

What's Called "Capitalism" Is Far from Any Model of Capitalism or Market

Predators and prey. The homeless and left-behind are at the bottom ("decomposers"). Most of everyone else is in the next layer up ("producers"). The rest, from the well-off to the wealthy, are "consumers." Interesting how that language works, isn't it? ([source](#))

by Gaius Publius

A recent piece I did on the British Labour politician Tony Benn featured a speech that offered a "history of neoliberalism" ([click here](#) to read and listen). Near the beginning of the speech, Benn said, "This country and the world have been run by rich and powerful men from the beginning of time." Consider that for a moment, what that means about the arc of human history.

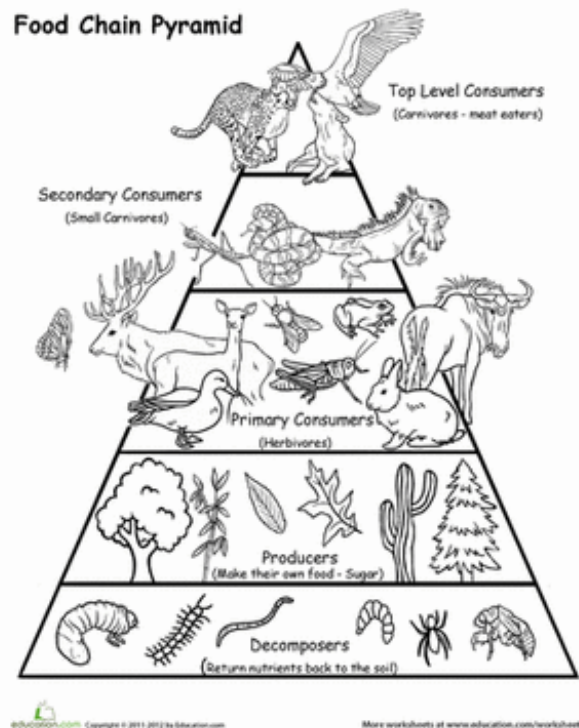
Near the end of his short talk, referencing the Thatcher (and Reagan) counterrevolution against the great populist gains of the 19th and 20th centuries, he said that this is "what the whole [modern] crisis is about, the restoration of power to those who've always controlled the world, the people who own the land and the resources and all the rest of it."

That radical re-transformation of the world back to control by its original and longtime owners, "rich and powerful men," was begun in England by Margaret Thatcher and several deliberate policies. Benn (my emphasis): "So **privatization** is a deliberate policy, along with the **destruction of local democracy** and the **destruction of the trade unions** to restore power back to to where it was."

Benn also mentions the role of **crushing personal debt** in the Thatcher de-democratization of her society:

What she said, and this is very clever, "You can buy your council house so you'll be a property owner. You may not be able to get a wage increase, but you can borrow." And the borrowing was deliberately encouraged because people in debt are slaves to their employers."

Notice that this re-transformation back to what was, this re-transfer of power to society's original owners, isn't about any ideology, any set of theories, any academic anything about "invisible hands" or mathematically correct economic models. This is about one group — "rich and powerful men" — reasserting control of the world, a control they've enjoyed since the virtual "beginning of time," since the first day "property" meant more than just personal property (what I carry and wear) and included ownership of fields, buildings and land itself.



That period, which started the day the first city-state, the first temple-state arose, lasted more than 5,000 years. For almost all of the time since humanity left the Stone Age, the mass of humans have been ruled by the rich and powerful, until the opening of a very brief window initiated, as Benn tells it, by the trade union movement of the mid-1800s.

That small window is now closing. We're watching the end, if we allow it, of this one-time-only freshwater teardrop in time, as it falls to become lost in the deep well of our salt-water civilized past. (And don't be confused. If that small window, the 250-year period of relative freedom, closes — if "rich and powerful men" regain full control as they have almost already done — they will also end the 5,000-year window of human civilization. Because, climate.)

Please don't take a short view of the times we inhabit together. This is what's at stake, now, this year, this election cycle, this decade — at most, this quarter-century, which is more than half over. To help with that larger orientation, I showed you Tony Benn's brief history, and also [Tony Benn's optimism](#) (scroll to the end for that). Now I want to show you two contributions on this subject by Noam Chomsky — a piece of analysis, presented here, and his pessimism, presented later, which I will try to counter.

