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European Languages

زبانهای اروپایی

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12.08.2020

Why Capitalism is in Constant Conflict With Democracy



Photograph by Nathaniel St. Clair

The capitalist economic system has always had a big problem with politics in societies with universal suffrage. Anticipating that, most capitalists opposed and long resisted extending suffrage beyond the rich who possessed capital. Only mass pressures from below forced repeated extensions of voting rights until universal suffrage was achieved—at least legally. To this day, capitalists develop and apply all sorts of legal and illegal mechanisms to limit and constrain suffrage. Among those committed to conserving capitalism, fear of universal

suffrage runs deep. Trump and his Republicans exemplify and act on that fear as the 2020 election looms.

The problem arises from capitalism's basic nature. The capitalists who own and operate business enterprises—employers as a group—comprise a small social minority. In contrast, employees and their families are the social majority. The employer minority clearly dominates the micro-economy inside each enterprise. In capitalist corporations, the major shareholders and the board of directors they select make all the key decisions including distribution of the enterprise's net revenues.

Their decisions allocate large portions of those net revenues to themselves as shareholders' dividends and top managers' executive pay packages. Their incomes and wealth thus accumulate faster than the social averages. In privately held capitalist enterprises their owners and top managers behave similarly and enjoy a similar set of privileges. Unequally distributed income and wealth in modern societies flow chiefly from the internal organization of capitalist enterprises. The owners and their top managers then use their disproportionate wealth to shape and control the macro-economy and the politics interwoven with it.

However, universal suffrage makes it possible for employees to undo capitalism's underlying economic inequalities by political means when, for example, majorities win elections. Employees can elect politicians whose legislative, executive, and judicial decisions effectively reverse capitalism's economic results. Tax, minimum wage, and government spending laws can redistribute income and wealth in many different ways. If redistribution is not how majorities choose to end unacceptable levels of inequality, they can take other steps. Majorities might, for example, vote to transition enterprises' internal organizations from capitalist hierarchies to democratic cooperatives. Enterprises' net revenues would then be distributed not by the minorities atop capitalist hierarchies but instead by democratic decisions of all employees, each with one vote. The multiple levels of inequality typical of capitalism would disappear.

Capitalism's ongoing political problem has been how best to prevent employees from forming just such political majorities. During its recurring times of special difficulty (periodic crashes, wars, conflicts between monopolized and competitive industries, pandemics), capitalism's political problem intensifies and broadens. It becomes how best to prevent employees' political majorities from ending capitalism altogether and moving society to an alternative economic system.

To solve capitalism's political problem, capitalists as a small social minority must craft alliances with other social groups. Those alliances must be strong enough to defuse, deter, or

destroy any and all emerging employee majorities that might threaten capitalists' interests or their systems' survival. The smaller or weaker the capitalist minorities are, the more the key alliance they form and rely upon is with the military. In many parts of the world, capitalism is secured by a military dictatorship that targets and destroys emerging movements for anti-capitalist change among employees or among non-capitalist sectors. Even where capitalists are a relatively large, well-established minority, if their social dominance is threatened, say by a large anti-capitalist movement from below, alliance with a military dictatorship may be a last resort survival mechanism. When such alliances culminate in mergers of capitalists and the state apparatus, fascism has arrived.

During capitalism's non-extreme moments, when not threatened by imminent social explosions, its basic political problem remains. Capitalists must block employee majorities from undoing the workings and results of the capitalist economic system and especially its characteristic distributions of income, wealth, power, and culture. To that end capitalists seek portions of the employee class to ally with, to disconnect from other, fellow employees. They usually work with and use political parties to form and sustain such alliances.

In the words of the great Marxist theorist Antonio Gramsci, the capitalists use their allied political party to form a "political bloc" with portions of the employee class and possible others outside the capitalist economy. That bloc must be strong enough to thwart the anti-capitalist goals of movements among the employee class. Ideally, for capitalists, their bloc should rule the society—be the hegemonic power—by controlling mass media, winning elections, producing parliamentary majorities, and disseminating an ideology in schools and beyond that justifies capitalism. Capitalist hegemony would then keep anti-capitalist impulses disorganized or unable to build a social movement into a counter-hegemonic bloc strong enough to challenge capitalism's hegemony.

