also entered the campus. Beginning with a sit-in at Berkeley in September 1964, between 1966 and 1967 the student movement landed in Europe. Campus demonstrations in Berlin and Nanterre overlapped with a wave of wildcat strikes in French factories. In the winter and spring of 1968, the movement spread to the US East Coast and Italy. Protests culminated in the May events in France, leading to the dissolution of the National Assembly and to the calling of a snap election. Tensions occasionally escalated into open violence. Sociologist Alain Touraine, who produced a real-time analysis of the protests, observed that the May 1968 rupture was not a revolution or an attempt to seize power. “Still, it has destroyed the illusion of a society reconciled with itself thanks to growth and prosperity. It has replaced the

pipe dream of a common good and social rationality with the reality of social contradictions and struggles. It has reinvented . . . class struggle.”⁸ From Berkeley to Berlin, from Paris to Rome, students were struggling against mass consumerism, the commercialization of human relationships, the commodification of sexuality. The capitalist system was blamed for creating disparities in the world between centers and peripheries. The contingent motivations behind the protests could well vary or be nation-specific. Thus, American students sympathized with the people of Vietnam, which they saw as resisting the imperialism of the US government. French students rebelled against the archaic forms of power embodied by Charles de Gaulle to cries of “*Dix ans, ça suffit!*” (Ten years, that’s enough!). But, overall, 1968 represented a single transnational movement, unified by the common goal of renewing society.

In the same years, economic growth gradually slowed down, a phenomenon that became increasingly noticeable in the 1970s. It is revealing how contemporary interpretations of dry economic statistics, coming from a variety of ideological positions, reflected epochal concerns, premonitions, and fears. The connection between growth and social conflict, and between growth and public finances, is a typical case in point. For some, lower growth rates were the product of increasingly conflictual industrial relations. The workers’ claims for higher wages and more extended welfare benefits had caused the inflationary push, eventually leading to a deterioration in public finances. For others, the slowdown of growth was totally independent of the political sphere. It had to do with structural changes in the economy. The transition to the postindustrial economy was bringing about lower productivity gains compared to the postwar period, when massive supplies of labor had flowed from agriculture into the secondary sector. With

lower growth rates, both tax revenues and the margins for social policy had diminished. Consequently, budget problems had emerged on one side, and social tensions on the other. In hindsight, this latter interpretation appears more plausible. After all, growth did not regain momentum even in the 1980s, when inflation was over and public finances were subjected to the harsh cure of austerity. This, of course, does not exclude the presence of feedback effects. To some extent, stagnation, inflation, social conflict, and fiscal crisis might have been, at the same time, each other's cause and effect.⁹

Finally, anxiety about growth was intertwined with concerns about resource scarcity brought about by the oil shocks of the 1970s. There is no doubt that the energy crisis contributed to the recession and galloping inflation of those years, making the problem substantially worse. Even if the causes of the shocks were political—the Arab-Israeli War in 1973 and the Iranian Revolution in 1979—these drew widespread attention to environmental limits to growth. Intellectuals, politicians, and the public suddenly realized what scientists already knew—that the stock of energy sources and raw materials on the planet was determinate. Sooner or later, even a hyper-technological society, such as the one that had been shaped by the Industrial Revolutions, would have to come to terms with a permanent scarcity of goods. However, what was at stake was more than resigned adaptation to these inescapable constraints. The rise of an ecological consciousness led many to wonder whether growth was sustainable from another point of view—that of the health and quality of life of human and nonhuman beings. Set aside the enthusiasm for postwar affluence, certain habits so closely related to the capitalist system—such as unrestrained consumption and waste, pollution, and the destruction of nature—were no longer

acceptable by-products of development. Hence, for Marcuse, as the “domination of man” had been carried out “through the domination of nature,” so the “liberation of man” should come “through that of nature.”¹⁰

A New Economy, a New Society, a New Marx?

The postwar period was a hard time for Marxism. If the survival of capitalism after the Great Depression was an uncomfortable fact, its expansion during the Golden Age was simply embarrassing. For the more progressive wing, accounting for these developments entailed an effort to revise and, where necessary, cut out the dead wood in Marx’s theory. By contrast, those on the orthodox side of the fence were struggling to show the compatibility between doctrine and reality. And once they glimpsed the first signs of crisis, they hastened to celebrate the failure of Keynesianism. A good example of this attitude is the voluminous tome *Marx and Keynes: The Limits of the Mixed Economy* produced by Paul Mattick in 1969. The deception, he said, had finally become apparent. The mixed economy was not the ideal middle way, the much-dreamed-of intermediate mode of production between capitalism and socialism. Keynesianism was just capitalism’s unsteady crutch.¹¹

But let us take a step back and focus on the moment—just a few years earlier—when capitalism still appeared to be triumphant. In 1966, Paul Sweezy and Paul Baran maintained in *Monopoly Capital* that the growth of monopoly had undermined Marx’s law of the tendency of the profit rate to fall. Having managed to impose prices and contain costs, the capitalism of giant corporations was, to a large extent, safe against potential crises

on the production side. What it had been unable to accomplish, however, was to prevent the risk of underconsumption. Ricardo and Marx had downplayed this problem of “surplus absorption,” deeming it more likely that the system would fail to produce enough surplus to maintain the accumulation. Neoclassical economists had seen no problem at all, firm in their belief in the efficiency of markets.¹² But if a lesson could be learned from postwar affluence, it was that the demand side had become the Achilles’ heel of capitalism. The tendency toward stagnation was only being held in check by consumer-demand creation and by public and military expenditure, leading to the so-called military-industrial complex.¹³

In this respect, the neo-Marxist analysis of Sweezy and Baran substantially concurred with that of a maverick liberal such as Galbraith. Differences lay in the prognosis. In the final chapter of *The New Industrial State* (1967), devoted to the future, the issue of convergence between capitalism and socialism came back once again. Corporatization and planning were interpreted as the inevitable consequence of relentless technological change, a force that was also at work in the Soviet Union. Convergence, however, was no longer regarded with apprehension, but hailed as “an exceedingly fortunate thing.” As Galbraith put it: “Those who speak for the unbridgeable gulf that divides the free world from the communist world and free enterprise from communism are protected by an . . . ecclesiastical faith that whatever the evolution of free enterprise may be, it cannot conceivably come to resemble socialism. But these positions can survive the evidence only for a time. Only the most committed ideologist or the most fervent propagandist can stand firm against the feeling that an increasing number of people regard him as obsolete.”¹⁴

Galbraith's optimism was fed by the hope that, once convergence had been reached, the two blocs would give up the arms race and embrace peaceful coexistence. This is hardly surprising in the light of his biography. An unconventional academic, Galbraith served as John F. Kennedy's adviser and ambassador to India. He was close enough to the establishment to walk the fine line between provocation and prudence. Sweezy and Baran, on the other hand, were the antithesis of diplomacy. The perspective from which they described capitalism was always that of radical critique. Not only did they see no room for a spontaneous transition to socialism; they stubbornly continued to believe in revolution. Even so, they were aware that revolution would be unlikely to originate in the West, as its potential actors had been swallowed up in the logic of capitalism. "Industrial workers," they wrote, besides making up a minority of the workforce, "have to a large extent been integrated into the system as consumers and ideologically conditioned members of the society." The "special victims" of the system were clearly the unemployed and unemployable, the school dropouts, the indigent elderly, the inhabitants of urban ghettos—but they were too heterogeneous a group to develop a class consciousness.¹⁵

It was far more likely that the revolution would begin in the southern periphery generated by the expansion of the capitalist world system. Sweezy and Baran welcomed the "historic victories" achieved, since the 1940s, by revolutionary peoples in Vietnam, China, Korea, Cuba, and Algeria.¹⁶ They envisaged that this front would expand, forcing the United States to engage in a wide-ranging counterrevolutionary effort that would be unsustainable in the long term. Economic costs were not the only issue, of course. How long, Sweezy and Baran wondered, would soldiers

and their families endure the physical and mental suffering caused by never-ending bloodshed? It was just a matter of time and American society, too, would realize the irrationality of such an “evil and destructive system which maims, oppresses, and dishonors those who live under it.” Yet, they warned, “This will not happen in five years or ten, perhaps not in the present century: few great historical dramas run their course in so short a time.”¹⁷

A refutation of the thesis that monopoly capitalism escaped the tendency of the rate of profit to fall was provided in Ernest Mandel’s book *Late Capitalism*. For some time, he argued, technological rents might allow monopolies to enjoy superprofits, but these could not last forever. In the long run, the profit rate in monopoly sectors had to adjust to equate that of competitive sectors due the operation of competition between capitals.¹⁸ Marx’s intuition remained valid. Its fulfillment had been delayed by transient factors, but a new crisis was already in sight. Postwar capitalism, Mandel explained, could benefit from a mix of favorable circumstances—partly dependent on reconstruction, partly on the industrialization of latecomer countries—which made possible the re-creation of a reserve army of labor. An oversupply of labor, in turn, resulted in a higher rate of exploitation. The increase in real wages was inferior to that of productivity, while the growth in capital intensity (Marx’s “organic composition”) did not compress profits. These favorable circumstances, however, ceased during the 1960s. As the labor supply shrank, the ratio of wages to productivity was reversed and the rate of surplus value began to decline. Hence, the rate of profit started to fall again. Capitalists were reacting to these changes by denying workers the concessions they had made in the decades of prosperity. At the same time, they were turning to Third World markets in search

of new outlets for their products. The conjuncture, in sum, was one in which growing social conflict in rich countries coexisted with new forms of imperialism.

This recent phase of capitalist development demanded a revision of sociological categories. “A new type of society,” wrote Alain Touraine in 1969, “is now being formed.”¹⁹ In this society the exploitation of workers in the factories was not the exclusive source of accumulation and power. The latter increasingly depended on the ability to control the great organizations presiding over production and consumption. Scientific knowledge was key to this ability. The new society was a “programmed society,” managed by a technocratic elite aiming at its own perpetuation. Its advent—along with the term “postindustrial society,” which came to identify it—had already been prefigured by Daniel Bell in the late 1950s. And, for about ten years, sociologists were led to believe that the centrality of science would leave little room for politics. The old idea of Henri de Saint-Simon and Thorstein Veblen, that the rational and responsible conduct of a class of well-trained engineers would ensure prosperity and social peace for future generations, had found new sympathizers.²⁰ That is, until the flames of revolt flared up in the center of the system—the university.

For Touraine, even in the knowledge society, the production of goods continued to play a significant role, and industrial relations were not going to be peaceful. But conflict would manifest itself primarily in the realm of knowledge. “Politics,” he observed, “has made its way into the university because knowledge is a production factor.”²¹ Knowledge was no longer pursued for its own sake but caught up in the capitalist machine and valued only for its contribution to the value chain. The university was

under attack because, either consciously or not, it was complicit with the ruling class. The social sciences were becoming tools in the hands of technocratic power. The results of academic research in applied fields such as organizational theory, marketing, and decision science were being employed to rationalize and subjugate society.²²

While the movement of 1968 revealed that ideologies and social conflicts had not disappeared in the postindustrial age, at the same time it showed that class struggle could be directed not only against capitalist ownership and the private appropriation of profit. Of course, the call for workers' self-management was a response to the technocratic organization of work. Yet, Touraine stressed how class struggle was also emerging in contexts such as urban life, the use of resources, and education, all of which were outside of the productive sphere. Hence the protesters' rallying cries in defense of the power to decide and the right to set oneself free from conditioning and manipulation. Social exclusion needed to be tackled through participation. Restricted access to higher education, serving the self-selection of élites and the perpetuation of privilege, had to be replaced by universal and continuous education. The cult of "useful knowledge" had to give way to the self-understanding of society as a vehicle of liberation.

Touraine warned against seeing the movement as a force external to capitalist society, for it was neither nostalgic nor backward-looking. It did not preach the return to precapitalist forms of organization. The movement channeled instead the new contradictions generated by the penetration of capitalism into noneconomic spheres of life. It challenged capitalism's grip on habits, family life and its roles, the environment, and even on tastes and frames of mind. It was "society as a whole, and man in

all aspects of his life,” who were “engaged in a global process of change.”²³

The Narrow Road to Liberation

Among the masters of this counterculture, it is difficult to think of a more influential intellectual than Herbert Marcuse. In *One-Dimensional Man*, published in 1964, he presented his famous view of advanced industrial society as a totalitarian society.²⁴ It was such not because it was ruled by a police state but because it was organized around the manipulation of needs by vested interests equipped with powerful technical means.

The capitalist apparatus exerted its control over work time as well as over free time. The values associated with mass production and distribution were no longer “introjected”—which would have supposed a minimum autonomy of the subject from the superimposed model—but assimilated through a process of “mimesis.” As Marcuse put it, “The people recognize themselves in their commodities; they find their soul in their automobile, hi-fi set, split-level home, kitchen equipment.”²⁵ A large part of the needs generated by capitalism were “false needs,” that is, artificial needs functional to “repression,” or the perpetuation of “toil, aggressiveness, misery, and injustice.”²⁶ The need to have fun and the urge to conform one’s behavior to the behavior of others and to the manufactured reality of commercials were typical examples of these false needs.

There was no contradiction between such an oppressive system and the democratic, liberal character of political institutions. To make sense of this paradox, Marcuse resorted to the concept of

“repressive tolerance.” It was a model of social control that allowed for dissent as long as this did not seriously threaten the interests of the system. At the same time, it made possible the worst practices of manipulation and subjugation of individual conscience.²⁷ In this way, a totalitarian system of production and distribution could coexist with a political system based on countervailing powers, party competition, and freedom of the press and speech. Once institutionalized, bourgeois rights and freedoms, which had been so important in the early phases of industrial society, lost their content. Democracy became pure form.

Given these premises, the prospects for revolution were dismal. For sure, the proletariat could not be thought of as a potential revolutionary actor. The proletariat of the early 1960s was quite different from that of Marx’s time. Satisfied in its material needs, addicted to capitalist values, appeased by the welfare state, it was instead keen to accept its condition (perhaps with gratitude). Like Sweezy and Baran, Marcuse could put hope only in the subproletariat—“the substratum of the outcasts and outsiders, the exploited and persecuted of other races and other colors,” and those rejected by the labor market. The life of these marginals was conditioned by capitalism even if they were excluded from the capitalist process, from its rules as well as from its rewards. Although standing with these hopeless people and helping them develop a revolutionary consciousness, Critical Theory could not make predictions about the outcome of their struggle: “holding no promise and showing no success, it remains negative.”²⁸

Toward the end of the decade, Marcuse’s pessimism gradually subsided. The evolution of the civil rights movement, the opposition to the Vietnam War, the student protests culminating in the insurgence of 1968, and the liberation struggles in Latin Amer-

ica enabled him to foresee concrete opportunities for humankind to master its own destiny. In the last phase of his life, his main concern became to devise a strategy for liberation. He remained convinced that students, intellectuals, and minorities of the affluent West, to insure themselves against failure, had to join forces with the oppressed humanity of the Third World. He did, however, make two important qualifications.

In the first place, it was clear to him that the peace-and-love slogans of the hippie movement were far from being a credible response. The revolution needed organization and coordination, “counterinstitutions” and “counter-cadres”—in a word, “rationality.” Revolutionaries needed to be prepared to come to terms with the system and fight it from within. Second, marginals were no longer the only discontented of capitalism. While Marx’s dictum that “capitalism produces its own gravediggers” maintained its validity, Marcuse noted that the faces of such gravediggers “may be very different from those of the wretched of the earth.”²⁹ He was referring to the advent of the new society that Touraine spoke about. And he noted how, in turning the whole society into “a huge army of salaried employees,” capitalism was also “extend[ing] the potential mass base for revolution.”³⁰ Knowledge workers, including researchers, engineers, and cadres, were the new proletariat. These “formerly independent middle classes,” now turned into “direct servants of capital,” were satisfied in all their material needs, yet remained unhappy. It was as if they did not resign themselves to the new role capitalism was imposing on them. They did not accept having to give up the freedom to use their intelligence, which was becoming a tool for the creation of surplus value. These alienated people were experiencing *transcending needs* that could not “be satisfied without abolishing the capitalist mode of production.”³¹

From this perspective, the transition to socialism ceased to be conceived as a quantitative change, that is, as the extension to the whole society of the possibility to satisfy one's basic needs through a more equitable distribution of resources, or to expand the range of material needs that could be satisfied. The new concept of socialist revolution was rather a *qualitative leap* that was to mark "the rupture with this universe." The revolution, Marcuse wrote,

involves a radical transformation of the needs and aspirations themselves, cultural as well as material; of consciousness and sensibility; of the work process as well as leisure. This transformation appears in the fight against the fragmentation of work, the necessity and productivity of stupid performances and stupid merchandise, against the acquisitive bourgeois individual, against servitude in the guise of technology, deprivation in the guise of the good life, against pollution as a way of life. Moral and aesthetic needs become basic, vital needs and drive toward new relationships between the sexes, between the generations, between men and women and nature. Freedom is understood as rooted in the fulfillment of these needs, which are sensual, ethical, and rational in one.³²

The New Left was entrusted with this political agenda. Since the repression of aesthetic and moral needs was the main "vehicle of domination" used by capitalism, and the aim of its "preventive counterrevolution," the New Left had to be, above all, a force of spiritual liberation driven by ecological, aesthetic, and moral concerns. As to timing, Marcuse harbored no illusions about a rapid victory. The book ends with the prophecy that the revolu-

tion “will be the concern of generations, and ‘the final crisis of capitalism’ may take all but a century.”³³

Cultural Contradictions

The very same phenomena observed by Marcuse were being seen through different eyes by Daniel Bell, a cultural conservative. In 1970, while finalizing his definitive account of the postindustrial society, he wrote a provocative piece for *The Public Interest*, the magazine he ran with Irving Kristol. This became the centerpiece of a collection of essays published six years later under the title *The Cultural Contradictions of Capitalism*. In this collection, Bell dealt with the threat posed to American capitalism by the spread of social values stressing “unrestrained appetite.” As he explained, “The contradictions I see in contemporary capitalism derive from . . . the influence of the hedonism which has become the prevailing value in our society.”³⁴

Despite Bell’s claims about the complementarity of the two books, and their near contemporaneity, one cannot help but notice a striking change in tone. *The Coming of Post-Industrial Society* (1973) conveys an overall benign view of ongoing changes and an optimistic outlook on the future. Its main theme was that technology and the codification of theoretical knowledge, while driving the expansion of the service economy, were altering social stratification for the better, paving the way for the rule of experts. To those who blamed Bell for having too naively envisaged a “harmonious process of economic growth, directed by a ‘knowledge elite,’” he replied by pointing out the existence of sectional conflicts within the intelligentsia and of potential

frictions between the new scientific class and other social groups. But Tom Bottomore was not far from truth when he wrote that Bell did “not envisage any fundamental social conflict between those who dominate society and those who are dominated.”³⁵ Not that Bell was to change his mind on this point. Nowhere in *The Cultural Contradictions of Capitalism* did he refer to conflict in these terms. Nonetheless, the picture of capitalism emerging from it is much less peaceful. The most obvious explanation for this discontinuity comes from the fact that both books were a long time in the making. As we saw, Bell began to develop his ideas on the postindustrial society at the end of the 1950s, whereas the earliest formulation of the cultural contradictions thesis came one decade later. If the first book reflects the spirit of the Golden Age, the latter somehow captures the new mood of the late 1960s and early 1970s.

For Bell, both the origins of capitalism and those of its contradictions lay in modernity. And the fundamental principle of Western modernity was individualism. A “repudiation of institutions” occurred in the sixteenth century, as people ceased to identify themselves primarily with their groups, guilds, and cities. At the same time, the Reformation brought with it the triumph of individual conscience. The instrumental rationality of the bourgeois entrepreneur underlying wealth acquisition and social mobility found its counterpart in widespread values that rewarded thrift, frugality, and hard work. For some time, capitalist instincts and their cultural foundations could coexist without getting in each other’s way. They “had historically been joined to produce a single character structure—that of the Puritan and of his calling.”³⁶ But in the realm of culture, individualism gradually came to signify the freedom of the independent artist, the freedom from patrons and conventions, and rebellion against societal

rules. Bell the moralist traced the intellectual history of this divergence back to Lord Byron, and then forward through Baudelaire and Nietzsche up to Andy Warhol (or even to Madonna and Derrida, as in his 1996 afterword!). He wielded his powerful pen against anything smacking of antibourgeois reaction, from Romanticism to Pop Art to postmodernism—all converging in an orgy of deviant thinking. However one looks at it, the end point is the same: in the nineteenth century, the economic sphere and the cultural sphere began to drift apart.

But for this cultural change to produce its effects, an independent transformation in the socioeconomic sphere had to take place. In fact, the degeneration of creative expression reinforced a crisis of values intrinsic to capitalism. In this respect, the urbanization process that began in the United States during the Gilded Age, and the transition to mass consumption that ensued, were critical factors. Both changes were boosted by technological revolutions. Putting an end to the America of small towns, urbanization destroyed the environment in which Calvinist virtues had thrived. It was an environment characterized by strong social control, where people were careful not to spend too much, and falling into debt was anathema to most, and where modesty and sexual repression were the norm. It was the world that Nathaniel Hawthorne described already in the past tense in the middle of the nineteenth century and of which Grant Wood took a posthumous picture in 1930. It was the banality, reassuring or disturbing depending on the point of view, of a couple with a pitchfork.³⁷

Along with the growth of big cities, “turbulent, cosmopolitan, and sinful,” the rising consumer society extolled “spending and material possessions” over “thrift, frugality, self-control, and impulse renunciation.” The application of technology to

transportation and communications accelerated the process of disintegration of the old values, as the automobile, the motion picture, and the radio were creating an integrated space, both physical and imaginative. With the emergence of mass consumption in the 1920s, this process was complete. However, Bell notes, the most destabilizing factor was the introduction of instant credit. With installment selling first, and credit cards later, one no longer had “to save in order to buy. . . . One could indulge in instant gratification.”³⁸ Consumers were being openly encouraged, by more and more seductive forms of advertising, to violate the taboo of debt. Going into debt to make purchases was presented under a new, positive light. The word “debt” was seldom mentioned, concealed as it was behind the phrase “buying on credit.” The delayed gratification of the Calvinist was gone forever. “The breakup of the traditional bourgeois value system,” Bell concluded, “was brought about by the bourgeois economic system—by the free market, to be precise. This is the source of the contradiction of capitalism in American life.”³⁹

But if the crisis of capitalist values had begun at least fifty years before—being, indeed, one of the topoi of interwar sociological discourse—why didn’t Bell pay attention to it until the end of the 1960s? For only around 1968 did it become so disturbing to him. Now, at every street corner, Bell could see hippies, wife-swappers, and other decadent products of a corrupt bourgeoisie, compulsive consumers of degenerate art, cannabis, and hallucinogens. He felt that his worst intellectual nightmare was coming true: that the infection of modernist decadence, once self-limiting, was spreading to the point of undermining the whole fabric of society. He shuddered at the realization that the once-marginal ideas of “licensed ‘fools’ of society” such as André Breton (who, in the 1930s, wanted Paris’s Notre Dame turned into a sexual school for

virgins) were percolating through the social strata. This is what ultimately prompted him to announce the end of a civilization—capitalist civilization.

From a theoretical point of view, the crisis of the belief system sustaining capitalism remained unexplained. Bell did not go much beyond providing what looks like an ad hoc explanation. Echoing Talcott Parsons's familiar pattern variables, he argued that a "disjunction of realms" had intervened to separate the techno-economic structure from the culture:

The former is ruled by an economic principle defined in terms of efficiency and functional rationality. . . . The latter is prodigal, promiscuous, dominated by an anti-rational, anti-intellectual temper in which the self is taken as the touchstone of cultural judgments. . . . The character structure inherited from the nineteenth century, with its emphasis on self-discipline, delayed gratification, and restraint, is still relevant to the demands of the techno-economic structure; but it clashes sharply with the culture, where such bourgeois values have been completely rejected—in part, paradoxically, because of the workings of the capitalist economic system itself.⁴⁰

Not only did this weakening of the moral temper hinder capitalism's ability to produce wealth. To Bell, it was also responsible for the macroeconomic troubles of the 1970s. Economic growth could not keep pace with the frenzied appetites of consumerism, thus feeding the price-wage inflationary spiral.⁴¹

Was there any way out of the crisis? Quite surprisingly, *The Cultural Contradictions of Capitalism* concludes on a hopeful note, with Bell's invitation to seek refuge in the polity, the arena

of social justice and power. The “public household” was presented as the new cement that might hold society together. Within its comforting walls, American civic culture would work as a substitute for the lost Protestant values. In practice, Bell was making a plea for social liberalism: calling for more social welfare *and*, at the same time, more self-restraint. If a way could be found to keep immoral appetites at bay, he thought, the existing wealth would suffice to give each one his or her own.

The Capitalist State: Political Strain and Fiscal Crisis

In the early 1970s, after Adorno and Horkheimer’s departure from the scene, Frankfurt lost importance as a center for Critical Theory. The main theorist of the next generation, Jürgen Habermas, moved to a new abode on the shores of Lake Starnberg in Bavaria with a handful of younger scholars who shared an interest in capitalist dynamics.⁴² Some of these thinkers developed ideas that were to have a significant public impact. Among them was Claus Offe, a brilliant political scientist. In the fall of 1972 the group was joined by James O’Connor, an emerging voice in American Marxist sociology. Between 1972 and 1973, their findings were published, along with Habermas’s synthesis.⁴³

Like many other European writers at the turn of the decade, Offe contested the earlier view that the antagonistic nature of capitalist development had been overcome. To say so, he argued, was to confuse the evolutionary logic of capitalism with its contingent manifestations.⁴⁴ Things like ownership structure, market form, and degree of entrepreneurial freedom were contingent aspects that might vary without altering the nature of the system. The essence of capitalism was still the contradiction between the

social production of wealth and its private appropriation. Accumulation continued to generate conflict. In sum, late capitalist society remained a class society, though the composition of classes was different from the past.⁴⁵

This premise was followed by an original thesis. Offe maintained that, unlike in Marx's time, the troubles of late capitalism did not come from frictions between productive forces and relations of production. Its stability was not threatened by any self-destructive tendencies within this sphere. These tensions had been overcome by means of "compensatory mechanisms" such as market reorganization, institutionalization of technical progress, and government regulation.⁴⁶ The reliance of capitalism on these fixes meant that its existence intertwined with that of the "capitalist state." For this reason, it no longer made sense for social theory to focus on the economic base; it had to turn instead to the political superstructure.

The suppression of competition through monopolies and cartels eased the life of individual capitalist firms. The transformation of science and technology into productive forces benefited the capitalist system as a whole, since innovation made possible the valorization of capital on a continuous basis. Finally, public spending on the military and bureaucracy pulled the economy out of its recurrent crises, while the welfare state ensured mass loyalty. But the achievements reported in these fields by no means implied that the problems of capitalism had been solved forever. Capitalism had bought itself time. Its survival now depended on the endurance of these self-regulatory mechanisms of which Critical Theory was to investigate the structural limits and inadequacies. What was needed was not a theory of capitalist crises but a "theory of the limits of political and economic crisis management."⁴⁷

At an even more abstract level, Offe showed how the main contradiction in late capitalism was between the logic of capitalist production, which anarchically pursued exchange value, or profits, and that of state intervention. The latter rationalized capitalist activities through regulation and planning aimed at generating use value, or the satisfaction of needs. The stronger the anarchic, acquisitive drive in the capitalist sphere, the more extensive had to be the state's role in administration, planning, and redistribution. As a result, the system was in unstable equilibrium and always on the verge of crisis.

The existence of an increasingly large part of economic life that escaped the logic of capitalist valorization—including welfare, public infrastructure, and bureaucracy—was becoming unpopular. This unproductive labor, which was neither a commodity nor produced commodities, and which did not produce value but consumed value, was “a continuous scandal and a source of parasitic waste” in the eyes of capitalists.⁴⁸ They did not realize that it was also their life insurance, as commodified and non-commodified sectors in the capitalist system were mutually dependent. What was perfectly rational from the point of view of the system eluded the understanding of its parts, that is, actual capital owners.

There were, however, other social strata where discontent was festering. In late capitalism, inequality did not correlate with one's role in the production process. Instead, it reflected the degree of social protection enjoyed by different social groups. Hence, social conflict no longer ran along the divide between owners of the means of production and the labor force. Its real axis was between the groups who benefited from political mediation and the underproletariat—a broad category that included marginals, minorities, and all those who, “although excluded from wage labor as a

form of socialization, are nonetheless subject to capitalist domination and represent potential rebels.”⁴⁹ Indeed, the protests of the late 1960s were led by groups such as students, army recruits, women, the unemployed, and welfare recipients. These, Offe noted, were sections of society peripheral to production or, more precisely, which represented the interface between capitalist production and political regulation.

A first consequence of the contradictions in the political superstructure of the capitalist system was fiscal crisis, as pointed out by James O’Connor in *The Fiscal Crisis of the State*. As to methodology, O’Connor was a follower of both Marx and Schumpeter, applying Marxian categories to a classical problem of fiscal sociology. He started from the assumption that the capitalist state had to fulfill two simultaneous functions—accumulation and legitimation—and that these functions were contradictory.⁵⁰ On the one hand, the state had to promote the private accumulation of the owners of capital because its power rested on the economy’s ability to produce a taxable surplus. On the other, it had to do it without penalizing other social classes, otherwise it would lose the consent and the loyalty it also needed. State expenditures had this double function. Some expenditures were primarily aimed at fostering accumulation, by increasing labor productivity and reducing production costs. This was the case with expenditures in infrastructure and social insurance, for example. Other kinds of expenditures were aimed at maintaining social peace, such as welfare provisions for the poor and the unemployed.⁵¹

In monopoly capitalism, the expenditures feeding accumulation were becoming more and more socialized. This had to do with the structure of the system—specialization, interdependence, and innovation through research and development all required extensive state support. But injections of public money

did not alter the exploitative nature of capitalism, which continued to generate unemployment and poverty. Such wounds inflicted on the social fabric needed to be compensated with expenditures to maintain mass loyalty. In this way, the state's financial resources were being pulled in opposite directions. Moreover, the socialization of costs was not accompanied by a socialization of profits and, more generally, of surplus. Surplus continued to be privately appropriated. Above and beyond any effects of slower economic growth, this original contradiction of capitalism was blamed for the fiscal crisis of the 1970s. The crisis manifested itself in the tendency of state expenditures to grow more rapidly than the means of financing them, generating a "structural gap."⁵²

As is clear, O'Connor's perspective shows many points of contact with Offe's, even if it is based on empirical evidence from the United States. While Offe's work highlights the distributional problems of late capitalism, arising from the state's inability to solve the clash of interest between different social groups, O'Connor's analysis addresses the complementary issue of overall financial sustainability.

Legitimation Crisis

The political contradictions of the 1970s suggested that the capitalist state not only had a problem of sustainability but also an equally serious one of legitimation. This problem was addressed by Jürgen Habermas in *Legitimation Crisis*. Neither the concept of legitimation nor the awareness of its potential for crisis was new. In the nineteenth century, the justification of profit as a reward for the entrepreneurial effort of the owner of capital was itself a form of legitimation. Not by chance, Marx and Engels saw

the joint-stock company and the worker cooperative as innovations that would destabilize capitalism because they were eroding the premise upon which legitimation rested. By breaking the link between ownership and management of the firm, capital was creating, they thought, the conditions for its future social expropriation.⁵³

In late capitalism, by contrast, the problem of legitimation concerned the relation between the state and its citizens. This concept of *political* legitimation can be traced back to Max Weber, who in *Economy and Society* developed the theory of the legitimation of authority. Habermas explicitly drew on Weber's concept.⁵⁴ As with Bell, he also drew on Parsons's systems analysis (as adapted by Niklas Luhmann) to produce a theory of systemic crisis. This was somewhat ironic: structural functionalism, once a paean to the stability of the postwar period, was being turned into a template for interpreting its implosion. The reassuring image of a social world constantly tending toward equilibrium was falling apart, while social science struggled to find a new language to express doubt and skepticism.

Habermas distinguished, in late capitalist society, four systems: an economic system, an administrative system, a legitimation system, and a sociocultural system. The economic system was based on three sectors, one public and two private. The public sector was made up of state-owned enterprises and firms highly dependent on government contracts. They did not invest money according to a market logic. A large part of the private economy was monopolistic and not too different, in its logic of operation, from the public sector. However, a residual competitive niche still survived, and it was characterized by higher labor intensity, lower unionization, and lower wages. The private monopolistic sector was the most efficient of the three, as it was highly rational and

capable of rapid advances in production, while the competitive sector was the weakest.

Late capitalism needed to keep the production of goods above a certain level to satisfy the needs that it had itself created. Following Mandel, Habermas argued that the state (or the administrative system) pursued “the continuation of the politics of capital by other means.”⁵⁵ Thus, it steered the economy to the desired levels of output and employment and used trade policy to enhance national competitiveness. It promoted unproductive government spending in armaments and space exploration; channeled capital into sectors that were neglected by the market; and improved the infrastructure for transportation, education, health, recreation, housing, and research. Furthermore, the state enhanced labor productivity through professional training and retraining. Finally, it bore the social costs of private production, by supplying unemployment benefits and general welfare services, and by repairing environmental damage. This is how the economy was “recoupled” to politics, and the relations of production repoliticized. The compromise between labor unions and employers’ organizations resulted in a quasi-political wage structure, with wages that did not necessarily reflect the actual conditions of the labor market. The price for this externalization of class conflict was inflation and the redistribution of income to the detriment of nonunionized workers.

To perform its enormous tasks, the state needed a strong mandate. Here is where political legitimation comes into play. Civil and political rights, starting with the right to vote, could clearly not be dismissed. Citizens, moreover, wanted to have a say on issues that were perceived as highly controversial. After the crumbling of the bourgeois theory of justice, the idea that the market mechanism, with its efficient impartiality, ensured a just exchange

between capitalists and wage workers was no longer tenable. The process of legitimation was, however, a risky business for the capitalist state. Citizens could easily become aware of the contradiction between the administrative socialization of production and what continued to be a private appropriation of surplus value. The state sought, in fact, to protect itself from this risk by disentangling as much as possible the administrative system from the rope of legitimation. This meant turning political decisions into technical decisions based on instrumental rationality alone. This technocratic drift went hand in hand with manipulation of public opinion. To divert citizens' attention from the decision-making process, civil, familial, and vocational privatism was encouraged. Citizens were discouraged from political participation and invited to refocus on career, consumption, and leisure.

The crisis could break out anywhere in the social system. But whatever its starting point, it would follow a well-defined path. Since late capitalism had repoliticized the relations of production, at the economic level the crisis would take the form of a crisis of public finances, with permanent inflation and growing disparities between public poverty and private wealth. The state would be unable to counter this tendency while leaving unaddressed the underlying power asymmetry between capital and wage labor. A rationality crisis could, on the other hand, occur if the administrative system fell short of providing an adequate level of economic management. This was not an unlikely scenario. In late capitalism, the importance of public policies (such as economic planning) in ensuring the valorization of capital had grown, but the hostility of individual capitalists to this perceived interference in entrepreneurial freedom had also grown.

In turn, the legitimation system, and the sociocultural system from which it drew motivation, might fail to preserve a sufficient

level of mass loyalty to enable the administrative system to work effectively. Habermas, too, insisted that capitalism had eroded the traditional, or even precapitalist, cultural stratum in which it was embedded. As a result, many aspects of bourgeois ideology were now being questioned. The Protestant work ethic, the discipline of self-restraint, the renunciation of immediate gratification once typical of the middle classes were on the wane, and so too were the obedience and fatalism of the lower classes. These were once powerful forces restraining consumption, limiting political claims, and ensuring stability. At the same time, the surviving bourgeois values, such as the positivist faith in science and the belief in universal rights, represented a dysfunctional normative framework. They were fueling exorbitant claims for benefits that could hardly be met, and fomenting the new, immaterial needs of the counterculture. As Marcuse had put it in *Counterrevolution and Revolt*, "Capitalism cannot satisfy the needs which it creates."⁵⁶

Would the technocratic and manipulative grip of the state be strong enough to prevent a motivational crisis in the cultural realm and, thus, the legitimation crisis that the latter was to trigger? Habermas believed that capitalism would eventually fall victim to its contradictory pulsions, and to the inconsistent elements it was forced to incorporate to survive. Its fate would be one of cumulative self-impairment.

Environmental Crisis

There was one last group of threats that loomed large in public consciousness. These threats were seen as able to undermine capitalism despite being external, or at least not intrinsic, to the

capitalist system as such. Habermas pointed out two of them: disturbance of the ecological balance and a possible crisis in international relations escalating into nuclear catastrophe.⁵⁷ The successful book of the Princeton law scholar Richard Falk, *This Endangered Planet*, offers a good summary of the gloomy premonitions that characterized the 1970s. Lumping together environmental risk and nuclear danger into a single big threat, and skeptical about the ability of nation-states to cope with it, he warned that the twenty-first century could easily become the “era of annihilation.”⁵⁸ He could only hope that the awareness of danger would prompt a radical U-turn informed by a new ideology of “ecological humanism.”⁵⁹

Falk’s conclusion was, of course, based on an extreme extrapolation of existing tendencies. Many observers agreed that an escalation of conflict leading to mass destruction was a possibility, as mankind seemed to have lost any control over technological development, but only a minority thought it a likely one, at least in the medium term. The actual damage caused by two centuries of industrial growth was of much greater concern to the public. Since the nineteenth century, ruthless exploitation of the natural environment had gone hand in hand with pollution and resource depletion. Much further from the media spotlight, evidence about climate change also began to emerge, with *Science* publishing an article on “global warming” as early as 1975.⁶⁰ These justified concerns added to the “population bomb” hysteria of the 1960s. Worries about the global effects of the demographic transition that was under way in Southeast Asia and other parts of the Third World persisted in the new decade.⁶¹

In 1972, the issue of the sustainability of the energy-intensive growth path taken by the West was brought to the forefront by the Club of Rome report *The Limits to Growth*.⁶² This prompted

similar initiatives in several countries, including one by a group of British scientists chaired by Edward Goldsmith and Robert Allen, who openly advocated deindustrialization. Their *Blueprint for Survival*, which appeared in a small academic journal in advance of the 1972 UN Conference on the Human Environment in Stockholm, was in such high demand that Penguin decided to publish a paperback edition later that year.⁶³

The Club of Rome was an international association of scientists, civil servants, industrialists, and other technocratic opinion-makers interested in environmental issues. They commissioned a team of MIT systems scientists to carry out a study into the future of the human ecosystem. Applying computer simulation techniques, the team built a mathematical model with five interacting variables: world population, food production, industrialization, pollution, and resource depletion. These variables were supposed to grow exponentially, while technology would progress at a slower pace. The prediction was, to some extent, open, as the simulation produced a few alternative scenarios, incorporating the effects of different human responses. But the model showed that, in the absence of countering strategies, economic growth would come to a halt at some point in the twenty-first century, followed by a dramatic fall in population and industrial activity.

The lasting fame of the report, which was translated into a number of languages and widely debated and criticized, is partly independent of its academic merits. In October 1973, only a few months after its publication, the first oil shock hit the developed world, with its burden of gasoline rationing and Sunday driving bans. Public opinion, especially that part of the public that was most attentive to environmental issues, interpreted these events as sinister premonitions of what was to come. The unfolding

drama exposed the fragility of modern society, whose daily functioning had come to depend so much on finite resources.

Was capitalism equipped to cope with future environmental challenges? (The same question could, of course, be asked about socialism.) It took someone like Robert Heilbroner, an intellectual first, an economist second, to try and answer it. In *An Inquiry into the Human Prospect* (1974), he argued that environmental constraints would exacerbate a twofold distributional conflict: between rich countries and the Third World on one hand, and within Western societies on the other. While developing countries, facing increasing population pressure, might go so far as to use nuclear blackmail to obtain a more equitable global distribution of resources, resource depletion in advanced industrial societies would result in economic stagnation, thus igniting class struggle.⁶⁴

The most interesting aspect of Heilbroner's analysis concerns capitalism's internal tensions. How could capitalist institutions survive, he wondered, in an economy that had ceased to expand? Did not the prospect of a "stationary capitalism" represent a contradiction in terms? Since the Industrial Revolution, economic growth had served capitalism in three ways. It catered to the "animal spirits" of the ruling class, always on the lookout for opportunities to make money. It sustained a level of employment and demand compatible with capitalist reproduction. Finally, it kept social tensions in check. While it was possible that the public hand could make up for deficiencies in the first two realms, as had already happened during the Great Depression, addressing distributional conflict in lean years appeared much more problematic. In a stationary capitalism, the living standards of the lower and middle classes could no longer be improved, or maintained,

without jeopardizing the privileges of the ruling class. Conversely, the satisfaction of capitalist appetites would leave large strata of society empty-handed.

Seen in this light, the dilemma of capitalist stability was, first and foremost, a political dilemma, but one that was beyond the power of most democratic regimes to solve. Heilbroner thought that only an exceptionally strong social democracy, rooted in a culture of equality and compromise, might endure in such adverse conditions. Scandinavia might be up to it. But what about the majority of Western nations, where social harmony had been a hard-won achievement even in prosperous times? They were in danger of relapsing again into authoritarianism. Heilbroner's forecast was that some form of socialism would eventually appear on the horizon although this would be neither revolutionary nor democratic. It would instead be reactionary and dirigiste—something akin to state socialist management of the economy and society.⁶⁵

This scenario was, however, far enough in the future not to pose an immediate threat to the human race. The depletion of resources had not yet progressed to a point of no return. Heilbroner also stressed that there would be no such thing as a single fate for capitalism. It was important to distinguish between varieties of capitalism reflecting different models of political governance.