Today, the analysis.

What's Called "Capitalism" Is Far from Any Model of "Capitalism" or "Market"

Simply put, we're not living in a "capitalist" economy, and present economic activity is not properly described by the word "market." To see and say that completely misses the facts. The economic "theory" we're guided by, if it can be called a theory at all, is what Benn described at the start of his speech: "This country and the world have been run by rich and powerful men from the beginning of time." The closest I can come to describing this "theory" is "predators and prey." For more than 5,000 years the predators — "rich and powerful men" — enjoyed complete control. "Capitalism" is what they're calling today's reassertion of that control.

But it's not by any stretch "capitalism," not even close. Noam Chomsky, in a [recent interview](#) with *Jacobin* magazine, says it quite well. First, from the introduction to the interview (my emphasis):

Throughout his illustrious career, one of Noam Chomsky's chief preoccupations has been questioning — and urging us to question — the assumptions and norms that govern our society.

Following a talk on power, ideology, and US foreign policy [last weekend](#) at the New School in New York City, freelance Italian journalist Tommaso Segantini sat down with the eighty-six-year-old to discuss some of the same themes, including how they relate to processes of social change.

*For radicals, progress requires puncturing the bubble of inevitability: **austerity, for instance, "is a policy decision undertaken by the designers for their own purposes."** It is not implemented, Chomsky says, "because of any economic laws." American capitalism also benefits from ideological obfuscation: despite its association with free markets, **capitalism is shot through with subsidies** for some of the most powerful private actors. This bubble needs popping too.*

The interview ranges widely (feel free to [read it all](#)). I want to point to just one section, in which Chomsky characterizes what we insist on calling and defending as "capitalism" (my emphasis in italics):

[Q] How do you think that the capitalist system will survive, considering its dependence on fossil fuels and its impact on the environment?

[Chomsky] What's called the capitalist system is very far from any model of capitalism or market. Take the fossil fuels industries: there was a [recent study](#) by the IMF which tried to estimate the subsidy that energy corporations get from governments. The total was colossal. I think it was around \$5 trillion annually. That's got nothing to do with markets and capitalism.

And the same is true of other components of the so-called capitalist system. By now, in the US and other Western countries, there's been, during the neoliberal period, a sharp increase in the financialization of the economy. Financial institutions in the US had about 40 percent of corporate profits on the eve of the 2008 collapse, for which they had a large share of responsibility.

There's another IMF study that investigated the profits of American banks, and it found that they were almost entirely dependent on implicit public subsidies. There's a kind of a guarantee — it's not on paper, but it's an implicit guarantee — that if they get into trouble they will be bailed out. That's called too-big-to-fail.

And the credit rating agencies of course know that, they take that into account, and with high credit ratings financial institutions get privileged access to cheaper credit, they get subsidies if things go wrong and many other incentives, which effectively amounts to perhaps their total profit. The business press tried to make an estimate of this number and guessed about \$80 billion a year. That's got nothing to do with capitalism.

It's the same in many other sectors of the economy. So the real question is, will this system of state capitalism, which is what it is, survive the continued use of fossil fuels? And the answer to that is, of course, no.

By now, there's a pretty strong consensus among scientists who say that a large majority of the remaining fossil fuels, maybe 80 percent, have to be left in the ground if we hope to avoid a temperature rise which would be pretty lethal. And it is not happening. Humans may be destroying their chances for decent survival. It won't kill everybody, but it [would change](#) the world dramatically.

If you click that last link and scroll down, you'll get his sense of where we're headed as a species, in particular with respect to habitability and climate.

But your takeaway should be this. Economic predation by the powerful is not an economic system in any sophisticated sense, any more than organized bullies stealing every child's lunch money the minute she enters the building is a "system" in any complex sense. It's not even a "racket" if that term implies misdirection and a multi-step process. It's just boots on the neck and hands in the pocket.

Nor is such theft a "market" by any definition. It's simply theft, backed by the power of the bullies themselves, their fists, their clubs, and the power of the state that enables them for a cut of the prize.

Feel free to defend (or not) what this "system" is becoming. Just don't misdescribe it. It's not capitalism by any definition. Nor is it a market, unless a factory farm with a slaughterhouse at one end is a market. Don't confuse others; don't confuse yourself.