

Sociology 621 Lecture 4. September 12, 2013

The Critique of Capitalism

1. Two ways to Criticize institutions

There are three distinct, but interconnected, ways in which the critique of capitalism can be framed:

- Capitalism generates *harms* of various sorts.
- Capitalism generates *injustices*.

Of course, one would not care so much about an injustice unless it was also associated with a significant harm, and in a sense an injustice is a kind of harm, but still these are distinct problems for two reasons.

First, in some conceptions of social justice it is possible to recognize that a social arrangement generates harms without it also being unjust. Many libertarians, for example, insist that strong property rights connected to free markets are just, and nevertheless acknowledge that there are people who lose out and suffer in a free market for no fault of their own. One can argue that national borders and citizenship rules are just, and still admit that this imposes harms on people that excluded by these rules. Identifying the harms generated by capitalism, therefore, can be done without resolving the difficult philosophical problems of justice.

Second, there are some harms that are not easily framed as injustices – or, at least, framing them as an injustice does not add anything to the critique. For example, one of criticisms of capitalism is that it is environmentally destructive. The central thrust of this indictment is not that some people bear the costs of environmental degradation more than others – that is an additional argument discussed under the rubric of environmental justice – but simply that capitalism is irrational in ways that hurt everyone. Or, consider the claim that capitalism undermines a sense of community, and this harms the lives of most people. The issue, again, is not that some people are more harmed than others by this – if everyone were equally harmed it would still be a criticism of capitalism.

Both of these kinds of critiques of capitalism are important, but historically Marxists have emphasized harms more than injustice. What Marxists argue that capitalism hurts the interests of workers and they would benefit from its over-throw, this is a claim about who benefits and is harmed by alternative economic systems. No arguments about injustice are needed to support this claim. Indeed, Marx himself was generally fairly skeptical of arguments about justice believing that theories of justice were generally ideologically grounded rationalizations for interests. Contemporary Marxist philosophers have devoted more attention to questions of justice, believing – I think correctly – that beliefs in the justice or injustice of institutions is critical to struggles to transform those institutions.

Here I want to explore the critique of capitalism in a slightly different way from the way I organized the discussion in the book. There I organized the discussion in terms of a list of eleven criticisms. Here I will organize the criticisms in terms of the four normative principles we discussed around emancipatory social science.

2. The four principles (reprise):

Equality: In a just society all persons would have broadly equal access to the material and social means necessary to live a flourishing life.

Democracy: In a fully democratic society, all people would have broadly equal access to the necessary means to participate meaningfully in decisions about things which affect their lives.

Community/Solidarity: Community/solidarity expresses the principle that people ought to cooperate with each other not simply because what they personally get out of it, but also out of a real commitment to the wellbeing of others.

Sustainability: Future generations should have access to the social and material means to live flourishing lives at least at the same level as the present generation.

3. Diagnosis & Critique of capitalism

3.1 Equality: *Capitalism inherently generates levels of inequality in income and wealth that systematically violate social justice.*

A commonly held view is that inequality itself should not be a matter of particular concern. We should care about deprivation and poverty, but not about inequality as such. While I agree that the most pressing moral issues connected to inequality concern the human suffering connected to poverty, nevertheless I think inequality itself is an appropriate object of moral concern. There are four principle reasons for this claim.

The first, and perhaps most important, is that inequality is itself a cause of poverty. The rich are rich, in part, because the poor are poor – they are rich at the expense of the poor. Poverty and wealth are not causally independent of each other. The central way this causal interconnection is understood in Marxism is through the concept of *exploitation*. As we will see when we discuss class, there is a closely connected concept – nonexploitative economic oppression – which is also important. The key idea is that the kind of economic inequalities generated within capitalism perpetuate severe deprivations even in the face of substantial economic growth. Or, to put it another way: capitalism perpetuates eliminable forms of human suffering.

The second issue concerns social justice. Let us make the distinction between (a) everyone having access to the material means to live a flourishing life, and (b) everyone having roughly equal access to those means. If the first of these holds, but not the second, then some people have to work much harder than others to acquire the material means to flourish, but everyone could still with enough effort acquire those means. One way of thinking about absolute poverty is that condition (a) is not satisfied. Capitalism inherently violates (a). But even apart from that, even if through strong welfare state institutions and redistribution, (a) is satisfied, capitalism would still violate (b). So long as the material conditions of life of children are substantially affected by the income of their parents, nothing close to equal access to the conditions to flourish will not exist under a capitalist system.