The End of Revolution

The thinkers of the 1970s retreated from economics and turned to culture and politics in search of hitches in the capitalist machine. Most of them agreed that capitalism was in a state of agony,

which was likely to be irreversible, and some believed that a revolution was near at hand. This perception had been strengthened by the uprising of 1968. Marginalized groups and the new knowledge proletariat were thought to have replaced the working class as key revolutionary actors. But when was this forthcoming revolution expected to unfold? While in the nineteenth century, and still in the interwar period, the overturn of capitalism seemed to be imminent, subsequent events suggested caution. After all, even in the 1920s many bright people had awaited socialism, only to see the rise of fascism. The survival of capitalism throughout the twentieth century, overcoming momentous crises and atrocious wars, was a warning against overoptimistic expectations. Even the most fervent believers in the inevitability of its demise saw it as a lengthy process that might take up to a century to complete.

Beyond this baseline, each diagnosis of the ailments of capitalism was influenced by value judgments as well as by the context in which it was made. What some denounced as hedonism and degeneracy were for others the healthy response of a fresh generation of rebels to the tyranny of programmed society and consumer-demand creation. The theory of the erosion of Protestant values, albeit fascinating, could hardly be extended to account for the crisis of European capitalism, which only rested on those values to a minimum degree. Similarly, the thesis of a legitimation crisis of the capitalist state would lose some of its power if applied to the United States, where social expectations of the government, even at the height of its expansion, were modest compared to Europe. Should one conclude that there were in fact two capitalisms in crisis at the same time? Or was there only one but with multiple foci?

Contextual factors also affected perceptions of the future. Bell acknowledged that he was no less “pessimistic than Habermas

about the long-run ability of capitalist society to maintain its vitality as a moral and reward system for its citizens.” Yet, he could still see room for hope: “The grounds for legitimacy,” he added, “may rest in the values of political liberalism *if* it can be divorced from bourgeois hedonism.”⁶⁶ But this plea to the public household was met with skepticism in Europe, where the household’s walls were crumbling. Now the tendency was toward polarization of the political space into belligerent camps. Not without a hint of irony, Touraine commented, “Social democracy is at its sunset in Europe; maybe the time has come for its sunrise in America.” And he pointed out “the distance . . . between the proud idea of a world-wide empire” cherished by the United States and Bell’s “modest suggestion of a state managing the public household through . . . compromises.”⁶⁷ Bourgeois democracy itself was dismissed as an empty shell, or as a nineteenth-century leftover whose hypocritical claims clashed with the substantive aspirations of the counterculture.

These controversial issues were left unresolved. In fact, there was no time to tackle them. In the early 1980s, the end of capitalism was no longer in sight, and the entire debate suddenly seemed outdated. What had happened? Between 1976 and 1982, conservative governments rose to power in many advanced industrial countries. If there was anything akin to a counterrevolution, it came through the rise of the New Right in Britain and the United States. The left was punished for failing to deliver on its promises. Social democratic parties were in government during the crisis and were shaken by the mounting social unrest. They were held to account for the dramatic increase in unemployment and the cost of living. Hopes in the emancipation of the southern periphery had been dashed too. US intelligence had worked hard to prevent the nonaligned countries from following not only the

Cuban revolutionary example but also the road to democratic socialism taken by Salvador Allende's Chile, or even the nationalist path of Juan Perón's Argentina. To this end, it had no qualms about supporting the bloody projects of local reactionary forces. By 1976, through one coup after another, almost all of Latin America was in the clutches of military dictatorship.

The last revolutionary spurt took place in France and failed miserably. In 1981, President François Mitterrand came into office with ambitious plans to "break with capitalism."⁶⁸ Two years later, after nationalizing some forty banks and five industrial conglomerates, he had come close enough to his goal. But at that point, facing international isolation, he was forced to backtrack. The franc was under intense speculative pressure, while capital flight and the trade deficit were bleeding the economy dry. It became clear that the only alternative to capitulation was autarky. Social justice would come at the cost of making the French less well off, but this was a price that no democratic leader could afford to pay.

Around 1983 there was no sign that the revolutionary wave originated in 1968 would continue. Eventually, even the inflation fever that was plaguing capitalism broke. The counterrevolution had won, or so it seemed, and the prophets of doom were once again silenced.

The End of History and What Followed



THE IRREVERSIBLE CRISIS of socialist planning in the 1980s and the collapse of the Soviet bloc at the turn of the 1990s had a powerful effect on the imagination of Western intellectuals. Some of them went so far as to claim that history had ended. The reason, quite simply, was that capitalism had proved to be more efficient, and therefore better, than other economic systems, and democracy—which in these narratives was presented as its natural complement—more desirable.

As for revolution, the ultimate means by which generations of radical thinkers had imagined ridding themselves of capitalism, it suddenly after the fall of the Berlin Wall appeared to be a thing of the past. A revolution, of course, is not just a revolt, but an attempt to replace a social order with a different one created in the name of a universalist ideology. The organic intellectuals of the American establishment cherished the conviction that, since there were no longer any colonial rulers to defeat around the

world, and since only a handful of dictatorships and neopatrimonial regimes remained to overthrow, further revolutions were unlikely. The spread of democracy and the market economy, the expansion of the urbanized middle classes, and transnationalism favored instead a peaceful convergence toward the liberal model.¹

But one did not have to be a conservative to regard capitalism's disappearance as improbable. Even prospects for progressive reform had suffered a severe blow with the continuous defeats experienced by social democracy in the 1980s. The dominant way of thinking was now neoliberalism, which is in fact an ideology of stasis. Analyzed by Michel Foucault in its early days, it can be defined as a doctrine and a technology whereby political power is used to reengineer society according to market principles. Neoliberalism shares with classical liberalism the belief that the market order is supremely desirable. But, unlike its predecessor, it holds that such an order is not spontaneous but has to be enforced on society as well as heavily policed.² When progressive forces recovered from their defeats in the late 1990s, they had undergone a genetic mutation, converging substantially on a pro-market consensus: this was the birth of the so-called Third Way. As Daniel Rodgers observes, the trope of the market was not just about the economy. It meant "something much more universal and audacious. It stood for a way of thinking about society," a metaphor for the disaggregation of society's "troubling collective presence and demands into an array of consenting, voluntarily acting individual pieces."³

In the 1990s a catchphrase began to spread in leftist intellectual circles, running like a ghost citation. The phrase, of which there are several variants, goes like this: "It is easier to imagine the end of the world than the end of capitalism." It appeared in Fredric Jameson's *The Seeds of Time* (1994) and immediately

bounced into Slavoj Žižek's "The Spectre of Ideology."⁴ By 2003 it had become so epic that its probable author could refer to its origin with the words "someone once said . . ."⁵ Whatever its genealogy, that phrase captures well the hopeless condition of social critics in an age of *pensée unique*. The feelings it describes can be traced back to the syndrome of "capitalist realism," an expression indicating "the widespread sense that not only is capitalism the only viable political and economic system, but also that it is now impossible even to *imagine* a coherent alternative to it."⁶ This resigned attitude took hold as corporate practices and rhetoric infiltrated all public and private spaces. Promoting the dictatorship of micromanagement and performance reviews in public services, corporate thinking seized control of institutions, most strikingly in education and health care, and even entered everyday life through apparently unrelated things such as customer satisfaction and reality TV. It was difficult to find reasons for hope even outside the Western world. What had until then been the Third World, neither capitalist nor socialist, became for all intents and purposes the southern appendix to the First World known as the Global South. It paid for its financial dependence on the North by being faithful to the rules of free trade and docile in subscribing to the structural adjustment programs decided by the IMF and the World Bank. As for Asia, the spirit of capitalism had traveled swiftly east to pervade the Four Asian Tigers.

Every system produces its own mystification, and capitalism is no exception. This is what Jameson suggested when interpreting postmodernism as the superstructure or cultural logic of late capitalism. "Such theories," he wrote, "have the obvious ideological mission of demonstrating, to their own relief, that the new social formation in question no longer obeys the laws of classical capitalism, namely, the primacy of industrial production and the

omnipresence of class struggle.”⁷ At a time when capitalism appeared to have won, referring to it as an analytical category seemed superfluous, and even a source of embarrassment. Only its most zealous preachers and apologists (and its increasingly rare critics) were not ashamed of mentioning it. For all the others, it was a concept of dubious worth, sometimes even represented as an invention of its old enemies. History was rewritten to demonstrate the ubiquity, and therefore nonspecificity, of capitalism, which made it the *natural* system, hindered in its historical development only by temporary deviations.⁸ Moreover, there was no point in talking about it because, in a way, capitalism had already overcome itself. Gone were the murky days of factory work. Post-capitalism, as it was now called, summed up in itself all the advantages of the old system—dynamism, freedom of enterprise, and so on—stripped of its drawbacks. It looked like a land of Cockaigne, where everyone could gain and there would be no losers.

The optimism of the 1990s about the fate of capitalism cannot be explained only by the end of its historical enemy. On the internal front, too, there were reasons to rejoice. The threats to the stability of Western economies, which ten years earlier had troubled the sleep of many a policy-maker, seemed to have faded away. The “Roaring Nineties” opened with the boom created by the emergence of new technologies. It was the decade of the Internet, of the proliferation of IT companies, and of the expansion of consumption in this sector, which gave rise to the myth of a “new economy.” In fact, all glitter aside, growth proved short-lived and shrank abruptly when the dot-com bubble burst in 2000. With it the mirage vanished that start-ups could be created from nowhere with the magic wand of venture capital—and the new market began to be dominated by powerful monopolies. The warning

signs were already there. In 1997 Lester Thurow noted the singular coincidence that “the eternal verities of capitalism—growth, full employment, financial stability, rising real wages—seem to be vanishing just as the enemies of capitalism vanish.”⁹ Could it have been that, left without competition from alternative systems, capitalism was becoming inefficient and socially conservative? More plausibly, the growth of that decade masked problems that, far from having been solved, were getting worse. With deregulation and financialization, which accompanied the growth of the “new economy,” the inequality gap widened, while mechanisms traditionally aimed at containing the side effects of capitalist profit-seeking, such as welfare, were being dismantled.¹⁰ But the showdown was postponed by a few years. The growth of finance, in fact, continued beyond the dot-com bubble, until the mid-2000s. Speculation soon found a new object to focus on—the real estate market. Being related to the basic human need for shelter, this was fertile ground for plunder. The gigantic financial infrastructure that had expanded in the absence of rules could now live a life of its own, as though it were an end in itself. Only when it became clear that Wall Street was totally disconnected from the real economy did the house of cards collapse. This happened between 2007 and 2008. It was at that point that the chickens came home to roost, and late capitalist society finally appeared in its true colors: polarized and impoverished not only at the bottom of the social ladder, but in its central body—the legendary 99 percent that populated Main Street.

In the years following the financial crisis, while the world economy struggled to recover from the most serious recession since the 1930s, it became commonplace for mainstream media on both sides of the Atlantic to proclaim that Marx was “back” or “on the rise again.” So many newspaper articles had similar

headlines that it is not even necessary to cite them individually. Given these developments, Eric Hobsbawm, the doyen of radical historians, felt that the time was ripe to republish his essays on Marx and Marxism under the bold title *How to Change the World*.¹¹ The common thread of this and other contemporary works is that ideas that only a few years before seemed to have been condemned by history were rehabilitated, as they could provide a blueprint for understanding the twenty-first century, and could even affect its course. "In the end," Hobsbawm noted, "Marx was to make a somewhat unexpected return in a world in which capitalism has been reminded that its own future is put into question not by the threat of social revolution but by the very nature of its untrammelled global operations."¹² While the critics of capitalism continued to have no viable alternatives to propose, he went on, its supporters could no longer rule out "a disintegration, even a collapse, of the existing system."¹³

Similar to what happened with earlier crises, the interpretation of the Great Recession as a harbinger of doom was not unanimous. Those who emphasized the cultural pervasiveness of capitalism as a system capable of colonizing the unconscious, controlling consciences and social imagery, remained plainly skeptical about the possibility that it could be broken down by economic causes. Capitalist realists did not fail to point out that, even during this latest crisis, politics had intervened in support of capitalism, most notably with the bank bailouts. It was unthinkable to let it destroy itself. For them, this was just another example of its continuing logic, a logic that paradoxically was reinforced when the fiction of the omnipotence of the self-regulating market was shaken.¹⁴ What had collapsed, they thought, was only faith in neoliberalism as the ideological shell of capitalism. But the past showed that capitalism can live in other

shells as well. What is more, if the propulsive force of neoliberalism seemed to be exhausted, it still persisted through inertia in the absence of a new ideology to replace it.

But the most interesting fact of the past ten years, beyond the different views on the prognosis of the diseases that afflict the present system, is that the very concept of capitalism as a historically bound formation is back. And this is no small matter. As literary theorist Terry Eagleton put it in *Why Marx Was Right*:

That crisis has at least meant that the word “capitalism,” usually disguised under some such coy pseudonym as “the modern age,” “industrialism” or “the West,” has become current once more. You can tell that the capitalist system is in trouble when people start talking about capitalism. It indicates that the system has ceased to be as natural as the air we breathe, and can be seen instead as the historically rather recent phenomenon that it is. Moreover, whatever was born can always die, which is why social systems like to present themselves as immortal. Rather as a bout of dengue fever makes you newly aware of your body, so a form of social life can be perceived for what it is when it begins to break down.¹⁵

Let us therefore try to reconstruct this history step by step.

The Premature Burial of History

In the summer of 1989 the conservative journal *The National Interest* published a piece by Francis Fukuyama, a political philosopher then little known outside the United States. Fukuyama had

been a policy adviser in the Reagan and Bush administrations and knew all the key people in the State Department. His thesis was straightforward: capitalism and liberal democracy had won. They had prevailed, or were about to prevail, everywhere. The thousand-year-long evolution of economic systems and forms of government was coming to a halt, having reached the maximum possible degree of perfection. And, since he believed both capitalism and liberal democracy to be embedded in Western values, their success proved that Western values had a superior, universal significance.¹⁶ Rarely was any piece of writing more timely, as just a few months after its publication the Berlin Wall was torn down. Fukuyama was thus prompted to turn his short article into a book, *The End of History and the Last Man*, which came out in 1992 amid international acclaim and criticism.¹⁷

The twentieth century had seen the fall, one after another, of all the main rivals of liberal capitalism. First came the fall of fascism, then the dissolution of the dream (or the nightmare) of bureaucratic hybrids in the decades of the “end of ideology.” The crisis of actually existing socialism was now unfolding, whose symptoms were apparent well before the implosion of the Soviet bloc and the regime change in Russia. The reforms undertaken under Mikhail Gorbachev’s perestroika had been based on a growing dissatisfaction with central planning, which was seen as economically inefficient, and on the principle that the market ought to be granted a greater role in resource allocation, investment decisions, and income distribution. On the other hand, the demise of Maoism and the advent of Deng Xiaoping’s pragmatic approach, starting with the decollectivization of agriculture, had allowed for the slow penetration of bourgeois consumerism into China. As it ceased to be a stronghold of Marxism-Leninism, China could no longer function as a magnet for Third World

countries. The virtuous example in the developing world was rather being set by South Korea and ASEAN countries such as Singapore, Malaysia, and Thailand, which seemed to have obtained robust growth by applying free-market recipes. It was reductive, Fukuyama insisted, to interpret this cascade of events as “just the end of the Cold War, or the passing of a particular period of postwar history.” It was “the end of history as such.”¹⁸

Fukuyama is an advocate of a directional philosophy of history, a conception according to which history has a sense of direction that can be grasped by reason, and a goal to be achieved. He defends this concept against most twentieth-century thinkers, to whom he ascribes excessive pessimism. His main source of inspiration is Hegel, or at least the reading that Alexandre Kojève gave of Hegel.¹⁹ Twice in his life Hegel became convinced that the end of history had arrived: the first was when he saw “the world spirit on horseback,” alias Napoleon, entering Jena in 1806; the second was when the Prussian monarchy was restored and he quickly forgot his youthful enthusiasm for the French Revolution. In the Protestant state of Frederick William III, where he became a kind of court philosopher, he now saw the regime as ensuring the greatest possible degree of freedom for its subjects.²⁰ The Hegel of Kojève and Fukuyama is clearly the younger and not the older.

But as we have seen, even for Marx history tended toward an end (in both senses), and this is not a random circumstance but a necessary consequence of his having borrowed the dialectical structure of Hegelian philosophy. So, by an irony of fate, Fukuyama has chosen for himself the same master as Marx. But the similarities do not end there. Like his illustrious predecessors, Fukuyama is convinced not only that history is an outcome-oriented process; he is also convinced of the existence of a secret engine, a mechanism with a capital M, that explains its unfolding.

This engine, however, is neither the “spirit” that is embodied in a succession of sociopolitical forms, nor the conflict between productive forces and relations of production, but science, on the one hand, and the desire for recognition that drives human beings, on the other.

If the desire for recognition is at the root of the unstoppable universalization of liberal democracy, scientific and technological progress is the Mechanism that underlies economic convergence. As long as it was a matter of competing in the fields of coal, steel, and heavy industry, Fukuyama observed, planned economies were able to keep up with capitalist economies. But when the transition to the postindustrial age took place, planning proved to be an inadequate tool to manage the complexities of knowledge-intensive economies. Technological innovation was no longer key to only a few strategic sectors such as aerospace and armaments. All sectors, down to the production of consumer goods, were dependent on it. In socialist economies, Fukuyama went on, there was no effective way of handling the amount of information needed for innovation. In the absence of a system of spontaneous price formation, no feedback could be offered on the correctness of the decisions taken. There was also a lack of incentives to innovate in the consumer goods sector and a more general lack of work ethic. But fortunately, he concluded, the relentless force of progress was at work on both sides of the Iron Curtain, as “the unfolding of technologically driven economic modernization” was pushing all advanced countries “to accept the basic terms of the universal capitalist economic culture.”²¹

In some ways, this was a rehabilitation and adaptation of ideas widespread in the 1960s under the label of modernization theory, combined with other elements of the Western intellectual repertoire. Modernization theory predicted that, in the course of

industrialization, societies would converge toward a single model of economic and political development. In its most famous version—that of Walt Rostow—the powerful force that pushed these societies to conform was the drive toward consumption.²² He thought that communism was incompatible with an advanced industrial society, and for this reason the industrialization of the Third World had to be encouraged. When Rostow became national security adviser under Lyndon B. Johnson, he strongly supported the Vietnam War on the grounds that it would help buy time—the time Southeast Asia needed to grow and be able to resist the fatal attraction of communism. The thesis that capitalism fosters scientific and technological progress is most notably associated with sociologist Robert Merton, who, following Weber, stressed Puritanism's influence on both.²³ Merton also believed that however science might coexist with nondemocratic environments, its relationship with democracy was not a casual one.²⁴ The thesis that the higher the volume of information needed, the more market anarchy outperformed planning in the allocation of resources was put forward by Ludwig von Mises as early as the 1920s and later became Friedrich Hayek's leitmotiv.²⁵ The argument that socialism caused a loss of economic incentives had once been so commonplace as to have no specific origin. As will be remembered, Mill was already talking about it. It is interesting to observe how often dead ideas can return to be in vogue in changed historical circumstances. This suggests that it is the degree to which ideas appear to be compatible with the reality of the moment, rather than any assessment of their overall consistency, that makes them appear plausible to us.

Fukuyama's burial of history has proved premature, not only for the reason normally given, namely, the upheavals caused by

the attacks of 11 September 2001. Of course, the rise of Islamic fundamentalism challenged his vision of the future as a perpetual standstill. Once it was realized that there was a part of the world not disposed to converge peacefully toward, but rather openly hostile to, Western values, the rival vision of the “clash of civilizations” gained momentum. This controversial theory, associated with Samuel Huntington, predicted that conflicts that during the Cold War used to unfold along ideological fault lines would in the future erupt along cultural fault lines.²⁶ In the aftermath of the attacks, Fukuyama defended his thesis by reducing what had happened to the dying breath of “retrograde areas” of the world that were not resigned to modernization.²⁷ In the following years, on the other hand, it became clear that these “rearguard actions” of a “lunatic fringe” were an extreme and deviant expression of a discontent felt throughout the Middle East, clearly not a homogeneous area, and where traditional cultures coexisted with relatively modern ones. If Iran, for example, had not been a technologically advanced country, despite being poles apart from the ideal of a capitalist liberal democracy, it would not have been under so much pressure from the United States and its allies to dismantle its nuclear program.

But Fukuyama’s prediction has been disproved by a much more important circumstance, which has little to do with the events mentioned above. In fact, most non-Western countries, including those that are already well on their way to development, cannot be characterized as capitalist. Despite the efforts of many analysts to describe China’s economy as in transition to Western models, this is hardly the case. Whether the Chinese system is called market socialism or referred to another way, it is essentially a system that uses market mechanisms to allocate resources to *political* ends within the framework of extensive state planning.

Russia is not capitalist either, and not only because the share of the public sector (government plus state-owned enterprises) in GDP produced is as high as 40 percent. It is, above all, the nature of the relationship between public and private that makes the difference. The Russian economy is certainly a predatory system, but one based on cronyism, not on the separation between the sphere of state power and that of individual initiative. Finally, it is questionable whether the label “capitalism” can be applied to India and Brazil, which instead embody the characteristics of statist developmentalism. Iran, China, Russia, India, and Brazil together account for over 40 percent of the world’s population. On the other hand, the idea that the United States is still an attractive model for the world has greatly diminished. US-style capitalism may perform fairly well macroeconomically, but it is plagued by inequality, producing social hysteria. In the second decade of the twenty-first century, American influence on international affairs has reached its lowest point since the postwar period, while there are well-founded suspicions of Russian interference in the 2016 US presidential election. After all, it can be argued, a country in good political and economic health would not have produced a phenomenon like Trumpism.

The Spell of Knowledge

Not everyone who celebrated the end of the earthly embodiment of Marxism thought that history had ended with it. For some it was just the end of “one kind” of history, which moreover was occurring while epoch-making changes were also taking place in the West. This is the case of the management theorist and futurologist Peter Drucker. In 1993 he announced the advent of a “post-

capitalist society.”²⁸ After 1960, he noted, an epochal transformation had begun, comparable to the Renaissance or to the revolutions of the eighteenth century, and which was to be completed around 2020. This transformation was the emergence of the knowledge society. By calling the knowledge society postcapitalist, he did not mean that it would be socialist or anticapitalist. In fact, the market would continue to be the main mechanism for coordinating economic activity. But the primacy of knowledge over capital as a resource would lead to a reorganization of the class structure.

According to this narrative, knowledge was the force that had led to the defeat of socialism, which had been overcome by the productivity revolution in capitalist economies. The application of knowledge to labor, which started with the technological advances of the late nineteenth century, had in less than a century freed most of the workforce from manual occupations. Turning workers into employees had meant raising their living standards and expanding the middle class. But now, a new knowledge revolution was leading to the overcoming of capitalism itself. Wealth, or value, was no longer created by capital or labor, but by productivity and innovation. While the twentieth-century conceptual categories (both neoclassical and Keynesian) used to analyze the economy were losing their meaning, in society blue-collar workers were becoming totally marginal, reduced to a weak minority threatened with extinction. But even the capitalists, according to Drucker, were on the verge of extinction. Their place was being taken by knowledge workers. Indeed, it was no longer a question of allocating capital, but rather knowledge, to productive uses. And who were those knowledge workers? They were knowledge executives, professionals, and employees such as investment analysts and portfolio managers. Knowledge workers, Drucker

wrote, “will be employed in organizations. Yet unlike the employees under capitalism they own both the ‘means of production’ and the ‘tools of production’—the former through their pension funds, which are rapidly emerging in all developed countries as the only real owners, the latter because knowledge workers own their knowledge and can take it with them wherever they go.”²⁹

Managers were clearly part of this category, and their role was described in emphatic if woolly terms. The role of management, for Drucker, was not to organize production or personnel but to apply knowledge to knowledge, or even to “supply knowledge to find out how existing knowledge can best be applied to produce results.”³⁰ Managers were “responsible for the application and performance of knowledge.”³¹ If they were effective in this task, the application of knowledge to knowledge could also overcome limitations in resources, labor, and capital. The expansion of management, Drucker predicted, would be accelerated by the further changes in corporate ownership structure that had intervened since the emergence of the modern corporation. He was thinking of the reorganization of dispersed stockholding operated by institutional investors such as pension funds. He believed pension funds challenged the very concept of ownership. Although they were legally the owners of the stocks they bought with savers’ money, that is, owners of capital, they invested this money for the benefit of others. So one had the curious situation that future pensioners, the real owners of the capital, were unable to have the least say in the decisions of the corporation, while investors, who instead made the decisions, did not make money for themselves. As Drucker put it, “Neither the managers who run [the pension funds] nor their owners are ‘capitalists.’ Pension-fund capitalism is capitalism *sans* capitalists.”³²

Sophisms, however, do not help us grasp the substance of things. Can we really believe that what defines capitalism is the formal ownership of the means of production? Isn't it control over them that makes the difference? The fact that in the nineteenth century the two things overlapped does not entitle us to declare capitalism defunct when this is no longer the case. It is a question of determining which of the two features is essential. Further, the representation of institutional investors as quasi-nonprofit organizations is untenable. Institutional investors are not charities. This was as true when Drucker was writing as it is today. A recent example from the news may give a sense of the extent of their earnings. In May 2018 *Institutional Investor* magazine registered, with a touch of satisfaction, that "the richest hedge fund managers became even richer in 2017 . . . , a reminder of the power of compounding."³³ The top twenty-five hedge fund managers had earned a total of \$15.38 billion that year (which comes to \$615 million each on average). Four managers made over \$1 billion. These were Renaissance Technologies' James Simons, who earned \$1.7 billion, Appaloosa Management's David Tepper (\$1.5 billion), Citadel's Kenneth Griffin (\$1.4 billion), and Bridgewater Associates' Ray Dalio (\$1.3 billion).

From the aspects of Drucker's thought so far examined, it is evident that he followed in the footsteps of the innumerable authors who, from the times of Berle and Means up to the 1960s, saw in the evolution of the separation between ownership and management the decisive element in the overcoming of capitalism. But the scenario opened by Drucker goes beyond industrial relations within traditional organizations such as the corporation. He envisaged a much more radical prospect. When he said that knowledge workers "own their knowledge and can

take it with them wherever they go,” he presented as a reality the utopia of a system where everyone is both a worker and a capitalist. In this paradise on earth, prosperity is within reach and within everyone’s reach. There is no exploitation but only the creative use of one’s intellectual resources. Steve Jobs’s garage has replaced the factory, and Steve Jobs has replaced both the blue-collar worker and his employer. Once again, is this a realistic expectation? Of course not. Even such a huge country as the United States has no place for so many Steve Jobses. Some of them will become established entrepreneurs. Many more will be forced out of business by competition. Furthermore, knowledge (whatever is meant by this term) is not equally distributed among individuals and is not the only factor that matters in the postindustrial society. Entrepreneurship, creativity, instinct, unscrupulousness, and, above all, luck are decisive. Finally, not all knowledge is dispersed: the knowledge needed to create satellites or monoclonal antibodies certainly is not, and innovations like these are notorious sources of rents and profits.

Despite the aporias that undermine these arguments, the spell of knowledge took possession of politicians, commentators, and public opinion for over a decade, accompanied, that is, by another contemporary infatuation—that for information and information technology.

The Spirit of Informationalism

To the thesis that capitalism had been overcome by the knowledge economy one could easily object that it confused container and contained. This was pointed out by sociologist Manuel Cas-

tells, who wrote at the beginning of the Internet era. Castells argued that, if the rise of “informationalism” represented a change in the “mode of development,” it occurred in the context of a mode of production that remained fully capitalist. Indeed, the concept of mode of development is nothing but a reworking of the Marxian category of productive forces. For Castells, preindustrialism, industrialism, and informationalism are modes of development, which can apply, in principle, to both capitalist and collectivist economies and societies. But, unlike Marx, he is no technological determinist, as he acknowledges the capacity of societies to adapt to technological changes with various degrees of efficiency. Nor does he view this process of adaptation as generating potentially fatal social conflicts.

Even if he was far from seeing 1989 as an end point, Castells’s reconstruction of contemporary history is essentially teleological, reinterpreting the twentieth century in the light of the fall of the Berlin Wall. The narrative sounds familiar. Since the 1970s, the information technology revolution had challenged both capitalism and collectivism, making their restructuring necessary. But while the restructuring of collectivism failed, most notably in the Soviet Union, because the system failed to assimilate informationalism, capitalism succeeded in adapting and renewing itself. And it did so by globalizing core economic activities, introducing organizational flexibility and particularly labor flexibility, and putting an end to the postwar social contract based on mediation and the welfare state.³⁴ At the end of this process of “expansion and rejuvenation,” capitalism turned informational was thriving “throughout the world,” deepening “its penetration of countries, cultures, and domains of life.”³⁵ This account of the genesis of what is sometimes described as “one-world capitalism”

is per se crammed with the unfortunate clichés that abound in the literature from the 1990s.³⁶ A great deal more interesting is the analysis of the new spirit of this capitalism.

Informational capitalism, Castells made it clear, was a “hardened form of capitalism.”³⁷ Like the industrial capitalism of earlier times, it was a system that produced for profit and in which profit was appropriated on the basis of property rights. But unlike its progenitor, it was characterized by “a tendency to increased social inequality and polarization,” with the top and bottom of the social scale expanding and getting further apart. The primacy that knowledge held in this system widened the gap between highly skilled, self-programmable labor and generic labor. The restructuring that followed replaced the collective organization of labor with the logic of individualized bargaining, according to the bargaining power and productivity of each worker. And this was to the detriment of the weakest workers. A further blow to the middle and lower classes came from welfare state retrenchment. The relatively high potential for conflict that was inherent in the growth of inequality, however, did not result in class struggle, as social classes now lacked internal cohesion, but in a disorderly jumble of individual claims that arose from opposing groups of workers.³⁸

Nor did Castells think that the changes in the structure of property rights ownership were such as to alter the capitalist nature of the current mode of production. He noted how, in informational capitalism, new forms of widespread stockholding coexisted with a revival of family owners and individual entrepreneurs, a trend that was clearly discernible in the emerging economies of the Asia-Pacific region. These older ownership models responded particularly well to the system’s innovation and flexibility imperatives. In Castells’s work one does not find

the idea that entrepreneurship is within everyone's reach, but the more sobering view that innovation does not take place in isolation but needs networks, which explains the tendency of knowledge workers to organize themselves as a "collective worker" under the leadership of a capitalist who appropriates the surplus they produce.³⁹ Despite the critical elements highlighted here, capitalism was represented as a substantially stable system, where the problem of inequality could be fixed with the half measures of Clinton and Blair. Even the "global casino" of expanding financial markets was seen in a benevolent light, and the possibility of major crashes considered rather remote. If properly managed, financial technology would be able to keep markets in "dynamic equilibrium," Castells confidently argued, echoing the economists.⁴⁰

A more radical interpretation of what was going on was offered by Luc Boltanski and Eve Chiapello.⁴¹ For them, the new spirit of capitalism embodied an original deception. The organizational changes and their ideological superstructure were not the consequence of technological changes but rather of the need for capitalism to relegitimize itself after the crisis of the 1970s. This, they maintained, had always been the case in the history of capitalism. After each crisis, a problem of legitimation had emerged, which was solved by restructuring. Back in the 1930s, the managerial revolution was a response to the crisis of confidence generated by the Great Depression, as capitalism organized like an army was easier to manage. Likewise, the New Age transition to business networks and flexibility now fulfilled a dual purpose—one declared, the other hidden. The declared intention was to remedy the crisis of the old management, whose hierarchical structure was perceived after 1968 as anachronistic and oppressive. But the undeclared aim was to build a low-cost capitalism that would

allow capital owners to continue to make profits in an era of low growth rates.

Responding to the demand for authenticity and freedom, the doctrines of neo-management replaced hierarchical work within departments with supposedly horizontal teams. The manager's authority was replaced by the charisma of the leader, a visionary, creative, and coach at the same time, one who inspired by example. "Managers," Boltanski and Chiapello wrote, "do not seek to supervise or give orders. . . . They have understood that such roles are outmoded."⁴² They no longer needed to resort to compulsion when they could easily get loyalty through persuasion. They had no other choice either, since they were no longer in a position to entice their subordinates with promises of career development in return for their obedience. Even the iconography of capitalism was changing in ways that are still discernible. Think of Bill Gates, a Zen capitalist who wears V-necks, someone who likes to recommend books he seems to effortlessly read. He speaks to you from his minimalist sofa, with Lake Washington in the background, not from a bad replica of Louis XIV's throne in a Manhattan apartment. Equally at ease talking about business and science, Gates transcends the twentieth-century category of philanthropist, which looks ordinary in comparison: he offers himself as nothing less than a benefactor to humanity.

How, then, is power exercised in an era of persuasion? The mantra of customer satisfaction aims precisely at concealing the control chain. Employees should get the impression that they are subject to the power not of capital but of the market, that is, of the buyers of their products: a much sweeter dictatorship. After all, why should you complain if you are fired because you do not meet the expectations of consumers? They are the *raison d'être* of your job. And, indeed, workers are invited to give up stability

for employability. Instead of aspiring to predictable career paths, they are encouraged to work their way through a succession of projects, and as members of ever-changing teams. The loss of security, they are told to sweeten the pill, will be offset by a gain in freedom. Finally, through the network, the firm extends the logic of the team to its environment. All noncore functions are outsourced to networks of subcontractors, some of them being people previously laid off by the firm. It is said that the network is bound together by “trust,” but isn’t perhaps “need” a more accurate word?

The Consequences of Giddens

One aspect is still missing from this sketch of the intellectual history of capitalism in the nineties, and this is political ideation. A new politics was needed to make the new spirit of capitalism accepted, and the most important contribution to this politics came from the Third Way. The Third Way can be seen as a particular interpretation of “radical centrism” or the ideology born out of what was depicted as the definitive end of twentieth-century ideologies. The breakdown of actually existing socialism had left capitalism without a credible alternative. But it had also aggravated the crisis of the left in Western countries. What kind of reform could progressives (be they European social democrats, British Labourites, or American liberals) credibly advocate at a time when capitalism was asserting itself as the only viable system? The key to global prosperity seemed to lie in making the countries of the former Soviet bloc more like Western-style market economies rather than the other way around. Hence the idea that, in advanced capitalist societies, even social problems could be solved with market-based solutions.

Within this general framework, there were contingent factors that influenced the shift of the political consensus toward the right. Although coming from considerably different experiences, at the turn of the 1990s the core capitalist economies of the United States, Britain, and West Germany shared a common political feature. In all these countries progressive forces were now subaltern to conservative parties that had been in power for many years. As we saw in Chapter 3, the crisis of the reformist left had begun in the 1970s, when it had proved incapable of providing answers to the demand for social protection in a context of ever weaker growth and in an environment increasingly dominated by the conflict between capital and labor. At the time, the left was punished for what the working classes had seen as a betrayal of its mission. Twenty years later, the old working classes of the industrial age had given way to the middle classes of the postindustrial era and to a shapeless mass of low-skilled people resigned to remaining on the margins of the labor market. Indifferent to the fate of these people, left-wing parties began to see the seizure of the political center as the only hope for regaining power. This typically involved appropriating ideas from their right-wing competitors, a strategy known to political scientists as triangulation.

Although the Third Way was a phenomenon common to the main Western countries, from Sweden to Italy, its most elaborate rationalization came from the UK and was associated with the birth of New Labour. The Labour Party was in opposition since 1979. This long wandering in the wilderness prompted a transformation in the party's ideology and rhetoric. The change in political line, which began during the leadership of Neil Kinnock, came to completion under Tony Blair. As Donald Sassoon writes, after the fourth consecutive defeat in 1992, Labour's sole objective had become "to regain power at virtually any cost."⁴³ In 1995, as

leader of the opposition, Blair managed to change the party constitution. He made a crusade against Clause Four, “Labour’s chief sacred cow,” in which Sidney Webb (1859–1947) had wanted to affirm the party’s commitment to modifying the structure of the ownership of the means of production, distribution, and exchange. That commitment remained more symbolic than anything else, except for the postwar nationalization of strategic sectors of the British economy. But with this move Blair wanted above all to signal that he would continue in the wake of the process of deregulation initiated by Margaret Thatcher and John Major. Renouncing any ambition to shape relations of production, the new constitution conveyed the more modest goal of promoting a society in which power, wealth, and opportunity would be widespread.

It was precisely to solve the apparent paradox between free market and social justice that the strategists of New Labour created the doctrine of the Third Way. This was hardly an original notion. Throughout the twentieth century, many “middle ways” had already been theorized and experimented on, in both the West and the East. Even the postwar historic compromise represented a third way, one between capitalism and socialism. This was still the sense in which Anthony Giddens, Blair’s intellectual guru, employed the term in 1994, to deny what was for him a fruitless search: “There is no Third Way of this sort, and with this realization the history of socialism as the avant-garde of political theory comes to a close.”⁴⁴ Giddens was already clear, though, about what the way forward should be. The objective was not to achieve another compromise between capitalism and something that was given up for dead. The Third Way in the Giddensian-Blairite sense is a way between neoliberalism and social democracy. This entailed, as the 1998 manifesto expressed it, building

the chimerical “radical centre.”⁴⁵ In laying out the political philosophy of New Labour, Giddens explicitly took issue with philosopher Norberto Bobbio, who had argued a few years earlier that left and right were by no means outdated categories. Historical constructions they might be, but for Bobbio they still embodied the moral dichotomy of equality and hierarchy.⁴⁶ Giddens objected that major economic, social, and technological transformations had not left much room for struggle and conflict. In the globalized, unipolar world, societies were presented with new problems, challenges, and possibilities that made the boundaries of left and right uncertain.⁴⁷

The Third Way doctrine was given an aura of academic respectability by embedding it in Ulrich Beck’s discourse on the risk society, whose exotic appeal sparked much enthusiasm among journalists and commentators.⁴⁸ Beck made the point that, in late modernity, the production of risks increases along with the production of wealth. In the socioeconomic sphere alone, global economic competition, the speedup of innovation, and technological change were all potential sources of hazards. If late modernity was no longer characterized by scarcity but by risk, the main problem, which was difficult to solve, became that of minimizing risk. Giddens, while not denying the problem, stressed that risk should not be feared. Coping effectively with the challenges posed by chance may, in fact, unleash innovation and prosperity. Giddens’s contention was that it was self-defeating to seek to control manufactured risks and that they should rather be managed through a strategy of “active risk taking.” “Effective risk management,” he asserted, “doesn’t just mean minimizing or protecting against risks; it also means harnessing the positive or energetic side of risk.”⁴⁹ (Go and tell a forty-year-old mother who

goes through the “experience of redundancy” that there is an energetic side of risk!)

The postwar social compromise rested on consent. The workers, still regimented in the factory system, offered their loyalty to capitalism in exchange for social protection. Social democracy was at the same time both promoter and guarantor of this pact that bound labor, capital, and the state together. The pact weakened in the 1970s, cracked in the 1980s, and finally broke in the 1990s. The central issue for any progressive force was therefore, at this point, to propose a new pact that would sound credible to its interlocutors. What could have been credible at a time when power relations were decidedly in favor of capital and, moreover, the political objective was to seduce the middle classes? First, it was necessary to repudiate the old welfare state, to depict it as outdated. Postwar welfare was relabeled by the ideologists of the Third Way “negative welfare” because it operated from the assumption that the glass was always half empty.⁵⁰ It mistakenly equated risk with an evil from which society should be protected. However, in order to permanently dispel any nostalgia for the good old days, a preliminary intellectual operation had to be carried out: the belief that the old system embodied the social justice ideal had to be disproved. The postwar welfare state, Giddens pointed out, did not arise as a remedy for injustice or to promote the pursuit of equality; it was not a genuine creation of the left. Its roots were in Bismarckian paternalism, the quest for social cohesion, and the state-building process. This “undemocratic” system, based on a “top-down distribution of benefits,” had drawn its room for maneuver from the nation-state, now falling apart under the forces of globalization.⁵¹ Equality could and should be pursued in other ways. All the more so since equality was not a

value per se, for it was only important as far as it was “relevant to people’s life chances, well-being and self-esteem.”⁵² (The attentive reader will notice here an echo of Dahrendorf.)

The new welfare theorized by Giddens was no longer “an economic concept, but a psychic one, concerning as it does well-being.”⁵³ It was a bit like saying that the problem is not in your pockets but in your head; in effect, the claim went so far as to suggest that “counselling . . . might sometimes be more helpful than direct economic support.” Whether or not this is the case, it would certainly be less expensive for the government. Giddens had in mind a social investment state committed less to ensuring its citizens an acceptable standard of living than to enhancing human capital development. Its guiding principle was that there could be no rights without responsibilities, which is reminiscent of a certain nineteenth-century English passion for self-help training. Its programs would be carried out in cooperation with a variety of actors from the private sector, such as volunteers, associations, firms, and finance. As if by magic, “positive welfare” would turn each of the old negatives into an opportunity for improvement: “in place of Want, autonomy; not Disease but active health; instead of Ignorance, education, as a continuing part of life; rather than Squalor, well-being; and in place of Idleness, initiative.”⁵⁴ Such is the shallowness that the language of the New Modernity exudes. In hindsight, one cannot help wondering how arguments of this kind could exert such a mesmerizing power over a generation.

