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## Is 20th Century Social Democracy Really the Best we Can Do?



Photograph by Nathaniel St. Clair

Predictions are difficult to make, especially, as the old joke goes, when they are about the future. Particularly fraught have been predictions of the demise of capitalism. Conventional wisdom would have us believe that because capitalism remains the world's dominant economic system, predictions of the system's demise are not only wrong, but destined to be wrong in the future.

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“Conventional wisdom” here, of course, is nothing more than a display of the axiom that the intellectual ideas of a society are those of the dominant class. Certainly, both industrialists and financiers would like us to believe that nothing fundamental can change. Bourgeois ideology proclaims that through every possible channel every day.

Yet what is of human creation is not permanent; everything of human creation has an expiration date. Capitalism will be no different.

When will capitalism be transcended and what will follow? That central question has been asked for two centuries and, given the increasing intensity of economic crises, mounting inequality and looming environmental catastrophe, is as important as ever. The unending series of protests, uprisings and movements dedicated to either forcing systemic reform or outright replacement are eloquent testament to how capitalism fails most of the world’s population.

Nonetheless, there is no arguing that capitalism remains firmly in the saddle, with no existing social movement anywhere near strong enough today to put the system at risk. Does that mean we should regard past predictions of capitalism’s demise as mistaken or wishful thinking? Perhaps only an ambiguous answer, at least preliminary, is appropriate. For those who wish to see capitalism continue indefinitely — those who benefit and those so frightened by propaganda that anything else is literally unimaginable — there is an easy answer: Yes. For those who wish for a better world, an economic system based on human need and in harmony with the environment, the answer is no.

Whether yes, no, maybe or let’s wait and see, an examination of why predictions of capitalism’s demise are thus far off the mark is a healthy exercise. I thus was interested in a new book wrestling with these issues, *Foretelling the End of Capitalism: Intellectual Misadventures since Karl Marx* by Francesco Boldizzoni. *Foretelling* is a curious hybrid as the author is quite critical of capitalism but also has a pessimistic outlook regarding its replacement; it is rare for a book to receive praise from a *Wall Street Journal* reviewer and *New Left Review* contributor Wolfgang Streeck. *Foretelling* provides a strong challenge to the thinking of critics of capitalism and those who subscribe to leading theories, particularly Marxist, of the end of capitalism.

Such a challenge is healthy, and those who are interested in a basic history of economic thought for the past 200 years would do well with this book. Whether it succeeds in its core intention, however, is a separate matter, although any conclusions will partly depend on a reader’s perspective.

**Capitalism will end, as do all products of history**

We get a good sense of Professor Boldizzoni's perspective in his introduction, where he writes that capitalism will end, or slowly turn into something new, like all products of history, although there is no guarantee it will be something better. The brutality of prior systems lives on in capitalism. The slow growth rates of a more service-oriented economy has led to more "distributional conflicts," and the Left must find effective tools to deal with it or the "populist right" will take its place. To all but capitalism's more fervent apologists, this can hardly be considered controversial. But we also read here a foreshadowing of pessimism with a passage declaring "this battle to 'overthrow the system' is lost from the start" — believing it raises false hopes and thus "does not do progressivism any service."

Capitalism isn't going anywhere in the near future and past predictions have not been borne out, so a hard look, if we are intellectually honest, is warranted. It is healthy to have ideas challenged, so let us engage with these ideas.

Before getting to the heart of its argument, the first four of the six chapters of *Foretelling the End of Capitalism* are a wide-ranging survey of thinkers from the early 19th century to the early 21st, across the full political spectrum. These are not deep excavations but do provide basic understandings. These are mostly solid introductions to the evolution of thinking on the topic of political economy and important theories that have arisen, except for weaknesses with some Marxist writers. For example, a brief discussion of fin de siècle German social democracy — Eduard Bernstein vs. Karl Kautsky vs. Rosa Luxemburg — is shallow; the author only sees the surface of Kautsky's writings and does not grasp what lies below the surface, nor how to interpret the evolution of Kautsky's thinking, without which it is impossible to understand why Kautsky would come to draw close to Bernstein, an outcome the book entirely misses.

That is no more than a minor point. More serious is what this reviewer considers among the most bizarre interpretations of fascism he has ever come across. Professor Boldizzoni writes that fascism, or more specifically, Nazism, was "the middle ground between the liberal and Soviet worlds." He presents the ideas of several writers on fascism, but all but one are hopelessly confused and serve only to obfuscate. Incredibly, there is not one word from Leon Trotsky, the preeminent analyzer of Nazism during the 1930s — an inexcusable omission. Nor is the orthodox communist conception as handed down by Josef Stalin presented. Although that conception was badly mistaken with tragic circumstances, it should have been discussed, given the consequences of that line being put into action.

