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## What remains of socialism

in Patrick Riordan (ed.), *Values in Public life: aspects of common goods*  
(Berlin, LIT Verlag, 2007), p. 11-34

Supporters of the market economy like to refer to three theses. 1. The economic order is more or less spontaneous and natural: state intervention is most efficient if limited. 2. If the market economy makes a specific contribution to the enrichment of a minority, that enrichment is never to the detriment of the majority: the disparities end up benefiting the great majority. 3. Division of tasks and labour increases productivity, allowing an ever-growing number of needs to be met.

Subject to lively dispute, these three theses have been challenged by socialist opponents of the market economy. Where capitalists have seen a superior *order* in the very disorder of individual initiatives, these same socialists have only perceived *disorder*. In response to the first thesis on the spontaneity of the economic order, they highlight the anarchy of competition, the dislocation of social structures in the thrall of market mechanisms and the resulting need for State-organised economic life. To the second thesis, on the benefits to all of inequalities, they oppose the bitterness of class struggle, of the division of society into 'haves' and 'have nots' with the former exploiting the latter. Finally, they oppose the distinction between the real and false needs to the third thesis on productivity: far from satisfying existing needs, the market economy only gives rise to new ones, rendering *homo economicus* daily less satisfied and more insatiable.

From 1789 to the middle of the last century, in Europe and elsewhere, the political scene has been sliding ideologically to the left. A great number of democratic, socialist or communist ideas have gradually triumphed. As the leftist parties met their objectives, they found themselves overtaken by new, anti-establishment forces from the far left of their own ranks. Between 1945 and 1950, communism reached its highest level of influence and prestige. Since 1950, however, and especially since the mid-1970s, political life has relocated towards the centre. The idealism of militant activists was swept away by the disaster of Stalinism. The homeland of communists without a homeland (the Soviet Union) finally imploded, crumbling under the weight of its own contradictions. The welfare state was called into question in the name of economic efficiency and challenged to liberalise. Anti-capitalists abandoned their arrogance. Not long ago, they were loudly demanding a revolution which would place methods of production in common ownership. Then they lowered their voices,

contenting themselves with the nationalisation of industries, which they have now also ceased to demand. Nowadays anti-capitalists are content to whisper a call for a modest moral critique of the market. Do they clearly understand what they are opposing in capitalism? Since socialists no longer know what to think, it may well be opportune to reframe their ideas in a new perspective.

For the last two centuries, socialisms have proliferated, taking on a great multiplicity of forms, often incompatible one with another: reforming and revolutionary socialism, productivist and anti-productivist socialism, utopian and scientific socialism, state and anarcho-syndicalist socialism, collectivist and federalist socialism, internationalist and National Socialism... It therefore seems almost impossible to speak of socialism *per se*, since each generalisation is likely to collide with a hundred contradictory examples, and what the socialist idea gains in expansion it loses in comprehension. I shall try to overcome this obstacle by omitting certain schools whose influence, in retrospect, seems limited, and I will try to refer as often as possible to those classical authors (Montesquieu, Rousseau, Marx, Durkheim) who viewed capitalism with fresher eyes than our own. Above all, I want to restrict myself to the three theses mentioned in my opening remarks above, and with their three critiques. I shall start the discussion with the definition that appears to have been the most important (socialism as the idea of organisation), before turning to the definition that has in fact been more important (class struggle). I will conclude by distinguishing between real and false needs, which go to the heart of what is at stake philosophically. I do not intend to offer an account of the contemporary debate so much as to address the social question from the broadest and most comprehensive perspective, one that is all too often lacking.

## I. Organisation

According to its historians the market economy must be understood as the product of a liberalisation. Products that are not exchanged, or which are only exchanged according to a highly complex system of social or political rules are now exchanged very easily, according to a system of rules which are essentially economic. A market economy establishes itself once a certain number of barriers come down, barriers which formerly limited the exchange of goods. More specifically, the market economy is based on the liberation of markets in labour, land and money, corresponding respectively to salaries, rents and interest rates<sup>1</sup>.

In a non-capitalist economy, labour, land and money are embedded in the social structures that define them. In the feudal era, for example, land led directly back to social and political organisation, land ownership implying honour and obligation, titles and responsibility – witness the rules of primogeniture that prevented the division of land. Labour referred not

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<sup>1</sup> Karl Polanyi, *The Great Transformation* [1944], Beacon Hill, 1957, p. 68-76.

so much to a 'labour market' as to status (such as that of the serf), to guilds in which the relationship between master and apprentice was codified, and to hierarchical relationships. Capital markets were subject to a thousand limitations. The rate of interest was strictly controlled. In the capitalist age, by contrast, capital markets have been 'liberalised'. The medieval condemnation of usury has become barely intelligible. Land and labour have become 'commodities' to be bought and sold. Land has lost most of its public or political status and lawyers tend to consider it as a simple good, to be traded without any particular restrictions. Labour can be bought and sold in a market which sets a higher value on professional competence than on social status.