The knowledge society paradigm offered new legitimacy to the ideal of equality of opportunity, but the same can be said of other contemporary intellectual sources, such as endogenous growth theory in economics. Thinking that prosperity depends mainly on the accumulation of human capital undoubtedly makes life

easier for the legislator when it comes to addressing the unequal distribution of opportunities. Convincing oneself that the state has fulfilled its task when it has provided an education for its citizens removes the objections commonly raised against meritocracy. If the starting point is the same for everyone, economic rewards can be proportional to individual merits, so as to defeat moral hazard and rent seeking. In conclusion, New Labour adopted a benign vision of capital as an immaterial resource that every worker could easily appropriate. It saw in the new “post-capitalist” economy the realization of the dream of the commodification of capital and decommodification of labor. From the assumption that “knowledge is a kind of capital located within the worker,” the reassuring thought followed: “If capital is within us, then how can it exploit us?”⁵⁵

Eleventh-Hour Optimists

This showy display of optimism continued through the 2000s, but it began to appear dissonant, because it contrasted with an atmosphere of mounting discontent. It was clear that the capitalist order was once again on trial. After a decade of pro-market reforms and financial deregulation, the peoples of the former Soviet bloc, Latin America, and even of the Four Asian Tigers were losing their enthusiasm, if they had it at all, for the economic system of the “free world.” The economist Hernando de Soto summarized this paradox in his statement that “the hour of capitalism’s greatest triumph is its hour of crisis.”⁵⁶ Nostalgia for the communist era grew in Russia and Central-Eastern Europe, sometimes bringing back to power former communist parties and their establishments. The citizens of these countries regretted the

loss of the high degree of social security that the old regime used to guarantee them.⁵⁷ The situation of the Latin American countries under IMF/World Bank shock therapy was no more encouraging. In Brazil, the combination of austerity and privatizations pursued by the Cardoso government in the name of financial stability plunged the economy deeper into recession, exacerbating social tensions. This brought to power the Workers' Party and its leader, Luiz Inácio Lula da Silva, in 2003. Something similar was happening in Argentina, with Néstor Kirchner succeeding Carlos Menem, and during the 2000s the "pink tide" extended to most of South America. But the clash of the highest symbolic value took place in Venezuela on the occasion of the 1998 presidential election. Here the self-styled revolutionary leader Hugo Chávez defeated Yale-trained economist Henrique Salas Römer.

Capitalism was also challenged in rich countries. At the turn of the millennium, every meeting of global economic decision makers—who were largely members of the Western white elite—was marked by a mobilization of the critical consciousness of their own societies. The riots that accompanied the WTO meeting in Seattle in fall 1999—a real urban battle between activists and ordinary citizens on the one hand and the police on the other—started a cycle of large-scale confrontational demonstrations. The protests continued on the occasion of the IMF/World Bank meetings in Washington, D.C., and Prague, in April and September 2000, respectively. In July 2001 about 250,000 people poured into the streets of Genoa (a city with a population of 600,000) to demonstrate against the G8 summit. The history of the anticapitalist movement or global justice movement was not just one of tear gas and shattered shop windows. "Parallel summits," such as the World Social Forum, which met in Porto Alegre in January 2001, offered opportunities for con-

structive ideation. As two scholars of these movements noted, “The protesters rarely attack globalisation as such, targeting instead corporate globalisation, global capitalism, the neo-liberal order, multinational companies, international financial institutions, and trade agreements.”⁵⁸ Their requests ranged from cancellation of Third World debt to the introduction of taxes (such as the Tobin tax or the “Robin Hood” tax) to counter financial speculation, sometimes accompanied by frankly utopian pleas for a global democratic government. These movements had historical significance in two ways. On the one hand, there had been no such wave of mass mobilization since 1968. On the other hand, their original impulse does not seem to have exhausted itself yet. In fact, the anticapitalist motive has taken ever new forms over the years, first in connection with the opposition to George W. Bush’s War on Terror, and later as the main drive behind Occupy Wall Street and the anti-austerity movements of Southern Europe.⁵⁹

It was against this backdrop of growing hostility to the Washington Consensus that the late apologists of capitalism showed up. So Hernando de Soto—who in the 1990s had inspired Peruvian president Alberto Fujimori’s shock therapy—claimed that if capitalism did not work in the Global South, it was not capitalism’s fault; the problem was that the Global South was unprepared to take advantage of it because of the absence of clearly defined property rights.⁶⁰ Paul Collier—whose career was spent between Oxford University and the World Bank—also absolved capitalism from the poverty of the “bottom billion,” placing the blame instead on their failed states, which had turned resource blessing into a curse. He even went so far as to present military intervention as a way to rescue the poor—not without some embarrassment due to the fact that he wrote during the low point of the Iraq

War.⁶¹ Others showed contempt for those who yearned “for the days of leisure, fun, and equality once enjoyed” in former communist countries: “It would be nice to eat cake while keeping lazy ways too,” wrote American historian Joyce Appleby.⁶² It was not so easy to get away with it for those who sought to defend capitalism from its internal critics. In 2006 economist and rhetorician Deirdre McCloskey published the first volume of a trilogy surprisingly dedicated to the defense of capitalism, not so much for its economic superiority, but for its *morality*.⁶³ Capitalism, she claimed, had not just made us richer and live longer. It had also made us better, more civilized people. But capitalism was moral in yet another sense: it enriched its apparent victims. McCloskey argued that taking wealth away from the rich would not have made the poor less poor. On the contrary, letting the rich get richer generally also benefited the poor. This was none other than the famous “trickle-down” argument, which John Kenneth Galbraith once compared to the old saying that “if you feed the horse enough oats, some will pass through to the road for the sparrows.”⁶⁴ The origin of this curious doctrine is lost in the mists of time, but its academic foundations were laid down by the supply-side economics of the 1970s. The story is so interesting that it deserves a digression.

As with Milton Friedman’s monetarism, supply-side economics was a major paradigm shift because it overturned the logic of Keynesian economics that had characterized the entire postwar period. Much of the theory’s initial fortune was due to the failure of traditional Keynesian recipes to address the strange mix of high prices and stagnation (the so-called stagflation) that plagued the seventies. Public spending alone could not get the economy moving again as a result of a supply-side problem, namely, the

shock caused by the rise in oil prices. Firms had to be helped in some way.⁶⁵ This insight suggested by common sense in a very specific circumstance was soon generalized in a grand theory according to which growth and economic well-being *always* depend on the health of firms rather than consumers. If capitalists make profits, the economy will prosper, and the benefits will be enjoyed by society as a whole. At a time when the concept of enterprise was already vague, and when everyone with a good bank account was a potential investor, the thesis was further simplified in the formula that the rich should be put in a position to make more money. This, from the government's point of view, meant taxing them less and leaving them in peace. The losses suffered by the poor and not-so-rich in the short term, such as those from cuts to public services and social welfare programs, would be offset by higher gains in the long term. The New Right seized the opportunity, and the principle that "you expand and revitalize the economy by giving the poor less, the rich more" became the official doctrine of the Reagan and Thatcher administrations.⁶⁶

The loss of confidence in capitalism at the turn of the millennium was still little compared to what was to happen less than ten years later, when the world economy was hit by a ruinous crisis. The crisis, which began in mid-2007 with the subprime mortgage meltdown in the United States, spread to the international banking system within a year. The 2008 financial implosion, in turn, had repercussions on the real economy, causing a sharp fall in GDP throughout the Northern Hemisphere, which continued until the early 2010s. In a way, this was a vindication of Keynes's ideas, as the syndrome presented the classic symptoms of a demand-side slump: deflation and unemployment. But people's attention turned less to the recession than to the

crisis that had triggered it, and the anger was obviously directed against the greed of the 1 percent. The impact on public opinion was devastating. It was no longer just the concerns for global justice of the most critical sectors of society; it was now the middle classes of rich countries who felt directly damaged. In short, the seductive power that capitalism had exerted over the middle classes since the end of the nineteenth century, when it had shown it could raise their standard of living, had begun to wane.

Again, the strategy followed by the apologists of capitalism was to minimize the importance of what was happening. The historical accounts published in those years offer interesting examples. Many of these works were conceived before the crisis to celebrate capitalist achievements but were completed in a very different atmosphere. In *The Relentless Revolution* (2010), Appleby reduced the problem of capitalism to one of corruption and cronyism, easily remedied with better formal rules and enforcement mechanisms, and at most by appointing honest and competent people in the judiciary, the police, and the civil service. “What is needed,” she concluded, “more than a new financial system is a legal overhaul. Capitalism can work pretty well to deliver on its promise of progress and prosperity” whenever the legal system is effective and efficient. Moreover, she noted, capitalism “generates the wealth” to pay for such services. Failure to set them up is, therefore, just a failure of “political will.”⁶⁷ This way of absolving capitalism by separating economy from politics, and throwing the blame on the latter, was in fact the dominant strategy in mainstream American politics during the Great Recession, both on the part of those who attributed the crisis to too few rules and those who thought there were too many.

Another telling example is the *Cambridge History of Capitalism*, released in 2014 after being nine years in the making. The two-volume set ends with an essay on the future of capitalism that was written by the editors—two economists—during the slump. The irony of writing such a chapter “as the world limped so slowly out of prolonged recession” did not escape them. As they put it:

When [the] . . . project was initiated in 2005, it appeared that capitalism was triumphant worldwide. . . . As events unfolded in the summer of 2007, however, the “best economy ever” began to show some cracks. . . . Some critics of the project even suggested that we move quickly to a third volume, “The Decline and Fall of Capitalism”! But the on-going crisis of the global economy, which has cast a pall over the financial innovations celebrated as late as September 2006, can—in the long sweep of history covered by these two volumes—be viewed simply as the latest of growing pains that have afflicted the development of capitalism from the beginning.⁶⁸

As it soon becomes apparent, the choice in this case was to treat capitalism not as a historically specific social formation but as a given feature of human interaction. Since capitalism has never had a beginning—the argument implies—it will probably never have an end. This attempt at *naturalization* involved the use of a concept of capitalism so loose as to include nearly any form of merchant activity and private enterprise. Consistent with this understanding, the *Cambridge History* has a chapter on Babylonia in the first millennium BC, followed by two chapters on ancient Greece and Rome. In the same spirit, other projects tried to show

that financial crises were not a modern phenomenon but a constant in history, at least since the Middle Ages. Carmen Reinhart and Kenneth Rogoff managed to write a 463-page-long history of crises without mentioning the word “capitalism.”⁶⁹ Indeed, if one accepts that capitalism is innate and universal, one can claim by the same token that it does not exist at all.

In the final analysis, this late enthusiasm for a system in crisis is not an unprecedented anomaly. The lightheartedness with which the poets of late antiquity extolled the accomplishments of the Roman Empire while the barbarians pressed at the gates comes to mind.⁷⁰ In times of decadence, praise is in abundant supply and contrived in tone, as if to conceal anxiety about what could be lost. These exercises in rereading the past of capitalism through the anxieties of the present can, therefore, be interpreted as the swan song of an age. As Tennyson writes:

The wild swan's death-hymn took the soul
 Of that waste place with joy

 But anon her awful jubilant voice,
 With a music strange and manifold,
 Flowed forth on a carol free and bold;
 As when a mighty people rejoice.⁷¹

But while the poets of the “relentless revolution” showed themselves certain that capitalism, credited with almost supernatural powers of regeneration, would once again mock its opponents, for most of society, who suffered concretely from the effects of the crisis, the Great Recession sounded alarm bells. Thus, when the social forecasting machine was turned on again, it found a wide public ready to listen.

The Awakening

The Great Recession marked the grand return of prophecy. The flurry of books on the future of capitalism released in the early 2010s was diversified in quality and rigor. There are the technological utopias of popular nonfiction writers, the visions of life after capitalism of radical activists, and finally scholarly work. As we have done so far, our emphasis will be on the scholarly, though without ignoring popular approaches, as they contribute to the context for this history. The crisis had a strong media impact, as befits an age of spectacularization of reality. As representations of those years, the images of Lehman Brothers employees carrying away their possessions in cardboard boxes and those of Zuccotti Park protesters lugging golden bull idols down the streets of Manhattan are more iconic than cold stock market commentaries. It was inevitable that a literature would emerge to satisfy this emotional demand even at the cost of attempting impossible marriages, such as that between Marx and Drucker officiated by journalist Paul Mason. His thesis is that automation, the free reproducibility of online information, and the “sharing economy” already project us into a postcapitalist dimension. The ups and downs of recent years are said to be the closing blows of capitalism as it exhales its last breaths, the desperate convulsions of “a system of monopolies, banks and governments” that has not resigned itself to the new era of “free, abundant socially produced goods.”⁷² Attempts have also been made to psychoanalyze the society of dying capitalism, as in *Living in the End Times* by celebrity philosopher Slavoj Žižek. According to Žižek, “the global capitalist system is approaching an apocalyptic zero-point.”⁷³ The Four Horsemen bringing the catastrophe about would be the ecological crisis, biogenetic manipulation, the forthcoming struggles

over natural resources and energy, and the growth of social divisions and exclusions. To the news of their imminent arrival, capitalist society would no doubt react in accordance with the classic “five stages of grief” model, that is, through denial, anger, bargaining, depression, and finally acceptance.⁷⁴ If the death of capitalism approaches, it is good not to be found unprepared. This thought is more than enough to unleash the imagination of those who have seen fit to build scenarios for capitalism’s afterlife, mixing social theory and science fiction.⁷⁵

What is striking, however, is not the revival of sensational or apocalyptic tones in public discourse, nor the ease with which the Marxist repertoire is mixed with the neoliberal in a sort of Dada-Marxism that seems tailor-made for dissemination via Twitter, but the return of crisis theory in academia. Between 2013 and 2016 three scholarly books appeared carrying ambitious titles. One was called *Does Capitalism Have a Future?*; another, *Seventeen Contradictions and the End of Capitalism*; the third, *How Will Capitalism End?*⁷⁶ They were written by leading social scientists with a solid reputation behind them—the kinds of scholars who, one would say, would think twice before venturing onto such slippery terrain. Two of them, American sociologists Immanuel Wallerstein and Randall Collins, were not afraid of predicting that the end of capitalism would occur within a few decades. Both authors draw on the Marxian toolbox. If this is not surprising in Wallerstein’s case (the approach with which he made a name for himself, world-systems analysis, is clearly related to Marxism), the same cannot be said for Collins, who has always been more sensitive to Weber’s influence. There are endless ways of reinterpreting, and even reinventing, Marx, true, but in fact both Wallerstein and Collins stick to a rather mechanistic view of capitalist dynamics and contradictions. This vision presupposes

that capitalism is a sort of spring-driven clock that works as long as its mechanism is free of obstacles. Repeated malfunctions result in a structural crisis, which these writers approach from the two classic, and complementary, perspectives of production and consumption.⁷⁷

Wallerstein maintains that the main strategy traditionally used by capitalism to ease the pressure on profits—keeping down production costs—is no longer viable. He cannot see how production could be further relocated from the core to the periphery of the world system given that, over the past five centuries, “this repeated process has virtually exhausted the loci into which to move.”⁷⁸ In addition, he says, the profits upon which the survival of capitalism depends cannot be obtained in perfectly competitive markets but require quasi-monopolies. The latter need to be backed by the power of the state and can be enforced globally only in the presence of a hegemonic power. This role used to be performed by the United States. But its geopolitical decline is now paving the way for the future coexistence of multiple centers of power. Collins, for his part, sees in the vanishing middle class the element that rehabilitates the underconsumptionist theory of crisis. While in the twentieth century the trend toward wealth concentration, unemployment, and underconsumption resulting from the unrelenting accumulation of fixed capital was temporarily held back by the expansion of the middle class, this escape route is now closed. Just as machinery once displaced the working class, the progress in information technology is wiping out the middle class. Collins anticipates that distributional conflict will escalate over the coming decades, opposing “a small number of wealthy capitalists” owning “robots and computers doing almost all the income-generating work” to “a majority of the population structurally unemployed.”⁷⁹ He concurs with Wallerstein

in predicting that the terminal crisis of capitalism will occur “in the decades around 2040.”⁸⁰ What will follow is uncertain. In one scenario, we might witness either a century-long oscillation between capitalism and socialism, with no clear winner, or the resurrection of Soviet-style “socialist ownership and strong central regulation and planning.”⁸¹ In another scenario, however, whose likelihood of occurrence Collins estimates to be up to 50 percent, a “neofascist solution” would emerge.⁸²

The German political economist Wolfgang Streeck—who spent much of his earlier life looking for ways to fine-tune the economic institutions of social democracy—has also interpreted the recent troubles of capitalism as an indication that crisis theory should be rehabilitated.⁸³ He insists that the fact that capitalism has survived so many prophecies of doom is no proof that it will never end. How could one infer the future from the past alone? But change is unlikely to be triggered by a single event. Crisis will rather come from the “continuous accumulation of small and not-so-small dysfunctions” that makes contemporary capitalism “a social system in chronic disrepair.”⁸⁴ Streeck’s image of the end of capitalism is that of a system that dies from an overdose of itself. Paradoxically, capitalism does not die because it is not very successful. It dies because it is too successful. Invading all spheres of social life, it destroys internal oppositions and countervailing powers that used to stem its more harmful effects, keeping capitalist society in balance. Over the last couple of decades, its unrestrained expansion has resulted in five major disorders. These are “stagnation, oligarchic redistribution, the plundering of the public domain, corruption and global anarchy.”⁸⁵ These problems—with the partial exception of the first, as the slowdown of growth can also be seen as an independent phenomenon—derive from the complete commodification of money, nature, and human labor

realized under late capitalism. The commodification of money, made possible by the financial deregulation of the 1990s, finds expression in an immoderate production of cheap credit, using the techniques of financial engineering, and in the hypertrophy of the banking sector. This trend was directly responsible for the 2008 financial crisis. The commodification of nature is evident in the now unsustainable contradiction between the logic of infinite expansion that drives capitalist accumulation and the finite supply of natural resources. The commodification of labor, which results, in turn, from the deregulation of the labor market, manifests itself in the spreading of precarious and underpaid employment. There is also a tendency to increase working hours for each household while wages and household income stagnate.

Looking at it superficially, one might think that Streeck's thesis suffers from the same defects as the idea that the capitalist machine must stop because its gears have jammed. Streeck's approach is certainly indebted to the late Frankfurt School view that capitalism can only live within a dialectical relationship with its constituent parts—in other words, that the drive for profits needs to be counterbalanced by some form of decommodification such as the welfare state, Keynesian fiscal policies, and so on. When this dialectic is suppressed, a problem of legitimation arises. But alongside this mechanical dimension of capitalism, one must recognize that there is also an ontological dimension. It is not only the correct functioning of the machine that determines its survival, but the context in which it works. The machine may not work that well, but it may be that in a certain environment no other device will work. Hence we need to ask two questions: What is the purpose of the machine? And who makes it work? In other words, we need to investigate the social and

cultural context in which capitalism has asserted itself and understand whether the conditions that have allowed its rise and consolidation have disappeared. If Streeck does not fall into the trap of mechanistic theories, it is because he knows that, in the study of society, the relationship between “base” and “superstructure” is problematic. Those who regard this problem as already solved fatally end up concentrating either only on the former, as historical materialists do, or on the latter, as cultural Marxists do. Streeck instead tackles the issue with Polanyi’s guidance. It is him—not Weber, Schumpeter, or Bell—that he thinks of when he says that capitalism is “destroying its non-capitalist foundations.”⁸⁶ Polanyi’s intuition in *The Great Transformation* concerns the existence of “fictitious commodities” that, involving sensitive aspects of the human self, such as the need for security and individual dignity, do not lend themselves to being exchanged on the market except with particular caution.⁸⁷ If you cross the red line, you have to expect countermovements, as happened when capitalism was tamed by the state and scaled down to fit into the cage of fascist corporatism and the later mixed economy. If you neutralize such countermovements, you should expect the pressure cooker to explode. Therefore, Streeck’s interpretation presupposes—even if he does not elaborate it—a cultural theory whereby the physiological state of society is a state in which “trust, good faith, altruism, solidarity within families and communities” are preserved.⁸⁸ Only under those conditions, which are nonnegotiable, can capitalism co-exist with society. If the Polanyi-Streeck thesis is accepted, it would be reasonable to suppose that, when these core values are repeatedly violated, society tends to treat capitalism as a disturbing element and to get rid of it. However, an important question remains: What if, besides the Polanyi-Streeck condi-

tions, other features or needs defined the physiological state of society? And what if these factors pushed in the opposite direction, sustaining the persistence of capitalism? A value conflict could arise with an uncertain outcome. We will address this issue in Chapter 6.

Finally, since the commodification of nature has been mentioned, we should add that the reopening of the debate about the end of capitalism has awakened another apocalyptic fear that had already emerged in the 1970s, namely, that human life on earth might be terminated by environmental catastrophe. Concerns about the impact of human activity on the environment, which according to many accelerated in the postwar period, have grown. A new term, the Anthropocene, has been proposed for the current geological epoch, although this is still being used unofficially and without any agreement on its starting date. The degree to which capitalism is specifically held responsible for environmental problems varies, but very few would feel that it is a minor player. For ecological Marxists such as John Bellamy Foster, this responsibility is close to 100 percent, and should be traced back to the “rift” or “chasm” that capitalism has created in the original “metabolic relation” between humanity and nature.⁸⁹ Even for a Weberian sociologist such as Michael Mann, the prospect of a fatal ecological crisis is deemed to be a concrete possibility “unless extraordinary evasive action is taken,” and this action would necessarily change the nature of capitalism.⁹⁰ This thesis, however, leaves the geographer David Harvey skeptical. He points out that capitalism has been a master in shaping and reshaping its natural environment, to the extent of forming with it an adaptive ecosystem. The survival of capitalism could rather be challenged by the expansion of rent extraction (linked to property rights) and the exhaustion of economic growth as both factors

tend to erode profits.⁹¹ But this is hardly a new argument. The first part of the proposition is an update of Ricardo's thesis, while the second reminds one of Heilbroner's paradox of stationary capitalism. Harvey adds that the "reduction of nature and human nature to the pure commodity form," which he refers to as "alienation from our own species' potential" or "universal alienation," might trigger a "humanist revolt."⁹² His prophecy is therefore a probabilistic or conditional prophecy, just like that of the later Marcuse. Capitalism *could* succumb *if* its victims are able to free themselves from their chains. There are no fatal contradictions, capable of automatically producing the implosion of the system, only more or less dangerous contradictions. Moreover, the relative salience of these contradictions varies over time. Ultimately, they are opportunities that human agency can take advantage of.

Epilogue

The late twentieth-century prophets of the end of history have been proven wrong, but one might reasonably expect that the same fate will befall those who, in the wake of the latest crisis of capitalism, hastily conclude that its end is near at hand. Those with left-wing leanings should also take note that the strongest political response to the excesses of neoliberalism is not coming from the left. To save itself from the rage of the 99 percent, American capitalism willingly accepted to have an anti-establishment businessman—Donald Trump—run for president. With his protectionist rhetoric and ethnic scapegoating, he gained the confidence of impoverished white working and middle classes, making Hillary Clinton appear to be the candidate of high finance. In Europe, the most serious threat to the future of the eurozone—a

monument to the technocratic hubris of Friedrich Hayek's followers—is not coming from the Spanish indignados or the crowds in Syntagma Square, but from the populist nationalism of leaders who despise George Soros and wink at Vladimir Putin. Once again, history is showing us that there are no simple alternatives, such as that between capitalism and socialism, but there are instead self-protection mechanisms that societies deploy whenever certain core values are threatened, giving rise to variable solutions. Furthermore, attempts at self-protection often prove to be self-deceptive. One's thoughts immediately go to similarities with the interwar period, although it would be misleading to think that the situation of those years could recur in the same terms. History never repeats itself because societies evolve. Fascism was the outcome of rapid technological modernization that was not matched by an equally rapid social modernization. These preconditions, of course, no longer exist in the West. But the fact that it is impossible, as Heraclitus said, to step into the same river twice does not necessarily mean that there is progress. Evolution simply means change.

Capitalism has not even overcome itself. Unlike the romantic anticipations of Drucker and knowledge society theorists, the postindustrial economy is relatively poorly based on knowledge, and even less does it appear as an environment where freedom can flourish. In this economy one does not see philosophers or engineers on every corner. All the knowledge that the average business needs to function is the knowledge embedded in a computer or smartphone, which requires the understanding of a five-year-old child to use. As to technology's effect on the organization of society, its nondecisive role was shown once again by recent developments. Information technology, hailed by its devotees as a tool for the liberation of workers, or even as an emblem

showing that the capitalist relations of production have been transcended, has equally proved to be an instrument of exploitation. The smartphone makes the gig economy of Uber drivers and food delivery riders possible, but it is also the main means of controlling this precarious workforce. Through its apps, workers' performance is constantly monitored. Hence, in the so-called sharing economy, it is possible to be fired overnight with a text message if the verdict of customer satisfaction is less than positive or if the percentage of accepted orders is below average. Workers are put in competition with each other, while they lack the protection typical of organized labor: paid holidays, sick pay, and pensions become distant memories. The new capitalism has replaced traditional relations of subordination with informal ties of dependence based on the same asymmetry created by need. By leaving the responsibility for procuring the means of production to the worker, capital has performed the miracle of making itself invisible—it has dematerialized itself—but that does not mean that its dominance is weaker. No doubt if Marx came back to life he would be fascinated by all this.

In this light, it is understandable that new generations of thinkers are attracted by the kind of questions Marx and his contemporaries asked long ago. Intellectual curiosity and the anxieties that trigger social forecasting have not changed. Less obvious is why the thought processes leading to prediction and prophecy seem to be stuck in a time loop. A century after the debates of the Second International, the theorists of capitalism still grapple with the same dilemmas as their distant predecessors: whether it makes sense to study social systems as force fields are studied in physics, hypothesizing their equilibrium or breakdown; whether cultural superstructures are a mere projection of the economic base; whether human agency can be internalized by theory or

should instead be considered an independent variable capable of producing unexpected outcomes. The fact that these problems are more often than not *implicit* in present-day social forecasting is not reassuring. The same considerations apply to the causal factors that recur time and again in the forecasts. Take the environmental problem: there is no doubt that this represents an immediate threat to many things, first and foremost to people's health. But is it also a threat to the survival of capitalism? Some seem to think so, just as the Victorians did. Yet, in its two centuries of existence, capitalism has shown that it does not need clean air to thrive, but only air that is barely breathable. Why don't social scientists ever seem to learn from their mistakes? It is time to analyze the thinking patterns that recur in this history of ideas to find an answer to this question.

Wanderings of the Predictive Mind



“IF MAN CAN, with almost complete assurance, predict phenomena when he knows their laws, and if, even when he does not, he can with high probability forecast the events of the future on the basis of his experience of the past, why, then, should it be regarded as a fantastic undertaking to sketch, with some pretense to truth, the future destiny of man on the basis of his history?”¹ This is how the last chapter of Nicolas de Condorcet’s *Sketch for a Historical Picture of the Progress of the Human Mind* (1795) opens, being dedicated to the tenth epoch of the history of humankind—the future. There was, for him, nothing fanciful or reckless about venturing into this enterprise. So he went on to prophesize “the abolition of inequality between nations; the progress of equality within a single people; and the true perfection of man.”² These pages have struck many a scholar because they were written in the shadow of the guillotine and at a time when their author would have been desperately concerned about his

own fate. They are also remarkable because Condorcet's attempt marks the beginning of social forecasting, an activity hitherto unknown in the Western world, and he does so with the awareness of someone who is about to make a radical innovation.

Unlike the previous prophetic tradition, which from the Bible to Nostradamus was based on a belief in revelation or astrology, social forecasting relies on the immanent qualities of reality. It has a rational basis that normally comprises two elements that are variously combined: these are, as Condorcet says, the possibility of deducing future lines of development from general principles and of extrapolating them from past trends. Both procedures depend on the assumption that there is a certain regularity in nature. We can ask ourselves, then, why none of these ways had been attempted by premodern authors, leaving aside the fact that these writers did not perceive major changes in the economic sphere compared to the past, nor did they consider them possible, something we have already spoken about in Chapter 1. But there were not even, as far as we know, attempts to forecast things such as the end of feudalism or the temporal power of the Church, although medieval and early modern thinkers were certainly aware of the different political formations that had followed one another since antiquity. At least, there were no attempts based on an analysis of social forces. The so-called prophecy of St. Malachy, probably a sixteenth-century forgery, did indeed predict that the last pope would be a certain Peter the Roman. But the cause of the end of his reign would be all but human: "In the ultimate persecution of the Holy Roman Church," the prophecy reads, "there will sit Peter the Roman, who will pasture [his] sheep through many tribulations; after which the city of the seven hills will be destroyed and the fearful Judge will judge his people. The End."³ Social forecasting, understood as a free intellectual exercise,

requires three conditions. The first is a conception of history as a product of human actions, controllable or not. The second, as we will see, is a belief in progress. The third is a certain independence of the analyst from power; for, even when forecasting is carried out for reasons independent of social criticism, it inevitably touches upon public confidence in the established order. These three conditions rarely occurred (and simultaneously) in pre-modern times.

That social forecasting has some rational basis does not mean, however, that it is a scientific activity in the strict sense of the term. This is due to the fact that regularities in social life can be found only at a very general level; that the future is underdetermined by the past; and, finally, that forecasters are not impartial observers. They are still “political animals” who write about political things. One might argue, contrary to the first and second reasons, that even weather forecasts have a greater or lesser margin of error, and yet they are a scientific activity. But there is a substantial difference: the probability that certain weather conditions will occur is known a priori. For example, it is known that in two days it will rain with a probability of x percent, while with social phenomena, in the near or faraway future, it is difficult to determine the likelihood of any hypothesized scenario. Unfortunately, we understand the behavior of social forces to a much lesser extent than that of the force of the winds. In his study of the decline of public intellectuals, Richard Posner likens public intellectuals who engage in forecasting to science-fiction writers “taking liberties with present reality in order to paint a more arresting picture” of their society. This genre, he concludes, “belongs to literature rather than to science, whether natural or social.”⁴ This seems to me an ungenerous judgment, reflecting the superiority complex of present-day economics over other social

sciences. In fact, when it comes to predicting the future, not even the track record of economists shines, to put it mildly. The point is that the social sciences, without exception, are very imperfect as keys to knowledge, and this applies to their efforts to understand reality as much as its possible evolution.

The specific reasons why forecasts about capitalism have failed are of various kinds. Some have to do with cognitive distortions that affect the forecasting process. These distortions are not specific to social scientists, as they interfere with the thinking patterns of any person, and do so surprisingly often. Other reasons point to faults in the construction of social theories, namely, errors in the relationships that are hypothesized between the spheres of social life and about the mechanisms that are supposed to regulate its functioning. But, above all, there is a decisive factor that intervenes upstream of the theory-building and forecasting processes, a feature that conditions the mind-set of futurologists. This factor is the faith in progress that underlies modern thought. In the following pages we will deal with the problems that occur at all these levels, and with the less than obvious relationships that exist between forecasting and utopia. First of all, however, it is important to reflect on what forecasting is and to create some order in the visions of the future of capitalism so far examined, grouping them into general categories.

The Anatomy of Forecasting

We have seen why forecasting is different from traditional prophecy. We must now differentiate it from a third concept, which often occurs when we talk about the future: the concept of prediction. When Posner writes that “prediction is the stock in

trade of the public intellectual [and yet] the record of public intellectuals' predictions is poor," he actually refers not to prediction but to forecasting, which makes his indictment even more serious.⁵ Daniel Bell, who is one of the main defendants in this trial, explains the difference as follows: "Prediction is the stipulation of 'point events,' i.e., that something will occur at such time and place. Forecasting is the identification of structural contexts out of which problems arise, or the trends which may be realized."⁶ While, in his view, it is impossible to predict particular events, as they result from the conjunction of structural conditions with random contingencies, it makes sense to extrapolate structural tendencies from past and present experience and to convert them into reasonable assumptions about the future. In other words, a social scientist can try to figure out "the *shape* of things to come," to borrow H. G. Wells's fortunate expression, but not the things themselves.⁷

What are the motivations behind social forecasting? In other words, what drives intellectuals so deeply immersed in the problems of the present as those who devote their lives to studying society to venture into the unknown territory of the future? These reasons are the same as those that prompt them to question the past. In both ways, they seek answers to the problems of their times. Most often, forecasting is driven by moral, or more accurately ethico-political, concerns. It seems, therefore, to some extent inevitable that those who engage with the future sooner or later find themselves facing the proverbial paradox of the crystal ball: trying to gaze into the ball, one actually ends up seeing the image of oneself reflected on its surface. It would, moreover, be naive to think that futurology is always directed toward noble ends. Sometimes, charting the future is clearly instrumental in controlling the future, as happened with the industry of fore-

casting known as “future research,” which flourished during the Cold War in the interstices between academy, business, and politics.⁸ But this is not, in general, the case of the story as I have told it so far. The intellectuals we met were and are, for the most part, high thinkers, certainly oriented by their ideological convictions, but rarely by material interests. This does not mean, of course, that forecasters do not realize the high strategic importance of what they are doing, or that they are insensitive to the potential use of their conclusions to inform public policies or diplomatic efforts. To give just two examples, this was the stated aim of the Commission on the Year 2000, established in 1965 by the American Academy of Arts and Sciences and chaired by Bell himself; and a similar orientation was shared by many of the scholars who met in 1967 at the Oslo “Mankind 2000” Conference convened by the pioneer of peace and conflict studies, Johan Galtung.⁹

But let us focus on that subset of forecasts, arguably not a small subset, that directly concerns the fate of capitalism. By rereading the history of unfulfilled prophecies as outlined in the previous chapters one can easily identify a cycle and a trend. The trend shows increasing caution as the experience of capitalism grows. The forecasting cycle, on the other hand, shows a periodic relapse into catastrophism, or a rekindling of revolutionary hopes broadly speaking, which is not difficult to relate to difficult moments or downturns in the business cycle such as the Great Depression and the Great Recession, the slowdown of growth and stagflation of the 1970s, and so on. But expectations of radical change are also intertwined with turning points in political history such as World War I, the Russian Revolution, the rise and consolidation of fascism, the Vietnam War, and the fall of the Berlin Wall.

We can trace our prophecies back to four typologies, on the basis of the dynamics and the causal factors that are hypothesized:

theories of *implosion*, *exhaustion*, *convergence*, and *cultural involution*. Theories of *implosion*, as the name implies, posit that capitalism will implode, or could implode, because of its economic contradictions. These contradictions for Marx were mainly on the supply side (resulting from overaccumulation); for later Marxists such as Luxemburg and Sweezy the problem lay instead on the demand side, and they emphasized the inability of the market to absorb chronic overproduction. The *exhaustion* thesis, by contrast, forecasts that capitalism will die of natural causes. Both Mill and Keynes thought that it would peacefully pass away, so to speak, once it had fulfilled its mission to bring prosperity. Capital accumulation would come to a standstill due to environmental limits, saturation of material needs, or moral or civilizational progress. The transition to the new system would be just as gradual and peaceful. As with the theorists of *implosion*, for those of *convergence* technological development was also the key factor that would lead to overcoming capitalism, but they saw in the mastery of technology the expression of rationalization, a force inherent in the evolution of society. It was this force that, for a host of authors including Hilferding, Burnham, Galbraith, and many others, writing from the early twentieth century through to the 1960s, was pushing capitalism and its opposite, that is to say socialism, to increasingly resemble each other. This view was most popular in the interwar period, when all advanced economies seemed to be evolving into highly bureaucratic and regulated systems. Finally, for the *cultural involution* thesis, capitalism has a contradictory nature, yet the contradictions that threaten its survival do not lie in the economic sphere, as posited by historical materialism, but in the cultural or political sphere. For thinkers such as Schumpeter and Bell, bourgeois values proved to be self-defeating: capitalism was breeding its parasites

and critics, and the Protestant ethic was being killed by hedonism. Of course, what for Bell were manifestations of hedonism were for Marcuse healthy signs of awakening from the oppressive nightmare of “one-dimensional man.” Habermas superimposed on the problem of cultural legitimation that of political legitimation, as the higher living standards achieved in the postwar period were bringing about higher workers’ claims.

The Limitations of Human Cognition (and Those of Theory)

This first attempt at conceptualization might help us to discern some recurring themes in a historical account that has so far privileged genealogy and the context of ideas. We can now discuss the first two types of reasons why forecasts fail: *cognitive distortions* proper and *theoretical flaws*. Cognitive distortions are mental traps that lead us to misperceive reality. Their identification among other forms of bias in thinking is due to cognitive psychology. In the early 1970s psychologists found that they played a significant role in establishing and maintaining the vicious cycle of various emotional disorders, including depression.¹⁰ But the importance of these limitations in our ability to make well-founded inferences goes beyond the clinical context, since they affect all the thinking processes of daily life. Social scientists are not exceptional human beings and, therefore, they too are subject to imperfections.

A distortion that plays a key role in social forecasting is *overgeneralization*, or “the fallacy of defective induction,” to use the jargon of philosophy, which often goes hand in hand with *magnification*. Overgeneralizing means drawing broad conclusions

from insufficient or otherwise inadequate empirical evidence; magnifying something means, on the other hand, overestimating its relevance or the likelihood of its evolution into something else. In our context, these mental processes may result in using the past as a *direct* source of information about the future rather than as a basis for deriving a broader theory that, in turn, will serve to look beyond the present. Or, again, they may lead one to exaggerate the importance of transitory historical events so that they become irreversible trends. This misinterpretation of short-term capitalist dynamics (or overreliance on the recent past of capitalism), in particular, leads to a hasty diagnosis of terminal illness. Examples of such fallacies abound, so much so that one can say that each unfulfilled prophecy is a case of overgeneralization or magnification. The tendency for capital to concentrate for Marx, environmental depletion for Mill, the decline of the competitive model and trustification for interwar authors, the strain on public finances in the 1970s, the influence of bohemian lifestyles and anti-establishment intellectuals at various points in the twentieth century: these trends either did not continue or did not have the prognostic meaning attributed to them.

Another common distortion is *black-and-white thinking*, also called splitting or dichotomous reasoning. Concerning forecasting, it has taken different forms. In the first place, the prophets of the end of capitalism rarely wonder about *what* particular capitalism is going to end. Is it the American, the Swedish, or the Japanese variety? Competitive capitalism or monopoly capitalism? Catastrophists tend to avoid these questions. For them, all “capitalisms” are black, like Hegel’s famous cows. Just like the optimists, they see only one form of capitalism spreading throughout the world: the outcome of this process will have to be either global triumph or global demise. In the second place,

in envisaging postcapitalist scenarios, the alternative economic systems that are supposed to succeed capitalism are typically imagined in negative terms as what capitalism is not. The dichotomous form of the argument is evident in the following examples, which reflect the dreams of progressive thinkers:

Capitalism will give way to socialism / communism.
Hierarchical social structures will be replaced by
horizontal relations.
Greed will surrender to moral virtuousness.
Social injustice / imperfection will evolve into full-
fledged justice / perfection.

The same applies, in turn, to the nightmares of conservative thinkers:

Competition / decentralization will fade into
collusion / concentration.
Freedom / self-determination will be destroyed by
oppression / coercion.

The myth that “the oppressed of one epoch are the potential rulers of the next” is yet another example of black-and-white thinking. As Dahrendorf notes, in the historical experience the ruling classes tend, instead, to be superseded by competing élites. This is what happened when the bourgeoisie, which had emerged from the feudal social order, took the place of the aristocracy. It is, therefore, more realistic to expect that the dynamic of oppressors and oppressed will be reproduced in new forms. Since “capital and labour rose together,” Dahrendorf concludes, “they will decline or at least stagnate and lose relevance together too.”¹¹

Among theoretical flaws, the tendency to rely excessively on *machine* or *evolutionary analogies*, whether conscious or not, occupies pride of place. There is, for sure, nothing wrong with occasional recourse to these analogies. The problem is the belief in their validity as coherent explanatory frameworks. This easily leads one to treat capitalism as a machine endowed with an intrinsic logic, independent from that of the context in which it operates, or as an organism whose capacity to survive and reproduce is conditioned by the efficiency of its metabolism and by the availability of resources. The opposite defect is *idealism*. This is the belief that ideas, especially good ideas, can overcome any obstacle, even when they go against the logic of the operation of social systems. This faith in the power of ideas may be termed “the Keynesian vice” and finds a famous expression in the very last words of Keynes’s *General Theory*: “Soon or late, it is ideas, not vested interests, which are dangerous for good or evil.”¹² It is a trait that unites élitist thinkers, technocrats, and revolutionaries.

But the most serious theoretical weakness consists in *misunderstanding culture* and its role in shaping economic and social structures. One way in which this happens is to assume that values, norms, and beliefs are dependent on the level of material development achieved. In other words, culture is seen as a container whose content is ultimately determined by technological changes, thus underestimating its ability to resist these changes. This is the fundamental flaw that undermines Marx’s approach to forecasting, but we will not deal with it here, as the problem will receive specific attention in Chapter 6. The other way to misunderstand culture is to confuse the value structure of a society, which is characterized by a certain firmness and stability, with cultural epiphenomena, which include more superficial manifestations or those limited to specific social groups. The counter-

culture of the 1960s is an example of an epiphenomenon: it introduced significant changes in mores but did not change the core features of Western cultures, as they had been shaped in modern times, or erase the differences between these cultures. Similarly, it is a mistake to overestimate the potential for social change that the attitudes of particular minorities may have. For instance, the beliefs of the progressive intellectuals who inspired the New Deal did not spread to the entire American society, whose WASP core retained its characteristic individualist and antistatist ethos. Not by chance, once the wartime emergency was over, and despite President Johnson's ringing promises of a "Great Society," the New Deal did not evolve into a modern welfare state, and from the 1970s onward progressive social policies were reversed.¹³

Cognitive distortions and theoretical flaws are most of the time combined, so much so that in practice it is difficult to disentangle the responsibility of the former from that of the latter in the failure of the forecasts. But there is a third factor that operates at an even deeper level in conditioning those who engage in charting the future, and this has to do with a more general mental disposition that has accompanied forecasters since their advent two centuries ago.