It is true that fascism is notoriously difficult to diagnose, but if approached from a class standpoint, it becomes understandable. At its most basic level, fascism is a dictatorship established through and maintained with terror on behalf of big business. It is a phenomenon squarely at the far right of the political spectrum, it is not an ersatz “third way” precursor. Fascist movements have a social base, which provides support and the terror squads, but which is badly misled since the fascist dictatorship operates decisively against the interest of its social base, rooted in middle class white-collar professionals and small business owners. (That is still true today; look at the profile of the Trump followers who have been arrested for participating in the January 6 attack on the U.S. capitol building.)

“In National Socialism, everything is as contradictory and as chaotic as in a nightmare,” Trotsky wrote in a vivid 1932 essay, using the intentionally misleading formal name for the Nazis. “Hitler’s party calls itself socialist, yet it leads a terroristic struggle against all socialist organizations. It calls itself a worker’s party, yet its ranks include all classes except the proletariat. It hurls lightning bolts at the heads of capitalists, yet is supported by them. ... The whole world has collapsed inside the heads of the petit bourgeoisie, which has completely lost its equilibrium. This class is screaming so clamorously out of despair, fear and bitterness that it is itself deafened and loses sense of its words and gestures.”

Militarism, extreme nationalism, the creation of enemies and scapegoats, and, perhaps the most critical component, a rabid propaganda that intentionally raises panic and hate while disguising its true nature and intentions under the cover of a phony populism, are among the necessary elements. Despite national differences that result in major differences in the appearances of fascism, the class nature is consistent. Big business is invariably the supporter of fascism, no matter what a fascist movement’s rhetoric contains, and is invariably the beneficiary even though its beneficiaries will not directly control the dictatorship; it is a dictatorship *for* them, not *by* them. The massive profits pocketed by industrialists in Hitler’s Germany, Mussolini’s Italy, Pinochet’s Chile and elsewhere speak volumes, as do the draconian anti-labor laws implemented. Fascism is capitalism stripped of all democratic veneers.

### **Are the reasons behind capitalism’s staying power psychological?**

Nonetheless, these early chapters are useful for other theorists who are discussed, including John Stuart Mill, Joseph Schumpeter, John Maynard Keynes, Jürgen Habermas and several writers of the late 20th century. The author skillfully dismantles the apologia

for capitalism's inequality offered by publicists masquerading as economists. In the final two chapters, Professor Boldizzoni explicates his core arguments. Here we find no illusions about the nature of capitalism nor misunderstandings of its social relations. Capitalism is a socio-economic system, not a type of economic activity, imposed by force; an "institutionalized social order" in which even human labor is reduced to a commodity. Capitalism is kept together through hierarchy and individualism, upholding new forms of previous master/slave and lord/serf relations.

So why have forecasts of capitalism's demise been so far off the mark thus far? Or, perhaps, we might better phrase this question as: Why does capitalism persist despite the misery and opposition it continually spawns? *Foretelling the End of Capitalism* begins to answer this question by offering three factors — "cognitive distortions that affect the forecasting process," faults in the construction of social theories and, decisively, "the faith in progress that underlies modern thought." This is further teased out through two mistakes — overgeneralization through drawing overly broad conclusions or magnifying specific events and "black and white thinking," an example of which is ignoring that there are "many varieties" of capitalism. Seeing the next system only in terms of the negatives of capitalism and, finally, a misunderstanding of culture underlie mistaken forecasts, the book asserts.

All this comes down to "cognitive distortions" and "theoretical flaws," working together and in conjunction with "a more general mental disposition" common to those who attempt to predict what may happen in the future. "The entire history of social forecasting and its mistakes is intertwined with faith in progress," Professor Boldizzoni writes. All of his reasons are psychological. There is nothing material!

This is the reasoning of someone who believes the current world is the only possible world that can be, whether that belief is conscious or hidden in the unconscious. Capitalism has not fallen; therefore those who forecast its eventual end are dreamers outside reality. It is as if there are no material reasons for the continued life of capitalism, some of which have to do with the very pillars of capitalism that the author himself explicates well.