Trump illustrates the current conditions for capitalist hegemony. First and foremost, his government lavishly funds and celebrates the military. Secondly, he delivered to corporations and the rich a huge 2017 tax cut despite their having enjoyed several prior decades of wealth redistribution upward to them. Thirdly, he keeps deregulating capitalist enterprises and markets. To sustain his government's largesse to its capitalist patrons, he notoriously cultivates traditional alliances with portions of the employee class. The Republican Party that Trump inherited and took over had let those lapse. They had weakened and led to dangerous political losses. They had to be rebuilt and strengthened or else the Republican Party could no longer be the means for capitalists to craft and organizationally sustain a hegemonic bloc.

The GOP would then likely fade away, leaving the Democratic Party for the capitalists to ally with and use for such a hegemonic bloc.

Capitalists have switched hegemonic allies and agents between the two major parties repeatedly in U.S. history. Just as the Republican Party let its alliances with sections of the employee class lapse, opening the space for Trump, so too did the Democratic Party with its traditional allies. That opened space for Bernie Sanders, Alexandria Ocasio-Cortez, and the progressives. To revive and rebuild the Republican Party as a hegemonic ally with U.S. capitalists, Trump had to give a good bit more to Christian fundamentalists, white supremacists, anti-immigration forces, chauvinists (and anti-foreigners), law-and-order enthusiasts, and gun lovers than the old GOP establishment did. That is why and how he defeated that establishment. For historical reasons, Clinton, Obama, and the old Democratic Party establishment survived yet again despite giving little to their employee class allies (workers, unions, African Americans, Latinx, women, students, academics, and the unemployed). They kept control of the party, blocked Sanders and the growing progressive challenge, and won the popular vote in 2016. They lost the election.

Capitalists prefer to use the Republicans as their hegemonic partner because the Republicans more reliably and regularly deliver what capitalists want than the Democrats do. But if and when the Republican bloc of alliances weakens or otherwise functions inadequately as a hegemonic partner, U.S. capitalists will shift to the Democrats. They will accept less favorable policies, at least for a while, if they gain a solid hegemonic partner in return. Were Trump's alliances with portions of the employee class to weaken or dissolve, U.S. capitalists will go with the Biden-Clinton-Obama Democrats instead. If needed, they would also go with the progressives, as they did in the 1930s with Franklin Delano Roosevelt.

Trump repeatedly aims to strengthen his alliances with the more than a third of American employees who seem to approve of his regime, no matter the offense given to others. He counts on that being enough for most capitalists to stay with the Republicans. After all, most capitalists prefer Republicans; his regime strongly supported the military and corporate profiteering. Only Trump's and the Republicans' colossal failures to prepare for or contain both the pandemic and the capitalism-caused economic crash could shift voter sentiment to elect Democrats. So Trump and the Republicans concentrate on denying those failures and distracting public attention from them. The Democratic Party establishment aims to persuade capitalists that a Biden regime will better manage the pandemic and crash, deliver a larger mass base to support capitalism, and only marginally reform its inequalities.

For the progressives inside and outside the Democratic Party, a major choice looms. Many have felt it. On the one hand, progressives may access power as the most attractive hegemonic allies for capitalists. By sharpening rather than soft-pedaling social criticisms, progressives may give capitalist employers stronger hegemonic alliances with employees than the traditional Democratic establishment can or dares to offer. That is roughly what Trump did in displacing the traditional establishment of the Republican Party. On the other hand, progressives will be tempted by their own growth to break from the two-party alternation that keeps capitalism hegemonic. Instead, progressives could then open up U.S. politics so that the public would have greater free choice: an anti-capitalist and pro-socialist party competing against the two traditional pro-capitalist parties.

Capitalism's political problem arose from its intrinsically undemocratic juxtaposition of an employer minority and an employee majority. The contradictions of that structure clashed with universal suffrage. Endless political maneuvers around hegemonic blocs with alternative sections of the employees allowed capitalism to survive. However, eventually those contradictions would exceed the capacity of hegemonic maneuvers to contain and control them. A pandemic combined with a major economic crash may provoke and enable progressives to make the break, change U.S. politics, and realize the long-overdue social changes.

This article was produced by Economy for All, a project of the Independent Media Institute.

AUGUST 11, 2020