The Blurred Line between Forecasting and Utopia

The dichotomous structure of prophetic reasoning, contrasting an undesirable state of the world with an ideal state of the world, already warrants some investigation of the relationship between forecasting and utopia. What is a utopia? Any univocal definition seems to be impossible, and among students of this genre disagreement is the order of the day, attesting on the one hand to

the complexity of human ideation and its aims, and on the other to the fact that drawing a line between what is or is not utopia can imply a value judgment.¹⁴ Indeed, in common parlance, we are accustomed to calling utopia something that is utterly unattainable. The expression “this is utopian” means “this is a pious wish.” This semantic transformation came into being in modern times as a result of our awareness that social evolution takes place at a pace and in ways that are difficult to subvert with an act of will or by appealing to persuasion. Historically, utopia is simply the representation of an ideal society: a counter-reality obtained by purifying the reality in which one lives of all the aspects that one does not like: a *eu-topia*, or a “good place.” More often than not, this is contemplative in character, its only aims being to convey one’s disappointment with the real world and point to an ideal alternative. As Karl Mannheim observed, a utopia is really such when it challenges the existing order of things.¹⁵ In this sense, one can say that it is “an invitation to perceive the distance between things as they are and things as they should be.”¹⁶ More rarely, we come across dystopia, that is, the vision of an unwanted, undesirable, or frightening society: a sort of daydreaming nightmare.¹⁷ But the description of alternatives conceived to be put into practice can just as well be defined as utopia, in the original sense of the term. Utopian thinkers show a variable degree of confidence in the prospect that their visions can be translated into reality.¹⁸

When, conversely, we use the term “utopia” in its modern and more common meaning, we necessarily clash with the fact that the boundary of the possible is uncertain: utopia reveals itself as such only *ex post*. So we call utopia the agenda of the Diggers during the English Civil War but not that of Fidel Castro on the eve of the Cuban Revolution. And for purely theoretical construc-

tions, which were not meant to be tested against reality, our subjective evaluation becomes the only yardstick of classification. Whatever the sense in which one understands the concept of utopia, one sees that social forecasting and utopia are two different things. Nevertheless, I believe that there may be a point in exploring their connections. The overlap between the two notions is, apparently, minimal and trivial. Both prophesizing the advent of a new society and drawing up a new society are ways of imagining alternatives to the present situation. Besides, these imagined worlds are seldom realized. The fundamental difference, however, lies in the expectations that accompany the formulation of such alternatives. While, with forecasts, it is believed that they will come true, with utopia this is not necessarily the case. Utopia may well be a mere exercise of the imagination, admittedly so. Also, there is one element that is inherent in forecasting but not necessarily in utopian thinking: alternatives are located in the future. But more interesting connections begin to emerge as soon as we leave the terrain of definitions and observe how speculative exercises have been concretely practiced. There are, in fact, two striking similarities. The first, as mentioned above, is that the result of both processes seems to be the ideation of a world that is the exact opposite of the current one. The second is that the deep motivations behind the production of utopias and dystopias are the same that drive forecasting: *desire* on the one hand, and *fear* on the other. Following this lead, we will come to some unexpected conclusions.

In Search of Perfection

Around 380 BC, about twenty-two centuries before the emergence of social forecasting, utopias already existed. Plato is considered

the father of utopias in the Western tradition. He represented three ideal cities, one in the *Republic* and two in his later work, the *Laws*. But on closer inspection these cities are only two: Kallipolis and Magnesia. Kallipolis, the most famous, is described in the *Republic*. Plato writes of a city ruled by philosophers where the upper strata share their living facilities and goods. Even blood ties have been unraveled within this élite to ensure that its conduct is not polluted by special interests: the family is abolished and children are raised communally.¹⁹ One should not speak of communism for the arrangements envisaged in the *Republic* but rather of the communality of property, since this does not involve the means of production.²⁰ Moreover, the subsistence of the ruling élite is made possible by farmers and craftsmen who produce foodstuffs and other goods under the customary regime of private ownership. However, apart from creating an archetype that would be taken up by later authors, Plato's utopia has little to do with modern utopias, which are born as a reaction to perceived social injustice.²¹ For Plato, justice is achieved when each member of society performs the function that nature has assigned to them.²² Everyone must contribute to the harmony of the community according to their own inclinations. Plato, in short, disputes irrationality in human institutions, not the natural order. In his society, which is a hierarchical body made up of interdependent parts, there is no place for privilege or the abuse of power, nor for the undue aspiration of anyone to a role that does not belong to them. It is true that both excessive wealth and poverty are banned from the city, but this is mainly because they would compromise its internal stability and loosen its defenses.²³

Did Plato think his model of society could ever be realized? Probably not. The model had to be exemplary, to show a direction, even with the awareness that the goal was unattainable.²⁴ Not by

chance, in the *Laws* he reiterates that this type of city is only suitable for “gods or children of gods.”²⁵ Humans have to settle for the second-best city, Magnesia. In Magnesia, Plato gives up communality for a fair distribution of ownership, apparently extended to the entire polity. But the fact is, the boundaries of the polity have narrowed. Those who perform economic functions are no longer citizens: farmers are slaves, and craftsmen are foreigners, long-term residents of the city.²⁶ Plato’s discussion of the distribution of property and wealth, therefore, boils down to the search for an optimal regime that might ensure what he thought should be the good life of the élite.

These qualifications were not enough to spare Plato’s utopia from the criticism of his great pupil, Aristotle. In the *Politics* he misrepresented, perhaps intentionally, Plato’s views, attributing to him the intention to establish a regime of integral communism to achieve “the fullest possible unity of the entire state.”²⁷ Aristotle objected to this project by saying that unity is only possible in diversity. Where one has eliminated differences and achieved complete homogeneity, one no longer has a state. What Aristotle did not like was, in short, Plato’s organicist inclinations (some would say totalitarian inclinations, falling into obvious anachronism). After lambasting them, Aristotle engaged in a defense of private property that, in the later history of ideas, would be used as a key argument against any proposal to abolish it: “Property that is common to the greatest number of owners receives the least attention; men care most for their private possessions, and for what they own in common less, or only so far as it falls to their own individual share; for in addition to the other reasons, they think less of it on the ground that someone else is thinking about it, just as in household service a large number of domestics sometimes give worse attendance than a smaller number.”²⁸

Aristotle's criticism, beyond its instrumental character, brings us back to reality. It gives us a sense of how Plato's proposal, though restricted to a subset of the population, must have sounded alarming in fourth-century BC Greek society. How could one think of breaking blood ties to build a totally artificial social order? This sounded even more shocking than the envisaged property arrangements. As for the latter, Aristotle thought, it was far preferable to have a system that would provide for possessions to be privately owned but used in common, following the example of Sparta. This would have reconciled the public interest and the imperative of reciprocity with the "universal feeling of love for oneself" of which private property is an expression and which, for Aristotle, is a "natural instinct."²⁹

Utopia as Social Criticism

The modern history of utopia, and the very term that designates it, originate with Thomas More (1478–1535). It is with him that utopia became an exercise in social criticism. In England, More witnessed the end of feudal society and the birth of bourgeois society. It was not yet a capitalist society, but a society where the embryo of capitalism was certainly present. Farming was no longer merely oriented to consumption but increasingly to profit, and this precocious expansion of the sphere of market exchange went hand in hand with the growth of monetary circulation and financial activities. In *Utopia* More recounts how he came across Raphael Hythloday, a Portuguese citizen who, eager to know the world, had joined Amerigo Vespucci on his travels. After crossing the equator, Hythloday had reached an exceptionally well-run country, the island of Utopia. But in Greek, More's favorite language, *ou-topia* means "nowhere"; and, indeed, the description of

this non-place is accompanied by other amusing details, such as the fact that it is crossed by a non-river, Anyder. In many ways, Utopia is an anti-England in the Southern Hemisphere. The description of this imaginary place, however, is postponed to the second part of the book. In the first, More puts into Hythloday's mouth a long and merciless denunciation of the evils of the English, and more generally the European, society of the time, so that the contrast with More's ideal model stands out even more starkly.

"Your sheep," Hythloday begins, "that commonly are so meek and eat so little; now, as I hear, they have become so greedy and fierce that they devour human beings themselves. . . . The nobility and gentry, yes, and even a good many abbots—holy men—are not content with the old rents that the land yielded to their predecessors. Living in idleness and luxury without doing society any good no longer satisfies them; they have to do positive harm. For they leave no land free for the plough: they enclose every acre for pasture."³⁰ So it happens that "one greedy, insatiable glutton . . . may enclose thousands of acres within a single fence."³¹ Peasants are ejected from their cottages and dispossessed from their small plots, or they are vexed until they are persuaded to sell them for a handful of money. Once unemployed, they cannot turn themselves into shepherds, as cattle rearing requires far fewer hands than agriculture. They cannot even think of becoming cloth producers because the oligopoly (More's own coinage) of the wool trade keeps the prices of raw material high. All they are left with is vagrancy and thieving. At that point the law pounces on them with jail and the gallows.

More the idealist is inclined to think that the definitive cure for these evils can only come from the adoption of an antithetical model, which is based on the institutions of the Utopians.

Utopia is a communist polity. In addition to the lack of private ownership, it has a number of distinctive features, such as the planning of production (which is, of course, predominantly agricultural) and distribution according to need. There is no circulation of money within the state, so that accumulation of wealth is made impossible. Having got rid of parasitic classes and unnecessary consumption, the Utopians are able to produce everything they need by working only six hours a day. In their free time, they devote themselves to intellectual activities or to cultivating a craft of their choice. The compliance of citizens with the aims of the state is ensured by a mix of controls and incentives to behave in a virtuous manner. This aspect is noteworthy, as the Utopian society is not anarchic but meticulously regulated by the public hand, which also ensures a wide range of services, from education to centralized health care. It is also important to note that More's gaze is not on the past, on a mythical golden age. The technical possibilities of the Utopian society are entirely compatible with the standards of his time.

The rationale for the communist organization of the polity is provided by Hythloday: "The one and only path to the public welfare," he says, "lies through equal allocation of goods. I doubt whether such equality can ever be achieved where property belongs to individuals. However abundant goods may be, when everyone, by whatever pretexts, tries to scrape together for himself as much as he can, a handful of men end up sharing the whole pile, and the rest are left in poverty." Of course, one might consider introducing laws that prevent concentration of income and wealth, or the access of the rich alone to public offices, but these would amount to mere makeshift solutions. "Laws of this sort," Hythloday goes on, "may have as much effect as poultices continually applied to sick bodies that are past cure. The social evils

I mentioned may be alleviated and their effects mitigated for a while, but so long as private property remains, there is no hope at all of effecting a cure and restoring society to good health.”³²

More the realist is aware of the radical nature of the Utopian alternative. He knows that it represents an unachievable ideal, as is evident in his statement that “in the Utopian commonwealth there are very many features that in our own societies I would wish rather than expect to see.”³³ That is perhaps why he chooses to present it in the form of a dialogue. In this way, More leaves it to his main interlocutor to praise the virtues of the life of the Utopians and reserves for himself the part of the sympathetic, if skeptical, listener. Here and there other people intervene, such as the despicable lawyer who defends English institutions to the bitter end, and the open-minded Cardinal Morton, More’s old patron, who suggests a pragmatic approach to reform. For example, in the face of the proposal to abolish the death penalty for thieves, and replace this cruel and unnecessary punishment with a program of reeducation, the lawyer objects that “such a system could never be established in England without putting the commonwealth in serious peril.” But the Cardinal replies: “It is not easy to guess whether this scheme would work well or not, since it has never been tried.”³⁴

As it is not always easy to determine where More *really* stands, modern commentators have given various interpretations of his point of view, particularly with regard to the possibility of intervening in reality to change it.³⁵ If it is true that More, on several occasions, incites Hythloday to put himself at the service of a king, as an adviser, it is equally true that he gives him good reasons not to do so. Kings, More explains, are interested in increasing their power through war, not in good government; they surround themselves with opportunistic and servile advisers; one

cannot tell them the truth without losing their favor, and so on. Should we then read *Utopia* as the outburst of a man who, having abandoned any hope of change, had embraced radical pessimism?³⁶ Looking at his biography, it is difficult to subscribe to this interpretation either. *Utopia* was published in 1516, when More was starting his political ascent. His rise to the court of Henry VIII would continue uninterrupted until his appointment as Lord Chancellor in 1529. If, through dialogue with his alter ego Hythloday, he gave voice to his idealism on the one hand, and to his disenchantment on the other, he did not seem, however, to think that nothing could be done to improve things. Perhaps the most authentic More emerges from these words: “If you cannot pluck up bad ideas by the root, or cure long-standing evils to your heart’s content, you must not therefore abandon the commonwealth. Don’t give up the ship in a storm because you cannot hold back the winds. . . . Instead, by an indirect approach, you must strive and struggle as best you can to handle everything tactfully—and thus what you cannot turn to good, you may at least make as little bad as possible.”³⁷

The Birth Pangs of Modernity

A different model of utopia was proposed at the beginning of the seventeenth century by the Calabrian monk Tommaso Campanella.³⁸ Needless to say, Campanella did not experience the same reality as More. Although he wrote at a later time, he did not have before him a society in which the slightest element of the future capitalist system was present, but a society that was still fully feudal. In southern Italy at the time, a corrupt and absent state left room for daily struggles between rival noble clans and potentates, which often ended in bloodshed. A depraved clergy took

advantage of their privileges to commit wicked deeds, while the peasants, subject to abuse and vexation, lived in poverty. In 1599, convinced that prophecies and astrological conjunctions pointed to imminent epochal upheavals, Campanella organized an insurrection to drive the Spaniards out of Calabria and establish a communist and theocratic republic. Tried in Naples, he pretended to be mad to escape a death sentence. He spent the next twenty-seven years in prison, where he wrote his main philosophical and political works, including *The City of the Sun* (1602), a treatise once again in the form of a dialogue.

At first glance, this work may appear to be a not particularly original repetition of previous models. This is what American sociologist Lewis Mumford concluded, dismissing it as “a sort of picture puzzle put together out of fragments from Plato and More.”³⁹ But it would be a serious mistake to allow oneself to be distracted by these formal aspects. In fact, Campanella closes the door of the Renaissance and leaves behind the humanist devotion to the ancients as much as the remnants of medieval religiousness. He is not a religious millenarian like Thomas Müntzer or Gerrard Winstanley. In his writings one finds that strange, explosive blend of natural philosophy and magic that prepares one for the scientific revolution. For Campanella, in essence, corruption stems from society’s departure from natural institutions, which need to be restored. The theocratic republic is the means to achieve this. Christianity, once purified of the abuses of dogma, will work well as a state ideology, being the best expression of natural religion.

Campanella extends Plato’s property regime, as well as the dissolution of family ties, to the entire society. These are closely related aspects because private property, the root of injustice, is said to originate from familism, just like self-love: “For in order

to increase the wealth or dignity of his offspring or leave him heir to his goods,” Campanella writes, “every man becomes publicly rapacious . . . , or avaricious, deceitful, and hypocritical. . . . When self-love is destroyed, only concern for the community remains.”⁴⁰ Aristotle’s objection that in a communist society people would not look after common goods is mentioned in order to be decisively rejected. Nor should one fear that people would lose the incentive to work and indulge in free riding. The Solarians, we are told, work out of love for the city, not self-interest. Furthermore, since nobody is exempted from work, the individual workload is reduced, which makes possible a working day of just four hours.⁴¹

Unlike More, Campanella is determined to turn his vision into a political plan. Indeed, he tried. But even if he had succeeded, the plan could have resulted, at most, in the foundation of a kind of Mount Athos or autonomous polity. Campanella always swung between extreme localism and extreme universalism without finding an intermediate dimension that could give his project a real historical relevance. While with one hand he wrote *The City of the Sun*, with the other he called for a universal monarchy under the guidance of the Pope or a Christian king, a histrionic move largely explained by his anxiety to be released from prison.⁴²

We are undoubtedly a long way from the first action utopia of modernity, that of François-Noël Babeuf, which took shape during the years of the French Revolution. It consisted of the blueprint for a coup that would have turned France into a communist republic. Babeuf and his associates wanted to overthrow the Directorate, which represented the hated rule of the bourgeoisie, and install in its place a provisional dictatorship that would lay the foundations of a polity no longer based on formal equality but on real or perfect equality. The plot was foiled, and Babeuf lost

his head. But the Conspiracy of the Equals and its famous “Manifesto” (1796) created an influential precedent in the history of socialism.⁴³

The gulf that divides Campanella from Babeuf is obviously the Enlightenment—not Enlightenment thinking in general, but one of its core elements, namely, rationalism. Eighteenth-century utopias, in fact, even when exclusively contemplative, are rational utopias. The notions of justice that inform Morelly’s and Jean-Jacques Rousseau’s representations of the ideal state no longer have anything to do with a supposed cosmological order to which human society should conform but are derived directly from reason. For Rousseau, inequality is unreasonable, even though he is aware that the state of nature—a state of complete freedom from domination and need—has never existed. It is a useful fiction that points to the goal that a society led by reason should aim for. The *Discourse on Inequality* (1755) should perhaps be read in reverse, from back to front, to get to Rousseau’s utopian end, which is the subject of *The Social Contract* (1762).⁴⁴ By stripping the existing society of its useless frills and hypocrisy, and by relieving it of the institutional scaffolding that it has erected to legitimize the abuse of the weakest by the strongest, it is possible to derive the conditions that would make it possible to reestablish social coexistence on a new basis. That this knowledge could actually be used to change society is, however, something on which Rousseau had reservations. He thought it might be possible to prevent society’s further degeneration, both by adopting progressive tax measures and by making the legitimate enjoyment of private property subject to the public interest, but not to restore the golden age.⁴⁵ The next best possibility could be found in places like Corsica (for which Rousseau wrote a draft constitution, in the hope that it would preserve its traditional institutions) or in imaginary

locations such as the alpine village of Clarens described in *Nouvelle Héloïse*.⁴⁶ One could take refuge there or find solace in the thought that, after all, Geneva was still far from the corruption of Paris.

Rousseau's contemporary Morelly was more radical in imagining his ideal commonwealth, advocating the total eradication of private property as the main means of achieving the morality inscribed in human reason.⁴⁷ In a way, his is the last of the pre-modern utopias, being a recipe for establishing communism in an agrarian and essentially noncapitalist society, where the main enemy to be defeated was not the bourgeoisie, which was still struggling to establish itself, but the landed aristocracy. Yet the *Code of Nature* (1755) can rightfully claim its place among the modern utopias as well, because it is concerned with economic relations. Campanella had raised the question of property in connection with other issues, such as his plans for the education of citizens and the dissolution of the family. His central problem was the government of the city, entrusted to the "Metaphysician" and his three "collateral princes."⁴⁸ Morelly, by contrast, could not care less about the form of government: he looked instead at the substance of power relations.⁴⁹ He turned the economy into the key to understanding reality and to changing it. His *Code* is ready for use, but that does not mean he expected it to be applied right away. In this respect, the preamble is very clear: "I outline this draft law in the form of an appendix, and as a supplement, because unfortunately it is far too true that it would be impossible, in our days, to form such a republic."⁵⁰ But all these utopias—Rousseau's and Morelly's, as well as Babeuf's revolutionary dream—are static utopias, being imagined for a world dominated by scarcity. They lack a fundamental ingredient, which is also an offspring of the Enlightenment but only began to emerge in the

last quarter of the century—the idea of progress. When this became embedded in the mind-set of European intellectuals, utopia ceased to be such, or maybe not.

Metamorphosis

Marx and Engels would have disagreed with the rather flexible definition of utopia I suggested earlier. For them, utopia was a very specific thing. Utopia resulted from an error of assessment concerning the forces that move history. The mistake may depend on having the wrong theory or, more often, on not having one at all. It is this latter case that Engels had in mind when he wrote that the utopian socialists built the image of the ideal society “out of their own heads.” Even the modern historiography inspired by Marxism tends to read preindustrial and early industrial utopias in this way. The hopes of Jacobins such as Robespierre and Saint-Just in the advent of a society of small independent producers were misplaced, these historians say, because they ignored capitalism’s tendency to concentrate the means of production. Even if their petty-bourgeois utopia had been realized, it would have been doomed to fall apart in a short time. Utopian thinkers deluded themselves that they could “stop history.”⁵¹ Marx and Engels were willing to forgive those who preceded them because they recognized that, before the full development of capitalism, its laws of motion could hardly be identified. But both were convinced that, in the middle of the nineteenth century, utopia could no longer be excused: it was now unacceptable because those laws were known.⁵² No doubt the utopian and the social-scientific ways of theorizing the future of society belong to different epochs. Indeed, in the second half of the century, utopia departs from political philosophy and turns into literary fiction. Among the last

philosophical utopias is probably Etienne Cabet's *Travels in Icaria* (1840), influenced to some extent by Owenite ideas.⁵³ Unlike utopias, and regardless of the approach, all classical social theories have in common the identification of a principle that explains society's evolution. For Marx this principle is the dialectic of productive forces and the relations of production, for Durkheim it is the division of labor, for Weber rationalization, and so on. But the Marxian critique of utopia can be turned on its head: if a theory of history, built on so-called scientific bases, were wrong, it too would be utopian.

In one way or another, many think that the continuity between utopian socialism and Marxian socialism goes beyond the declarations of Marx and Engels. The problem has attracted the attention of several scholars, but it has not always been put in the right way. The authors of an influential, if highly idiosyncratic, history of utopian thought issue in this regard an irrevocable verdict: "Marx combined the underthought of German philosophy in its Hegelian version with the rhetoric of the French utopians . . . and with the rational argumentation of English economists amended and presented as science to give solidity to the whole structure."⁵⁴ Historical materialism, in short, would be just an imposture. This is, indeed, an extreme position. More scholars have observed the existence of a supposed non sequitur between the Marxian theory of capitalist downfall and the prophecy of what would follow. The former would have a nonutopian character, while the latter would show a relapse into old-style utopian thinking. While the analysis leading to the prophecy of the end of capitalism is thought to result from the application of some scientific method, however questionable, the thesis of the advent of socialism is supposedly the product of unrestrained utopian imagination.⁵⁵ So too is the description of the various stages of

the dictatorship of the proletariat, the classless society, and the withering away of the state, not to mention the anticipated end of the division of labor that would leave one free to “hunt in the morning, fish in the afternoon, rear cattle in the evening, criticise after dinner . . . without ever becoming hunter, fisherman, shepherd or critic.”⁵⁶ In fact, although the images of these stages of postcapitalist development are vague, it does not seem to me possible to argue that they do not follow with logical necessity from Marx’s analysis of the forces that lead to the collapse of capitalism. That the overcoming of capitalism goes in the direction of socialism is inscribed in the very reasons that cause the crisis of capitalism. The centralization of the means of production and the socialization of labor are at the heart of this crisis and its theory. In the new society, classes are destined to disappear because this society will be based on cooperation, which is required by the development of productive forces, and no longer on antagonism. As for the state, for Marx it is an instrument of coercion set up by the ruling classes. It is clear that, in the absence of the ruling classes, it will no longer have any reason to exist. Its presence will only be transitory and justified by the need to bring the revolution to completion. One can obviously question whether these logical steps are rigorous or, on the contrary, loose. There are valid reasons for charging Marx with blatant determinism at each of these steps, and hence undermining the soundness of his construction. But to point out these flaws is to treat Marxian theory as social theory, not as utopia. Certainly, it is difficult to deny that, to describe the postcapitalist afterlife, Marx and Engels drew heavily on the repertoire of earlier socialist writers, who were by definition utopian. So, to give but a few examples, the dictatorship of the proletariat and the withering away of the state are reminiscent of Babeuf and the Blanquists

concerning the former, and Saint-Simon concerning the latter. As for the shorter working day, it had been a trope of utopian writing since the sixteenth century. However, in the appropriation that Marx and Engels make of all these concepts, they are changed and adapted to “scientific” theory. Thus, what makes it possible to work less and set time free for one’s self-realization, hence reversing alienation, is not just the fact that everybody works, but the development of productive forces.

The utopian element in Marx lies elsewhere and operates beyond his intentions. Marx’s utopia is not a content utopia but a methodological utopia: it lies in the very search for a law of social evolution. The desire to see capitalism collapse, and to see communism take its place, led him to overlook the multiple directions in which each of the processes he described was susceptible to development. This blindness in the face of the causal complexity that characterizes history, and the continuous bifurcations that historical change displays, operates both at the level of the analysis of capitalist dynamics and in the outline of subsequent scenarios. So it happens that, in the century of scientific optimism, utopia, driven out the door, returned through the window. Let us then summarize the main steps leading from Condorcet to Marx. Historical development made intelligible the laws of social evolution that were supposed to unfold according to iron necessity. Suddenly, all the old paraphernalia of philosophical speculation (the state of nature, the ideal society, the social contract, and so on) appeared to be obsolete and useless. Why should we make conjectural abstractions to explain the origin of social problems or try to solve them, nineteenth-century prophets thought, when we can understand the logic of history, and find in it the answers to our questions? Is it not perhaps true that the golden age is not behind us but before us? What they did

not realize, however, is that this argument is based on a belief—a belief in progress—that is not much more scientific than the beliefs of premodern thinkers.

Before addressing this point, and thus going to the heart of the problem of what undermines much of the social forecasting of the last two centuries, I would like to draw attention to a fact in support of what has just been argued. Forecasting and utopia, as I have shown, are two alternative, rather than complementary, ways of imagining social change, which is reflected in their general non-coexistence in time. However, if philosophical utopia disappears from circulation in the mid-nineteenth century, it is important to note that it does not disappear forever but only until the second half of the twentieth century. In these roughly one hundred years, the benchmark with which anyone who wished to think about the future had to measure themselves, whether or not one subscribed to it, was the theory of scientific socialism. During the reign of social forecasting, both Marxist and anti-Marxist, only pale evocations of the utopian genre survived, literary fictions like those of Bellamy and Morris, which we talked about in connection with the Victorian imagination. These are not, of course, mere escapist fantasies, but they cannot be read either as forms of political theorization, as they were not even so in the eyes of their authors. And next to them, in the new century, the equally literary dystopias of Yevgeny Zamyatin, Aldous Huxley, and Orwell flourished, which warned against the totalitarian degeneration of socialism or the dangers of the technological society.⁵⁷ These, too, are remarkable novels but still fictional works.⁵⁸ But the twentieth century has a twist in store. As soon as faith in the iron laws of historical development was lost, utopia returned to occupy the scene of political thought. At a certain point the bond that held together the sociological imagination

and belief in progress was broken. So one could return to imagine a different world, and imagine it freely. In fact, according to some, this *needed* to be done.

The pioneer on this road was Marcuse, especially in his later years. In 1967 he proclaimed that “the so-called utopian possibilities are not at all utopian but rather the determinate socio-historical negation of what exists,” calling for a vigorous opposition to “the forces that hinder and deny them.”⁵⁹ For Marcuse, as we have already observed, this required an organized and rational effort. We are still far from the postmodern exaltation that only a few years later Gilles Deleuze and Félix Guattari felt about schizophrenia as an example that radical politics should follow to fight, and ultimately destroy, the “insane” rationality of capitalist oppression.⁶⁰ After the collapse of actually existing socialism, the return of utopia was even more frank: this time we are talking about genuine utopia, aware of its own futility, but assigned the function of keeping hope alive. In the impenetrable mists of ideological conformism, the longing for utopia appeared to be the only possible form of speculation. “The consolidation of the emergent world market,” wrote Fredric Jameson as late as 2005, “can eventually be expected to allow new forms of political agency to develop. In the meantime, . . . there is no alternative to Utopia, and late capitalism seems to have no natural enemies.”⁶¹ On the other hand, in the aftermath of the Great Recession, the invocation of utopia has reverted once again to the envisaging of concrete, action utopias, defined as “realistic” or even “practical” by their proponents. Sometimes these oxymorons denote grand plans that it is thought might be implemented through persuasion and activism (not immediately, one takes care to specify, but in an indefinite long term).⁶² At other times, such notions refer to a combination of small-scale experiments “showing the way”

and support for traditional reformist strategies.⁶³ Many of these ideas had been around for several years, unknown to most, and the crisis brought them out of their intellectual niches. Finally, since actions need strong motivations, intellectual operations such as Alain Badiou's "hyper-translation" of Plato's *Republic* (a text that, in truth, has very little to do with Plato) have come to the aid of the Occupy movement and its later reincarnations. If materialism has failed, Badiou must have thought, one might as well return to claiming the primacy of ideas.⁶⁴

Progress and Its Delusions

The entire history of social forecasting and its mistakes is intertwined with faith in progress. Marx saw history as a succession of steps toward the improvement of the human condition: from slavery to feudalism, from feudalism to capitalism, from capitalism to socialism, from socialism to communism. There is no original state from which the fall occurred, nor a natural goodness of mankind then corrupted by institutions. Mankind is built over time. The apex of this formative process (which the Germans would call *Bildung*) is the acquisition of class consciousness, which is required by the proletariat for its emancipation. The image of the emancipation of the proletariat encompasses all the previous phases, and is the very essence of progress. Mill had a less prosaic view. He saw progress as being, above all, a moral fact, although he assumed that civilization could only advance when satisfactory material conditions had been reached. Moreover, although Mill was influenced by Auguste Comte, the high priest of French positivism, the primacy he assigned to intellectual beliefs as the engine of history made him more cautious in accepting

the idea that evolution was subject to the operation of an iron Mechanism. The intellect remained for him the “steersman” of the ship of history; it gave humans the power to shape their own future.⁶⁵ Even Keynes seems to be still part of this world dominated by optimism about the human condition, in spite of his rejection of many Victorian beliefs.⁶⁶ But in Keynes the idea of progress as human improvement coexists with another idea of progress: that of evolution toward increasingly rational economic formations. This idea of progress as rationalization dominated the interwar period and found its expression in various theories of convergence. All of them had in common the certainty that the anarchy of the market was to give way to a more rational order. Whether or not to call this order socialism was, as Schumpeter noted (see Chapter 2), essentially a “matter of taste and terminology.”

In the postwar period, where actually existing socialism had not imposed itself, faith in progress took the form of a commitment to the rational organization of economic and social life for the achievement of a perfect society, as theorized by the Swedish social welfare architects, or at least of a society free from the evils of capitalism, as pursued by their British counterparts. These experiments were supported not only by the conviction that the application of reason allowed freedom to be combined with justice; there was also a philosophy of history that suggested a tendency of society to evolve toward reason. Thus, for example, in *Citizenship and Social Class* (1950), one of the manifestos of this way of thinking, British theorist T. H. Marshall celebrated the expansion of rights from the civil to the economic and social sphere. The eighteenth-century civil rights movement for personal liberty, freedom of speech and thought, and private ownership had created the conditions for the nineteenth-century struggle for the

rights of political participation. Representative democracy, in turn, was the premise for the twentieth-century quest for social rights, or universal rights to welfare. Finally, the recognition of this deeper sphere of substantive rights now promised to erase class differences.⁶⁷ In those years of unshakable certainties, only Adorno and Horkheimer acted as a counterpoint, while Marcuse hung between resignation and hope.

Where does this idea of progress, in which Rousseau's contemporaries still did not believe, come from? To begin with, the modern notion of progress has two variants, although the differences between them should not be exaggerated. In the first variant, progress tends to be unlimited; in the second, it is finalistic and has an end point. The first is associated with Condorcet, Saint-Simon, and Comte. It was this idea that Herbert Spencer tried to renew by grounding it in Darwin's theory of natural selection. The second is associated with Hegel, Marx, and Fukuyama. The former developed in connection with rationalism and positivism, the latter with idealism and dialectical materialism. Both were born of the fracture brought about by the French Revolution, apart from the anticipations given by precocious minds such as Turgot, Kant, and Herder.⁶⁸ This distinction, however, is valid only in theory, because in practice there are transversal influences. Marx's ideas, for example, are indebted to the French socialists almost as much as they are to the Hegelians. Despite being largely unacknowledged by Marx himself, the influence of Saint-Simon is particularly strong. What do Saint-Simon—the father of modern technocracy, the friend of Parisian bankers—and Marx have in common? In the first place, the conviction that the human race evolves through stages and the commitment to the search for laws of motion: in other words, the idea that social evolution can be made the subject of science. Moreover, they both

thought that the engine of this process was located more in the socioeconomic structure than in ideal or moral circumstances; and, hence, that its effects too should be measured in material terms. Thus, with Saint-Simon, the idea made headway that progress was not simply the “progress of the human mind,” a sequence of epochs of the *esprit*.⁶⁹

Condorcet’s late eighteenth-century narrative of the epochs of the progress of reason, via Saint-Simon and Comte, was reformulated in the stage theories of the nineteenth century, and the latter were turned into the theories of social modernization and economic development of the twentieth century. On the other side, Hegel’s dialectic ceased to be a reactionary instrument once in the hands of the Hegelian Left, and in Marx’s hands it was definitively deprived of any residual idealism. It was thus ready to become the basis of the modern class struggle, the framework that was supposed to explain how the improvement of the human condition would emerge from conflict. Still alive in 1968, the myth of progress, in whatever form, faltered during the 1970s, entering into a profound crisis. The end of the postwar boom, the failure of development plans for the Third World, the awareness of limits to growth in the West, the early signs of crisis in the Soviet system, and the theocratic backlash in Iran contributed to the sea change. In this climate of growing doubt, the new postmodernist thinking confusingly proclaimed the end of “grand narratives.”⁷⁰ But the myth of progress returned to occupy center stage in the early 1990s, on a wave of post-Cold War triumphalism, to retreat once again in the 2000s, a decade plagued by terrorism, war, and ultimately financial disaster.⁷¹ In the years since then, the focus on mounting inequality, global warming, and the rebirth of nationalism has further stoked feelings of skepticism.

The link between progress and forecasting is straightforward. When one begins to believe that the stages of history unfold according to a precise order and concatenation, one is encouraged to turn an eye to the future: not necessarily to get lost in speculation about the details of what will happen—an attitude that those who claim to practice the scientific method may well disdainfully reject—but only to the point of guessing where the process will lead, what will be the outcome of current trends.⁷² As Robert Nisbet writes, “One of the more interesting legacies of the idea of progress of old is the great vogue of what is called futurism or futurology. It too is inseparable from a foundation of imagined progress from past to present to future.” He does not see a great difference whether futurism relies on computer technology or instead on the mere power of the intellect. What matters is the underlying principle: “seizing upon some seemingly dominant aspect of the present and then projecting it into the future.”⁷³

It seems clear that both the belief that capitalism will thrive indefinitely due to its supposed perfection and the opposite belief that it will evolve into socialism due to its supposed imperfections are deeply rooted in the Enlightenment mind-set. The same applies to the view that capitalism’s problems can be fixed once and for all by means of social engineering. Throughout the past two centuries, the Enlightenment’s promise of progress has continued to shape the public imagination in spite of the deceptions, disappointments, and tragic consequences of modernity. Has the idea of progress proved to be so persistent because it appeals to the human capacity to aspire, as Ernst Bloch concluded in addressing what for him was the ubiquity of utopia?⁷⁴ I do not think so. This idea is too historically specific to allow one to trace it back to a supposed universal. Like its genesis, its long

persistence was largely a consequence of the fact that modern society is steeped in the myth of technique.

At the beginning of the twentieth century, only an anarchist like Georges Sorel could depict progress as a superstructure, an ideology that served the interests of the bourgeois state. "One of the tasks of contemporary socialism," he wrote, "is to demolish this superstructure of conventional lies and to destroy the prestige still accorded to the 'metaphysics' of the men who vulgarize the vulgarization of the eighteenth century."⁷⁵ Words that at the time fell on deaf ears. But a formidable blow to this metaphysics came from the totalitarianisms of the interwar period, to begin with, Nazism. How could one believe that humanity advances from darkness into light while the world was sinking into the abyss? Nor could one have faith in the salvific power of Marxism when Stalin had become its supreme interpreter. What more effective image could be given of progress, in the aftermath of the Nazi-Soviet Pact, than the storm overwhelming Walter Benjamin's "angel of history," the angel who turns his back to the future while he looks helplessly at a past reduced to a heap of rubble?⁷⁶ The Enlightenment—or rather enlightenment, as Adorno and Horkheimer prefer to call it to disentangle the advance of thought as a long-term process from its historical culmination—which was to free mankind from myth, itself becomes a myth.⁷⁷ Instrumental rationality leads humans to exercise their tyranny on nature and on other human beings. It transforms modern society into a slaughterhouse, with the same monstrous efficiency with which industrial production is managed. It deprives thought of its critical faculty, reducing it to passive elaboration of stimuli and conditioning, and opens the way to the manipulation of the unconscious. In this sense, for Adorno and Horkheimer the logic of the functioning of capitalism is no

different from that of totalitarian control, being the expression of the same perversion of reason into unreason and of the denial of the potential for human realization. The observation that enlightenment has failed to fulfill its promise led them to agnosticism: to a substantial pessimism about the possibilities of emancipation from capitalism but also about the outcome of alternative paths.

We can now return to the concept of utopia, to finally make sense of the fact that, by the time of the French Revolution, its path came to cross those of progress and the law of motion. This apparent antinomy is resolved if we accept the view that the eighteenth-century philosophy of history, that is, the theodicy of progress, is itself a utopia. According to Reinhart Koselleck, this utopia was created to give legitimacy to the project of the Enlightenment, in its continental version, which was essentially a project of technocratic control over society.⁷⁸ Why it was created is of secondary importance to our purposes. What matters is to realize the consequences, or rather one of the consequences, of *that* particular utopia, which claimed to transcend all previous utopias. It conquered the minds of those who came afterward, at least until history intervened to sow some doubt.

How Capitalism Survives



OUR JOURNEY INTO SOCIAL forecasting began with two objectives: to understand what went wrong with forecasts and, as a result, to obtain useful information on the nature of capitalism. In fact, as might be expected, the weaknesses of unfulfilled prophecies of doom reflect many of capitalism's strengths. If, despite all prognostications to the contrary, capitalism persists, it is legitimate to wonder what sustains and feeds it. To answer this question, a theory of the operation of society as a whole is needed. Those who come up with ready-made "alternatives to capitalism," presenting them as miraculous recipes to social problems, often do so without having such a theory. This is as true today as it was in the days of utopian socialists. By contrast, most of the thinkers we dealt with *did* have a theory, however faulty. We can then hope to understand more about capitalism by correcting some of these errors. In this chapter I will try to show that capitalism has been kept alive by two powerful forces: *hierarchy* and *individualism*. Through hier-

archy, capitalism reproduces in new forms a power relationship that is actually very old: the asymmetrical bond between capitalist and wage worker is the continuation in modernity of the unequal ties between lord and serf, master and slave. Individualism, that is, the reliance on the contract as a medium of social interaction, is, on the other hand, a more recent posture, but it was not by chance that it arose, nor has its constitution proved to be weaker.

A premise, at this point, may be necessary. The fact that forecasts have failed to take these factors into account, and have therefore been disproved, by no means implies that capitalism will go on forever. To avoid misunderstandings, I do not wish to maintain that there are any “secrets” that guarantee its immortality. The two issues are unrelated. Capitalism’s opponents will not therefore be entirely disappointed. For them, this book has good news and bad news. The good news is that capitalism will indeed end sooner or later. One does not need any particular skills of foresight to know that: it is enough to have a sense of its temporality. Capitalism is a historically bound formation just like the economic and social systems that preceded it in antiquity, the Middle Ages, and the early modern period. In the history of human societies, everything that has a beginning also has an end. But the bad news is that capitalism is unlikely to be replaced by a much better system. We cannot, of course, predict what will happen, as the previous chapters should have made clear, but we can more reasonably guess what is unlikely to happen, and the forces that sustain capitalism can hardly be reversed. I do not mean to deny here the possibility of progress, but wish instead to affirm the dialectical nature of progress. Nor do I intend to rule out the possibility that capitalism may, in a less distant future, lose its global centrality and be subject to competition from other systems.¹ In this case, although capitalism would not cease to exist,

its global expansion would come to a stop, and we might even observe its retreat within its original borders.

At any rate, these possible scenarios are either too far away in time or beyond our control for it to make sense to deal with them. We should content ourselves with knowing that the end of capitalism is not imminent. It will not happen at the hands of the gig economy, a belief founded in what seems to be the updated version of an older technological determinism. The gig economy might indeed represent the latest frontier of exploitation. Nor will capitalism be overturned by the new utopias of participatory planners and lawgivers of the global commonwealth of immaterial commons.² While Marx was wrong about the existence of iron laws of motion, we cannot, on the other hand, think that agency is enough to make the future whatever we want it to be. Society does not work like a pond where one can introduce an alien species of fish (say the worker-cooperative fish or the nonprofit-community-organization fish) and hope that, sooner or later, it will take over the entire ecosystem. The “pond theory” is another example of a hypothesis based more on one’s wishes than on social analysis.³ If these future prospects appear to be illusory, then we would do better to focus on the present and improve life under capitalism. This is by no means an easy task. Coming to terms with reality is rarely a source of lasting satisfaction and is often a frustrating exercise that does not attract much sympathy—but it is the only reasonable thing to do.

How Old Is Capitalism? Is It a Western Product?

I have argued here that capitalism is a historically bound phenomenon. But how old is it, exactly? Moreover, the discourse on

its temporal boundaries calls into question the discourse on its geographical extension. Is capitalism something universal or culture-specific? As we will see, the answer to the second question is largely dependent on the one we give to the first. The problem of historicization, therefore, needs to be addressed in a more articulated way. When we talk about capitalism, we must first clarify whether we are referring to a *type of economic activity* or to a *socioeconomic system*, which is what Marx meant by the term “mode of production.” Most of the confusion, not only in common parlance but also in scholarship, comes from the use of the word “capitalism” to indicate two substantially different things. Thus, one speaks of the sixteenth-century activities of the merchants of Genoa and Antwerp, or Florentine banking, as *capitalist* activities in that they were oriented toward profit, as opposed to the economic behavior of contemporary peasants, which was aimed at subsistence or self-sufficiency; or as opposed to many nobles who saw in their properties mere sources of rents.⁴ But we also speak of the *capitalist* economy and society of Victorian Britain or of the “global triumph of capitalism” in the decades after 1848.⁵

Early modern capitalists were a tiny group of people living on the margins of shared morals. It is no coincidence that when they were close to death they made lavish gifts to the Church, being concerned about their otherworldly fate. This does not exclude that they could be powerful or enjoy individual consideration. But sectors such as commercial enterprise, banking, and maritime insurance had, on the whole, little weight and were unable to determine the structure of the economic and social system. If we move to nineteenth-century Britain, conversely, we see how the entire society revolved around capital, which was held by a new elite of manufacturing entrepreneurs. The capitalists now formed

a well-defined and cohesive social class. They gave work to the rest of society (including former peasants who had become urban proletarians) and were able to influence government policies. Many of them defended their interests by sitting in Parliament, where they had reduced the power of peers. Furthermore, English aristocrats too had acquired capitalist traits. For example, they ran their estates as efficient businesses, employed hired labor, and sold a large part of their crops on the market. They were a long way from the spirit of Burke's "age of chivalry."⁶ The structure of society, in short, had been remodeled according to the balance of power between its two new key actors: capitalists and wage workers.