One additional comment on the harms generated by the inequalities of capitalism : high levels of inequality have adverse effects on the lives of most people, even many who are relatively

advantaged within the unequal distribution. This is the argument most famously advanced by Wilkinson and Pickett in their book *The Spirit Level*, in which they amass considerable evidence that average wellbeing along many dimensions is inversely linked to the degree of inequality in a society. The specific mechanisms behind this empirical relation are not entirely clear, but the hypothesis is that higher levels of inequality generate a variety of effects which undermine the wellbeing of most people, not just the severely disadvantaged. These effects of high inequality include such things as stress, conflict, insecurity, envy, intensified competition at all levels of the economic structure, and a weakened sense of community. In effect this argument means that while high inequality may give a majority of people access to the material conditions to live a flourishing life, *it also undermines for many materially advantaged people the social conditions for human flourishing.*

3.2 Democracy: *Capitalism generates severe deficits in realizing democratic values by excluding crucial decisions from public deliberation, by allowing private wealth to affect access to political power, and by allowing workplace dictatorships.*

The first of these points is the most fundamental. It is an intrinsic feature of private property that it gives power of owners of property to dispose of it as they like – to sell it, even destroy it. If a capitalist could not move a firm to a cheap labor country without getting “permission” from the workers in the firm, this would mean that those workers had significant rights over the property in question, even if the capitalist continued to be able to appropriate the profits of the firm.

This issue – that private property rights in the means of production generates a democratic deficit – reflects a fundamental feature of property rights: property rights constitute a structure of power relations. To own things is to have power with respect to those things. However, it is critical to understand that “ownership” is not one-dimensional, but involves a very heterogeneous set of rights, and it is possible for the power connected to these rights to be vested in different agents. This is the case, for example, when there are safety rules and pollution rules imposed on owners. This means that the power over those aspects of production are no longer under the control of owners, but of the state or some other entity. The most fundamental aspect of capitalist property rights over means of production is the right to invest and disinvest. When that right is curtailed, then the capitalist character of the economic power relations is undermined.

3.3 Community/Solidarity: *Competition and commodification within capitalism undermine community/solidarity.*

The impact of capitalism on community and solidarity is quite complex because there are two quite different sorts of processes in play. On the one hand, competition and individualism which are such organic parts of capitalist market relations undermines community. As Jerry Cohen put it, capitalism is based on the dual principles of greed and fear – greed to accumulate; fear of losing out in competition. This competitive spirit pits individuals against each other in labor markets and cities, states and countries against each other in their efforts to attract investments.

On the other hand, capitalism erodes down a wide range of exclusionary solidarities based on ascriptive characteristics of race, ethnicity, gender. Both Marx and Weber emphasized this – the way capitalism undermines status hierarchies.

One way of thinking about the connection of these processes is that capitalism helps destroy traditional status barriers to more universalistic and inclusive forms of community and solidarity, but blocks the realization of the potential for community by fostering competitive-individualism.

3.4 Sustainability: *Capitalism inherently threatens the quality of the environment for future generations because of imperatives for consumerism and endless growth.*

Here the central issue that the stability of capitalism requires the continual expansion of markets. When markets are stagnant, the crisis tendencies within capitalism intensify.

Now, there is a complication here. The growth dynamic of capitalism is for the accumulation of capital, and this involves markets in both goods and services. So, it is logically possible that one could have a capitalist economy in which there was no growth in material production and consumption and still capital accumulation in the production of nonmaterial services. We could – conceivably – consume less and less material stuff per capita and still have economic growth in GDP (i.e. capital accumulation) via capitalist firms that produce services, internet entertainment. This is hard to imagine in practice, and in any case would require massive government intervention in investment patterns in ways which would undermine the overall capitalist logic of the system.

Appendix

In *Envisioning real Utopias* I list eleven criticisms of capitalism. Many, but not all of these, can be subsumed under the discussion of the four principles.

Here is another way of organizing the critique of capitalism. Critical theories generally organize the critique of institutions in terms of four rubrics of indictment: exploitation, domination, injustice, and irrationality. Of course, many of the substantive criticisms of capitalism fall under more than one of these labels but loosely we can organize the eleven specific criticisms in *Envisioning Real Utopias* along these lines.

Exploitation

1. *Capitalist class relations perpetuate eliminable forms of human suffering.*
2. *Capitalism blocks the universalization of conditions for expansive human flourishing.*

Domination

3. *Capitalism perpetuates eliminable deficits in individual freedom and autonomy.*
4. *Capitalism, in a world of nation states, fuels militarism and imperialism.*
5. *Capitalism limits democracy.*

Injustice

6. *Capitalism violates liberal egalitarian principles of social justice.*

Irrationality

7. *Capitalism is inefficient in certain crucial respects.*
8. *Capitalism is environmentally destructive.*
9. *Capitalism has a systematic bias towards consumerism.*
10. *Capitalist commodification threatens important broadly held values.*
11. *Capitalism corrodes community.*