It is certainly possible to draw up a list of theoretical failings far more specific than flawed enlightenment thinking. No single or small group of developments can possibly encompass all the factors that have kept the world economic system in place. I have previously written that no serious discussion of this question, however, should exclude these factors:

- \* The early pioneers of the socialist movement seriously underestimated the ability of capitalism as a system to adapt and therefore did not foresee the ability of working people to extract concessions for themselves.
- \* The early pioneers failed to understand the buoying effect that would be provided by imperialism (for the leading capitalist countries).
- \* Many of the early pioneers clung to an overly mechanical (mis)understanding of social development that led to a passive belief in an automatic unfolding of revolution that implied, incorrectly, that powerful capitalists would simply sit back and allow themselves to be overthrown. (Kautsky and Bernstein are emblematic here.)
- \* Many leaders during the Soviet era continued to hold to a similar overly mechanical belief in future revolution while at the same time failing to grasp the nuances of capitalist development.
- \* An overly centralized world movement that retarded the theoretical developments needed for local conditions, blocking the creation of innovative leadership while at the same time discouraging existing local leaderships from attempting revolutions.
- \* A too narrow conception of “working class” or “working people” — a tendency to visualize only blue-collar manual workers as working people, a declining percentage of the population in increasingly technological capitalist societies. Such narrow horizons served to exclude a large proportion of wage workers, with the result that movements purporting to be organizations of working people instead divided them at the start.

I am under no illusion that the above list exhausts the catalogue of factors. Obviously, the ability and willingness of the governments over which capitalists hold decisive sway to use violence to keep industrialists and financiers in power; the ability to disseminate propaganda in a variety of forms through an array of media, schools and institutions; and the willingness to invade, overthrow and impose military violence and sanctions against any country that challenges capitalism’s masters so as to make life there difficult are indispensable factors as to capitalism’s staying power. The last of this paragraph’s factors goes a long way in itself as to why alternatives to capitalism have faltered.

Every attempt at constructing a post-capitalist economy has been met with overwhelming military, financial and other forms of force, putting them on a war footing. We can not know what might have been created if those countries had been allowed to peacefully develop, and this factor is indispensable if we are to seriously ponder the acceptance of “there is no alternative” propaganda. Despite the acknowledgements of bourgeois culture’s orientation toward wealth accumulation and cultural processes, *Foretelling the End of*

*Capitalism* offers lectures on the weaknesses of enlightenment thinking rather than analyzing material conditions.

### **Culture as the glue holding together capitalism**

Professor Boldizzoni puts forth the thesis that political, economic and social structures are all held together by “a powerful glue”: culture. Capitalism, he writes, is the product of a particular Western family of cultures, with hierarchy and individualism the most important factors. Behavior standards “change slowly”; it “may take several centuries” for culture to transform. He writes, “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 culture sphere that are to occur over the next few centuries. The transition, however, will be so gradual that it will be barely noticeable.”

There is plenty to unpack in the preceding paragraph. That culture is a “powerful glue” keeping capitalism is indisputable, and that changes in “material circumstances” will facilitate a transition to a new system is also not in dispute. But these assertions, which certainly would not be controversial to a Marxist, are odd in light of the author’s criticisms of Karl Marx. It is unavoidable to note that those criticisms are rooted in a shallow understanding of Marx’s body of work. The author makes the common mistake of seeing Marxism as overly mechanical, teleological and offering a “perfect society,” nor does he grasp the subtlety of the “dictatorship of the proletariat,” admittedly a confusing phrase that might better be retired. (“Dictatorship of the proletariat” simply means the predominance of working people, the vast majority of people in capitalist society, without reference to any particular governmental form. All capitalist societies constitute a “dictatorship of the bourgeoisie,” the predominance of industrialists and financiers, which has taken many forms, including formal democracy and fascist.)

These misunderstandings are possible because Marxism’s 20th century practitioners in the Soviet bloc presented it in overly simplified terms, seeing it themselves in a mechanical manner. And that was not new. Friedrich Engels, in an 1890 letter to Joseph Bloch, lamented that he and Marx had put so much emphasis on economics. “Marx and I are ourselves partly to blame for the fact that younger writers sometimes lay more stress on the economic side than is due to it,” Engels wrote. “We had to emphasize this main principle in opposition to our adversaries, who denied it, and we have not always had the time, the place or the opportunity to allow the other elements involved in the interaction to come into their rights. ... Unfortunately, however, it happens only too often that people

think they have fully understood a theory and can apply it without more ado from the moment they have mastered its main principles, and those even not always correctly.”