In the golden years of social theory, the expressions "merchant capitalism" and "modern capitalism" were used to distinguish the two meanings of the term and to stress the novelty of capitalism proper.⁷ Of course, the two concepts are not completely disconnected, but they are not on the other hand closely related. The emergence of merchant capitalism can be seen as the other side of the crisis of the feudal system. Such an aspect was perceptively grasped by Adam Smith, who emphasized this crisis of aristocratic values: the feudal system, he said, imploded when the lords renounced exercising their authority in exchange for the luxuries of a well-off life.⁸ Regardless of the interpretation given to this earlier phase, the transition from merchant capitalism to modern capitalism required three steps to be taken. The first step was the enforcement of clearly defined property rights and the birth of wage labor. The second was the formation of competitive markets for the factors of production: for capital, of course, but especially for land and labor, that is, those resources that are not easily treated as commodities. This entailed the abolition of guilds, deregulation of wages, and countless changes in legisla-

tion. Marx and Polanyi attached great importance to these two steps, emphasizing the violent nature of dispossession and commodification. They were, however, slow and contested processes. In England the decline of the guilds occurred earlier than elsewhere, but the enclosure of commons took over two centuries to complete. On the Continent, many of the changes occurred after the French Revolution, with the concept of full property rights on land only being introduced by the Napoleonic Code of 1804. The third step was cultural change. The spread of positive attitudes toward wealth acquisition and the formation of a bourgeois mentality have been explained in various ways. Weber singled out the Calvinist work ethic as the main foundation for rational enterprise. Sombart put the importance attached to wealth down to the need of emerging groups to force a closed social system—where status was determined by birth—to open up. Bourdieu and Koselleck highlighted the changed sense of time that preceded, or accompanied, the transition to capitalism: the modern future orientation that replaced the premodern belief in circular repetition. Albert O. Hirschman noticed a certain fondness for the idea of turning dangerous human passions into innocuous economic interests that was already present in the early Enlightenment.⁹ One explanation, of course, does not rule out the other. In any case, not even cultural innovations went unchallenged. The historian Simon Schama speaks of the “embarrassment of riches” of the seventeenth-century Dutch, who lived within the uncomfortable contradiction of their commitment to self-denial and the accumulation that represented its unintended consequence. E. P. Thompson writes of the resistance of two generations of eighteenth-century English workers to submit to the dictatorship of the factory clock.¹⁰ Such examples could be continued.

The other problem we must deal with is the extent to which capitalism is a culture-specific phenomenon. One could reasonably argue that bourgeois values, understood in a very loose sense, can be found not only in early modern Europe but also in China. In the same centuries, merchant activities were widespread throughout Eurasia, from the Arabian Peninsula to the Yangtze Delta. If one understands capitalism as a type of economic activity, it is not difficult to find signs of its presence throughout this area and over a very long period of time.¹¹ But this is an observation of little analytical relevance, as what we are interested in is capitalism *as a socioeconomic system*, and the origins of this system are quite specific.¹² Capitalism became fully established only in the nineteenth-century North Atlantic world, including Britain and its settler territories, the US East Coast, and the northwestern portion of the European continent (mainly northern France, the Low Countries, and later the upper Rhineland). From here it began to spread throughout the West and, following the routes of Europe's overseas expansion, was *imposed* on the imperial outposts of European powers. From the original entrepôts of the Dutch and English East India Companies, it penetrated further inland with the colonization of large areas of the world. When the colonial era was over, formal dependency ties were replaced by informal ties, those created through foreign direct investment, international loans, and trade agreements, the hallmarks of globalization. When we speak of "one-world capitalism" to indicate the globalization of capital that followed the dissolution of the Cold War order, we must therefore bear in mind that it was merely the most recent stage in a process of secular expansion that was far from spontaneous. It was carried out with the force of arms first, and later with the persuasion of "gentle commerce."

Framing the Concept

Today capitalism is omnipresent in public debate, but those who talk about it rarely take the trouble to define it, perhaps assuming that everyone knows what it means. This, too, can lead to misunderstandings. One frequent misunderstanding is that “capitalism” is just another word for the market economy. This is one of the reasons why the term does not normally appear in economics textbooks and why mainstream economists do not like it. Why be stuck in an elusive concept and at the center of ideological disputes when the notion of the market offers a convenient operational alternative? Those who identify capitalism with the market economy think that, since capitalism is based on private enterprise, and firms normally compete on the market, this must be its distinctive feature. After all, in the Soviet Union, where production was organized by the state, there was no market and prices were political (or at least that is what we learned in high school). But the equation fails as soon as we consider two counterexamples. First, there are historical phases, and productive sectors, in which capitalism seems to work almost without a market: monopoly has characterized the capitalist past at least as much as competition. Whenever investments in technology are substantial such as to create high barriers to entry, competition has had to give way to concentration. The historian Fernand Braudel, who dealt with early modern merchants with an eye to the strong industrial concentrations of his time, the mid-twentieth century, went so far as to deny the existence of any link between capitalism and the market economy. For him, capitalism was predatory seizure, the market fair practice; capitalism was the realm of risky, unpredictable speculation, the market that of repetition and predictability.¹³ The second counterexample is suggested by the

existence of market economies that are not capitalist. The most striking case is obviously that of China, where the state controls, either directly or indirectly, a large portion of the means of production and the profits generated by them. It also holds the financial levers, operating through the banking system. By contrast, the setting of prices and wages is left to market forces. To many Western observers, the “socialist market economy” seems like a strange hybrid, almost an artificial creature, like Aristotle’s famous “goat-stag.” But the strangeness could just be in the eye of the beholder. In fact, we are puzzled by this mix because it does not fit into categories we are familiar with.¹⁴

A more distinctive feature of capitalism is private ownership of the means of production. But this still does not qualify it as unique. Under the feudal system the independent peasant, or even the serf, could be at least *de facto* owner of the plow and oxen with which he plowed his parcel of land for the needs of his family, or of the loom with which he made his clothes. Yet, apart from the fact that these means of production were more an extension of human labor than a productive factor in itself (that is, *capital*), there were three other conditions missing that exist in the modern capitalist system. First, the private ownership of the means of production must be accompanied by the exclusion of a part of society—generally a majority—from its exercise. This exclusion takes place in practice, even in the presence of freedom of enterprise, and has a *raison d’être* only when capital acquires critical importance in the production process. Second, those who are deprived of ownership must have the freedom to enter into contractual agreements to sell their labor power. Finally, production must be oriented toward exchange and profit rather than be used for the satisfaction of needs; which brings us back to the market.

If it is clear that the presence or extension of markets is not a sufficient condition to characterize a system as capitalist, it cannot be affirmed with the same certainty that it is not a necessary condition. Even in the strongest forms of monopoly capitalism, competition is not entirely suppressed. It can certainly be a rather domesticated competition or conducted with unusual methods and rules. It may be that firms make nonaggression pacts to pursue strategic objectives, or that they do not compete over prices but to obtain government favors. But as long as firms remain in private hands, it is difficult to imagine that they may form a single bloc characterized at any time by a perfect identity of interests. Moreover, firms' owners are still stockholders who exchange stocks on a market. Capitalism and the market economy, in sum, are not synonymous but are certainly related concepts. The nature of this complex link emerges if we look at the historical evolution of the two institutions. Unlike the market as a system for exchanging goods, the origin of which is much more remote, the market economy was born at a fairly precise time and place. This process occurred in eighteenth-century England, where modern capitalism was also about to arise.¹⁵ But what is a market economy? By this we mean a regime of regulation of production and distribution that relies to a large extent on the mechanism of supply and demand. A market economy is an agglomeration of many related markets: raw materials, final products, services, credit, labor, and so forth. In a market economy, rather than a small fraction, the bulk of national wealth is exchanged through these markets. One therefore sees how such a system exerts its influence on the whole of society, which becomes a market society. In it, not only money and the means of production but also natural resources and human labor become

commodities, while the logic of impersonal exchange extends to spheres of life previously dominated by reciprocity. Here lies the market's intimate connection with capitalism, which is best understood as a relationship of interdependence: the breaking of the link between property and human labor deprives human beings of the means to be self-sufficient, pushing them toward the market; at the same time, the market turns those very human beings into commodities. In a pure capitalist system, the market sets the profits of the capitalists and the wages of the workers, the interest rates that firms pay, and the prices of goods and services. Real-world capitalist systems certainly depart from this ideal type to a significant extent, as the abundant literature on "varieties of capitalism" shows.¹⁶ But we can say that the market economy is, in general, the allocation system of capitalism.

The time has come to try to outline the contours of capitalism using a more concise formula. Fortunately, there is no need to invent it out of nowhere. We can start with Robert Heilbroner's elegant definition, which has the virtue of grasping the dual essence, economic and social, of this phenomenon. "Capitalism," he writes, "is an *economic* order marked by the private ownership of the means of production vested in a minority class called 'capitalists,' and by a market system that determines the incomes and distributes the outputs arising from its productive activity." But, at the same time, "it is a *social* order characterized by a 'bourgeois' culture, among whose manifold aspects the drive for wealth is the most important."¹⁷ Capitalism is, therefore, a bundle of institutions shaped by certain social and power relations, or, as Nancy Fraser says, an "institutionalized social order."¹⁸ Such an order, albeit centered on the economic sphere, affects many aspects of human life, including politics, the family, our relationship with nature, and race and gender relationships.

However, we are immediately presented with a problem. Does the economic part of the definition still match the time we live in? Today, the majority of the active population in developed countries is employed in the service sector. In addition, the concept of ownership has become highly complex. As we have seen in Chapter 4, a corporation can be owned by pension funds, insurance companies, and other institutional investors, which pool private savings. It is clear, however, that the *actual* company owners are the institutional investors and not the savers, because the former exercise control over the means of production, while the latter are completely irrelevant, mere instruments of capital. The answer to our question is therefore positive if by “production” we mean not only the production of goods but also that of services (after all, e-commerce and social networking services are produced just as cotton and steel are) and if we mean the concept of ownership in its substantive meaning; better still if we replace the concept of ownership with that of “control.” And what about the financial capitalism that nowadays dominates the scene? The overwhelming role of finance leads some to say that the only truly distinctive feature of capitalism is “the persistent search for the endless accumulation of capital.”¹⁹ Was not such a motive also typical of sixteenth-century financiers, who were always looking for new ways to make their money pay? At first glance, this observation would seem to give legitimacy back to a conception of capitalism that we had discarded as unsatisfactory. But it is worth considering that there is a fundamental difference between the present-day financial system and the preindustrial one. Contemporary finance, even though it now lives a life of its own, would not exist in its present form if it had not developed to meet the needs of industrial capitalism and if it had not absorbed its ethos. In the nineteenth century, it was no longer a

question of financing the odd commercial enterprise or paying for a king's wars, but of keeping up a system, modern industry, that constituted the economic backbone of society. Today, financial capitalism replicates the model of traditional capitalism as a container without content, but the foundations of the system remain identical. The control of the means of production by a minority of society has extended to the control of the means of financial accumulation, the new technology being that of financial engineering. The special case described by Marx through the formula $M-M'$ ("money which begets money") has merely become more generalized.²⁰ In this way, the speed of accumulation has multiplied, and with it the distance between those who accumulate wealth and those who accumulate debt. And it will continue to do so unless, as Arjun Appadurai suggests, we find a way to "seize and appropriate the means of the production of debt, in the interest of the vast class of debt producers, rather than the small class of debt-manipulators."²¹

Before drawing some implications from the definition initially proposed, and from the subsequent adjustments made to it, we need to tackle a preliminary objection that could undermine any attempt to say something sensible about contemporary capitalism: we need to ask ourselves whether the concept of capitalism is really useful for understanding the great social problems of our time. I think the answer is definitely yes. But if I have raised the issue, it is because I am aware that not everyone shares this view. Some think that the economic well-being of nations depends to a greater extent on having well-functioning parliaments and non-arbitrary legal systems than on the distribution of the ownership or control of capital.²² These authors start from the implicit assumption that economic performance is the only aspect worth addressing, and, moreover, they delude themselves in thinking

that a simple equation can be drawn between political freedom and material prosperity. There is, however, an infinite number of interesting questions for the social sciences that have nothing to do with the gross domestic product. It will be sufficient to give some examples of the problems that all can see. Why in the United States is the black population so overrepresented on death rows and in the humblest jobs? And why is the Congress unwilling or unable to pass gun control legislation? Why in Western countries, with their rule of law and their freedoms, has economic inequality grown so dramatically in the past forty years? It is difficult to address these problems without reference to capitalism: its racial articulations, monopoly tendencies, and the power it confers on certain social groups to seize resources.

The Building Blocks of Capitalist Society

At this point we have a definition that allows us to appreciate what are the distinctive elements of the capitalist system. Starting from there we can go a step further and ask ourselves what would the structure of a society where capitalism can assert itself look like. It must be a type of society compatible with the fact that the control of the means of production lies in the hands of a minority, and with the use of the market mechanism to allocate resources and factors of production. Moreover, it must have a bourgeois culture, namely, one that is oriented toward the acquisition of wealth for personal purposes. These three conditions require, as a minimum, the existence of a *highly hierarchical social structure* and an *individualistic orientation* shared by at least one part of society, its apical section. Let us therefore try to understand what the occurrence of these two circumstances depends on.

Precisely speaking, to say that a society has a hierarchical structure means that it is stratified. Social stratification is one of the key concepts of sociology: it indicates that in a society there is an uneven distribution of moral and material rewards among individuals and groups. By moral rewards we mean prestige and social consideration: in a word, status. By material rewards we mean wealth. The same concept can therefore be expressed by saying that in a hierarchical society there is a certain degree of structural economic and social inequality. In the broader sense of the term, stratification is an almost universal phenomenon, given that even the simplest societies, such as those of hunters and gatherers, show relational asymmetries, although generally they are not economic, being mostly related to age and sex: women and young people tend to occupy a position somehow subordinate to men and the elderly. However, there are significant differences between societies concerning their degree of stratification. Hunter-gatherer societies are basically egalitarian, while the traditional Indian society, with its castes, or that of Victorian Britain, with its rigid class system, represents the opposite pole of high hierarchization. In between is, indeed, a wide spectrum of gradations.²³

Sociologists have not only noted the existence of stratification but have also proposed various theories to explain it. These can be traced back to two typologies: functionalist theories and conflict theories. Functionalist theories posit that inequality exists because it is necessary for the survival of society. They start from the observation that in any minimally complex society there are roles, such as that of priests in ancient civilizations and of heart surgeons in modern ones, that society considers strategic: in other words, they have functional importance. The number of people gifted enough to carry them out is limited, and often they have

to undergo long and demanding training to be able to turn these talents into skills. They must therefore be given an incentive, whether it be social or economic recognition, or both, to make the necessary sacrifices. Conversely, according to this thesis, society rewards less the roles that are deemed to be less important and for which there is no shortage of qualified personnel. Conflict theories fundamentally disagree with such an interpretation. They deny that stratification is indispensable to society, or that it is the product of a consensus. They claim that, rather than arising from a need of society, inequality arises from the needs of the individuals and groups who are part of it. These are in constant competition for scarce resources and do not hesitate to use coercion to grab them. Classic examples of conflict theories are Marx's class theory and Weber's theory of class, status, and power.

There have also been attempts to combine conflict and functionalist perspectives, such as Gerhard Lenski's. According to Lenski, there are two engines of stratification: technological development and power. Technological development generates an economic surplus, which may be more or less large but is necessarily limited. This scarcity triggers a distributional conflict. Those who have certain characteristics that enable them to do so seize the surplus, and in this way social hierarchy begins to form.²⁴ Power is the decisive asset when it comes to seizing the surplus. Power, in Weberian terms, means the probability that one will be able to carry out one's own will despite resistance, therefore it is linked to the possibility of using coercion. This possibility is unequally distributed among individuals as a reflection of their different abilities. But beyond the use of brute force, what counts in social relationships is more often authority, defined as legitimized and institutionalized power.²⁵ A number of factors influence the unequal distribution of authority, almost all of which are socially

constructed. So, for example, religious beliefs once legitimized the temporal authority of the Church; charisma has legitimized the authority of many dictators in history; and constitutions have legitimized the authority of elected governments. Returning to Lenski, the conflict for the appropriation of surplus, and hence social inequality, begins to be noticeable when human groups abandon nomadism; it grows with the transition to agrarian societies, following the increase of surplus, and is at its peak on the eve of industrialization. In industrial society, on the other hand, the trend is reversed, because democratization makes it possible for persons who lack power individually to acquire collective power through union and political organization. In addition to this factor, other factors intervene, such as birth control and the spread of education.²⁶

This stylized representation has, however, a substantial flaw: it does not account for the great variation in the stratification of societies at the same stage, be it the advanced horticultural or the industrial stage.²⁷ Here we are, on the other hand, mainly interested in the variations that societies at a *comparable* level of development present in the degree of social stratification. For example, no one can argue that present-day Norway is less developed than the UK, yet Norway is by far one of the least stratified of the economically advanced societies of the Western world. For many centuries, the Norwegian society was a society of subsistence farmers (mainly cattle breeders) and fishermen. Living in relatively extreme environmental conditions necessitated cooperation within small communities separated by imposing natural barriers, which already predisposed them to the development of horizontal relationships. But there is more. Lacking large areas of arable land, and a significant surplus to share, Norway had no place for a class of rentiers and social parasites. The great Rus-

sian medievalist Aron Gurevich pointed out that “Norway never became a feudal state *sans phrase*, and the prerequisites of feudalism never developed fully.” This resulted in an early “preponderance of public (state) functions over private ones.”²⁸ In fact, although in the High Middle Ages the Norwegian state came to assume the “outward appearance” of a feudal monarchy on the European model, this formal structure had little impact on the organization of society. The direct relationship between the king and his subjects, characterized by “reciprocity and equality,” was never severed.²⁹ Peasants were not deprived of their personal freedom or excluded from participation in local government or national defense. These original characteristics of Norwegian society continued to shape the institutions that were created in the following centuries, throughout the Danish period and the union with Sweden. Francis Sejersted summarizes the exception of modern Norway compared to other European countries and to Sweden itself with the observation that “Norway was democratized before it was industrialized.”³⁰ When affluence finally came in the twentieth century, Norwegian society did indeed find itself managing a surplus, but it did so drawing on values that had been consolidated for hundreds of years.

The terms “individualism” and “collectivism” (sometimes referred to, perhaps more accurately, as holism) are two constructs used to describe two different models of the individual’s relationship with society. Both individualism and collectivism have a relational, religious, political, and economic dimension; and, just as with social stratification, they do not exist in a pure form but only in variable combinations. The link between individualism and reliance on the market mechanism—which is one of the two central aspects in the definition of capitalism I have proposed—is intuitive, though not automatic.³¹ Relying on the market to

satisfy one's needs is anything but a natural instinct for humans. The market is impersonal, whereas human existence, from birth to death, is wrapped in personal ties. People who meet in a market to exchange goods are free, at least in principle, to accept or refuse the terms of the contract without being conditioned externally. Noneconomic considerations do not affect the agreed price. Nor do the relationships of the parties upstream of the transaction count: each transaction is one-off. To continue to operate in the market it is enough not to have a bad reputation. The view that the market system is "a desirable way of organizing human action" gradually became established in European culture from the early modern period.³² To do so, it had to overcome various types of resistance: the traditional preference of peasants for self-sufficiency, their distrust of money, the moral reservations of the Church toward greed, the interests of the guilds, and so on.

But what are individualism and collectivism? Social psychologist Harry Triandis defines them in the following way. Collectivism, he writes, may be thought of as "a social pattern consisting of closely linked individuals who see themselves as parts of one or more collectives (family, co-workers, tribe, nation); are primarily motivated by the norms of, and duties imposed by, those collectives; are willing to give priority to the goals of these collectives over their own personal goals; and emphasize their connectedness to members of these collectives." On the other hand, individualism "consists of loosely linked individuals who view themselves as independent of collectives; are primarily motivated by their own preferences, needs, rights, and the contracts they have established with others; give priority to their personal goals over the goals of others; and emphasize rational analyses of the advantages and disadvantages to associating with others."³³

Collectivism (holism) is therefore associated with “cultural tightness,” that is to say the internalization of strict codes of behavior and social repression of deviance. Individualism, by contrast, is associated with “cultural looseness,” meaning a lower degree of conformity. That said, attempts have been made to trace the origin of the latter to factors such as low population density, social heterogeneity, exposure to the different social patterns of neighboring societies, and even to climatic circumstances.³⁴ For each of these explanations, however, there are counterexamples that invalidate them. Norbert Elias’s famous thesis that Western individualism was reinforced by the formation of the modern state, which weakened ties of loyalty to the family and clan, also had to contend with the observation that the state-building process has not produced the same effects elsewhere.³⁵ In fact, it has proved to be equally effective as an instrument for the affirmation of collectivism. Religion is undoubtedly an important factor. One can reasonably argue that Christianity, with its emphasis on personal salvation, is more predisposed to individualism than other religions, and Calvinism more so than Catholicism or Lutheranism, but none of these doctrines was formed by chance. They arose in particular historical circumstances and took hold because they better adapted to characteristics that already existed in the societies in which they spread. One sees how the search for origins easily leads to an infinite regress or, in other words, to the situation of the dog chasing its own tail. There is no need to go any further in this discussion. For now, let us be content to note that individualism and collectivism exist, albeit not in a pure form, and assume these basic attitudes as a fact.

Is there a correlation between these social patterns and the degree of hierarchization of a society? According to Louis Dumont, hierarchy goes hand in hand with holism, while equality

goes hand in hand with individualism. He sees the combination of hierarchy and holism as the norm throughout much of human history, while that of equality and individualism he considers a deviation that has emerged in modern Western societies, founded on the control of nature by means of technology. He points out that while in traditional societies individuals cannot exist independently of the social whole, and thus they are subordinate to it, in modern societies the individual as such becomes the atom of society.³⁶ Inspired by Emile Durkheim, the father of functionalism, he explains this exception by the fact that modern society "obliges us to be free."³⁷ The advanced stage of division of labor reached in our society increases the mutual dependence between individuals, reinforcing the sense of the autonomy of every person. Each one is indispensable to the other, so each one is recognized as a specific identity.³⁸

This simple opposition, however, does not hold. The observation of so-called modern societies suggests that a society can be both hierarchical and individualistic or, vice versa, egalitarian and holistic. The hierarchical relation is not necessarily, as Dumont and others thought, "a relation between the encompassing and the encompassed" (that is, the relation between Adam and Eve, created out of Adam's rib).³⁹ Hierarchy, in its very essence, does not express a relationship of the part with the whole but a relationship between the various parts of society, whether they are social orders, as in European *ancien régime* societies, or classes, as in modern times when the economic element becomes the dominant criterion for stratification. In other words, modern societies show a much greater variability in social structure than Western sociological thought has often suggested: not only a variable degree of stratification, but also a variable degree of individualism.

Hierarchy and individualism are necessary conditions for generating capitalism, but this does not mean that they are also sufficient conditions. Moreover, the link between capitalism and its building blocks is not a one-way street: capitalism, in turn, feeds inequality and reinforces individualism.

What Keeps Capitalism Going: Two Common Views

In the previous sections the factors at the root of capitalist society have been analyzed. If capitalism were a physical object, this would be tantamount to determining what raw materials and what kind of environment are needed to produce it. Now, on the other hand, we have to investigate the reasons for its persistence or durability. Here we will look at two commonly held views on this, while in the next section an alternative explanation will be proposed. A first hypothesis is that capitalism persists, and tends to expand, because of its efficiency. This is normally the perspective from standard economics. Those who subscribe to this “efficiency view” are not unaware that the efficiency of capitalism is relative, since this system also generates plenty of wastefulness, economic, human, and environmental. But they think that the efficiency of capitalism is still higher than that of the alternative systems that have been tested so far.⁴⁰ Several reasons are mentioned to account for this higher efficiency. One of them is that capitalism is more dynamic than other systems, as competition and the drive for profit fuel innovation and wealth creation. Another classic argument is that it is difficult to find a mechanism for resource allocation and output distribution that matches market performance. Certain alternatives to capitalism, such as central planning, require the government to handle an amount

of information that exceeds the capacity of any computer. It follows that, even if one can think in the abstract of doing without capitalists, it is more problematic to imagine being without the market.

However, supporters of the “efficiency view” do not address the issue of *how* the advantages they credit capitalism with are translated into its longevity. They seem to think that adopting capitalism or not is a matter of rational choice, or they just assume that capitalism tends to prevail over other systems in Darwinian fashion.⁴¹ As is clear to anyone who has some familiarity with the workings of societies, things are not so simple. We cannot decide whether to turn on or off the switch of capitalism or any other social system. Certainly, there have been moments in history when humankind has had the illusion of doing so, and these moments typically coincided with revolutions. But on a closer look, successful revolutions represent the culmination of a process of social transformation that has been a long time in the making, and of which regime change is only the final act (as with the French Revolution); or they consist in giving a new political form to socioeconomic structures or substantive power relations that retain a significant degree of continuity with the prerevolutionary ones (as with the Russian Revolution).⁴² As for the evolutionary hypothesis, it can be easily challenged by observing what happens within the capitalist world itself. Adapting the famous metaphor used by a former Swedish prime minister, we can say that this world is populated by both dragonflies (countries that put efficiency above equity) and bumblebees (countries that put equity above efficiency). Yet the bumblebee does not turn into a dragonfly because the latter is fitter.⁴³ It may also be that the more “humane” varieties of capitalism are more efficient in other respects, but even if this were the case one should note that this situation

has not allowed them to become hegemonic. Certainly, the logic of operation of capital on a global scale exerts systemic pressures on the individual varieties of capitalism, so much so that one of the main topics of discussion in political science these days concerns the tendency of national models to lose some of their specificities.⁴⁴ These pressures, however, have little to do with efficiency imperatives and much to do with international power relations, reflected in the system of rules governing economic relations between countries. Textbook examples are the Structural Impediments Initiative with which, at the turn of the 1990s, the United States forced Japan to open up its goods and capital markets; and the Uruguay Round with which, in the same years, the WTO member states agreed to liberalize trade in services such as banking and insurance, while at the same time protecting and commodifying intellectual property, including drug patents. But even taking into account the forces that have, so far, driven capitalist models to converge, it seems unlikely that the economic and social systems of Japan and the Nordic countries will ever resemble each other, or resemble those of the United States. If, therefore, there is no evidence of Darwinian evolutionary mechanisms operating within the capitalist world, there is even less reason why one should suppose their existence in the relations between capitalist and noncapitalist systems.

Those who challenge the efficiency explanation generally do so because they start from an opposite interpretation of capitalism's nature. These authors tend to emphasize the elements of irrationality in the capitalist process and in the belief system of its actors that work in favor of its perpetuation. Capitalism is thought to be sustained by the self-estrangement it produces, by the repression (or stimulation) of desire, by irrational expectations, and more generally by its capacity to interact with the actors'

emotional sphere. Contributions to this interpretation come from currents of philosophy and social theory variously related to Critical Theory or poststructuralism. All of them share the idea that capitalism appropriates certain human needs and turns them to its advantage. Capitalism therefore persists either because of the power and seduction it exerts over people's minds or because of the way it appeals to deep needs. We could call this broad perspective the "social unconscious thesis."

Critical Theory combines Freud and Marx, not the later Marx but the earlier humanist Marx who had reflected, in the "Paris Manuscripts," on the psychological mechanisms of alienation.⁴⁵ Indeed, the concept of alienation is at the heart of Erich Fromm's attempt to psychoanalyze twentieth-century capitalist society and his idea that capitalist subjects, estranged from themselves, lose all connection with their "true needs" and embrace the senseless logic of the machine that enslaves them.⁴⁶ Another version, unquestionably indebted to Freud's analysis of "uneasiness in civilization," is that capitalism obtains conformity from its subjects through the repression of desire. They live surrounded by things but are unable to recognize their "true desires," whose satisfaction alone would lead them to a meaningful life. This repression affects all the actors of the capitalist process indiscriminately, regardless of their role, and hence of their relationship with capital. This is an idea that, with Marcuse's *Eros and Civilization* (1955), marked the transition from the critique of capitalism as a critique of inequality to the critique of capitalism as a critique of repression, the kind of discourse that would inform the counter-culture of the 1960s. This vision is irreparably linked to an era in which social conflict was reduced to a minimum. Since it was thought that the economic problems of capitalism had been solved, one could afford the luxury of moralizing about capitalist

society. As such, it appears dated today. But beyond this, its main weakness as a theory of capitalist reproduction is that it does not explain what the causes of the success of alienation are or who are the agents of repression. Capitalism may be a diabolical machine, but it has no autonomous agency. This defect has not been remedied by recent work in the same vein, where the focus is shifted from the (natural) desires that capitalism represses to the (artificial) ones that it feeds—so the drive to consume and to accumulate is explained by the continuous and illusory quest for “a more complete satisfaction.”⁴⁷ The most promising recent contribution to critical sociology’s understanding of capitalist reproduction comes from Jens Beckert’s concept of “fictional expectations.” Beckert claims that capitalism creates a regime of “secular enchantment,” which keeps actors enmeshed in its cogs thanks to the continuous, albeit unrealistic, expectations it fuels.⁴⁸ Beckert certainly captures an important element. However, when he moves on to identifying the factors that keep this machine of illusions in motion, these turn out to be the institutional elements of competition and credit, which leaves open the problem of the material and cultural structures underpinning them, not to mention the question of the relationship between these structures.

Poststructuralist interpretations—a galaxy that goes from Foucault to Deleuze to Michael Hardt and Antonio Negri—differ from critical-theoretical approaches in that they solve the problem of agency by denying that contemporary capitalism has a manipulative power (power, in Foucauldian terms, is immanent in the structures of subjectivity, not externally imposed). At the micro level, poststructuralism underlines the compatibility of capitalism with the emotional structure of modern social actors who subject themselves to voluntary enslavement, drawing from it emotional satisfaction. This leads to curious claims, such as, for

example, that “capitalism capitalizes on our inability to locate the sources of our anxiety and enjoins us to address our trauma by passing its effects on to others, thereby elaborating, intensifying, and widening the competitive imperatives of capitalist networks.”⁴⁹ What “anxiety”? What “trauma”? one may wonder. Possibly the angst that results from the loss of traditional forms of attachment. Modernity becomes a convenient black box with which to explain the birth and evolution of the capitalist social character, in the same way as the gradual shift of modernity toward postmodernity heralds the character’s future redemption. Modernity and postmodernity are therefore used as conceptual *passe-partouts*—tautological and ultimately meaningless. At the macro level, the biopolitical reorganization of power and its de-territorialization, which Hardt and Negri call “Empire,” does away with the modern regime of disciplinary power, thus generating a potential for liberation.⁵⁰ For them, as for Deleuze and Guattari, the crisis of disciplinary power, as well as its dissolution into introjected mechanisms of control, “disrupts the linear and totalitarian figure of capitalist development. . . . Resistances are no longer marginal but active in the center of a society that opens up in networks; the individual points are singularized in a thousand plateaus.”⁵¹ This makes them dream about the construction of a global “counter-Empire” by global desertion and coordinated acts of sabotaging.

The most serious responsibility of poststructuralism is to make assumptions about the cultural sphere, and to claim for the symbolic a space independent from the material conditions of existence, without having an organic concept of culture, and indeed rejecting it with contempt, as if one could understand a foreign language without knowing its grammar.⁵² Its denial of any order and rationality in reality, as reflected in its verbal obfuscations,

hides confusion and logical contradictions. Capitalist reproduction cannot be understood without investigating the cultural sphere, but at the same time this undertaking requires a rigorous concept of culture.

The Cultural Basis of Capitalist Reproduction

If efficiency is not the reason for the persistence of capitalism, and calling into question the power or seduction that it exerts over the minds of its subjects serves more to describe than to explain its success, we must look deeper into the functioning of society to uncover the mechanisms of capitalist reproduction. In any society, regardless of its degree of complexity, various aspects are recognizable that are more or less differentiated: a political structure, a social structure, an economic structure, and so on. All these structures are held together in a coherent way by a powerful glue: this glue is called culture, and its molecules are the meanings that humans associate with their actions, with those of their fellow humans, and with existence in general. The meanings, however, are not immediately understood by an external observer because they are embodied in symbols. Decoding these symbols is the task of cultural anthropology.⁵³ Another way of thinking about culture is to see it as a kind of instruction booklet to deal with life that is passed from one generation to the next. In the process, the instructions are updated but never completely rewritten. The way humans rework the instructions they receive becomes a guide to their actions. The institutions of the political, social, and economic life of every society are thus shaped and reshaped, making them conform to the understanding that its members have of what is worthy, just, tolerable, possible, and of

what, on the contrary, is not: in other words, to social values and norms. This does not mean, of course, that the formation of these rules of behavior is always consensual. In fact, culture also internalizes conflicts and constraints.

Capitalism is the product of a particular family of cultures, the Western family. Whenever it has successfully adapted to other societies, it has undergone a process of selective acceptance and rejection that has substantially altered its features. But the mechanisms underpinning its global spread—from violence to persuasion, from rivalry to emulation—should be kept distinct from the factors that affect its reproduction within its historical core, among which strong social hierarchies and individualism are the most important. These are the same conditions that, as we have seen, made possible its emergence once machines began dominating production. Indeed, by looking back in history, we realize that socialism took root in countries that lacked an individualist social pattern, such as Russia, and varieties of capitalism more akin to socialism developed in countries with a flat or only mildly hierarchical social structure, such as Norway. In Russia private property was introduced, with little success, only after the abolition of serfdom in 1861, and even then landownership was entrusted to communities rather than individuals. The attempts of the imperial bureaucracy to turn the Russian peasants into a class of independent farmers on the Western model—the most famous being the Stolypin agrarian reforms, which began in 1906—failed because of the resistance of the peasants who refused to enclose land from the commune.⁵⁴ In other Central and Eastern European countries, the emancipation of serfs occurred somewhat earlier, but still in the nineteenth century. In Western Europe, by contrast, this process was already complete by the end of the Middle Ages. In the light of these considerations, it is easy to see

why socialism could take hold in Russia, and in Eastern Europe more generally, while no Western European country has ever attempted such a radical experiment. If Marx's hypothesis of the change prompted by the development of productive forces were correct, then socialism would have emerged from a country that had reached the zenith of industrial development, not from a relatively underdeveloped periphery. Where a highly hierarchical social structure and an individualistic social pattern are both present, such as in Britain and most of Western Europe, it is difficult to imagine a radical change toward socialism. The same applies to an even greater extent to the United States, not only because of its strong individualism, but also because of the American social structure, although the basis for steep class stratification in such a settler context was, from the start, more economic and acquisitive than social and ascriptive. Hence, in all these societies, even if a change were induced by some external shock, it would probably be quickly reversed.⁵⁵

I will now address a few possible objections to the thesis that has just been put forward. One could in the first place object to this "culturalist" perspective by arguing that a vertical social structure and an individualistic orientation are not constant features even in the Western experience, seeing that they too are historical constructions. As they had a beginning, they could in time fade away, though one wonders under the influence of what forces. Here one immediately thinks of technological development, the other great variable that shapes the course of human events, which for historical materialism represents the "base." In fact, Marx gave it so much importance that he interpreted the cultural "superstructure" mainly as a consequence of the stage of material progress. In the Marxian schema, when the development of productive forces reaches a critical point, relations of production

adjust accordingly after a more or less painful phase of conflict. In this way, as Marx explained in *The Poverty of Philosophy*, “the hand-mill gives you society with the feudal lord; the steam-mill society with the industrial capitalist.”⁵⁶

How should one respond to this challenge? It is true that culture is not born out of nothing, but from the process of adaptation of the human species to the environment. In the long run, conditions of adaptation may indeed change. But once formed, societal core values take on a compact structure that proves resistant to change, exerting a conditioning force on subsequent choices. Braudel described these “mental frameworks” of culture as “prisons of long duration,” while Parsons spoke of a “latency system” that performs, in society, the function of “pattern maintenance.”⁵⁷ Norway, for example, has not changed its attitudes to social inequality since becoming a major oil producer in the 1970s, and the discovery of oil fields in the North Sea did not trigger a struggle for the appropriation of profits in Norwegian society. The change in the “base” did not remodel the “superstructure.” On the contrary, it was decided that oil would be managed as a public resource, and the revenues invested in a sovereign wealth fund.⁵⁸ This view of the substantial continuity of social processes does not deny the possibility of change; it simply assumes that changes are gradual and cumulative.⁵⁹ Human culture only evolves very slowly because individuals need at all times to know with certainty what is acceptable behavior: society eschews what Durkheim called “anomie” or absence of behavioral standards. It may take several centuries for a significant change to occur in this domain, which can never be complete. The flaw inherent in historical materialist approaches to social forecasting lies, therefore, in their failure to acknowledge human culture as an autonomous force and to appreciate the role of cultural inertia.

But—and this is the second objection—is there not perhaps a substantial difference in the extent to which hierarchies and individualism are rooted in Western history? The latter, as mentioned, is a much more recent phenomenon than the former. Ancient society was certainly highly hierarchical, even more so than today, but it was by no means individualistic. In the feudal system, too, hierarchical social structures were still coupled with a fundamentally collectivist social pattern: feudal society was holistic in Dumont's sense, as the upper order encompassed the lower order, both being bound together by the exchange of loyalty against protection. The modern hierarchical social structure—which is hierarchical in its economic substance, no longer in its political form (that was changed by the French Revolution)—evolved in continuity with feudalism, which in turn had its roots in the slave system of antiquity. But individualism has emerged as an entirely new value, along with the recognition of the sacredness of property rights and the idea that social interaction should be based on contract. According to Elias, individualism made its early appearance in European society at the time of Descartes. Descartes's statement *Cogito, ergo sum* (I think, therefore I am), although it was not made by an average seventeenth-century person, symbolizes the emancipation of the "I-identity" from the "we-identity" as "connected to specific changes affecting all relationships of life and power in occidental societies."⁶⁰ The struggle for emancipation from the authority of tradition, and for free inquiry and self-determination, had been going on for at least a century, and clearly had deeper origins in the urban culture of the late Middle Ages. Yet, as Gurevich points out, the fact remains that "the medieval individual was primarily a member of a group and it was mainly within the group that he or she acquired an identity."⁶¹ On the contrary, modern individuals, who still acquire

an identity *through* relationships, tend to see themselves as separate from the group, even exaggerating this autonomy. They consider themselves free to establish relations with the group based on mutual convenience.

If the vertical character of the social structure is too deeply ingrained in Western history, is it conceivable that at least the trend toward individualism might be reversed? To those who wish to see the economic and social system currently prevailing in the Western world evolve in a radically egalitarian way, this possibility might sound like a glimmer of hope. The question would have an easy answer—a negative one—if we subscribed to the thesis that complex societies tend to be individualistic.⁶² This is Durkheim's old idea that modern societies, driven by the progress of the division of labor, are based on "organic solidarity" or free association, as opposed to traditional societies held together by "mechanical solidarity" or the belonging of individuals to a community.⁶³ Durkheim's is in all probability an undue generalization, reflecting the ethnocentric projections of Western social science. But this does not detract from the fact that in Europe and in European settler societies the advance of individualism has been constant for several centuries. Individualism is the *shape* taken, in *this* part of the world, by the modernization process. This double bond makes it difficult to imagine that a dramatic reversal of such a trend could take place.

There remains one last point to be addressed. In Chapter 4 the possibility was mentioned of a conflict of values within the same society between values that work in favor of capitalism and values that work against it. This conflict could prove to be particularly problematic should the *social* system reach a breaking point and be threatened with disintegration by the uncontrolled operation of economic forces. This hypothesis is clearly indebted to Karl Po-

lanyi, whose ideas on the political and economic origins of the twentieth century, put forward over seventy years ago, continue to inspire social scientists in their attempt to understand the present.⁶⁴ The problem with radical Polanyian views is that they tend to conceive capitalism as totally “disembedded” from society (in this sense they are antithetical to poststructuralist interpretations). Polanyi saw “liberal capitalism,” and the self-regulating market economy that constituted its backbone, as departures from what was for him the physiological state of society. He offered a compelling historical reconstruction of their triumph and crisis, up to World War II, but not a theory of disembeddedness. The theory should explain why market-based capitalism is a disease, which requires one to formulate a hypothesis on the nature of society, to specify what are the standards of health (or at least, if one defines disease as what is dysfunctional to the survival of the social body, to explain how it actually compromises its functioning). Since I do not have objective elements to affirm that capitalism is a disease, nor can I base myself on personal value judgments, I think it is fair to acknowledge that capitalism is indeed embedded in society, or rather in *some* societies, but that it is only embedded in them to a certain extent. In this, capitalism is no different from other institutional frameworks. It is in the nature of institutions to be unstable and only rarely in equilibrium. They are born in a way that dovetails with the social conditions of the moment but are later subjected to pressures that lead them to change; they come into conflict with the expectations of actors and go through subsequent phases of adjustment. The relationship that society has with capitalism is thus best characterized as a relationship of constant tension. In the past, when the market economy exceeded its limits, it was brought back into line: this happened first with fascism and then with the mixed economy.

In fact, the developed world was deprived of *liberal* capitalism for almost fifty years, from the 1930s to the 1970s, and there is no reason to believe that other (hopefully peaceful) course corrections cannot be made in the future. Obviously, after each cycle reality re-forms; the old forms, instead of disappearing, are incorporated into the new ones; and the most radical elements are suppressed in the process. But the result is always an institutional arrangement that is somewhat different from the previous one.⁶⁵ Should we get used to thinking of the future of capitalism as an endless sequence of cycles and countercycles, of thrusts and counterthrusts, leading to multiple adjustments rather than to the creation of a new socioeconomic system? Not exactly. The emergence of a new system will be possible when the circumstances under which the old one was formed have eventually ceased to exist. It will reflect the changes in the material circumstances as well as in the cultural sphere that are to occur over the next few centuries. The transition, however, will be so gradual that it will be barely noticeable.

Tomorrow's Capitalism: Political Instability and the Scope for Progressive Reform

While it is good to refrain from venturing into long-term forecasts, some conjectures about the near future of capitalism can be made on the basis of current trends. In this regard, global dynamics must be kept separate from those unfolding in the core of the capitalist system. Globally, it is not too risky to assume that capitalism will shrink. It is likely that this process, triggered by the growth of rival systems, will be accelerated by the decline of American political and cultural hegemony and the transition to

a multipolar order. As mentioned, outside the West there is a lack of cultural elements to support capitalism. The countries that have historically adopted it have done so either because they were forced into it or by emulation, or by a combination of the two, and while they were embracing the capitalist logic they were transforming it. To get a sense of how significant these modifications have been, think of Japan's *keiretsu* system, a highly relational and collusive (no derogation intended) form of capitalism, or Singapore's state capitalism. As Western power and influence over other parts of the world fade away, these differences between capitalist varieties might become more marked. It is also expected that existing noncapitalist powers will extend their area of influence, as China is already doing in almost any direction, after starting with the low- and middle-income countries in Asia and Africa. I therefore disagree with Branko Milanovic when he describes a triumphant capitalism that, alone, rules and will continue to rule the world, diversifying into only two varieties: one liberal and "meritocratic," the other authoritarian and "political."⁶⁶ It seems to me that Milanovic underestimates the differences between economic systems and their causes, which lie in the qualities of the underpinning societies. An appreciation of these causes, as well as of the nature of the forces that push the systems to converge or diverge, allows one to grasp the potential for divergence inherent in the current geopolitical situation.

In the core capitalist countries, on the other hand, we must expect a more or less long period of strong instability. Apart from the advent of new financial crises, which are always possible, we will have to deal with the political convulsions caused by the frustration of social needs that unregulated capitalism continues to trigger. Since 2016, many strange things have happened in the political sphere that no one could have imagined only a short time

before. Faced with these disconcerting events, partly tragic and partly bizarre, more than one scholar has been reminded of the “morbid symptoms” that Antonio Gramsci wrote about in 1930 while observing the crisis of the liberal system. As he put it, “The crisis consists precisely in the fact that the old is dying and the new cannot be born: in this interregnum, morbid phenomena of the most varied kind come to pass.”⁶⁷ Whether or not these phenomena are the miasmas emanating from the slow decomposition of capitalism, they are certainly a sign of the crisis of its neoliberal embodiment. By certifying the unsustainability of this model, they are a prelude to its overcoming—an overcoming that promises to be troubled and painful.

The search for protection against the growing insecurity and decline in the quality of life perceived by ordinary people has come through the *revolt of national citizenries against cosmopolitan elites*, who are blamed for being at the origin of their troubles. This has often been associated with the *rejection of traditional political parties*, by which a large part of the population no longer feels represented. The outcome of the 2016 Brexit referendum, the election of Donald Trump as President of the United States later that year, and the rise of a populist coalition to power in Italy in 2018 reflect both trends. What the new political actors who ride the wave of protest have in common, lack of scruples aside, is a strategy that we might call “mass distraction.” Holding the UK for years hostage to exhausting and inconclusive negotiations with the European Union; threatening the construction of walls on the US-Mexico border; pointing to Chinese competition as the main problem of American industry; treating African immigration to Italy as a national emergency and fighting against those who save lives at sea are all diversionary actions that serve to mask the ambivalence of the far right toward neoliberalism.

This strategy guarantees the agitators in power temporary impunity, while the real problems underlying the social malaise are not addressed or are worsened. For their part, cosmopolitan élites strike back by compacting in antipopulist function. The election of Emmanuel Macron, a forty-year-old former banker, as President of France in May 2017 was, in its kind, no less peculiar than that of Trump. Macron won at the head of a party founded a few months earlier and reduced to insignificance the two main forces that had dominated the French political scene since 1958. His manifesto had no clear objectives, except to oppose the alleged neofascist threat of Marine Le Pen's Front National. For a while the bogeyman of fascism held the middle classes together, but soon they too felt betrayed by fiscal policies in favor of the super-rich, while the working classes (who had not voted for Macron) were boiling because of the increased cost of living and the government's assault on workers' rights. A year and a half after his election, the popularity of the "president of the rich" was in freefall and his own ability to govern threatened by the yellow vests movement, a movement of angry citizens that put Paris and other French cities to fire and sword until the spring of 2019.

It is clear that a vicious cycle has been established from which the populist right is destined to draw more and more strength and that only a progressive left could break. All the more so as the high levels of electoral mobility and abstention, indicating disaffection and despair, would offer ample room for growth to those who should propose a convincing alternative. But the problem is that, in the end-of-history decades, the progressive left became extinct almost everywhere, and it struggles to reemerge. With the exception of Britain, where the resurrection of social democracy (at least as an opposition force) seems to have succeeded, and Scandinavia, where its flame never really died out, in the rest of

Europe the political space of reformism is currently occupied by parties that have not yet come to terms with the Third Way's failure, firm in the anachronistic belief that elections are won at the center. These parties are focused on civil rights but totally neglectful of social rights, committed to the defense of the environment but not to that of labor, devoted to the sacred dogma of globalism, and therefore are voted for almost exclusively in the affluent neighborhoods of cities. Unless they recover some connection with the more vulnerable social strata and return to speak their language, they have no future. The United States is a separate case. Here the growing popularity of "socialism" is an unprecedented phenomenon, the only comparable exception being the upsurge of the labor movement in the 1930s, and whether it will persist over time is yet to be demonstrated. The way in which the leaders of this new left are able to expose the contradictions embodied in a social model based on economic privilege will be critical to its future appeal. In the short term, however, it will probably be the ups and downs of GDP growth that will determine the mood of the electorate.

This said, the challenges that await progressivism cannot be reduced to a problem of political leadership and ideas. There are obvious structural obstacles to social democratic governance. The circumstances that contributed to the early crisis of this model, between the 1970s and 1980s, have by no means disappeared. The fact is that, contrary to what is commonly assumed, these constraints are not absolute. Of course, in the developed world we will not be able to return to the impetuous economic growth of the postwar period, but this does not entail the impossibility of pursuing redistributive policies, only that greater determination will be needed to this effect. Financial deregulation has progressed further since the seventies, when the adoption of floating ex-

change rates paved the way for offshore financial markets. There are, nonetheless, governments that manage to put sensible economic and social policies in place even within this suboptimal framework, and it cannot be excluded that the institutional context might, in turn, improve as a result of the ongoing geopolitical changes.

In order to operate at its best, a social democratic regime needs first of all the power to tax without being blackmailed by those who want to escape taxation. It needs the power to pursue its own industrial policy without the threat of corporate relocation. It needs monetary sovereignty to finance public spending without having to submit to the household-budget rule that spending must not exceed revenues. It needs a public sector of adequate size, which will help to absorb unemployment, including technological unemployment. Finally, it needs extensive public ownership in sectors such as infrastructure and banking, because of their social relevance and strategic importance. While it is true that almost no OECD country (the countries that used to form the Western bloc) currently meets all these requirements, it is also true that relatively few countries are not free to act on *any* of these fronts, and they can only thank themselves for getting into such a situation, as these unfortunate countries are all within the eurozone.

Some evoke the myth of globalization—a shorthand for the free movement of goods and capital, delocalization, and so on—as a spontaneous force that cannot be resisted to argue that the pursuit of social justice is only possible at a supranational, transnational, or even global level. Calls for a global Keynesianism (let alone a global Jacobinism) seem to me to be at best wishful thinking.⁶⁸ In the foreseeable future, there are no conditions to implement any progressive agenda even at the supranational level,

for instance in the EU, where this would require at least a complete change in the rules of the game, hence a rewriting of the treaties, impossible as long as conflicting interests between its members persist. The state—where it survives intact—is today the only framework within which social democracy can exist, and where its structures have been weakened, they should be repaired so that sovereignty is restored.⁶⁹ Still, representing the world in black and white, as if the choice were between full sovereignty and no sovereignty, would be inaccurate and misleading. There are various degrees of sovereignty and freedom of political action, and the more, of course, the better.

Another myth to be debunked concerns the active role of the state in industry and services, namely, the supposed inefficiency of the public sector compared to the private sector. This drawback is often cited together with the loss of welfare that consumers are said to suffer as a result of the lack of competition. There is no serious evidence to confirm these prejudices. Companies are efficient or not depending on how they are managed, not on who owns them, and the same applies to services. Speaking of efficiency, a poll conducted in 2018 revealed that the clear majority of Britons thought that the privatization of the country's railways had been a mistake.⁷⁰ Anyone who has tried the service recently will not find it hard to understand why. There is, on the other hand, ample evidence that the state is the only actor able to carry out innovation not just in areas where investments have low economic returns but in those where they are at high risk. Without the state we probably would not have pharmaceutical breakthroughs, things like microprocessors, and the Internet, and we could not hope to develop green technologies.⁷¹ Only the power of the state allows private interests to be overcome, and this ap-

plies as much to the distribution of existing wealth as to the creation of conditions for its future generation.

A Call to Action

Capitalism is a socioeconomic system and a fairly culture-specific one. Its adaptability to non-Western environments has proven to be only partial. The specific historical circumstances that prompted its formation will evolve—indeed, they are already evolving—and slowly change the structure of the existing system until it is turned into a new institutionalized social order. Capitalism is not an ideology. It cannot be defeated by denouncing its ties to vested interests. It cannot even be expected to disappear overnight as once happened with the Soviet Union. Capitalism is a bundle of deep-seated institutions; the USSR was a state, a contingent political construction.⁷² A more appropriate benchmark in political history would be the evolution of the monarchy. Early modern monarchy was already a different institution from the feudal monarchy. When the absolutism that characterized early modern states proved to be anachronistic, they were swept away by modern revolutions. But the monarchy continued to survive as a “bourgeois monarchy,” before being gradually dismantled or turned into a purely symbolic remnant. This process unfolded over a thousand years. Capitalism has already undergone similar transformations; it is no longer the way it used to be in the nineteenth century. Of course, evolution is often a case of two steps forward and one step back. This applies to capitalism as well as to political systems. Many, for instance, were impressed by the rise of the New Right in the 1980s, which promised to bring

back to life the night-watchman capitalist state of the times of Adam Smith and David Ricardo, and are still impressed by the “strange non-death of neoliberalism.”⁷³ Likewise, many were struck by the restoration of the monarchy after the Congress of Vienna (1814–1815). Yet this was not permanent, nor did it bring France back to the epoch of Louis XIV or Prussia to that of Frederick William I. Times had changed.

Despite the tendency of social reality to evolve in time, there are features of social interaction, such as hierarchies and individualism, that are so tightly intertwined with Western history that they are likely to persist whatever the fate of capitalism. Capitalism may well retreat into its geographical core, and eventually evolve into something else, but there is no reason to believe, in principle, that this will be a better or more egalitarian system. I do not think, in other words, that socialism is inscribed in human nature and that it is enough to find a way to make altruism prevail over selfishness to rekindle its light.⁷⁴ In imagining institutional change, we must come to terms with the limits of the possible. There is no point in deluding people with false promises of networked workers who, in the age of soft power and IT, take the means of production back; nor do we need the mirages of “new commons,” fantasies of globalizations that work to the advantage of the multitude, and similar millenarian expectancies. Should we give in to resignation, then? Should we believe, as has been suggested, that only wars and natural catastrophes can reduce inequality and that nothing can be done about it?⁷⁵ Should we completely discard the notion of progress and abandon ourselves to a gloomy view of human enlightenment, dismissing it at best as an illusion? That would not be a realistic attitude either. Certainly, enlightenment cannot be taken for granted: the conquests of reason are made day by day, and what is gained can easily be

lost. Yet we cannot help but see that some progress *has* been made. If, in the capitalist era, the critique of the existing order becomes possible and has an audience it is because bourgeois liberties make it possible. It is the clash between formal equality, which has its political expression in civil rights and its economic expression in market exchange, and substantive inequality, which manifests itself in the asymmetry of power relations and in the distributive imbalances stemming from it, that triggers contestation. Such a critique was possible neither against the slave system of ancient times nor against the feudal system in the Middle Ages.⁷⁶ That leaves the door to hope open. If socialism is not inscribed in human nature, neither are greed, privilege, and oppression.

Gunnar Myrdal's point that we need experience of a non-deterministic conception of history, one that also sees the constraints of structural conditions and forces, is still valid, although we can no longer share his blind confidence in our ability to shape the future. Undertaking it now requires a double dose of courage. Today, social democracy is living its most difficult moment, humiliated and betrayed by its own representatives and understandably mistrusted by the very sections of society it is supposed to protect. But some of the greatest human achievements are related to its history. Marx wrote that the principle that everyone should be rewarded according to their contribution was not acceptable except as an intermediate stage toward his perfect society. The latter should be based on rewarding each according to his or her needs.⁷⁷ It was a just aspiration, which arose from the observation that abilities are unequally distributed among humans and, therefore, mere proportionality cannot be a criterion of justice. This ideal, however, was not realized in a "higher phase of communist society," as he had expected. It was realized at the height of the social democratic experience, despite all its imperfections.

Among the aberrations of the twentieth century, social democracy was the only system that recognized the needs of human beings, freed them from dependence on the benevolence of others, and guaranteed them dignity. We must not resign ourselves to its crisis but fight for its renewal. The road is narrow, the outcome uncertain. But do we have alternatives?

NOTES

ACKNOWLEDGMENTS

INDEX

NOTES

Introduction

1. *The Opportunity Costs of Socialism*, 4, <https://www.whitehouse.gov/wp-content/uploads/2018/10/The-Opportunity-Costs-of-Socialism.pdf>. For a spirited and detailed critique, see Paul Krugman, “Are the Danes Melancholy? Are the Swedes Sad? The Truth about the Nordic Economies,” *New York Times*, 27 October 2018, <https://www.nytimes.com/2018/10/27/opinion/are-the-danes-melancholy-are-the-swedes-sad.html>.

1. Sitting on the Edge of Apocalypse

1. See Mary Wilson Carpenter and George P. Landow, “Ambiguous Revelations: The Apocalypse and Victorian Literature,” in *The Apocalypse in English Renaissance Thought and Literature: Patterns, Antecedents and Repercussions*, ed. C. A. Patrides and Joseph Wittreich (Manchester, UK: Manchester University Press, 1984), 299–322; T. R. Wright, *The Religion of Humanity: The Impact of Comtean Positivism on Victorian Britain* (Cambridge: Cambridge University Press, 1986), 40ff.; John Raines, introduction to *Marx on Religion* (Philadelphia: Temple University Press, 2002), 1–14.

2. E. B. Elliott, *Horae Apocalypticæ; or, A Commentary on the Apocalypse*, 5th ed., 4 vols. (London: Seeley, 1862). The first edition was published in 1844.
3. “The School of the Prophets,” *Times* (London), 3 November 1859, 5.
4. E. P. Thompson, *The Making of the English Working Class* (London: Penguin, 2013 [1963]), chap. 2.
5. Carpenter and Landow, “Ambiguous Revelations.”
6. Engels to Marx, 11 or 12 December 1859, in *Marx and Engels Collected Works* (hereafter MECW), vol. 40 (London: Lawrence & Wishart, 1983), 551; Marx to Engels, 19 December 1860, in MECW, vol. 41 (London: Lawrence & Wishart, 1985), 232; Marx to Lassalle, 16 January 1861, in MECW, vol. 41, 246–47.
7. Karl Marx and Frederick Engels, *The German Ideology* (1846), in MECW, vol. 5 (London: Lawrence & Wishart, 1976), 31; Frederick Engels, *Dialectics of Nature* (1883), in MECW, vol. 25 (London: Lawrence & Wishart, 1987), 584.
8. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. R. H. Campbell and A. S. Skinner (Oxford: Clarendon Press, 1976 [1776]), vol. 1, 99.
9. Pierre Bourdieu, “The Attitude of the Algerian Peasant towards Time,” in *Mediterranean Countrymen: Essays on the Social Anthropology of the Mediterranean*, ed. Julian A. Pitt-Rivers (Paris: Mouton, 1963), 55–72.
10. Reinhart Koselleck, *Futures Past: On the Semantics of Historical Time*, trans. Keith Tribe (New York: Columbia University Press, 2004), 11.
11. Alexis de Tocqueville, *The Old Regime and the Revolution*, ed. François Furet and Françoise Mélonio, trans. Alan S. Kahan, 2 vols. (Chicago: University of Chicago Press, 1998–2001 [1856]).
12. William Doyle, introduction to *The Oxford Handbook of the Ancien Régime* (Oxford: Oxford University Press, 2012), 1.
13. Charles Dickens, *Hard Times*, ed. Kate Flint (London: Penguin, 2003 [1854]).
14. Thomas Carlyle, “Signs of the Times” (1829), in *The Works of Thomas Carlyle*, ed. Henry Duff Traill, vol. 27, *Critical and Miscellaneous Essays II* (Cambridge: Cambridge University Press, 2010), 56, 58.
15. Compare Andrew Buchwalter, ed., *Hegel and Capitalism* (Albany: State University of New York Press, 2015).
16. Frederick Engels, *Anti-Dühring: Herr Eugen Dühring’s Revolution in Science* (1878), in MECW, vol. 25, 253.

17. J.-C.-L. Simonde de Sismondi, *New Principles of Political Economy: Of Wealth in Its Relation to Population*, 2nd ed., trans. Richard Hyse (New Brunswick, NJ: Transaction, 1991 [1827]), 8.
18. *Ibid.*, 10.
19. Geoffrey M. Hodgson, *Conceptualizing Capitalism: Institutions, Evolution, Future* (Chicago: University of Chicago Press, 2015), 252; Jürgen Kocka, *Capitalism: A Short History* (Princeton, NJ: Princeton University Press, 2016), 3.
20. Blanc's most important work is *Organisation du travail*, 9th ed. (Paris: Bureau du Nouveau Monde, 1850), first published in 1839. Proudhon's views are best expressed in *What Is Property?*, ed. and trans. Donald R. Kelley and Bonnie G. Smith (Cambridge: Cambridge University Press, 1994 [1840]), and in *General Idea of the Revolution in the Nineteenth Century*, trans. John Beverley Robinson (London: Freedom Press, 1923 [1851]).
21. Karl Marx, *The Eighteenth Brumaire of Louis Bonaparte* (1852), in MECW, vol. 11 (London: Lawrence & Wishart, 1979), 103.
22. John Kenneth Galbraith, *A History of Economics: The Past as the Present* (London: Hamish Hamilton, 1987), 120.
23. On Mill's life, see Nicholas Capaldi, *John Stuart Mill: A Biography* (Cambridge: Cambridge University Press, 2004). On Marx's, see Gareth Stedman Jones, *Karl Marx: Greatness and Illusion* (Cambridge, MA: Belknap Press of Harvard University Press, 2016). On the Left Hegelians, see Warren Breckman, *Marx, the Young Hegelians, and the Origins of Radical Social Theory: Dethroning the Self* (Cambridge: Cambridge University Press, 2001).
24. John Stuart Mill, *Principles of Political Economy with Some of Their Applications to Social Philosophy*, 7th ed. (1871), in *Collected Works* (hereafter CW), ed. J. M. Robson, vols. 2 and 3 (Toronto: University of Toronto Press, 1965), 207.
25. John Stuart Mill, *Autobiography* (1873), in CW, vol. 1 (Toronto: University of Toronto Press, 1981), 241.
26. Mill, *Principles*, 979–80.
27. *Ibid.*, 207, 208–9.
28. This slogan was polemically directed against the Saint-Simonian principle whereby differences in skills had to form the basis of differences in pay. See Louis Blanc, *Plus de Girondins* (Paris: Joubert, 1851), 92; compare Blanc, *Organisation*, 76, 208.

29. John Stuart Mill, *Chapters on Socialism* (c. 1869), in CW, vol. 5 (Toronto: University of Toronto Press, 1967), 749.
30. Mill, *Principles*, 203.
31. Michael Levin, “John Stuart Mill: A Liberal Looks at Utopian Socialism in the Years of Revolution, 1848–9,” *Utopian Studies* 14.2 (2003): 74.
32. Mill, *Chapters on Socialism*, 737.
33. Mill, *Principles*, 207, 208.
34. Ralf Dahrendorf, *Life Chances: Approaches to Social and Political Theory* (Chicago: University of Chicago Press, 1979).
35. For a more detailed discussion and contextualization of these ideas, see E. A. Wrigley, *Continuity, Chance and Change: The Character of the Industrial Revolution in England* (Cambridge: Cambridge University Press, 1988); W. W. Rostow, *Theorists of Economic Growth from David Hume to the Present: With a Perspective on the Next Century* (Oxford: Oxford University Press, 1990), 44, 69, 87; Francesco Boldizzoni, “Capital, Class, and Empire: Nineteenth-Century Political Economy and Its Imaginary,” in *The Cambridge History of Modern European Thought*, vol. 1, ed. Warren Breckman and Peter E. Gordon (Cambridge: Cambridge University Press, 2019), 131–50.
36. Mill, *Principles*, 754.
37. *Ibid.*, 752.
38. Michel de Montaigne, *Essays*, trans. Charles Cotton, revised by William Carew Hazlett, vol. 9 (New York: Edwin C. Hill, 1910 [1580]), 27.
39. Mill, *Principles*, 754.
40. *Ibid.*, 755.
41. *Ibid.*, 754. Emphasis added.
42. *Ibid.*, 756.
43. Karl Marx, *A Contribution to the Critique of Political Economy* (1859), in MECW, vol. 29 (London: Lawrence & Wishart, 1987), 263.
44. *Ibid.*, 264.
45. Karl Marx and Frederick Engels, *Manifesto of the Communist Party* (1848), in MECW, vol. 6 (London: Lawrence & Wishart, 1976), 489–90.
46. *Ibid.*, 490–91.
47. *Ibid.*, 494, 495.
48. Karl Marx, *Capital: A Critique of Political Economy*, vol. 1 (1867), in MECW, vol. 35 (London: Lawrence & Wishart, 1996), 751.
49. *Ibid.*, 626.
50. *Ibid.*, 621.

51. *Ibid.*, 639–40.
52. *Ibid.*, 751.
53. *Ibid.*, 750.
54. *Ibid.*
55. Karl Marx, *Capital: A Critique of Political Economy*, vol. 3 (1894), ed. Frederick Engels, in MECW, vol. 37 (London: Lawrence & Wishart, 1998), 209ff.
56. Karl Marx, *Economic Manuscripts of 1857–58*, in MECW, vol. 29 (London: Lawrence & Wishart, 1987), 131ff.
57. Marx, *Capital*, vol. 3, 230.
58. Eugen Böhm-Bawerk, *Karl Marx and the Close of His System*, ed. Paul M. Sweezy (New York: Kelley, 1949 [1896]); compare Jerry Z. Muller, *The Mind and the Market: Capitalism in Western Thought* (New York: Anchor Books, 2003), 203–5.
59. G. A. Cohen, “The Labour Theory of Value and the Concept of Exploitation,” in Ian Steedman et al., *The Value Controversy* (London: Verso, 1981), 218.
60. Paul A. Baran and Paul M. Sweezy, *Monopoly Capital: An Essay on the American Economic and Social Order* (New York: Monthly Review Press, 1966), 72.
61. *Ibid.*, 57.
62. *Ibid.*, 112.
63. Engels, *Anti-Dühring*, 272.
64. Paul M. Sweezy, *The Theory of Capitalist Development* (London: Dobson, 1946 [1942]).
65. For an overview, see H. Tudor, introduction to H. Tudor and J. M. Tudor, *Marxism and Social Democracy: The Revisionist Debate, 1896–1898* (Cambridge: Cambridge University Press, 1988), 1–32; Paul Mattick, *Economic Crisis and Crisis Theory* (White Plains, NY: Sharpe, 1981), 79ff.; F. R. Hansen, *The Breakdown of Capitalism: A History of the Idea in Western Marxism, 1883–1983* (London: Routledge & Kegan Paul, 1985), chap. 3.
66. Jones, *Karl Marx*, 2.
67. Karl Kautsky, *The Class Struggle*, trans. William E. Bohn (Chicago: Kerr, 1910 [1892]), 117.
68. *Ibid.*, 90–91.
69. Eduard Bernstein, *The Preconditions of Socialism*, ed. and trans. Henry Tudor (Cambridge: Cambridge University Press, 1993 [1899]); Eduard

- Bernstein, *Evolutionary Socialism: A Criticism and Affirmation*, trans. Edith C. Harvey (New York: Schocken Books, 1961 [1899]), 202. See also Manfred B. Steger, *The Quest for Evolutionary Socialism: Eduard Bernstein and Social Democracy* (Cambridge: Cambridge University Press, 1997).
70. Quoted in Donald Sassoon, *One Hundred Years of Socialism: The West European Left in the Twentieth Century* (London: I. B. Tauris, 2010), 16.
71. Jones, *Karl Marx*, 3–4.
72. Karl Kautsky, *Bernstein und das Sozialdemokratische Programm: Eine Antikritik* (Stuttgart: Dietz Nachf, 1899) and *The Social Revolution and On the Morrow of the Social Revolution*, trans. J. B. Askew (London: Twentieth Century Press, 1903 [1902]), 22, 24; compare *The Class Struggle*, 81–85. See also Massimo Salvadori, *Karl Kautsky and the Socialist Revolution, 1880–1938*, trans. Jon Rothschild (London: Verso, 1990), 59ff.
73. Simon Clarke, *Marx's Theory of Crisis* (Basingstoke, UK: Macmillan, 1994), 31.
74. Rudolf Hilferding, *Finance Capital: A Study of the Latest Phase of Capitalist Development*, ed. Tom Bottomore, trans. Morris Watnick and Sam Gordon (London: Routledge & Kegan Paul, 1981 [1910]). On Tugan-Baranovsky, see Daniele Besomi, “Marxism Gone Mad? Tugan-Baranovsky on Crises, Their Possibility and Their Periodicity,” *Review of Political Economy* 18.2 (2006): 147–71.
75. Rosa Luxemburg, *The Accumulation of Capital*, trans. Agnes Schwarzschild (London: Routledge & Kegan Paul, 1951 [1913]).
76. Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, trans. Talcott Parsons (London: Routledge, 2001 [1904–1905]).
77. *Ibid.*, 123.
78. *Ibid.*, 124.
79. *Ibid.*, 123, 124.
80. Thorstein Veblen, *The Theory of Business Enterprise* (New York: Scribner's, 1915 [1904]), 375.
81. Max Weber, “Parliament and Government in Germany under a New Political Order” (1917), in *Political Writings*, ed. Peter Lassman and Ronald Speirs (Cambridge: Cambridge University Press, 1994), 143.
82. Max Weber, “Socialism” (1918), in *Political Writings*, 272–303.
83. Joachim Radkau, *Max Weber: A Biography* (Cambridge: Polity, 2009), 492, 508.
84. Weber, “Socialism,” 281.
85. Max Weber, *Economy and Society: An Outline of Interpretive Sociology*, ed.

- Guenther Roth and Claus Wittich, vol. 1 (Berkeley: University of California Press, 1978 [1922]), 137–38.
86. Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston: Beacon Press, 2001 [1944]).
 87. Weber, *Economy and Society*, 137, 139.
 88. Weber, “Socialism,” 289ff.
 89. *Ibid.*, 292, 286.
 90. *Ibid.*, 287–88, 294.
 91. Max Weber, “The Profession and Vocation of Politics” (1919), in *Political Writings*, 368. See, for example, Michael Löwy, “Marx and Weber: Critics of Capitalism,” *New Politics* 11.2 (2007): 146–52.
 92. Edward Bellamy, *Looking Backward, 2000–1887*, ed. Matthew Beaumont (Oxford: Oxford University Press, 2007 [1888]); William Morris, *News from Nowhere*, ed. Krishan Kumar (Cambridge: Cambridge University Press, 1995 [1890]). On the cultural and literary contexts of these works, see Michael Robertson, *The Last Utopians: Four Late Nineteenth-Century Visionaries and Their Legacy* (Princeton, NJ: Princeton University Press, 2018), chaps. 2–3.
 93. This is why A. L. Morton calls Morris’s “the first Utopia which is not utopian.” See *The English Utopia* (London: Lawrence & Wishart, 1952), 164.
 94. Richard Jefferies, *After London; or Wild England*, ed. Mark Frost (Edinburgh: Edinburgh University Press, 2017 [1885]).
 95. H. G. Wells, *A Modern Utopia* (London: Chapman & Hall, 1905), 6, 262.
 96. Compare Gareth Stedman Jones, “Karl Marx’s Changing Picture of the End of Capitalism,” *Journal of the British Academy* 6 (2018): 204.
 97. The term was coined by F. Y. Edgeworth, *Mathematical Psychics: An Essay on the Application of Mathematics to the Moral Sciences* (London: C. Kegan Paul, 1881).

2. The Interwar Revival of Prophecy

1. George Orwell, *Animal Farm: A Fairy Story* (London: Penguin, 1989 [1945]).
2. Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston: Beacon Press, 2001 [1944]), 248.
3. Werner Sombart, *Der moderne Kapitalismus*, vol. 3, *Das Wirtschaftsleben*

- im Zeitalter des Hochkapitalismus* (Munich: Duncker & Humblot, 1927), t. 1, p. xii.
4. For a statement of the traditional thesis, see Perry Anderson, *Considerations on Western Marxism* (London: NLB, 1976).
 5. Georg Lukács, *History and Class Consciousness: Studies in Marxist Dialectics*, trans. Rodney Livingstone (Cambridge, MA: MIT Press, 1971 [1923]).
 6. For an overview, see M. C. Howard and J. E. King, *A History of Marxian Economics*, vol. 1 (Princeton, NJ: Princeton University Press, 1989), 269ff. On the Austro-Marxists, see William M. Johnston, *The Austrian Mind: An Intellectual and Social History, 1848–1938* (Berkeley: University of California Press, 1972), 99ff.
 7. Otto Bauer, *Der Weg zum Sozialismus* (Berlin: Freiheit, 1919).
 8. Karl Renner, “Problems of Marxism,” in *Austro-Marxism*, ed. Tom Bottomore and Patrick Goode (Oxford: Clarendon Press, 1978), 93.
 9. Nikolai Bukharin, *Imperialism and World Economy* (London: Martin Lawrence, 1929 [1917]), 157.
 10. Leon Trotsky, *The Bolsheviki and World Peace*, intro. by Lincoln Steffens (New York: Boni and Liveright, 1918 [1914]), 21–22.
 11. *Ibid.*, 237.
 12. Rosa Luxemburg, *The Crisis in the German Social-Democracy: The “Junius” Pamphlet* (New York: Socialist Publication Society, 1919 [1916]), 18.
 13. See Salvadori, *Karl Kautsky*, chaps. 5–6.
 14. Karl Kautsky, “Der Imperialismus,” *Die Neue Zeit*, 11 September 1914, 909 (italics removed), 921.
 15. V. I. Lenin, *Imperialism: The Highest Stage of Capitalism* (1917), trans. Yuri Sdobnikov, in *Collected Works*, vol. 22 (Moscow: Progress Publishers, 1964), 266–67, 271.
 16. V. I. Lenin, *The Proletarian Revolution and the Renegade Kautsky* (1918), trans. Jim Riordan, in *Collected Works*, vol. 28 (Moscow: Progress Publishers, 1965), 227–325.
 17. Sassoon, *One Hundred Years of Socialism*, 53.
 18. See Richard Breitman, *German Socialism and Weimar Democracy* (Chapel Hill: University of North Carolina Press, 1981); David F. Crew, “A Social Republic? Social Democrats, Communists, and the Weimar Welfare State, 1919 to 1933,” in *Between Reform and Revolution: German Socialism and Communism from 1840 to 1990*, ed. David E. Barclay and Eric D. Weitz (New York: Berghahn, 1998), 223–49; Jill Lewis, *Fascism and the Working*

Class in Austria, 1918–1934: The Failure of Labour in the First Republic (Oxford: Berg, 1991).

19. The deepest critical analysis of the debate is probably Elmar Altvater, “La crisi del 1929 e il dibattito marxista sulla teoria della crisi,” in *Storia del marxismo*, ed. Eric J. Hobsbawm et al., vol. 3, t. 2, *Il marxismo nell’età della Terza Internazionale: Dalla crisi del ’29 al XX Congresso* (Turin: Einaudi, 1981), 341–88. For a comprehensive English-language survey, see M. C. Howard and J. E. King, *A History of Marxian Economics*, vol. 2 (Princeton, NJ: Princeton University Press, 1992), 3–23. F. R. Hansen’s reconstruction, *The Breakdown of Capitalism*, 83ff., mainly focused on the United States, offers some interesting insight but is rather uneven and fragmentary.
20. Sweezy, *The Theory of Capitalist Development*, 208.
21. Leon Trotsky, “The Death Agony of Capitalism and the Tasks of the Fourth International” (1938), in *The Transitional Program for Socialist Revolution* (New York: Pathfinder Press, 1977), 146.
22. Henryk Grossmann, *The Law of Accumulation and Breakdown of the Capitalist System*, trans. Jairus Banaji (London: Pluto Press, 1992 [1929]). Howard and King claim that the book, which was widely debated at the time, received only two favorable reviews (*A History of Marxian Economics*, vol. 1, 329).
23. On Kautsky, see Salvadori, *Karl Kautsky*, 343–47; on Hilferding, William Smaldone, *Confronting Hitler: German Social Democrats in Defense of the Weimar Republic, 1929–1933* (Lanham, MD: Lexington Books, 2009), 72–73, 87–88; Fritz Naphtali, *Wirtschaftskrise und Arbeitslosigkeit* (Berlin: Dietz, 1930).
24. The concept of “organized capitalism” was developed by Rudolf Hilferding in his “Probleme der Zeit,” *Die Gesellschaft* 1.1 (1924): 1–17, although an earlier use of the term dates back to 1915 (compare Tom Bottomore, introduction to Bottomore and Goode, *Austro-Marxism*, 25).
25. On “economic democracy,” see again Hilferding, “Probleme der Zeit,” and Fritz Naphtali’s further elaboration in *Wirtschaftsdemokratie: Ihr Wesen, Weg und Ziel* (Berlin: Verlagsgesellschaft des ADGB, 1928).
26. Smaldone, *Confronting Hitler*, 89–94.
27. Otto Bauer, *Zwischen zwei Weltkriegen? Die Krise der Weltwirtschaft, der Demokratie und des Sozialismus* (Bratislava: Prager, 1936).
28. For a comparative analysis, see Kiran Klaus Patel, *The New Deal: A Global History* (Princeton, NJ: Princeton University Press, 2016).
29. Something he referred to in *Zwischen zwei Weltkriegen?* as “integral

- socialism.” The content of this formula is somewhat vague and based on his wishful hopes of a new synthesis between Western democratic culture and Soviet-style egalitarianism. Compare Ewa Czerwińska-Schupp, *Otto Bauer, 1881–1938: Thinker and Politician*, trans. Maciej Zurowski (Leiden: Brill, 2017), 201ff.
30. Maurice Dobb, *Political Economy and Capitalism: Some Essays on Economic Tradition* (London: Routledge, 1946 [1937]), 121, 121n.
 31. Fritz Sternberg, *Der Niedergang des Deutschen Kapitalismus* (Berlin: Rohwolt, 1932).
 32. Natalie Moszkowska, *Zur Kritik moderner Krisentheorien* (Prague: Kacha, 1935).
 33. Natalie Moszkowska, *Zur Dynamik des Spätkapitalismus* (Zurich: Der Aufbruch, 1943).
 34. Lewis Corey, *The Decline of American Capitalism* (New York: Covici-Friede, 1934), 13, 45–46, 42.
 35. J. V. Stalin, “Report to the Seventeenth Party Congress on the Work of the Central Committee of the C.P.S.U.(B.), January 26, 1934,” in *Works*, vol. 13 (Moscow: Foreign Languages Publishing House, 1954), 290–97; Eugen Varga, *The Great Crisis and Its Political Consequences: Economics and Politics, 1928–1934* (New York: Fertig, 1974 [1935]).
 36. On the intellectual framework of Swedish social democracy, and the important differences between the latter and its German counterpart, see for example Sheri Berman, *The Social Democratic Moment: Ideas and Politics in the Making of Interwar Europe* (Cambridge, MA: Harvard University Press, 1998), 48–51.
 37. Walter Korpi, *The Working Class in Welfare Capitalism: Work, Unions and Politics in Sweden* (London: Routledge & Kegan Paul, 1978), 80ff.
 38. See Tim Tilton, *The Political Theory of Swedish Social Democracy: Through the Welfare State to Socialism* (Oxford: Clarendon Press, 1990), 46; Francis Sejersted, *The Age of Social Democracy: Norway and Sweden in the Twentieth Century* (Princeton, NJ: Princeton University Press, 2011), 166–69; Martin Kragh, “The ‘Wigforss Connection’: The Stockholm School vs. Keynes Debate Revisited,” *European Journal of the History of Economic Thought* 21.4 (2014): 635–63.
 39. The literature on Keynes and his circle is so vast that it is impossible to mention here any work dealing with specific aspects. For a concise introduction to Keynes’s life and thought, see D. E. Moggridge, *Maynard Keynes: An Economist’s Biography* (London: Routledge, 1992); Robert

- Skidelsky, *John Maynard Keynes, 1883–1946: Economist, Philosopher, Statesman* (New York: Penguin, 2005). On developments of Keynesian economics, see J. E. King, *A History of Post Keynesian Economics since 1936* (Cheltenham, UK: Elgar, 2002); Luigi L. Pasinetti, *Keynes and the Cambridge Keynesians: A “Revolution in Economics” to Be Accomplished* (Cambridge: Cambridge University Press, 2007), parts 1 and 2.
40. John Maynard Keynes, *The General Theory of Employment, Interest and Money* (London: Macmillan, 1973 [1936]).
 41. See Peter A. Hall, ed., *The Political Power of Economic Ideas: Keynesianism across Nations* (Princeton, NJ: Princeton University Press, 1989); Luigi L. Pasinetti and Bertram Schefold, eds., *The Impact of Keynes on Economics in the 20th Century* (Cheltenham, UK: Elgar, 1999).
 42. Robert Skidelsky, *John Maynard Keynes*, vol. 2, *The Economist as Saviour, 1920–37* (London: Macmillan, 1992), 234.
 43. John Maynard Keynes, “Economic Possibilities for Our Grandchildren” (1930), in *Essays in Persuasion* (London: Macmillan, 1972), 321.
 44. *Ibid.*, 329.
 45. Skidelsky, *John Maynard Keynes*, vol. 2, 234, 237.
 46. Sigmund Freud, “Character and Anal Eroticism” (1908), in *The Standard Edition of the Complete Psychological Works of Sigmund Freud*, ed. and trans. James Strachey, vol. 9 (London: Hogarth Press, 1959), 167–76.
 47. John Maynard Keynes, “Einstein” (1926), in *Essays in Biography*, 383. Compare “Economic Possibilities for Our Grandchildren,” 330.
 48. John Maynard Keynes, “My Early Beliefs” (1938), in *Essays in Biography* (London: Macmillan, 1972), 433–51.
 49. See Ann Banfield, “Cambridge Bloomsbury,” in *The Cambridge Companion to the Bloomsbury Group*, ed. Victoria Rosner (Cambridge: Cambridge University Press, 2014), 33–54; Derek Crabtree and A. P. Thirlwall, eds., *Keynes and the Bloomsbury Group* (London: Macmillan, 1980).
 50. John Maynard Keynes, “The End of Laissez-Faire” (1926), in *Essays in Persuasion*, 287–88.
 51. Keynes, *The General Theory*, 373; see also 358ff.
 52. John Maynard Keynes, “A Short View of Russia” (1925), in *Essays in Persuasion*, 253–71.
 53. Gary S. Becker and Luis Rayo, “Why Keynes Underestimated Consumption and Overestimated Leisure for the Long Run,” in *Revisiting Keynes: Economic Possibilities for Our Grandchildren*, ed. Lorenzo Pecchi and

- Gustavo Piga (Cambridge, MA: MIT Press, 2008), 181. More examples of this type can be found in Ignacio Palacios-Huerta, ed., *In 100 Years: Leading Economists Predict the Future* (Cambridge, MA: MIT Press, 2013).
54. Joseph E. Stiglitz, “Toward a General Theory of Consumerism: Reflections on Keynes’s *Economic Possibilities for Our Grandchildren*,” in *Revisiting Keynes*, 41–85.
 55. Robert Skidelsky and Edward Skidelsky, *How Much Is Enough? Money and the Good Life* (London: Penguin, 2013), 40.
 56. Jens Beckert, *Imagined Futures: Fictional Expectations and Capitalist Dynamics* (Cambridge, MA: Harvard University Press, 2016).
 57. Hilferding’s take on finance capital and his later “Probleme der Zeit” have already been discussed. Walther Rathenau’s analysis of changes in corporate ownership structure is found in his pamphlet *Die neue Wirtschaft* (Berlin: Fischer, 1918).
 58. Thorstein Veblen, *The Engineers and the Price System* (New York: Huebsch, 1921), 138ff.
 59. Adolf A. Berle and Gardiner C. Means, *The Modern Corporation and Private Property* (New Brunswick, NJ: Transaction, 1991 [1932]), 8.
 60. *Ibid.*, liii (Berle’s “Preface to the First Edition”).
 61. Keynes, “The End of Laissez-Faire,” 289, 290, 294.
 62. See Adam Westoby, “The Strange Tale of Bruno R.: Between Trotsky and Burnham,” *Survey* 28.4 (1984): 38–66.
 63. Bruno R[jizzi], *La bureaucratisation du monde* (Paris: Imprimerie Les Presses Modernes, 1939). The later, partial English translation *The Bureaucratization of the World*, trans. Adam Westoby (New York: Free Press, 1985), is more widely available.
 64. James Burnham, *The Managerial Revolution: What Is Happening in the World* (New York: John Day, 1941).
 65. Leon Trotsky, “A Petty-Bourgeois Opposition in the Socialist Workers Party (December 15, 1939),” in *In Defense of Marxism* (New York: Pathfinder Press, 1995 [1942]), 122.
 66. Leon Trotsky, “A Letter to James P. Cannon (September 12, 1939),” in *In Defense of Marxism*, 45–46. The argument that the Stalin state was a “deformed” or “degenerated” workers’ state was made in *The Revolution Betrayed: What Is the Soviet Union and Where Is It Going?* (New York: Pathfinder Press, 1972 [1937]).
 67. George Orwell, “Second Thoughts on James Burnham” (1946), in *The Collected Essays, Journalism and Letters*, vol. 4, *In Front of Your Nose*,

- 1945–1950, ed. Sonia Orwell and Ian Angus (New York: Harcourt, Brace & World, 1968), 162, 176.
68. Werner Sombart, *Der moderne Kapitalismus*, vol. 3, t. 2, pp. 1008–22. The quotations that follow are drawn from the English translation of “The Economic Life of the Future” in the collection *Economic Life in the Modern Age*, ed. Nico Stehr and Reiner Grundmann (New Brunswick, NJ: Transaction, 2001), 247–62.
69. Sombart, “The Economic Life of the Future,” 249–50.
70. *Ibid.*, 256 (italics removed).
71. *Ibid.*, 254.
72. Oswald Spengler, *The Decline of the West*, trans. Charles F. Atkinson, 2 vols. (New York: Knopf, 1926–1928 [1918–1922]).
73. Ferdinand Fried, *Das Ende des Kapitalismus* (Jena: Eugen Diederichs Verlag, 1931). French and Italian translations were published in 1932. In 1935 a Spanish edition was released in Chile. On the *Tat* Circle, see Walter Struve, *Elites against Democracy: Leadership Ideals in Bourgeois Political Thought in Germany, 1890–1933* (Princeton, NJ: Princeton University Press, 1973), 353–76.
74. Valentino Bompiani, “Nota dell’Editore,” in Ferdinand Fried, *La fine del capitalismo*, trans. Angelo Treves (Milan: Bompiani, 1932), 7. Mussolini’s statement is from an interview of March–April 1932; see Emil Ludwig, *Talks with Mussolini*, trans. Eden Paul and Cedar Paul (Boston: Little, Brown, 1933), 146.
75. Isaiah Berlin, “To Geoffrey Faber, 4 January 1932,” in *Letters, 1928–1946*, ed. Henry Hardy (Cambridge: Cambridge University Press, 2004), 639.
76. See Werner Sombart, *Die Zukunft des Kapitalismus* (Berlin-Charlottenburg: Bucholz & Weisswange, 1932) and *A New Social Philosophy*, trans. Karl F. Geiser (Princeton, NJ: Princeton University Press, 1937 [1934]).
77. To place this debate in context, see William David Jones, *The Lost Debate: German Socialist Intellectuals and Totalitarianism* (Urbana: University of Illinois Press, 1999), 129ff.
78. Friedrich Pollock, “State Capitalism: Its Possibilities and Limitations” (1941), in *The Essential Frankfurt School Reader*, ed. Andrew Arato and Eike Gebhardt (New York: Continuum, 1982), 71–94; “Is National Socialism a New Order?,” *Studies in Philosophy and Social Science* 9.3 (1941): 440–55. On the origins of the term, see M. C. Howard and J. E. King, “‘State Capitalism’ in the Soviet Union,” *History of Economics Review* 34.1 (2001): 112.