Land, labour and capital are no longer visibly in the hands of this or that guild, feudal principality or church, but rather in 'invisible hands'. Fundamental choices are not avoided, but made in a way that is not entirely conscious. In an essentially impersonal manner, the market apportions investment and consumption between individuals and groups: in so far as the market functions well without monopolies, no one individual can impose his decisions on others.

The *absence of conscious control of the economy* is a liberation, celebrated as such by all those who appreciate its advantages. Resourcefulness and the entrepreneurial spirit are encouraged and rewarded by revenues unrestricted and unconditioned by any social constraint. All become free to enjoy any private property they accumulate. Personal initiative is encouraged and, with it, there appears an almost new figure: the 'individual,' who comes face to face with himself, free to choose a profession, to give free rein to his professional vocation in all its originality. The tight networks of obligations and controls typical of pre-capitalist societies are replaced by looser networks, founded on contracts and self-interest. Citizens benefit from this change, in so far as they feel less constrained, less monitored. There is no longer any sumptuary law limiting the refinement of civilisation and the arts.

This relative absence of obligations and controls gives rise to a feeling of freedom. But it also provokes a feeling of dispossession, particularly on the part of those who, in one way or another, suffer through poverty, economic crises and from what they generally understand to be 'industrial anarchy.' Constant technical advances suppress trades, resulting in the need for retraining and often leaving unemployed those who are less skill-mobile. The weakest, who pay a disproportionate part of the social cost of progress, are less attentive to the emancipating character of the market than to its disorganisation. Where some marvel at the efficiency of this 'invisible hand,' others feel victimised, cursing an overly impersonal system for its lack of humanity.

Consequently, there is nothing more natural than to expose this unavoidably limited economic 'order' as a sham. Similarly, there is nothing simpler than to call upon the State to organise the economy so as to counterbalance the harmful effects of individualism. The ideal of free trade (that of *not* being controlled) gives rise to a deep frustration and, in reaction, to a desire to be properly led. The market needs an architect, an administrator, a manager, a boss. Someone at the helm! It is a matter of giving back the power to make communal decisions about the fate of material life. It means giving back a unified direction to the system that capitalists have given up directing.

Socialism responds to what it perceives as industrial anarchy with a watchword that touches into its very essence: *organisation*. The government must establish a blueprint for development, choose the sectors that will have priority and dictate production, competition and consumption. By tendentially transforming every citizen into a civil servant, socialism gives society the feeling that it has taken charge once again. Over against *laissez-faire* policy, socialism proposes collectivism, the idea of a *directed* economy. This idea prevails in the aptly named ‘guild’ socialism, which looks back to the pre-capitalist past, as well as in the more forward looking ‘five year plans’ made so tragically famous by the Soviet-Union. This idea can be seen at work in many aspects of social democracy: the nationalisation of industry, unemployment insurance, national health systems, wage fixing, profit limitations etc. This idea also drives the dream of a closed economy, protected by high custom duty barriers, and therefore capable of maintaining the upper hand on its internal organisation. There are many degrees of sharing, and Western Europe’s social democracy should not be confused with Stalin’s Russia. But, beneath the differences, the notion of organisation remains the defining characteristic.

Capitalism implies the separation of State and civil society, thereby freeing up a depoliticised space for the economy. But this separation is both artificial and unstable. Civil society is never truly autonomous. It is always dependent on the same State from which it believes itself to be independent. The more social affairs become flexible, negotiable and contractual, the more additional guarantees and rules become necessary. Each individualist advance requires increased social authority. The more society separates itself from the State, the more it becomes opaque to itself, the more it is tempted to call on the State to gain an understanding of itself, to get a grip on itself, to regain control over itself. Society, because it wants to increase the power it has over itself, is constantly tempted to call on government to assume an increased role. Indeed, ‘there is no contradiction in having the role of the individual increase at the same time as that of the State.’<sup>2</sup> From this point of view, socialism is content to continue this natural trend of the State.

As Durkheim wrote in a book dedicated to socialism, ‘We call socialist every doctrine that calls for the incorporation of all economic functions, or at least some of those that are at currently scattered, into the directing and conscious centres of society.’<sup>3</sup> It is a matter of recasting society, and of pulling the economy out of the shadows where it claims to function automatically, to bring it into the light and under scrutiny. It is a matter of defending the downtrodden, the victims of prosperity. It is also inseparably a matter of striving for greater efficiency, of avoiding the loss of wealth that results from capitalist anarchy. Organisation must help increase production. A well-run State will govern in better ways. Since capitalism is characterised by bad organisation, a collectivist regime should achieve superior productivity.

If the essence of capitalism is division of labour, then the idea of organisation seems to follow naturally. If the scientific organisation of work increases efficiency and productivity

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<sup>2</sup> Emile Durkheim, *De la division du travail social*, Felix Alcan, 1893, p. 242 (I, 7, iii).

<sup>3</sup> Durkheim, *Le socialisme. