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CAPITALISM AND CRITICAL THEORY



CAPITALISM IN NEOLIBERAL TIMES:  
RETHINKING THE LEFT

BY  
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# Capitalism in Neoliberal Times: Rethinking the Left

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**N**ancy Fraser is one of the leading representatives, in our times, of an approach to Critical Theory that deliberately stays away from agonizing over “the ground of critique”, but instead aims at articulating a *Zeitdiagnose* that reflects, interprets, gives voice, and ultimately aims at enhancing the prospect of social movements radically opposed to the injustices and the inequality inherent in a capitalist society. With remarkable and outstanding continuity – exemplarily embodying Gramsci’s “optimism of the will” – over time Fraser has engaged in an original reflection on the current transformation of capitalism as an “institutionalized social order”, as well as on the challenges raised by these new developments for those committed to overcoming capitalist oppression. Her reflection is very poignantly presented in her book *Capitalism. A Conversation in Critical Theory*, co-authored with Berlin-based critical theorist Rahel Jaeggi (Fraser-Jaeggi 2018).

In this paper, I would like to offer a few comments and engage her main theses. Although it is generally difficult to partition a

conversation, which is the original format of the text, in this case the authors must be praised for doing an excellent job at creating partitions that are self-sufficient and do reflect the unavoidable items of the agenda of any critical theory that intends to confront “capitalism”: how to conceptualize capitalism, capture its historical development, articulate grounds of critique, figure out pathways for actual contestation on the ground to be successful. I’ll follow this thematic sequence in the first section, in order to highlight and briefly address the important insights and advances offered by Fraser. Taken together, these insights amount to a long-needed and timely rethinking of Marx’s notion of capitalism and its dynamics. However, in the next three sections I will dwell on three areas of Fraser’s critical reflection that in my opinion would benefit from a supplement of elaboration and detailing. To anticipate, these grey areas are a) the problems raised by the present “financialization of capitalism”, in my terminology the increasing weight of “disembedded financial markets” within “capitalism as an institutionalized social order;” b) Fraser’s socialist alternative and its relation to political liberalism and reasonable pluralism; c) the notion of anti-capitalist struggle and Fraser’s idea of “progressive populism.”

## I

### **Marxism and critical theory reconsidered**

Nancy Fraser must be credited for significantly updating the Marxist tradition at four junctures. First, she convincingly argues that the central antagonism between capitalist entrepreneurs and working class is now complemented by almost equally decisive, in any event certainly not peripheral, struggles in the three areas of a) genderized care and discrimination, b) racial discrimination and c) predation of natural resources.

Second, according to Fraser, these contemporary and ever-expanding struggles attest the fact that the predatory, expropriating relation to nature and to not-directly productive, unremunerated subjects is no longer a mere precondition for the primitive accumulation of capital and exploitation proper – as in classical Marxism –, but constitutes an ongoing, albeit ideologically disavowed, condition of the possibility of successful exploitation. Much as in his famous dictum Böckenförde claimed that liberalism consumes cultural resources that it cannot replenish, so the capitalist exploitation of workers for Fraser rests on and consumes other reproductive, natural and political resources that no association of entrepreneurs is capable of replenishing. What Fraser calls the “front-story of exploitation through the appropriation of surplus value” must then be supplemented by critical theorists with an account of the back-stories of gender and racial discrimination, the spoliation of nature and the encroaching of capitalist interests on the democratic process. Consequently, struggles occurring in these areas must be conceived as integral to ‘class-struggle’ against capitalism. This move allows Fraser to integrate within her ‘expanded’ critical account of capitalism “the insights of Foucault, Bourdieu, and the neo-Hegelians who focus on ‘ethical life’”. In fact, she contends, these insights into “subjectivation, habitus, culture, lifeworld and ethical life” “receive their full meaning and importance when they are situated in relation to capitalism as a historically elaborated social totality” (Fraser-Jaeggi 2018, 33).

Third, Fraser’s revisitation of Marxism refrains from indulging in the romantic idealization of the integrity of past, tradition-based lifeworlds, configurations of the self or natural conditions. When capitalism sets in, all that is solid melts into air, and neoliberal capitalism – the latest reincarnation of capitalism – is no exception. I grew up in Sicily in the 1960’s, with honor killing as a mandatory remedy for the reputational costs incurred by male relatives for

women's "sexual misconduct." Neoliberal global capitalism and neoliberal consumerism must be credited for eradicating that code of conduct. Who is nostalgic for patriarchal, mafia-infiltrated, exclusionary community?

Fourth, Fraser avoids the two pitfalls, common to many critical thinkers of the past and the present, of a) suggesting that exploitation-induced and commodity-fetishism-induced reification spreads from the workplace and the market to the whole of society (as Lukács and sometimes the first generation of the Frankfurt school maintained), or b) conceding that the capitalist economic system, based on the strategic coordination of action, delivers its output but negatively affects society insofar as it unduly expands its mode onto life-world areas that are sort of naturally integrated via communicative action. Fraser then elucidates her idea of capitalism as an "institutionalized social order" (though one wonders which social order is not institutionalized): a form of societal organization that produces economic profit and growth via exploitation and makes exploitation possible via expropriation in the non-profit-driven, but profit-dominated, areas of reproduction, nature and politics (*ibid.*, 52-53).

After highlighting the many points of consonance that I share with Fraser's version of Marxism and emphasizing their innovativeness, let me move on to the few "grey areas" where I feel that extra-clarification would be welcome and would strengthen Fraser's argument further.

## II

### **Capitalism in neoliberal times**

Marx analyzed competitive 19<sup>th</sup> century Manchester-like capitalism. In Chapter 2 we get a convincing enumeration of the types of capitalism, in the plural, that have prevailed in different historical times: mercantile capitalism, competitive liberal

capitalism, state-managed monopoly capitalism, and now globalizing financial capitalism. Let me focus on the latter.

In this version, existing since the 1980's, after the election of Reagan and of Thatcher, capitalism poses specific problems, unprecedented within the other forms of capitalism. Two of these new problematic complexes have paramount significance for progressive struggles. First, global capitalism, through the delocalization of work-force, enhanced competition, then precarization<sup>1</sup> undermines the workers' chances to build solidarity in struggle and fragments the potential unity of any counterhegemonic bloc so far envisaged. Second, as a set of disembedded financial markets, it brings rent (another putative remnant of the precapitalist past, in the orthodox Marxist tradition...) back into the equation and yields profits without producing anything, thus technically with no extraction of surplus value.

A cursory look at the profits gained in the financial sector shows that at certain peak moments, in 2001, those profits accounted for 46%, nearly half of all domestic corporate profits in the US. Joseph Stiglitz has estimated that rate of financial profits to profits in the traditional economic industries at a regular 40% even at times of financial crisis.<sup>2</sup> OECD gives a more conservative estimate of about 20% of the proportion of financial operations relative to the global economy, where the traditional sectors are more represented than in the US. This tendency of the financial sector to grow exponentially raises problems on which we need to reflect: what are the characteristics and crisis tendencies of a capitalist society in which exploitation (which is linked to production only) is so reduced and rent (the typical form of revenue of non-capitalist premodern societies) is back? Are stock-market bubbles

<sup>1</sup> For a reflection on capitalism and “precarization”, see Azmanova 2020.

<sup>2</sup> See Stiglitz 2009. See also Khatiwada 2010.

significantly different from cycles in their causes and effects? Are we headed, in the future, towards advanced capitalist societies where most profits are made without producing anything, out of financial gains? These developments incline me to speak, rather than of capitalism, of “disembedded financial markets”, that exert an absolute power on national, democratically elected governments, not in the sense that they are above the law, but in the sense that they have the power to obtain the legislation they need for safeguarding or increasing the profit rate.<sup>3</sup> These markets hijack the democratic process insofar as very few ruling parties can win democratic elections in the face of a severe economic downturn, unless they backslide into the regressive nationalistic, populist, xenophobic playbook.

The changing relative composition of financial and productive capital does not merely affect our critical diagnosis: it also has important consequences for the counterhegemonic project. I’ll just mention the main consequence, not exactly in focus throughout Fraser’s analysis: the disembedded financial markets involve “us” in a way that classical industrial capitalism did not. On the surface, J.P.Morgan and Goldman Sachs may look like 21<sup>st</sup> century equivalents of Rockefeller and Ford. But they are not: they are large corporate actors in a market in which millions of people (including critical theorists) are involved and on which these millions of people depend when it comes to their collective pension funds, the savings inherited from their family or set apart during their lives, the few government bonds they own, the securities into which they park the extra money they happen in whichever way to gain. We can’t wish the financial markets to crumble, because “the markets” is just a shorthand expression for the choices that countless people like us and, of course, also J.P.Morgan and Goldman Sachs, make for their own benefit.

<sup>3</sup> For a more extended discussion, see Ferrara 2015.



Thus we the working people of all walks – those not included in the 1% – occupy a structural position, in the overall social organization of what we still call, for lack of a better term, capitalism, extremely different from that of the exploited proletarians of the Manchester or Detroit type factory. We are somehow co-players, however small, in the global financial markets, co-players who act directly or indirectly, through pension funds, life-insurances, and the like, and at the same time we are victims of these markets as citizens of democratic polities condemned to legislate under their sway. This twofold relation has no equivalent whatsoever in classical capitalism but needs to be figured in by critical theorists who focus on the capitalist social order, but the reader won't find much attention devoted to it within Fraser's pages.

### III

#### **Socialism and political liberalism**

Reading now the insightful conversation by Fraser and Jaeggi from the angle of their alternative to the capitalist social order, I'm struck by two things. The first is the extent to which what they understand by "socialism" looks like what the later Rawls called "property-owning democracy" and he himself described as not dissimilar from "liberal socialism". While former regimes which abusively called themselves "socialist" "tried simply to 'liquidate' the capitalist division between polity and economy, establishing command economies directed by the Party-State, and that proved truly disastrous in many senses", Fraser argues that we cannot defensibly aim at liquidating that dividing line: we need to consider alternatives such as, for example, "democratic planning, participatory budgeting, or market-socialism, combining 'political' and 'economic' forms of coordination" (Fraser-Jaeggi 2018, 173). In another passage, Fraser describes the inherent self-expansory

thrust of capitalism as a tendency toward “displacing the human beings who have made it and turning them into its servants.” Then she adds: “the removal of fundamental questions from the purview of human determination, the ceding of them to an impersonal mechanism geared to the maximal self-expansion of capital – this is really perverse. And it’s really distinctive of capitalism. Whatever socialism might mean, it must entail collective democratic self-determination of the allocation of social surplus!” (*ibid.*, 25).

Let’s now hear Rawls on property-owning democracy. Engaging Marx’s critique of liberalism, he concedes that by and large “no regime with private property in the means of production can satisfy the two principles of justice” (Rawls 2001, § 52.2, 178) and specifically the second principle. Then he compares his own property-owning democracy and “liberal socialism”. In both cases, Rawls contends, “the first principle of justice includes a right to private personal property, but this is different from the right of private property in productive assets” (*ibid.*, 42.2., 138). Finally, he proceeds to illustrate the difference between his own property-owning democracy and the welfare-state capitalism of the turn of the century:

The big difference is that the “background institutions of property-owning democracy work to disperse the ownership of wealth and capital, and thus to prevent a small part of society from controlling the economy, and indirectly, political life as well. By contrast, welfare-state capitalism permits a small class to have a near monopoly of the means of production. Property-owning democracy avoids this, not by the redistribution of income to those with less at the end of each period, so to speak, but rather by ensuring the widespread ownership of productive assets and human capital (that is, education and trained skills) at the beginning of each period, all this against a background of fair equality of opportunity” (*ibid.*, 42.3, 139).

In the light of all of the above, I'm not convinced that the later Rawls's political liberalism is just about distributive justice or policy recommendations based on a freestanding theory of justice – as all forms of contemporary liberalism are accused by Fraser and Jaeggi of limiting themselves to. The allegation of free-standing normativism only stands if we consider *A Theory of Justice*. As of 1980, with *Kantian Constructivism in Moral Theory*, the normative credentials of “justice as fairness” descend for Rawls not from its reflecting “an order antecedent to and given to us”, but from “its congruence with our deeper understanding of ourselves and our aspirations, and our realization that, given our history and the traditions embedded in our public life, it is the most reasonable doctrine for us” (Rawls 1980, 519).