We can conceptualize Marxist materialist philosophy like this: The flow and movement of any phenomenon or idea takes varying directions, and far from always in an expected direction. As the concept of “flow” implies, history and social development do not consist of discrete steps or stages. Philosophical, political and religious ideas (which are built on the materials of their predecessors); the prevailing culture (which include traditions shaped in the conditions of the past that have survived into the present); and local geographic factors influence not only each other but also influence economic conditions. What was a cause can become an effect, and an effect can become a cause. These forces are given concrete form within a state, the form of which (including its legal structure) is based on the material conditions of life — the economic structure is the foundation on which society is built and which therefore shapes social consciousness.

Properly understood, Marxism is not, and has never been, a reach for utopia; its founders were scornful of the utopians of their time. Still more puzzling is Professor Boldizzoni’s bizarre aside that Swedish social democrats were “seeking the achievement of a perfect society.” That would certainly be news to them. The post-World War II Swedish model sought full employment, equality and the transfer of excess profits to the collective ownership of employees. Better than ordinary capitalism and envisioned as an evolutionary route to a future socialist society, but hardly nirvana.

### **How high should movements aim?**

Nordic social democracy is what the author seems to have in mind when he references “many varieties” of capitalism. Yes, there are national differences in capitalism, sometimes significant, but given the domination of the United States and its ability to dictate to the rest of the world, it is unrealistic to see that there is anything other than a single world system. And Swedish capitalism is far removed from any “perfect society” — dominated by corporate power and subject to the pressures of corporate globalization the same as other small or midsized capitalist country, Sweden today has inequality and poverty levels above the European Union average.

Sweden’s failure to institute even the most rudimentary beginnings of an evolutionary path to a socialist economic democracy under the 1970s “Meidner plan” of forcing companies to issue stock to public agencies until the public had majority control succumbed not only to the might of local capitalists and the pressures of corporate globalization, but because of

the failure of working people to organize. Without a massive movement, no project of socialism, or, if you prefer, economic democracy, can succeed.

If we are dwelling on disagreements here, it is because these areas of dispute are central to the author's thesis. What should be done? Professor Boldizzoni forecasts that although capitalism will be replaced, it will last for centuries to come. No mention of the environmental crisis — humanity doesn't have one full century, never mind several, to wait! There is also the matter of the inability to achieve endless growth on a finite planet, and capitalism's need for continual growth in a world into which it has expanded to almost every corner. (But it should be acknowledged that he has the intellectual honesty to make his own forecast and thus risk being as wrong as those he's discussed.) He concludes by lamenting "we must come to terms with the limits of the possible" and declaring "the social democratic experience" the height of achievement. This conclusion brings into sharper relief why he is so insistent on seeing any attempt to move past capitalism as utopian.

What is the possible? A standard list of social democratic reforms, such as the "power to tax," the power to pursue industrial policy and "monetary sovereignty," offered as counters to European Union policy and centralization. Public ownership of infrastructure and banking is also put forth. These would be welcome reforms, but more than a century of working for reforms within capitalism rather than overcoming it has put the world in precisely the place it is today. Reforms can be won through social struggle, but once movements stand down, the reforms are taken back. Movements must aim higher.

If we believe the world can't be better, that it can't be meaningfully changed, that we have no choice other than tinkering around the edges as capitalism destroys the environment, then nothing will get better. Our conditions will actually get worse because there is no stasis. A better world is possible and speculating on what some basic concepts of a better world might look like is necessary if we are to get there. Giving up is not an option. Study of material conditions and the multitude of factors as to why predictions of capitalism's demise have yet to come to pass — or, to put it in a better way, why capitalism has proven so resilient — are indispensable to achieving an understanding of our present and providing ourselves with the tools necessary to build the movement of movements, working across borders, that is the path toward any possible better world. Lamenting the weight of enlightenment thinking isn't that route.

*Foretelling the End of Capitalism* is correct that there won't be a sudden collapse of capitalism. If no social movement intervenes, capitalism has several more decades of life

and would likely be followed by something worse, in a world of environmental disaster, rising seas and dwindling resources. Decades, not centuries — the present path of humanity is unsustainable. There is no substitute for a post-capitalist future, and the past need not dictate the future.

As always, the value of a book isn't measured by whether we agree with everything in it. If *Foretelling* didn't have much of interest to offer, I wouldn't have written this essay. The question the book attempts to answer is a challenge that must be confronted because it is a question that remains all too relevant. But although the author in good faith sought to interrogate the predictions of the past to provide an understanding of today, he instead produced a cry of defeat and despair.

***Pete Dolack** writes the *Systemic Disorder* blog and has been an activist with several groups. His first book, *It's Not Over: Learning From the Socialist Experiment*, is available from Zero Books and he has completed the text for his second book, *What Do We Need Bosses For?**

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