79. Pollock, "Is National Socialism a New Order?" 445.
80. Peter F. Drucker, *The End of Economic Man: A Study of the New Totalitarianism* (London: Heinemann, 1939). A similar view was expressed by Frank Munk, *The Economics of Force* (New York: Stewart, 1940).
81. Pollock, "State Capitalism," 87, 88–90; Pollock, "Is National Socialism a New Order?" 454.
82. Max Horkheimer, "The Authoritarian State" (1942), in Arato and Gebhardt, *The Essential Frankfurt School Reader*, 117.
83. On the troubled relations between Neumann and the Frankfurt School, see Martin Jay, *The Dialectical Imagination: A History of the Frankfurt School and the Institute of Social Research, 1923–1950* (Berkeley: University of California Press, 1973), 144ff.; Rolf Wiggershaus, *The Frankfurt School: Its History, Theories, and Political Significance*, trans. Michael Robertson (Cambridge, MA: MIT Press, 1994), 223ff.
84. Franz Neumann, *Behemoth: The Structure and Practice of National Socialism* (London: Gollancz, 1942), 181ff, 237–39, 385.
85. Rudolf Hilferding, "State Capitalism or Totalitarian State Economy" (1940), *Modern Review* 1 (1947): 270.
86. For a biographical and intellectual profile, see Richard Swedberg, *Schumpeter: A Biography* (Princeton, NJ: Princeton University Press, 1991).
87. Joseph A. Schumpeter, *Capitalism, Socialism and Democracy* (London: Routledge, 2010 [1942]), 116.
88. J. A. Schumpeter, "The Instability of Capitalism," *Economic Journal* 38.3 (1928): 385–86.
89. Schumpeter, *Capitalism, Socialism and Democracy*, 116–38.
90. *Ibid.*, 122.
91. *Ibid.*, 126.
92. *Ibid.*, 109, 133, 137–38.
93. Russell Jacoby, *The Last Intellectuals: American Culture in the Age of Academe* (New York: Basic Books, 1987).
94. Richard Hofstadter, *Anti-intellectualism in American Life* (New York: Knopf, 1963).
95. J. A. Schumpeter, "The March into Socialism," in *Capitalism, Socialism and Democracy*, 376.
96. *Ibid.*, 384.
97. Friedrich A. Hayek, *The Road to Serfdom* (London: Routledge, 1944).
98. Karl Polanyi, "Our Obsolete Market Mentality: Civilization Must Find a New Thought Pattern," *Commentary* 3 (February 1947): 117.
99. Polanyi, *The Great Transformation*, 265.

3. Hopes Betrayed

1. Gunnar Myrdal, *Beyond the Welfare State: Economic Planning and Its International Implications* (New Haven, CT: Yale University Press, 1960), 6–7.
2. John Kenneth Galbraith, *The Affluent Society* (Boston: Houghton Mifflin, 1998 [1958]), 170.
3. On growth discourse, see Matthias Schmelzer, *The Hegemony of Growth: The OECD and the Making of the Economic Growth Paradigm* (Cambridge: Cambridge University Press, 2016), 140.
4. Theodor W. Adorno and Max Horkheimer, *Dialectic of Enlightenment*, trans. John Cumming (London: Verso, 1997 [1944]), 127.
5. The impact of the Pollock-Neumann controversy on *Dialectic of Enlightenment* is analyzed by Willem van Reijen and Jan Bransen, “The Disappearance of Class History in ‘Dialectic of Enlightenment,’” in Max Horkheimer and Theodor W. Adorno, *Dialectic of Enlightenment: Philosophical Fragments*, ed. Gunzelin Schmid Noerr, trans. Edmund Jephcott (Stanford, CA: Stanford University Press, 2002), 248–52.
6. Herbert Marcuse, preface (1966) to *Eros and Civilization: A Philosophical Inquiry into Freud* (Boston: Beacon Press, 1974 [1955]), xiv.
7. Ralf Dahrendorf, *Class and Class Conflict in Industrial Society* (Stanford, CA: Stanford University Press, 1959), 40–41.
8. Alain Touraine, *Le mouvement de mai ou le communisme utopique* (Paris: Editions du Seuil, 1968), 13.
9. For a synthesis of these interpretations, see Fred Block, “The Fiscal Crisis of the Capitalist State,” *Annual Review of Sociology* 7 (1981): 14ff. On the structural change thesis, see William J. Baumol, “Macroeconomics of Unbalanced Growth: The Anatomy of Urban Crisis,” *American Economic Review* 57.3 (1967): 415–26, and a more recent study by Robert J. Gordon, *The Rise and Fall of American Growth: The U.S. Standard of Living since the Civil War* (Princeton, NJ: Princeton University Press, 2016).
10. Herbert Marcuse, *Counterrevolution and Revolt* (Boston: Beacon Press, 1972), 61.
11. Paul Mattick, *Marx and Keynes: The Limits of the Mixed Economy* (Boston: Porter Sargent, 1969).
12. Baran and Sweezy, *Monopoly Capital*, 113–14.
13. On the “military-industrial complex,” see Seymour Melman, *Pentagon Capitalism: The Political Economy of War* (New York: McGraw-Hill, 1970).

14. John Kenneth Galbraith, *The New Industrial State* (Harmondsworth, UK: Penguin, 1967), 392.
15. Baran and Sweezy, *Monopoly Capital*, 363–64.
16. *Ibid.*, 365.
17. *Ibid.*, 367.
18. Ernest Mandel, *Late Capitalism*, trans. Joris De Bres (London: New Left Books, 1975 [1972]), 535ff.
19. Alain Touraine, *The Post-Industrial Society: Tomorrow's Social History; Classes, Conflicts and Culture in the Programmed Society*, trans. Leonard F. X. Mayhew (New York: Random House, 1971 [1969]), 3.
20. Daniel Bell, *The Coming of Post-Industrial Society: A Venture in Social Forecasting* (New York: Basic Books, 1973).
21. Touraine, *The Post-Industrial Society*, 12.
22. Touraine, *Le mouvement de mai*, 15.
23. *Ibid.*, 10–11.
24. Herbert Marcuse, *One-Dimensional Man: Studies in the Ideology of Advanced Industrial Society* (London: Routledge, 2002 [1964]).
25. *Ibid.*, 11.
26. *Ibid.*, 7.
27. Herbert Marcuse, “Repressive Tolerance,” in Robert Paul Wolff, Barrington Moore Jr., and Herbert Marcuse, *A Critique of Pure Tolerance* (Boston: Beacon Press, 1965), 81–123.
28. Marcuse, *One-Dimensional Man*, 260–61.
29. Marcuse, *Counterrevolution and Revolt*, 57.
30. *Ibid.*, 5, 9–10.
31. *Ibid.*, 16.
32. *Ibid.*, 16–17.
33. *Ibid.*, 134.
34. Daniel Bell, *The Cultural Contradictions of Capitalism* (New York: Basic Books, 1996 [1976]), xxx.
35. Daniel Bell and Tom Bottomore, “End of Ideology?,” *New York Review of Books*, 18.11 (15 June 1972), <https://www.nybooks.com/articles/1972/06/15/end-of-ideology/>.
36. Bell, *The Cultural Contradictions*, 15.
37. See Steven Biel, *American Gothic: A Life of America's Most Famous Painting* (New York: Norton, 2005).
38. Bell, *The Cultural Contradictions*, 21.
39. *Ibid.*, 55.

40. *Ibid.*, 37.
41. *Ibid.*, 237ff., 243.
42. See Stefan Müller-Doohm, *Habermas: A Biography*, trans. Daniel Steuer (Cambridge: Polity, 2016), chap. 6.
43. Claus Offe, *Strukturprobleme des kapitalistischen Staates: Aufsätze zur Politischen Soziologie* (Frankfurt: Suhrkamp, 1972); James O'Connor, *The Fiscal Crisis of the State* (New York: St. Martin's Press, 1973); Jürgen Habermas, *Legitimation Crisis*, trans. Thomas McCarthy (Boston: Beacon Press, 1975 [1973]). Of the three, Offe is paradoxically the least known in the English-speaking world, though he did the groundbreaking work. See Jens Borchert and Stephan Lessenich, *Claus Offe and the Critical Theory of the Capitalist State* (London: Routledge, 2016).
44. Offe, *Strukturprobleme des kapitalistischen Staates*, 18.
45. *Ibid.*, 19.
46. *Ibid.*, 22.
47. *Ibid.*, 25.
48. *Ibid.*, 33.
49. *Ibid.*, 44.
50. O'Connor, *The Fiscal Crisis of the State*, 6.
51. This distinction, of course, holds more in theory than in practice. It should also be noted that “welfare” has a specific meaning here, reflecting the limited scope of American social policy.
52. O'Connor, *The Fiscal Crisis of the State*, 9.
53. Marx, *Capital*, vol. 3, 436.
54. Weber, *Economy and Society*, 212ff.; Habermas, *Legitimation Crisis*, 97.
55. Habermas, *Legitimation Crisis*, 45.
56. Marcuse, *Counterrevolution and Revolt*, 16.
57. Habermas, *Legitimation Crisis*, 41ff.
58. Richard A. Falk, *This Endangered Planet: Prospects and Proposals for Human Survival* (New York: Vintage Books, 1972 [1971]), 429.
59. *Ibid.*, 431ff.
60. Wallace S. Broecker, “Climatic Change: Are We on the Brink of a Pronounced Global Warming?,” *Science* 189 (8 August 1975): 460–63. See, more generally, Spencer R. Weart, *The Discovery of Global Warming*, 2nd ed. (Cambridge, MA: Harvard University Press, 2008).
61. Paul R. Erlich's *The Population Bomb* (New York: Ballantine Books, 1968) is arguably the best-known contribution to the literature on demographic catastrophe.

62. Donella H. Meadows et al., *The Limits to Growth: A Report for the Club of Rome's Project on the Predicament of Mankind* (New York: Universe Books, 1972).
63. Edward Goldsmith et al., *A Blueprint for Survival* (Harmondsworth, UK: Penguin, 1972).
64. Robert Heilbroner, *An Inquiry into the Human Prospect* (New York: Norton, 1991 [1974]).
65. *Ibid.*, 106.
66. Bell, *The Cultural Contradictions*, 250n24, emphasis in the original.
67. Alain Touraine, "What Is Daniel Bell Afraid Of?," *American Journal of Sociology* 83.2 (1977): 473.
68. See Peter A. Hall, "The Evolution of Economic Policy under Mitterrand," in *The Mitterrand Experiment: Continuity and Change in Modern France*, ed. George Ross, Stanley Hoffmann, and Sylvia Malzacher (Cambridge: Polity, 1987), 54–72.

4. The End of History and What Followed

1. Robert S. Snyder, "The End of Revolution?," *Review of Politics* 61.1 (1999): 5–28.
2. Michel Foucault, *The Birth of Biopolitics: Lectures at the Collège de France, 1978–1979*, ed. Michel Senellart, trans. Graham Burchell (Basingstoke, UK: Palgrave Macmillan, 2008). On Foucault's concept, see Daniel Zamora and Michael C. Behrent, eds., *Foucault and Neoliberalism* (Cambridge: Polity, 2016). On the intellectual history of neoliberalism and its deeper roots, see Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge, MA: Harvard University Press, 2018); Philip Mirowski and Dieter Plehwe, eds., *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective* (Cambridge, MA: Harvard University Press, 2009). On its political and economic history, see David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005).
3. Daniel T. Rodgers, *Age of Fracture* (Cambridge, MA: Belknap Press of Harvard University Press, 2011), 41.
4. Fredric Jameson, *The Seeds of Time* (New York: Columbia University Press, 1994), xii; Slavoj Žižek, "The Spectre of Ideology," in *Mapping Ideology* (London: Verso, 1994), 1.
5. Fredric Jameson, "Future City," *New Left Review* 21 (2003): 76. For a

- reconstruction of the story, see Sean Austin Grattan, *Hope Isn't Stupid: Utopian Affects in Contemporary American Literature* (Iowa City: University of Iowa Press, 2017), 8.
6. Mark Fisher, *Capitalist Realism: Is There No Alternative?* (Winchester, UK: Zero Books, 2009), 2.
 7. Fredric Jameson, *Postmodernism, or, The Cultural Logic of Late Capitalism* (London: Verso, 1991), 3.
 8. Francesco Boldizzoni, *The Poverty of Clio: Resurrecting Economic History* (Princeton, NJ: Princeton University Press, 2011), 27–28, 72–80.
 9. Lester C. Thurow, *The Future of Capitalism: How Today's Economic Forces Shape Tomorrow's World* (New York: Penguin, 1997), 3.
 10. See Joseph E. Stiglitz, *The Roaring Nineties: A New History of the World's Most Prosperous Decade* (New York: Norton, 2003); Andrew Glyn, *Capitalism Unleashed: Finance, Globalization, and Welfare* (Oxford: Oxford University Press, 2006).
 11. Eric Hobsbawm, *How to Change the World: Reflections on Marx and Marxism* (New Haven, CT: Yale University Press, 2011).
 12. *Ibid.*, 398.
 13. *Ibid.*, 418.
 14. Fisher, *Capitalist Realism*, 77–78.
 15. Terry Eagleton, *Why Marx Was Right* (New Haven, CT: Yale University Press, 2011), xi.
 16. Francis Fukuyama, “The End of History?,” *National Interest* 16 (Summer 1989): 3–18.
 17. Francis Fukuyama, *The End of History and the Last Man* (New York: Free Press, 1992).
 18. Fukuyama, “The End of History?,” 4.
 19. Alexandre Kojève, *Introduction to the Reading of Hegel*, trans. James H. Nichols Jr. (New York: Basic Books, 1969 [1947]).
 20. The famous Jena episode is reported in Hegel's letter to Friedrich Immanuel Niethammer from 13 October 1806; see Georg Wilhelm Friedrich Hegel, *Hegel: The Letters*, trans. Clark Butler and Christiane Seiler (Bloomington: Indiana University Press, 1984), 114. For Hegel's later views on history, the reference is G. W. F. Hegel, *Lectures on the Philosophy of World History*, trans. H. B. Nisbet (Cambridge: Cambridge University Press, 1975 [1837]).
 21. Fukuyama, *The End of History and the Last Man*, 96.
 22. Walt W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge: Cambridge University Press, 1960).

23. Robert K. Merton, *Science, Technology and Society in Seventeenth-Century England* (New York: Howard Fertig, 1970 [1938]).
24. Robert K. Merton, “The Normative Structure of Science” (1942), in *The Sociology of Science: Theoretical and Empirical Investigations* (Chicago: University of Chicago Press, 1973), 269.
25. See Ludwig von Mises, “Economic Calculation in the Socialist Commonwealth” (1920), in *Collectivist Economic Planning*, ed. F. A. Hayek (London: Routledge & Kegan Paul, 1935), 87–130, and F. A. Hayek, “The Use of Knowledge in Society,” *American Economic Review* 35.4 (1945): 519–30.
26. Samuel P. Huntington, “The Clash of Civilizations?,” *Foreign Affairs* 72.3 (1993): 22–49, later expanded into *The Clash of Civilizations and the Remaking of World Order* (New York: Simon & Schuster, 1996).
27. Francis Fukuyama, “History Is Still Going Our Way,” *Wall Street Journal*, 5 October 2001, A14.
28. Peter F. Drucker, *Post-capitalist Society* (Oxford: Butterworth-Heinemann, 1993), 6.
29. *Ibid.*, 7.
30. *Ibid.*, 38.
31. *Ibid.*, 40.
32. *Ibid.*, 70.
33. Stephen Taub, “What the World’s Richest Hedge Fund Managers Earned in 2017,” *Institutional Investor*, 29 May 2018, <https://www.institutionalinvestor.com/article/b18dwjvpw2n9v9/the-rich-list>.
34. Manuel Castells, *The Information Age: Economy, Society and Culture*, 2nd ed., 3 vols. (Oxford: Blackwell, 2000), vol. 3, *End of Millennium*, 368.
35. Castells, *The Information Age*, vol. 1, *The Rise of the Network Society*, 19; Castells, *End of Millennium*, 369.
36. The expression is borrowed from Chris Hann and Keith Hart, *Economic Anthropology: History, Ethnography, Critique* (Cambridge: Polity, 2011), 142.
37. Castells, *End of Millennium*, 369.
38. *Ibid.*, 375, 377.
39. *Ibid.*, 376.
40. *Ibid.*, 374.
41. Luc Boltanski and Eve Chiapello, *The New Spirit of Capitalism*, trans. Gregory Elliott (London: Verso, 2005 [1999]).
42. *Ibid.*, 77.
43. Sassoon, *One Hundred Years of Socialism*, 739.

44. Anthony Giddens, *Beyond Left and Right: The Future of Radical Politics* (Cambridge: Polity, 1994), 69.
45. Anthony Giddens, *The Third Way: The Renewal of Social Democracy* (Cambridge: Polity, 1998).
46. Norberto Bobbio, *Left and Right: The Significance of a Political Distinction*, trans. Allan Cameron (Cambridge: Polity, 1996 [1994]).
47. Giddens, *The Third Way*, 38ff.
48. Ulrich Beck, *Risk Society: Towards a New Modernity*, trans. Mark Ritter (London: Sage, 1992 [1986]). Some critics of the Third Way did in fact treat it as if it were an academic enterprise. They include, for example, Alex Callinicos, *Against the Third Way: An Anti-capitalist Critique* (Cambridge: Polity, 2001), and Mark Bevir, *New Labour: A Critique* (London: Routledge, 2005).
49. Giddens, *The Third Way*, 116.
50. *Ibid.*, 117.
51. *Ibid.*, 112; Giddens, *Beyond Left and Right*, 136–37, 140.
52. Giddens, *The Third Way*, 41.
53. *Ibid.*, 117.
54. *Ibid.*, 128. This plays on a famous phrase by William Beveridge, whose report *Social Insurance and Allied Services* (London: H. M. Stationery Office, 1942) laid the foundations for the modern British welfare state.
55. Jenny Andersson, *The Library and the Workshop: Social Democracy and Capitalism in the Knowledge Age* (Stanford, CA: Stanford University Press, 2009), 3.
56. Hernando de Soto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York: Basic Books, 2000), 1.
57. See Stephen White, “Communist Nostalgia and Its Consequences in Russia, Belarus and Ukraine,” in *The Transformation of State Socialism: System Change, Capitalism or Something Else?*, ed. David Lane (Basingstoke, UK: Palgrave Macmillan, 2007), 35–56.
58. Meghnad Desai and Yahia Said, “The New Anti-capitalist Movement: Money and Global Civil Society,” in *Global Civil Society 2001*, ed. Helmut Anheier, Marlies Glasius, and Mary Kaldor (Oxford: Oxford University Press, 2001), 51.
59. On the latter, see Donatella della Porta, *Social Movements in Times of Austerity: Bringing Capitalism Back into Protest Analysis* (Cambridge: Polity, 2015).
60. De Soto, *The Mystery of Capital*.

61. Paul Collier, *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done about It* (Oxford: Oxford University Press, 2007).
62. Joyce Appleby, *The Relentless Revolution: A History of Capitalism* (New York: Norton, 2010), 432.
63. Deirdre McCloskey, *The Bourgeois Virtues: Ethics for an Age of Commerce* (Chicago: University of Chicago Press, 2006), particularly 1–53. The following two volumes, published in 2010 and 2016, add little to the argument.
64. John Kenneth Galbraith, “Recession Economics,” *New York Review of Books* 29.1 (4 February 1982): 34.
65. Compare Michael Bruno and Jeffrey D. Sachs, *Economics of Worldwide Stagflation* (Cambridge, MA: Harvard University Press, 1985).
66. For a popular presentation of these ideas, see Jude Wanniski, *The Way the World Works* (New York: Basic Books, 1978). The quote is from Galbraith, “Recession Economics.”
67. Appleby, *The Relentless Revolution*, 416–17.
68. Larry Neal and Jeffrey G. Williamson, “The Future of Capitalism,” in *The Cambridge History of Capitalism*, vol. 2, *The Spread of Capitalism: From 1848 to the Present* (Cambridge: Cambridge University Press, 2014), 530–31.
69. Carmen M. Reinhart and Kenneth S. Rogoff, *This Time Is Different: Eight Centuries of Financial Folly* (Princeton, NJ: Princeton University Press, 2009).
70. For an example see Alan Cameron, *Claudian: Poetry and Propaganda at the Court of Honorius* (Oxford: Clarendon Press, 1970).
71. Alfred Tennyson, “The Dying Swan” (1830), in *Tennyson: A Selected Edition*, ed. Christopher Ricks (London: Routledge, 2014), lines 21–22, 28–31.
72. Paul Mason, *Postcapitalism: A Guide to Our Future* (London: Allen Lane, 2015), 144. This is similar to the approach of Jeremy Rifkin, who considers we are headed toward a future of “collaborative commons” in which people, both producers and consumers, will share their own 3D-printed products and services at “zero marginal cost.” See Jeremy Rifkin, *The Zero Marginal Cost Society: The Internet of Things, the Collaborative Commons, and the Eclipse of Capitalism* (New York: Palgrave Macmillan, 2014).
73. Slavoj Žižek, *Living in the End Times* (London: Verso, 2010), x.
74. *Ibid.*, xi.
75. See, for example, Peter Frase, *Four Futures: Visions of the World after Capitalism* (London: Verso, 2016).

76. Immanuel Wallerstein, Randall Collins, Michael Mann, Georgi Derluigian, and Craig Calhoun, *Does Capitalism Have a Future?* (Oxford: Oxford University Press, 2013); David Harvey, *Seventeen Contradictions and the End of Capitalism* (Oxford: Oxford University Press, 2014); Wolfgang Streeck, *How Will Capitalism End? Essays on a Failing System* (London: Verso, 2016).
77. This account of Wallerstein and Collins is largely based on my review “Post-capitalism?,” *European Journal of Sociology* 57.3 (2016): 568–71.
78. Immanuel Wallerstein, “Structural Crisis, or Why Capitalists May No Longer Find Capitalism Rewarding,” in Wallerstein et al., *Does Capitalism Have a Future?*, 22.
79. Randall Collins, “The End of Middle-Class Work: No More Escapes,” in Wallerstein et al., *Does Capitalism Have a Future?*, 60.
80. *Ibid.*, 178.
81. *Ibid.*, 66, 68.
82. *Ibid.*, 60.
83. Wolfgang Streeck, “How Will Capitalism End?,” in *How Will Capitalism End?*, 47–72.
84. *Ibid.*, 58.
85. *Ibid.*, 65.
86. *Ibid.*, 60.
87. Polanyi, *The Great Transformation*, 71ff.
88. Streeck, “How Will Capitalism End?,” 60.
89. John Bellamy Foster, Brett Clark, and Richard York, *The Ecological Rift: Capitalism’s War on the Earth* (New York: Monthly Review Press, 2010).
90. Michael Mann, “The End May Be Nigh, but for Whom?,” in Wallerstein et al., *Does Capitalism Have a Future?*, 93.
91. David Harvey, *Seventeen Contradictions*, 260–62.
92. *Ibid.*, 263.

5. Wanderings of the Predictive Mind

1. [Marie-Jean-Antoine-Nicolas de Caritat, marquis de] Condorcet, *Sketch for a Historical Picture of the Progress of the Human Mind* (1795), trans. June Barraclough, in *Political Writings*, ed. Steven Lukes and Nadia Urbinati (Cambridge: Cambridge University Press, 2012), 125.
2. *Ibid.*, 126.

3. Arnold de Wyon, *Lignum Vitae* (Venice: Georgius Angelerius, 1595), 311, my translation.
4. Richard A. Posner, *Public Intellectuals: A Study of Decline* (Cambridge, MA: Harvard University Press, 2003), 135.
5. *Ibid.*, 128.
6. Bell, *The Cultural Contradictions of Capitalism*, 205.
7. H. G. Wells, *The Shape of Things to Come* (London: Penguin, 2005 [1933]), emphasis added.
8. Jenny Andersson, *The Future of the World: Futurology, Futurists, and the Struggle for the Post Cold War Imagination* (Oxford: Oxford University Press, 2018).
9. See Daniel Bell and Stephen R. Graubard, eds., *Toward the Year 2000: Work in Progress* (Cambridge, MA: MIT Press, 1997 [1967]); Robert Jungk and Johan Galtung, eds., *Mankind 2000* (Oslo and London: Universitetsforlaget / Allen & Unwin, 1969).
10. Aaron T. Beck and Brad A. Alford, *Depression: Causes and Treatment*, 2nd ed. (Philadelphia: University of Pennsylvania Press, 2009), 203–5. Cognitive distortions should not be confused with the cognitive biases involved in irrational decision making. On the latter, see Daniel Kahneman and Amos Tversky, “Judgement under Uncertainty: Heuristics and Biases,” *Science* 185 (1974): 1124–31.
11. Ralf Dahrendorf, *The New Liberty: Survival and Justice in a Changing World* (London: Routledge, 1975), 27.
12. Keynes, *General Theory*, 384.
13. See Jefferson Cowie and Nick Salvatore, “The Long Exception: Rethinking the Place of the New Deal in American History,” *International Labor and Working-Class History* 74.1 (2008): 3–32.
14. See Ruth Levitas, *The Concept of Utopia* (Syracuse, NY: Syracuse University Press, 1990).
15. Karl Mannheim, *Ideology and Utopia* (1929), in *Collected Works*, ed. Bryan S. Turner, vol. 1 (London: Routledge, 1997).
16. Miriam Eliav-Feldon, *Realistic Utopias: The Ideal Imaginary Societies of the Renaissance, 1516–1630* (Oxford: Clarendon Press, 1982), 1.
17. On dystopia (also called cacotopia) as a form of anti-utopia, see Krishan Kumar, *Utopia and Anti-Utopia in Modern Times* (Oxford: Blackwell, 1987), 99ff., 447n2; Gregory Claeys, *Dystopia: A Natural History* (Oxford: Oxford University Press, 2017).
18. See, for example, Michael D. Gordin, Helen Tilley, and Gyan Prakash,

- “Utopia and Dystopia beyond Space and Time,” in *Utopia/Dystopia: Conditions of Historical Possibility* (Princeton, NJ: Princeton University Press, 2010), 1–17.
19. *Rep.* 416d–417b; 457c–465b.
 20. Peter Garnsey, *Thinking about Property: From Antiquity to the Age of Revolution* (Cambridge: Cambridge University Press, 2007), 8.
 21. Compare M. I. Finley, “Utopianism Ancient and Modern,” in *The Critical Spirit: Essays in Honor of Herbert Marcuse*, ed. Kurt H. Wolff and Barrington Moore Jr. (Boston: Beacon Press, 1967), 14–16.
 22. *Rep.* 433a–b.
 23. *Rep.* 421c–422e.
 24. *Rep.* 471c–473c.
 25. *Laws* 739d, my translation.
 26. *Laws* 806d–e; 850b–c.
 27. *Pol.* 1261a15–16, trans. Rackham.
 28. *Pol.* 1261b33–39.
 29. *Pol.* 1263a35–b2.
 30. Thomas More, *Utopia*, ed. George M. Logan and Robert M. Adams (Cambridge: Cambridge University Press, 2002 [1516]), 18.
 31. *Ibid.*, 19.
 32. *Ibid.*, 37–38.
 33. *Ibid.*, 107.
 34. *Ibid.*, 24–25.
 35. See, e.g., George M. Logan, *The Meaning of More’s Utopia* (Princeton, NJ: Princeton University Press, 1983); Dominic Baker-Smith, *More’s Utopia* (Toronto: University of Toronto Press, 2000).
 36. This seems to be Jacques Droz’s thesis. See “Les utopies socialistes à l’aube des temps modernes,” in *Histoire générale du socialisme*, vol. 1 (Paris: PUF, 1972), 91.
 37. More, *Utopia*, 35.
 38. On Campanella, see Bernardino Bonansea, *Tommaso Campanella: Renaissance Pioneer of Modern Thought* (Washington, DC: Catholic University of America Press, 1969); Jean Delumeau, *Le mystère Campanella* (Paris: Fayard, 2008); Germana Ernst, *Tommaso Campanella: The Book and the Body of Nature*, trans. David L. Marshall (Dordrecht: Springer, 2010).
 39. Lewis Mumford, *The Story of Utopias* (New York: Boni & Liveright, 1922), 103.

40. Tommaso Campanella, *La Città del Sole: Dialogo poetico / The City of the Sun: A Poetical Dialogue*, trans. Daniel J. Donno (Berkeley: University of California Press, 1981 [1602]), 39.
41. *Ibid.*, 65.
42. Tommaso Campanella, *Monarchia di Spagna* (c. 1600), in *Monarchie d'Espagne et Monarchie de France*, ed. Germana Ernst (Paris: PUF, 1997), 1–371; Tommaso Campanella, *La monarchia del Messia*, ed. Vittorio Frajese (Rome: Edizioni di Storia e Letteratura, 1995 [1606]).
43. François-Noël Babeuf and Sylvain Maréchal, “The Manifesto of Equality” (1796), in *Equality: Selected Readings*, ed. Louis P. Pojman and Robert Westmoreland (Oxford: Oxford University Press, 1997), 49–52; Filippo Buonarroti, *Babeuf’s Conspiracy for Equality*, trans. Bronterre O’Brien (New York: Kelley, 1965 [1828]).
44. Jean-Jacques Rousseau, *Discourse on the Origin and Foundations of Inequality among Men, or Second Discourse* (1755), in *The Discourses and Other Early Political Writings*, ed. and trans. Victor Gourevitch (Cambridge: Cambridge University Press, 1997), 111–222; Jean-Jacques Rousseau, *Of the Social Contract* (1762), in *The Social Contract and Other Later Political Writings*, ed. and trans. Victor Gourevitch (Cambridge: Cambridge University Press, 1997), 39–152.
45. Jean-Jacques Rousseau, *Discourse on Political Economy* (1755, 1758), in *The Social Contract and Other Later Political Writings*, 3–38.
46. Jean-Jacques Rousseau, *Plan for a Constitution for Corsica* (1765), trans. and ed. Christopher Kelly, in *The Collected Writings of Rousseau*, vol. 11 (Lebanon, NH: University of New England Press, 2005), 123–65; *Julie, or the New Heloise* (1761), trans. Philip Stewart and Jean Vaché, in *The Collected Writings of Rousseau*, vol. 6 (Hanover, NH: University of New England Press, 1997).
47. [Morelly], *Code de la Nature ou Le véritable esprit de ses lois*, ed. Edouard Dolléans (Paris: Librairie Paul Geuthner, 1910 [1755]).
48. Campanella, *La Città del Sole*, 31, 33.
49. Albert Soboul, “Lumières, critique sociale et utopie pendant le XVIIIe siècle français,” in *Histoire générale du socialisme*, 133.
50. Morelly, *Code de la Nature*, 85.
51. Albert Soboul, “Utopie et Révolution française,” in *Histoire générale du socialisme*, 223, 221.
52. The criticism of the utopian socialists recurs on several occasions in the writings of Marx and Engels, with important nuances depending on the

- author considered, and tends to become harsher in relation to the need that they had to affirm the originality of their own system compared to the ideas of contemporary thinkers and their immediate predecessors. Notable examples, besides the already cited *Anti-Dühring*, are Karl Marx and Frederick Engels, *Manifesto of the Communist Party*, 514–17, and Frederick Engels, *Socialism: Utopian and Scientific* (1880), in MECW, vol. 24 (Moscow: Progress Publishers, 1989), 285–97. Compare Roger Paden, “Marx’s Critique of the Utopian Socialists,” *Utopian Studies* 13.2 (2002): 67–91.
53. Etienne Cabet, *Travels in Icaria*, trans. Leslie J. Roberts (Syracuse, NY: Syracuse University Press, 2003 [1840]).
 54. Frank E. Manuel and Fritzie P. Manuel, *Utopian Thought in the Western World* (Oxford: Blackwell, 1979), 713. (The Manuels are drawing here on Engels’s account of the roots of scientific socialism to turn it against its author.) For a survey of the debate, see Vincent Geoghegan, *Utopianism and Marxism* (Oxford: Peter Lang, 2008).
 55. Kumar, *Utopia and Anti-Utopia in Modern Times*, 53–57. In this interpretation, Kumar mainly follows Martin Buber, *Paths in Utopia* (Syracuse, NY: Syracuse University Press, 1996 [1949]), and, to some extent, Zygmunt Bauman, *Socialism: The Active Utopia* (London: Allen & Unwin, 1976), and Leszek Kołakowski, *Main Currents of Marxism*, trans. P. S. Falla, vol. 1 (Oxford: Oxford University Press, 1978).
 56. On the dictatorship of the proletariat, see Karl Marx, *Critique of the Gotha Programme* (1875), in MECW, vol. 24, 95. On the classless society, see Marx and Engels, *Manifesto of the Communist Party*, 505–6; on the withering away of the state, see Engels, *Anti-Dühring*, 268, and Frederick Engels, *The Origin of the Family, Private Property and the State* (1884), in MECW, vol. 26 (London: Lawrence & Wishart, 1990), 272. On the overcoming of the division of labor and the liberation of human creativity, see Marx and Engels, *The German Ideology*, 47, from which the quote is drawn.
 57. Yevgeny Zamyatin, *We*, trans. Clarence Brown (London: Penguin, 1993 [1924]); Aldous Huxley, *Brave New World* (London: Vintage Books, 2007 [1932]); George Orwell, *Nineteen Eighty-Four* (London: Penguin, 2008 [1949]).
 58. In fact, I can only think of one exception to this rule, namely, Ernst Bloch’s *The Principle of Hope*, written between 1938 and 1947, trans. Neville Plaice, Stephen Plaice, and Paul Knight, 3 vols. (Cambridge, MA: MIT Press, 1986). Bloch argued that a utopian impulse drives all future-oriented

- thinking, even when this is unconscious, repressed, concealed, or disguised. A utopian himself, Bloch envisaged for humankind a future state of perfection. He held that Marxism, unlike wishful thinking, was a “concrete” utopia, as it provided a pathway to the ideal world and motivation for action.
59. Herbert Marcuse, “The End of Utopia” (1967), in *Five Lectures: Psychoanalysis, Politics, and Utopia*, trans. Jeremy J. Shapiro and Shierry M. Weber (London: Allen Lane, 1970), 69.
 60. Gilles Deleuze and Félix Guattari, *Anti-Oedipus: Capitalism and Schizophrenia* (Minneapolis: University of Minnesota Press, 1983 [1972]), 373.
 61. Fredric Jameson, “The Desire Called Utopia,” in *Archaeologies of the Future: The Desire Called Utopia and Other Science Fictions* (London: Verso, 2005), xii.
 62. This applies, for example, to the “participatory planning” advocated by, among others, Robin Hahnel, “The Case for Participatory Economics,” in Robin Hahnel and Erik Olin Wright, *Alternatives to Capitalism: Proposals for a Democratic Economy* (New York: Verso, 2016), 7–16. As he writes, “I have never been under the illusion that we can replace markets with participatory planning immediately. The market system has been growing and deepening for hundreds of years, and regrettably still has the allegiance of an overwhelming majority of the population. Since the ‘system change’ we seek is highly democratic it can only happen when we have convinced a significant majority to support replacing the market system with participatory planning” (ibid., 10).
 63. Erik Olin Wright, *Envisioning Real Utopias* (London: Verso, 2010), and “Socialism and Real Utopias,” in Hahnel and Wright, *Alternatives to Capitalism*, 75–105.
 64. Alain Badiou, *Plato’s Republic: A Dialogue in Sixteen Chapters*, trans. Susan Spitzer (New York: Columbia University Press, 2013).
 65. John Stuart Mill, *Auguste Comte and Positivism* (1865), in CW, vol. 10 (Toronto: University of Toronto Press, 1969), 317. The impact of Comtean ideas on Mill’s conception of progress is best appreciated in his earlier *A System of Logic* (1843), in CW, vol. 8, t. 2 (Toronto: University of Toronto Press, 1974), book 6.
 66. It is worth noting that, in addition to resting on the philosophical basis that has already been discussed, Keynes’s view of progress was formed in close connection with the events of his time. As a student at Eton, he

believed that the British Empire, the most powerful ever, was destined for undying greatness. In his thirties, sitting at the table of the Treaty of Versailles, he showed he thought instead that the political and material achievements of the Victorian period had been the product of exceptional circumstances, and that their legacy was fragile. But by the late 1920s, he had regained full confidence in the possibilities of material progress, prophesizing a new century of prosperity. Compare Robert Skidelsky, *John Maynard Keynes*, vol. 1, *Hopes Betrayed, 1883–1920* (London: Macmillan, 1983), 89; John Maynard Keynes, *The Economic Consequences of the Peace* (London: Macmillan, 1971 [1919]), chap. 2; and Keynes, “Economic Possibilities for Our Grandchildren.”

67. T. H. Marshall, *Citizenship and Social Class and Other Essays* (Cambridge: Cambridge University Press, 1950).
68. There are several histories of the idea of progress. J. B. Bury’s optimistic account *The Idea of Progress: An Inquiry into Its Origin and Growth* (London: Macmillan, 1920) was followed fifty years later by Sidney Pollard’s more nuanced *The Idea of Progress: History and Society* (New York: Basic Books, 1968). The latter, paying considerable attention to the social context, remains the best example of this genre. Robert Nisbet’s *History of the Idea of Progress* (New York: Basic Books, 1980), a sociologist’s attempt at making sense of the subject, is simplistic at times and questionable in its structure, but nonetheless thought-provoking.
69. Saint-Simon’s ideas are not systematically laid out but are scattered throughout his copious writings. For a selection, see Henri Saint-Simon, *Selected Writings on Science, Industry and Social Organisation*, trans. and ed. Keith Taylor (London: Routledge, 2015).
70. Jean-François Lyotard, *The Postmodern Condition: A Report on Knowledge*, trans. Geoff Bennington and Brian Massumi (Manchester: Manchester University Press, 1984 [1979]).
71. By contrast, Peter Wagner, *Progress: A Reconstruction* (Cambridge: Polity, 2016), 2, sees a substantial continuity between the view that “progress was not—or no longer—possible,” which according to him made headway at the end of the 1970s, and the post-1989 view that “all significant progress had already been achieved.” This seems to me misleading because the latter embodies one of the two long-standing varieties of the idea of progress. Far from being exhausted, faith in progress returned in full force with the “end of history.”