This formula is replicated in *Political Liberalism* (Rawls 2005) and is combined with the idea that justice as fairness, like any other political conception of justice, becomes fully binding not when the argument of a philosopher carries the day among his colleagues, but when an overlapping consensus coalesces among differently-minded free and equal citizens over constitutional essentials that reflect its principles. I wonder why this game-changing development within contemporary liberalism, which breaks away from all forms of foundationalism, substantive and procedural alike, is glossed over in Fraser's and Jaeggi's text, in favor of a trite and unexamined view, prevailing in leftist circles, according to which all normative liberalism advocates freestanding ahistorical normativity and left-liberalism is what critical theorists must distance themselves from (Fraser-Jaeggi 2018, 6-7).

Having said this, my quoting the later Rawls of “political liberalism” and “property-owning democracy” does not stem from a philological penchant for crossing T's and dotting the I's. My purpose is to highlight how embedded in political liberalism is a more promising way of handling pluralism, the soft spot of all talk about socialism. In one key passage, the crossfire of left-liberalism

and deconstructionism is accused of having “effectively killed the left-Hegelian project, at least for a time” (*ibid.*), by severing the link between social analysis and normative critique. Whereas political liberalism certainly is not freestanding and ahistorical, the so-called left Hegelian project has possibly contributed to its own current obsolescence by failing to convincingly address the new philosophical horizon inaugurated by Wittgenstein’s and Heidegger’s versions of the Linguistic Turn and continuing to operate as though one privileged standpoint existed from which the “real contradictions or systemic crisis tendencies” could be grasped, and the dissonant perception and will of putatively free and equal fellow citizens could be dismissed as epistemically unsound.

This way of thinking is perfectly fine and legitimate in Habermas’s public sphere or Rawls’s background culture: but should the “expanded conception of capitalism”, that integrates insights of Foucault, Bourdieu, neo-Hegelian views of subjectification and the ethical life, suddenly become “the law”, scripted in a constitution, and then enforced on a societal level, it would instantly become oppressive. By ‘oppressive’ I do not mean in the least that the proponents of a “counterhegemonic bloc” would intentionally pursue the oppressive policies of the real-socialist nomenklatures of the past. I simply mean that they do not offer a ‘political’ account, in the sense of “political liberalism”, of how they would accommodate pluralism. And insofar as they offer us a ‘comprehensive’ critique of capitalist arrangement, it is the comprehensive, not political, quality of their conception that, in spite of their democratic good intentions, requires the enlisting of the coercive force of law in order “to maintain a continuing common affirmation of one comprehensive religious, philosophical, or moral doctrine” (Rawls 2003, 161).

Why would the expanded conception of capitalism, of its crisis tendencies and of the prospect for overcoming its injustices be

immune from the “burdens of judgment”? A similar problem affects Honneth’s view of social freedom and his comprehensive reconstruction of the functional contribution offered to the establishing of social freedom by the three spheres of “personal relationships”, relations mediated by the market, and democratic will-formation.<sup>4</sup> Such narratives as the institutional affirmation of social freedom or the expanded conception of capitalism have their proper place in the public sphere or the background culture, where ideas and values are debated, but cannot be the basis for a rule of law reflective of these contested comprehensive views without resulting in the oppression of those who dissent. In *Socialism*, however, Honneth acknowledges that his socialist view of society is a comprehensive conception alongside others, perhaps even unlikely to ever become the inspirator of a “political conception of justice.”

Similarly, a closer look at Fraser’s socialist alternative in fact proves reassuring: the criteria for “distinguishing emancipatory from non-emancipatory claims” about the way capitalism shapes the larger society, in the end, come down to the triad of “non-domination, functional sustainability and democracy” (Fraser-Jaeggi 2018, 178), three criteria understood as “generalizations of the first-order norms that participants use” and as such “accessible to them” (*ibid.*, 179). Thus, in the end, the Fraser’s position really oscillates between a programmatic ambition to offer a comprehensive theory of capitalism and its relation to the spheres of gender, race, politics and nature on one hand, and a very moderate view of the socialist alternative, which makes it hard to distinguish her socialism from a political liberal/liberal socialist or property-owning democratic order, with a diffuse ownership of means of production, democratic participation and entrenched rights.

<sup>4</sup> See Honneth 2014.

## IV

### Concepts that need clarification

Finally, two important terms that occupy a strategic place in Fraser's argument may benefit from further clarification. Ubiquitously, throughout the entire volume the word "struggle" recurs and yet its meaning remains somewhat unclear: what does it mean that a social group "struggles"? Is struggle the same if undertaken by an exploited or an expropriated social group? And do non-emancipatory struggles count as struggles? Are struggles within the frame of the rule of law or beyond it? Do struggles presuppose mobilization in the classical repertoire of forms of struggle (sit-ins, demonstrations, strikes, occupations, boycotts, etc.), or may legal actions, for example class-actions on behalf of oppressed groups of citizens, also count as struggles? Does simply engaging in electoral campaigns or crowd-funding for a progressive candidate count as a struggle? Are struggles by definition extra-institutional collective action? If not, does filibuster count as struggle, even when conducted in parliament by conservative parties?

One is reminded of Hobbes' famous "proto-emotivist" observation that – when it comes to the evergreen political-philosophical task of distinguishing regime-types – what really counts is the number of hands that handle power, the rest being projections of one's own sentiments of approval or disapproval: "They that are discontented under Monarchy, call it Tyranny; and they that are displeased with Aristocracy, call it Oligarchy: So also, they which find themselves grieved under a Democracy, call it Anarchy" (Hobbes 1651, ch. 19, 240). Is the action of "struggling" and the social and political "struggles", so often referred to in the book, perhaps to be understood, within a similar "emotivist" framework, as synonymous with the kind of social mobilization we approve of?

The second term is “progressive populism,” the pivot of the counterhegemonic bloc (Fraser-Jaeggi 2018, 216): does it refer to the “left-wing project” associated with Sanders, Corbyn, Mélenchon, Podemos, the early Syriza? In her courageous adoption of the term “populism” Fraser is in the company of Chantal Mouffe (Mouffe 2018). The aim of progressive populism is described as bringing together, under an egalitarian rallying banner, “the whole working class and not just the fractions historically associated with manufacturing and construction... but also those portions of the broader working class who perform domestic, agricultural, and service labor.” Such a project could “position the working class, understood expansively, as the leading force in an alliance that also includes substantial segments of youth, the middle class, and the professional-managerial stratum” (*ibid.*, 216-217). Assuming that generational and cultural gaps between these segments of the counterhegemonic bloc could be bridged, which is far from certain, one would need to know why the quite sensible project of “joining a robustly egalitarian politics of distribution to a substantively inclusive, class-sensitive politics of recognition” (*ibid.*, 223) would have to be qualified as populism. What would be missed by describing it as regular progressive policy-making or campaigning for gaining office on as transformative a platform, as the New Deal was in relation to classical laissez-faire capitalism, yet in full recognition of the checks and balances, the separation of powers, and the distinction of constituent and constituted power, that together form the hallmark of constitutional democracy? If nothing significant can be said to be missed by so re-describing it, then Fraser’s project seems rather to be the opposite of populism.

## **Conclusion**

To recap in a nutshell: profits made on global disembodied financial markets account for an increasing share of all profits (peaking at 46% in the US in 2001) and do not rest on the appropriation of surplus values; plus the majority of citizens of complex societies, directly or more frequently indirectly, have something at stake in these markets in a way that has no equivalent in the relation of the workers to their employers. Second, political liberalism has nothing to do with the freestanding prescriptive and individualist penchant cavalierly attributed to all kinds of liberalism. In addition, Rawls's "property owning" democracy offers all that a democratic socialism can offer and offers an account of pluralism that thick, comprehensive conceptions of "socialism" have trouble matching. Third, key terms such as "struggle" and "progressive populism" would benefit from further clarification.

These observations and remarks, however, do not detract from the value of Fraser's thought-provoking contribution to Critical Theory and to a long overdue reflection on the current transformation of capitalism and the challenges it raises. They are rather meant as rejoinders and stimuli for a conversation under way.

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