72. See, for instance, the letter from Karl Marx to Arnold Ruge, September 1843, in MECW, vol. 3 (Moscow: Progress Publishers, 1975), 142; Mill, *A System of Logic*, 847.
73. Nisbet, *History of the Idea of Progress*, 308–9.
74. Bloch, *The Principle of Hope*.
75. Georges Sorel, *The Illusions of Progress*, trans. John Stanley and Charlotte Stanley (Berkeley: University of California Press, 1969 [1908]), 152.
76. Walter Benjamin, “Theses on the Philosophy of History” (1940), in *Illuminations: Essays and Reflections*, trans. Harry Zohn, ed. Hannah Arendt (New York: Schocken Books, 2007 [1955]), 257–58.
77. Adorno and Horkheimer, *Dialectic of Enlightenment*. A concise definition of the concept of enlightenment is given on page 3.
78. Reinhart Koselleck, *Critique and Crisis: Enlightenment and the Pathogenesis of Modern Society* (Cambridge, MA: MIT Press, 1988 [1959]).

6. How Capitalism Survives

1. Compare Craig Calhoun, “What Threatens Capitalism Now?,” in Wallerstein et al., *Does Capitalism Have a Future?*, 159.
2. See Hahnel, “The Case for Participatory Economics”; Michael Albert, *Parecon: Life after Capitalism* (London: Verso, 2003); Michael Hardt and Antonio Negri, *Commonwealth* (Cambridge, MA: Harvard University Press, 2009).
3. Wright, “Socialism and Real Utopias,” 76.
4. The most classic example of this use of the term is in Fernand Braudel, *Civilization and Capitalism, 15th–18th Century*, trans. Siân Reynold, 3 vols. (Berkeley: University of California Press, 1992 [1979]). But it was already widespread at the time of Henri Pirenne, who applied it to the merchant activities of the Middle Ages. See, for instance, “The Stages in the Social History of Capitalism,” *American Historical Review* 19.3 (1914): 494–515.
5. As in E. J. Hobsbawm, *The Age of Capital, 1848–1875* (London: Abacus, 1977), 13.
6. Edmund Burke, *Reflections on the Revolution in France*, ed. J. C. D. Clark (Stanford, CA: Stanford University Press, 2001 [1790]), 238.
7. Sombart writes: “Modern capitalism is considered in its course as a unique phenomenon, as a ‘historical individual’ that cannot be compared to any other economic epoch. This already applies to early capitalism, although the latter still shared traits with the economic development of other

- cultures. It is even more so, then, for high capitalism. The era of high capitalism [1760s–1914] is quite unique in history; no previous era has anything in common with it. It will never be repeated again to the same extent and it cannot even be prolonged: it is an isolated *episode* in the history of mankind, which it has perhaps only dreamed of” (*Der moderne Kapitalismus*, vol. 3, t. 1, pp. xiii–xiv, emphasis in the original).
8. Smith, *Wealth of Nations*, 418–19. For a sensible guide to the meanings and nuances of late medieval and early modern commercial life, see Martha C. Howell, *Commerce before Capitalism in Europe, 1300–1600* (Cambridge: Cambridge University Press, 2010).
 9. See, on each of these theses, Weber, *The Protestant Ethic*; Werner Sombart, *The Quintessence of Capitalism: A Study of the History and Psychology of the Modern Business Man*, trans. M. Epstein (New York: E. P. Dutton, 1915); Bourdieu, “The Attitude of the Algerian Peasant towards Time”; Koselleck, *Futures Past*; Albert O. Hirschman, *The Passions and the Interests: Political Arguments for Capitalism before Its Triumph* (Princeton, NJ: Princeton University Press, 1977).
 10. Simon Schama, *The Embarrassment of Riches: An Interpretation of Dutch Culture in the Golden Age* (New York: Knopf, 1987); E. P. Thompson, “Time, Work-Discipline, and Industrial Capitalism,” *Past and Present* 38.1 (1967): 56–97.
 11. Jack Goody, *Capitalism and Modernity: The Great Debate* (Cambridge: Polity, 2004); Kocka, *Capitalism: A Short History*, 26ff.
 12. Compare, on this point, Ellen Meiksins Wood, *The Origin of Capitalism: A Longer View* (London: Verso, 2002).
 13. Braudel, *Civilization and Capitalism*, particularly vol. 2; see also Fernand Braudel, *Afterthoughts on Material Civilization and Capitalism* (Baltimore: Johns Hopkins University Press, 1977).
 14. See Giovanni Arrighi, *Adam Smith in Beijing: Lineages of the Twenty-First Century* (London: Verso, 2007).
 15. Polanyi, *The Great Transformation*.
 16. A balanced introduction to the topic is provided by Bruno Amable, *The Diversity of Modern Capitalism* (Oxford: Oxford University Press, 2003).
 17. Heilbroner, *An Inquiry into the Human Prospect*, 79.
 18. Nancy Fraser and Rahel Jaeggi, *Capitalism: A Conversation in Critical Theory* (Cambridge: Polity, 2018), 52.
 19. Wallerstein, “Structural Crisis, or Why Capitalists May No Longer Find Capitalism Rewarding,” 10 (italics removed). David Harvey similarly

- writes: “By capitalism I mean any social formation in which processes of capital circulation and accumulation are hegemonic and dominant in providing and shaping the material, social and intellectual bases for social life” (*Seventeen Contradictions*, 7).
20. Marx, *Capital*, vol. 1, 166.
 21. Arjun Appadurai, “The Global Ambitions of Finance,” in *Banking on Words: The Failure of Language in the Age of Derivative Finance* (Chicago: University of Chicago Press, 2016), 128 (italics removed).
 22. Daron Acemoglu and James A. Robinson, “The Rise and Decline of General Laws of Capitalism,” *Journal of Economic Perspectives* 29.1 (2015): 3–28; Daron Acemoglu, “Capitalism,” in *Economic Ideas You Should Forget*, ed. Bruno S. Frey and David Iselin (Cham, Switzerland: Springer, 2017), 1–3.
 23. On hunter-gatherer egalitarian attitudes, see, for example, James Woodburn, “Egalitarian Societies,” *Man* 17.3 (1982): 431–51; Alan Barnard and James Woodburn, “Property, Power and Ideology in Hunter-Gatherer Societies: An Introduction,” in *Hunters and Gatherers*, vol. 2, *Property, Power and Ideology*, ed. Tim Ingold, David Riches, and James Woodburn (Oxford: Berg, 1988), 4–31; John Gowdy, “Hunter-Gatherers and the Mythology of the Market,” in *The Cambridge Encyclopedia of Hunters and Gatherers*, ed. Richard B. Lee and Richard Daly (Cambridge: Cambridge University Press, 1999), 394. The most influential study of the Indian caste system produced in the West since Weber’s time is Louis Dumont, *Homo Hierarchicus: The Caste System and Its Implications*, trans. Mark Sainsbury, Louis Dumont, and Basia Gulati (Chicago: University of Chicago Press, 1980 [1966]). Indian perspectives sometimes diverge greatly from Dumont’s, although his work is still a source of inspiration for many. See, for example, Suryakant Waghmore, “Hierarchy without System? Why Civility Matters in the Study of Caste,” in *Critical Themes in Indian Sociology*, ed. Sanjay Srivastava, Yasmeen Arif, and Janaki Abraham (New Delhi: Sage, 2019), 182–94. On the formation of the British class system and its continuing importance, see David Cannadine, *The Rise and Fall of Class in Britain* (New York: Columbia University Press, 1999), and Mike Savage, *Social Class in the 21st Century* (London: Penguin, 2015).
 24. Gerhard E. Lenski, *Power and Privilege: A Theory of Social Stratification* (New York: McGraw-Hill, 1966).
 25. On the difference between power and authority, see Weber, *Economy and Society*, 53, 212–15.

26. This thesis has some vague resemblance to the hypothesis on *economic* inequality formulated about ten years earlier by the economist Simon Kuznets and rightly called by Thomas Piketty a Cold War “fairy tale.” Kuznets thought that the evolution of inequality followed a “bell curve,” which, however, began to decline only in the later stages of industrialization. There are no other links between the two theories except that both were the products of postwar optimism. See Thomas Piketty, *Capital in the Twenty-First Century*, trans. Arthur Goldhammer (Cambridge, MA: Harvard University Press, 2014), 11–14.
27. Lenski, who inclined to rational choice individualism, suggested that these differences might be traced back to “variations in ideology” due to the action of “specialists in ideology, supported by appropriate religious and political institutions,” and “variations in the personal attributes of political leaders” (*Power and Privilege*, 436), but he did not thoroughly interrogate this hypothesis, which sounds rather ad hoc.
28. Aron Ia. Gurevich, “The Early State in Norway,” in *The Early State*, ed. Henry J. M. Claessen and Peter Skalník (The Hague: Mouton, 1978), 403.
29. *Ibid.*, 403, 407.
30. Sejersted, *The Age of Social Democracy*, 11.
31. See, for example, Steven Lukes, *Individualism* (Oxford: Blackwell, 1973), 89.
32. Stephen A. Marglin, *The Dismal Science: How Thinking Like an Economist Undermines Community* (Cambridge, MA: Harvard University Press, 2008), 59–60.
33. Harry C. Triandis, *Individualism and Collectivism* (Boulder, CO: Westview Press, 1995), 2.
34. *Ibid.*, 52–53.
35. Norbert Elias, *The Society of Individuals*, ed. Michael Schröter, trans. Edmund Jephcott (Oxford: Blackwell, 1991 [1987]), 181.
36. Louis Dumont, *From Mandeville to Marx: The Genesis and Triumph of Economic Ideology* (Chicago: University of Chicago Press, 1977); Louis Dumont, *Essays on Individualism: Modern Ideology in Anthropological Perspective* (Chicago: University of Chicago Press, 1986 [1983]).
37. Dumont, *Homo Hierarchicus*, 8.
38. *Ibid.*, 11.
39. *Ibid.*, xvii, 240.
40. Giacomo Corneo, *Is Capitalism Obsolete? A Journey through Alternative Economic Systems*, trans. Daniel Steuer (Cambridge, MA: Harvard

- University Press, 2017), combines a passionate defense of this thesis with concrete proposals for reform in the social democratic tradition.
41. In fact, Darwinism unites them with supporters of the view that it is complexity rather than efficiency that makes capitalism so adaptable. As Geoffrey Hodgson writes, “Capitalism is by far the most dynamic and complex economic system in human history” (*Conceptualizing Capitalism*, 327). But complexity is too vague a concept to be useful. Moreover, both schools of thought fall into the same biologicistic trap, as they take it for granted that capitalism works like an organism.
 42. Unfortunately, the theoretical debate on revolutions has long been polarized between those who stress the role of structural social factors and those who tend to give priority to contingent ideological elements, without realizing that the cultural phenomena that really produce long-lasting effects are not contingent at all. Compare the still valid overview by Timothy P. Wickham-Crowley, “Structural Theories of Revolution,” in *Theorizing Revolutions*, ed. John Foran (London: Routledge, 1997), 36–70.
 43. The metaphor was used by Göran Persson in his address to the Swedish Social Democratic Party (SAP) conference, 10 March 2000.
 44. See Wolfgang Streeck, “E Pluribus Unum? Varieties and Commonalities of Capitalism,” in *The Sociology of Economic Life*, ed. Mark Granovetter and Richard Swedberg, 3rd ed. (Boulder, CO: Westview Press, 2011), 419–55.
 45. Karl Marx, *Economic and Philosophic Manuscripts of 1844*, in MECW, vol. 3 (Moscow: Progress Publishers, 1975), 229–346.
 46. Erich Fromm, *The Sane Society* (London: Routledge, 2002 [1955]), 100ff.
 47. Todd McGowan, *Capitalism and Desire: The Psychic Cost of Free Markets* (New York: Columbia University Press, 2016), 11.
 48. Beckert, *Imagined Futures*.
 49. Martijn Konings, *The Emotional Logic of Capitalism: What Progressives Have Missed* (Stanford, CA: Stanford University Press, 2015), 102.
 50. Michael Hardt and Antonio Negri, *Empire* (Cambridge, MA: Harvard University Press, 2000), 44.
 51. *Ibid.*, 25.
 52. For a historical reconstruction of poststructuralism’s engagement with the symbolic, see Warren Breckman, *Adventures of the Symbolic: Post-Marxism and Radical Democracy* (New York: Columbia University Press, 2013).
 53. Clifford Geertz, *The Interpretation of Cultures* (New York: Basic Books, 1973).

54. See Judith Pallot, *Land Reform in Russia, 1906–1917: Peasant Responses to Stolypin’s Project of Rural Transformation* (Oxford: Clarendon Press, 1999).
55. George Orwell understood that socialism could not take root in Britain as long as its hierarchical social structure persisted, but made the mistake of thinking that something as deeply rooted as the British class system, which he saw as an anachronistic remnant, could be swept away by the powerful shock of World War II. The war, indeed, produced important changes in society, which allowed for the development of the postwar welfare state. But these changes were clearly not as radical as Orwell hoped. See *The Lion and the Unicorn: Socialism and the English Genius* (London: Secker & Warburg, 1941).
56. Karl Marx, *The Poverty of Philosophy* (1847), in MECW, vol. 6 (London: Lawrence & Wishart, 1976), 166.
57. Fernand Braudel, “Histoire et sciences sociales: La longue durée,” *Annales E.S.C.* 13.4 (1958): 731; Talcott Parsons and Neil J. Smelser, *Economy and Society: A Study in the Integration of Economic and Social Theory* (London: Routledge & Kegan Paul, 1956), 17.
58. See Einar Lie, “Learning by Failing: The Origins of the Norwegian Oil Fund,” *Scandinavian Journal of History* 43.2 (2018): 284–99; Jonathon W. Moses and Bjørn Letnes, *Managing Resource Abundance and Wealth: The Norwegian Experience* (Oxford: Oxford University Press, 2017).
59. Here lies the main difference between the proposed approach and the essentially unhistorical one of path dependence introduced by Paul A. David, “Clio and the Economics of QWERTY,” *American Economic Review* 75.2 (1985): 332–37. The notion of path dependence presupposes that the initial conditions of a social system mechanically determine all its future evolution. See Boldizzoni, *The Poverty of Clio*, 127.
60. Elias, *The Society of Individuals*, 95, 197.
61. Aaron Gurevich, *The Origins of European Individualism*, trans. Katharine Judelson (Oxford: Blackwell, 1995), 248.
62. Triandis, *Individualism and Collectivism*, 57.
63. Emile Durkheim, *The Division of Labor in Society*, ed. Steven Lukes, trans. W. D. Halls (New York: Free Press, 2014 [1893]).
64. Polanyi, *The Great Transformation*. See, for example, Fred Block and Margaret R. Somers, *The Power of Market Fundamentalism: Karl Polanyi’s Critique* (Cambridge, MA: Harvard University Press, 2014).
65. See Mark Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century* (Cambridge: Cambridge University

- Press, 2002). As Stephen Marglin reminds us, “even in contemporary Western society, where the individualistic map has come to dominate, the holistic map continues to play a role, for it is a necessary constituent of the glue that holds us together” (*The Dismal Science*, 74).
66. Branko Milanovic, *Capitalism, Alone: The Future of the System That Rules the World* (Cambridge, MA: Belknap Press of Harvard University Press, 2019).
 67. Antonio Gramsci, *Prison Notebooks*, vol. 2, ed. and trans. Joseph A. Buttigieg (New York: Columbia University Press, 1996), 32–33. See, for instance, Wolfgang Streeck, “The Post-capitalist Interregnum,” *Juncture* 23.2 (2016): 68–77; Donald Sassoon, *Sintomi morbosi: Nella nostra storia di ieri i segnali della crisi di oggi* (Milan: Garzanti, 2019); Owen Worth, *Morbid Symptoms: The Global Rise of the Far-Right* (London: Zed Books, 2019).
 68. A recent example is Thomas Piketty’s case for a “social federalism on a world scale.” See *Capital et idéologie* (Paris: Editions du Seuil, 2019), chap. 17.
 69. William Mitchell and Thomas Fazi, *Reclaiming the State: A Progressive Vision of Sovereignty for a Post-Neoliberal World* (London: Pluto Press, 2017).
 70. Lizzy Buchan, “Renationalising Railways Supported by Almost Two Thirds of Britons, Exclusive Poll Reveals,” *The Independent*, 10 June 2018, <https://www.independent.co.uk/news/uk/politics/rail-chaos-denationalisation-chris-grayling-labour-two-thirds-bmg-research-a8392171.html>.
 71. Mariana Mazzucato, *The Entrepreneurial State: Debunking Public vs. Private Sector Myths* (London: Anthem, 2013).
 72. Calhoun, “What Threatens Capitalism Now?,” 133.
 73. Colin Crouch, *The Strange Non-Death of Neoliberalism* (Cambridge: Polity, 2011).
 74. This claim was made by political philosopher G. A. Cohen, *Why Not Socialism?* (Princeton, NJ: Princeton University Press, 2009).
 75. Walter Scheidel, *The Great Leveler: Violence and the History of Inequality from the Stone Age to the Twenty-First Century* (Princeton, NJ: Princeton University Press, 2017).
 76. McGowan, *Capitalism and Desire*, 4.
 77. Marx, *Critique of the Gotha Programme*, 87.

ACKNOWLEDGMENTS

I am grateful to Jeremy Adelman, Arjun Appadurai, Warren Breckman, Marco Cattini, Martin Daunton, Thomas David, Pat Hudson, Marcel van der Linden, Chris Lloyd, Bill Mitchell, Jonathon Moses, Mary O’Sullivan, Prasannan Parthasarathi, Erik Reinert, and Carl Wennerlind, who either read draft chapters of this book or contributed to the conversation. I owe special thanks to Eli Cook and Wolfgang Streeck, who read the entire manuscript and whose constructive criticism helped me to refine my arguments. Finally, I am indebted to the fine literary taste of Mark Shackleton, who assisted in refining the text, and to the perceptive eye of Barbara Goodhouse, who checked it for consistency.

Some of the book’s key ideas were widely debated in seminars at the Faculty of Social Sciences of the University of Helsinki in 2017 and 2018, during my chairmanship of the Graduate Program in Global Political Economy. Many bright students animated those sessions, which never lasted long enough (indeed, Lauri von Pfaler also endured several monologues over coffee breaks). Even before then, in February 2016, I had the opportunity to present my preliminary ideas in a talk at Sciences Po in

Paris, receiving valuable comments from Jenny Andersson, Jens Beckert, and David C. Stark. David, in particular, drew my attention to the theme of environmental catastrophe that recurs in the intellectual history of capitalism. In November 2017, at the invitation of Hans Otto Frøland and Ragnar Torvik, I gave another talk at the Norwegian University of Science and Technology, which was also widely attended and generated a great deal of stimulating discussion. The fact that the event took place on the scenic shores of the Trondheim Fjord naturally added to the intellectual pleasure.

At Harvard University Press, Ian Malcolm has been the best editor an author could wish for, one with the perfect mix of enthusiasm and patience. I must also thank his former colleagues Mike Aronson and John Kulka, who originally encouraged me to pursue this project.

Greatest of all is my debt to Costanza. In many ways, the making of this book has coincided with the making of our life together. I hope she will regret neither the one nor the other.

INDEX

- Adorno, Theodor, 112, 227, 230–231
Allen, Robert, 142
Allende, Salvador, 147
American hegemony, decline of, 160, 185, 266–267
anticapitalist movement. *See* global justice movement
Appadurai, Arjun, 244
Appleby, Joyce, 178, 180
Aristotle, 209–210
austerity, 72, 116, 176, 177
Austro-Marxism, 65; political failure, 70

Babeuf, François-Noël, 216–217
Badiou, Alain, 225
Baran, Paul, 117–118, 119
Bauer, Otto, 65, 72–73

Baxter, Richard, 51
Beck, Ulrich, 172
Beckert, Jens, 257
Bell, Daniel, 11, 121, 127–132, 145–146, 198, 200–201
Bellamy, Edward, 58, 223
Benjamin, Walter, 230
Bentham, Jeremy, 22–23, 27
Berle, Adolf, 88–89
Berlin, Isaiah, 95
Berlin Wall, fall of, 148, 155, 165
Bernstein, Eduard, 47–48
Blair, Tony, 12, 167, 170–171
Blanc, Louis, 23, 25–26, 29
Bloch, Ernst, 229
Bobbio, Norberto, 172
Böhm-Bawerk, Eugen, 44
Boltanski, Luc, 167–168

- Bottomore, Tom, 128
 Bourdieu, Pierre, 21, 237
 bourgeois values, 53, 238, 242; crisis
 of, 102–103, 128–130, 140, 200–201
 Braudel, Fernand, 239, 262
 Breton, André, 130
 Brexit, 268
 Bukharin, Nikolai, 65, 66
 bureaucratic collectivism, 89–90, 100
 Burke, Edmund, 19, 236
 Burnham, James, 90–91, 108, 200
 Bush, George W., 177
- Cabet, Etienne, 220
 Campanella, Tommaso, 214–216,
 218
 capital: dematerialized, 192; growing
 importance of, 260; as a produc-
 tive factor, 240
 capitalism: adaptability of, 14;
 alternatives to, 1, 191, 232; birth of,
 236–237; as a culture-specific
 phenomenon, 238, 260; definition
 of, 242–243; departure from,
 3–4, 147; efficiency of, 253–255;
 embeddedness of, 265; and
 expectations, 86, 255, 257;
 financial, 243–244; global
 expansion of, 68, 93–94, 238, 260;
 and human psychology, 255–258;
 informational, 165–166; late, 92,
 112, 133–140; low-cost, 167; and
 the market economy, 239–240,
 241–242; mortality of, 233, 266;
 naturalization of, 151, 181–182;
 organized, 63, 71 (*see also*
 monopoly capital); origin of the
 word, 25; persistence of, 232,
 253–266; prospects for, 266–268;
 as a socioeconomic system,
 235–236, 242; as a time-bound
 phenomenon, 234–237; as a type of
 economic activity, 235; as a useful
 concept, 154, 244–245; varieties of,
 144, 242, 254–255, 267
 capitalist accumulation, 36, 39–41,
 49, 81–82, 84
 capitalist reproduction. *See*
 capitalism: persistence of
 capitalist state, 114, 133; fiscal crisis,
 135–136; legitimation crisis,
 136–140
 Cardoso, Fernando Henrique, 176
 Carlyle, Thomas, 22, 27
 Castells, Manuel, 164–167
 Castro, Fidel, 206
 Chávez, Hugo, 176
 Chiapello, Eve, 167–168
 Chinese economic system, 159, 240
 Clarke, Simon, 48
 class consciousness, 38, 41, 119, 225
 classless society, 19, 56, 221
 class struggle, 20, 115, 122, 143, 228
 Clinton, Bill, 12, 167
 Clinton, Hillary, 190
 Club of Rome, 141–142
 Cold War, 118–119, 157–158, 199; end
 of, 156
 collectivism (holism), 249–252
 Collier, Paul, 177

- Collins, Randall, 184–186
- commodification, 186–187, 188, 237, 242
- communism: Aristotle's critique of, 209–210; Babeuf's, 216; Campanella's, 215–216; Keynes's views on, 83; Marx's image of, 40, 221, 275; Mill's discussion of, 27–29; More's, 212; Morelly's, 218; Plato's supposed, 208; Rostow's views on, 158
- Comte, Auguste, 32, 225, 227, 228
- Condorcet, Nicolas de, 194–195, 222, 227, 228
- consumerism, 111, 123, 131, 155, 158
- contradictions of capitalism: cultural, 102–106, 127–131; economic, 37, 40, 73–74, 200; political, 114, 133–135
- convergence: between capitalism and socialism, 63–64, 86–91, 93, 100, 102, 107, 118; between varieties of capitalism, 255, 267
- Corey, Lewis, 75–76
- corporation, modern, 87–89
- counterculture, 122–123, 146, 204–205, 256
- counterrevolution, 119, 126, 147
- crash of 1929. *See* Great Crash
- creative destruction, 101, 105
- Critical Theory, 124, 132, 133, 256.
See also Frankfurt School
- culture, 259; and capitalist reproduction, 260–266
- culture industry, 85, 112
- Dahrendorf, Ralf, 31, 113, 174, 203
- Darwin, Charles, 19–20, 227
- de Gaulle, Charles, 115
- Deleuze, Gilles, 224, 258
- Democratic Party, 2
- democratic socialism: and social democracy, 2; in the United States, 2, 3–4, 270
- Deng Xiaoping, 155
- deregulation, 152, 171, 175, 187, 270
- Descartes, René, 263
- de Soto, Hernando, 175, 177
- determinism, 59, 99, 108, 111, 221
- Dickens, Charles, 22, 33
- dispossession, 211, 237, 242
- Dobb, Maurice, 74
- dot-com bubble, 151–152
- Drucker, Peter, 98, 160–164, 191
- Dumont, Louis, 251–252, 263
- Durkheim, Emile, 220, 252, 262, 264
- dystopia, 206, 223
- Eagleton, Terry, 154
- East India Company (Dutch), 238
- East India Company (English), 26, 238
- economic democracy, 71
- economic planning: central, 3, 64, 79, 155, 158, 253; in China, 159; early, 49; and the future of capitalism, 93, 108–109; interwar, 63, 87, 97–98; postwar, 64, 111, 113, 134; wartime, 66, 107–108
- Elias, Norbert, 251, 263

- Elliott, Edward Bishop, 18
 end-of-history thesis, 155–159
 Engels, Friedrich, 19–20, 23, 37, 46, 219
 Enlightenment: belief in progress, 229; contradictions of, 230–231; rationalism, 217; technocratic ambitions, 231. *See also* progress
 entrepreneur, crisis of, 102–103
 environmental crisis, 35, 116–117, 140–143, 189, 193
 equality of opportunity, 34, 173–175; vs. equality of result, 31
 Evangelical Revival, 17–19
 evolution (biology), 20, 227
 expectations, 86, 255, 257
 exploitation, 39, 164, 192, 234
- Fabian Society, 47
 Falk, Richard, 141
 fascism, 191; as an expression of capitalism, 73, 76; as an expression of socialism, 107; and social democracy, 62–63
 Fichte, J. G., 94
 financialization, 152, 167, 187, 244
 First World War, 61–62
 Foster, John Bellamy, 189
 Foucault, Michel, 149
 Fourier, Charles, 23, 30
 Fraina, Louis. *See* Corey, Lewis
 Frankfurt School, 85, 96, 99, 112–113, 187
 Fraser, Nancy, 242
 Frederick William III, 156
 freedom, alternative views of, 108–109
 French Revolution (1789), 21–22, 216, 227, 237, 254, 263
 French Revolution (1848), 25, 28
 Freud, Sigmund, 82, 256
 Fried, Ferdinand, 95
 Friedman, Milton, 178
 Fromm, Erich, 256
 Fujimori, Alberto, 177
 Fukuyama, Francis, 11, 154–159, 227; and Karl Marx, 156
- Galbraith, John Kenneth, 26, 118–119, 178, 200
 Galtung, Johan, 199
 Gates, Bill, 168
 Giddens, Anthony, 171–174
 gig economy, 192, 234
 global financial crisis, 5, 152, 179–180
 globalization, 173, 238, 271
 global justice movement, 176
 global warming, 141, 228
 Goldsmith, Edward, 142
 Gorbachev, Mikhail, 155
 Gramsci, Antonio, 15, 268
 Great Crash, 63, 70; and German intellectuals, 94
 Great Depression, 63; and economics, 77–78; radical Marxist interpretations, 73–76; social democratic interpretations, 71
 Great Recession, 153, 179–180, 182–183, 224
 Grossmann, Henryk, 71

- growth, limits to, 20–21, 141–144.
 See also stationary state
 Guattari, Félix, 224, 258
 Gurevich, Aron, 249, 263
- Habermas, Jürgen, 11, 132, 136–140,
 141, 201
 Hardt, Michael, 258
 Harvey, David, 189
 Hawthorne, Nathaniel, 129
 Hayek, Friedrich, 107–108, 158, 191
 hedonism, 130
 Hegel, G. W. F., 23, 27, 156, 227, 228
 Hegelians, 23. *See also* Left
 Hegelians
 Heilbroner, Robert, 143–144, 242
 Henry VIII, 214
 hierarchy, 232–233, 245–249; and
 capitalism, 253, 260–261
 Hilferding, Rudolf, 49, 56, 86,
 100, 200; finance minister of
 Germany, 72; on the Great
 Depression, 71
 Hirschman, Albert O., 237
 historical materialism, 20, 36–37,
 261–262; main problem with, 262;
 Max Weber's critique, 55;
 misunderstandings of, 220
 Hitler, Adolf, 72, 96, 99
 Hobsbawm, Eric, 153
 Hofstadter, Richard, 106
 Horkheimer, Max, 96, 98–99,
 112–113, 227, 230–231
 Huntington, Samuel, 159
 Huxley, Aldous, 223
- imperialism, 49, 115, 121; interpreta-
 tions of, 67–69
 individualism, 23, 30, 128, 232–233,
 245, 249–252; and capitalism, 253,
 260–261; and the market mecha-
 nism, 249–250; and moderniza-
 tion, 264; origin of, 251, 263
 Industrial Revolution, 21–22, 31
 inequality: Condorcet's prophecy,
 194; global, 143; Keynes's under-
 estimation of, 85; in late capitalism,
 134; Marx on, 41, 45; Mill's views
 on, 26, 33; More on, 212; and
 neoliberalism, 12, 152, 166, 228,
 245; reduction of, 271–272, 274;
 relationship with capitalism, 85,
 253; Rousseau on, 217; and social
 stratification, 246–247; in the
 United States, 3, 160
 International Monetary Fund (IMF),
 150, 176
- Jameson, Fredric, 149, 150, 224
 Jefferies, Richard, 58–59
 Jobs, Steve, 164
 Johnson, Lyndon B., 2, 158, 205
- Kautsky, Karl, 46, 48; on the Great
 Depression, 71; on imperialism,
 68; Lenin's attack on, 69
 Kennedy, John F., 2, 119
 Keynes, John Maynard, 9, 78–85, 89;
 on capitalist accumulation, 81–82,
 84; on capitalist irrationality, 78,
 83; on communism, 83; on the

- Keynes, John Maynard (*continued*)
 future of capitalism, 80–81, 200;
 and the Great Crash, 80; idealism,
 204; and John Stuart Mill, 79;
 moral preoccupations, 80; on
 progress, 226; and utilitarianism,
 82; vindication, 179
- Keynesianism, 79, 110, 117
- Kinnock, Neil, 170
- Kirchner, Néstor, 176
- knowledge society, 121, 161–164, 174,
 191. *See also* postindustrial society
- Kojève, Alexandre, 156
- Korpi, Walter, 77
- Koselleck, Reinhart, 21, 231, 237
- Labour Party (UK), 170–171
- Lassalle, Ferdinand, 20
- Left Hegelians, 27, 228
- legitimation crisis, 136–140
- Lenin, V. I., 65; on imperialism, 67–69
- Lenski, Gerhard, 247–248
- Le Pen, Marine, 269
- Lindahl, Erik, 77
- living standards: of the middle
 classes, 38, 47, 143, 180, 185; of the
 working classes, 46, 110, 143, 161
- Locke, John, 31
- Louis Napoleon, 26
- Lukács, Georg, 65
- Lula da Silva, Luiz Inácio, 176
- Luxemburg, Rosa, 49, 65, 67–68, 200
- Macron, Emmanuel, 269
- Major, John, 171
- Malthus, Thomas Robert, 21, 32
- managerial revolution. *See* bureau-
 cratic collectivism
- Mandel, Ernest, 120
- Mann, Michael, 189
- Mannheim, Karl, 206
- Marcuse, Herbert, 11, 123–127, 227;
 and the counterculture, 125, 201;
 and ecology, 117, 126; on mimesis,
 123; on needs, 123, 125–126, 140;
 on repression, 123–124, 256; on
 revolution, 124–127; and utopia, 224
- market economy, 241; relationship
 with capitalism, 242
- Marshall, T. H., 226–227
- Marx, Karl, 7–8, 17, 30, 36–46, 237;
 and alienation, 40, 256; ambiguities,
 50; on capitalism's downfall,
 40–41, 87, 200; on capitalist
 accumulation, 39–40; and Charles
 Darwin, 20; comeback, 1, 152–153;
 continuing relevance, 8, 192, 275;
 determinism, 111, 221; on economic
 crises, 37; on exploitation, 39;
 family background, 27; and
 financial capitalism, 244; on the
 French Second Republic, 26; on
 globalization, 41; intellectual debts,
 23, 227–228; philosophy of history,
 27, 36–37, 261–262; and progress,
 225, 228; on social justice, 275; and
 social stratification, 247; on
 technological development, 36, 43;
 theory of value, 44; on unemploy-
 ment, 39; and utopia, 219–223

- Marxism: revolutionary vs. reformist, 61, 69; Russian vs. Western, 64; Western, 46, 64–65
- Mason, Paul, 183
- Mattick, Paul, 117
- McCloskey, Deirdre, 178
- Means, Gardiner, 88–89
- Menem, Carlos, 176
- meritocracy, 29, 175
- Merton, Robert, 158
- Milanovic, Branko, 267
- military-industrial complex, 118
- Mill, James, 26
- Mill, John Stuart, 7, 17, 22, 26–36; on communism, 27–29; on the environment, 35; and inequality, 26–27, 33; on moral progress, 35, 225; on social justice, 31, 34; on socialism, 29–30; on the stationary state, 32–36, 200
- Mises, Ludvig von, 158
- Mitterrand, François, 147
- modernization theory, 157–158, 228
- monopoly capital, 45, 49, 86, 117–120, 239, 241
- Montesquieu, Charles de Secondat, baron de, 23
- More, Thomas, 210–214
- Morelly, 217, 218
- Morris, William, 58, 223
- Moszkowska, Natalie, 74–75
- Mumford, Lewis, 215
- Mussolini, Benito, 95
- Myrdal, Gunnar, 77, 111, 275
- Naphtali, Fritz, 71
- Napoleon, 156
- nationalization, 49, 66, 147, 171
- Nazi economic system, 96–100
- Nazism, 61, 230. *See also* Nazi economic system
- needs, manipulation of, 111, 123
- Negri, Antonio, 258
- neoliberalism, 149, 153–154; crisis of, 268
- neo-management, 168
- Neumann, Franz, 96, 99–100
- New Deal, 72, 100–101, 205. *See also* Great Depression
- New Left, 126
- New Public Management, 150
- New Right, 146, 179, 273
- 1968, protests of, 114–115, 122
- Nisbet, Robert, 229
- Norway, 248–249, 262
- Obama, Barack, 2
- Occupy Wall Street, 177, 183, 225
- O'Connor, James, 132, 135–136
- Offe, Claus, 132–135, 136
- Ohlin, Bertil, 77
- Orwell, George, 62, 91, 223
- overproduction: Bernstein-Kautsky controversy, 47–48; Luxemburg and followers on, 49, 68, 74; Marx and Engels on, 37, 45; postwar views (Sweezy and Baran), 111, 117–118
- Owen, Robert, 23, 29

- Parsons, Talcott, 131, 137, 262
 perestroika, 155
 Perón, Juan, 147
 pink tide, 176
 Plato, 207–210
 Polanyi, Karl, 62, 108–109, 188, 237,
 264–265
 Pollock, Friedrich, 96–100
 populism, 13, 191, 268–269
 Posner, Richard, 196, 197
 postcapitalist society, 114, 151,
 160–164, 175
 postindustrial society, 121, 127–128,
 191
 postmodernism, 150, 224, 228
 poststructuralism, 257–259
 prediction, 197–198
 progress: dialectical nature of, 233,
 274–275; idea of, 219, 223, 225–231;
 and social forecasting, 229
 proletariat, 25, 37–38; immiseration
 of, 39–40; role of, 41
 Protestant ethic, 51–52; decline of,
 128–130, 140
 Proudhon, Pierre-Joseph, 23, 25–26

 Rathenau, Walther, 86
 Renner, Karl, 65–66
 repression, 123–124, 126, 256
 revolution: belief in, 119; hopes in,
 124–125; nature of, 254; need for,
 65; as a qualitative leap, 126;
 “slow,” 65; social, 48; as a thing of
 the past, 148; velvet, 49
 Ricardo, David, 21, 32, 42

 Rizzi, Bruno, 89–90
 Robespierre, Maximilien, 219
 Rodgers, Daniel, 149
 Roosevelt, Franklin D., 10, 88, 101
 Rostow, Walt, 158
 Rousseau, Jean-Jacques, 217–218
 Russian Revolution, 53, 61–62, 64,
 69, 254

 Saint-Just, Louis de, 219
 Saint-Simon, Henri de, 23, 121,
 227–228
 Salas Römer, Henrique, 176
 Sassoon, Donald, 170
 Schara, Simon, 237
 Schumpeter, Joseph, 9–10, 101–107; on
 capitalism’s social instability, 102,
 200; on creative destruction, 101;
 on the future of capitalism, 102,
 107, 226; on intellectuals, 105–106;
 and John Maynard Keynes, 101
 Scott, George Gilbert, 18
 Second Industrial Revolution, 87
 Second International, 46, 69
 Second World War, 61, 98, 107
 Sejersted, Francis, 249
 Sismondi, J.-C.-L. de, 23, 24–25
 Skidelsky, Robert, 82
 Smith, Adam, 20, 25, 32, 42, 236
 social conflict: Bernstein on, 47;
 in late capitalism, 113–115, 132–133;
 in Marx’s analysis, 45; in the
 postindustrial society, 121,
 127–128, 143; present-day, 13, 185,
 269; Ricardo on, 21

- social democracy, 2; achievements, 275–276; challenges, 3, 144, 270–271; decline, 146, 149; interwar crisis, 62, 72; postwar triumph, 110; prospects, 269–270; in Sweden, 77
- Social Democratic Party (Germany), 46; splitting of, 70
- social forecasting, 195–196; and capitalism, 4–5; cognitive distortions, 201–203; cycles and trends, 199; emergence of, 58, 195; failures of, 197; and the idea of progress, 229; motivations, 198–199; vs. prediction, 198; theoretical flaws, 204–205, 262; typologies, 199–201; and utopia, 58, 205–207, 219–225
- socialism: actually existing, 83, 97, 155, 239; market (*see* Chinese economic system); participatory, 3, 234; possibility of, 261, 274; scientific, 219, 221–222; utopian, 23–24, 29–30, 219, 224–225
- social justice, 6, 31, 34, 173, 208, 275
- social liberalism, 31, 132
- social stratification. *See* hierarchy
- Sombart, Werner, 63, 91–94, 96, 105, 237
- Sorel, Georges, 230
- Soviet Union, 62, 64, 76, 87, 165, 273; collapse of, 148, 155; as a degenerated workers' state, 90–91, 100 (*see also* Stalinism)
- Spencer, Herbert, 227
- Spengler, Oswald, 94
- Stalin, Joseph, 76, 90, 230
- Stalinism, 62, 90–91, 99
- state, economic role of, 4, 272–273
- state capitalism: Nazi Germany's (*see* Nazi economic system); Singapore's, 267
- state intervention, 25, 72, 77–78. *See also* economic planning; state, economic role of
- stationary state, 32–36, 80–81, 101. *See also* growth, limits to
- Sternberg, Fritz, 74
- Streeck, Wolfgang, 186–188
- subproletariat, 119, 124, 134–135
- surplus value, 39, 44–45, 49, 125, 139
- Sweezy, Paul, 45, 117–118, 119, 200
- Tatkreis, 94
- technocracy, 121–122, 127, 139, 191, 231
- tendency of the rate of profit to fall, 41–45, 74, 120; counteracting influences, 43
- Thatcher, Margaret, 171
- Third Way, 149, 169–175
- Thompson, E. P., 19, 237
- Thurow, Lester, 152
- Tocqueville, Alexis de, 21–22
- Touraine, Alain, 114, 121–122, 146
- Triandis, Harry, 250
- trickle-down economics, 178–179
- Trotsky, Leon, 65, 89, 90; on revolution, 66–67, 70, 91
- Trump, Donald, 190, 268

- Trumpism, 160
- Tugan-Baranovsky, Mikhail, 49
- underconsumption. *See* over-production
- underproletariat. *See* subproletariat
- Uruguay Round, 255
- USSR. *See* Soviet Union
- utilitarianism, 22, 27, 82
- utopia, 206; disappearance of, 58, 219–220; evolution of, 207–219; return of, 223–225; and social forecasting, 58, 205–207, 219–225
- Varga, Eugen, 76
- Veblen, Thorstein, 53, 86, 121
- Victorian era, 17; as an imaginative period, 57
- Vietnam War, 124, 158
- Wallerstein, Immanuel, 184–185
- Washington Consensus, 150, 177
- Webb, Sidney, 171
- Weber, Max, 8, 50–57, 92, 105, 137; on capitalist reproduction, 52; on the future of capitalism, 52–53, 57; on Marx and Marxism, 54–56; on the Protestant ethic, 51–52, 237; on rationalization, 50–51, 54, 220; and social stratification, 247
- Weimar Republic, 70, 71–72, 74, 91, 94
- welfare state, 77, 111, 113, 133, 173–174
- Wells, H. G., 59, 198
- Wigforss, Ernst, 77
- Wood, Grant, 129
- Woolf, Virginia, 9
- working class. *See* living standards; proletariat
- World Bank, 150, 176
- World Trade Organization (WTO), 176, 255
- yellow vests movement, 269
- Young Hegelians. *See* Left Hegelians
- Zamyatin, Yevgeny, 223
- Zimmermann, Ferdinand. *See* Fried, Ferdinand
- Žižek, Slavoj, 150, 183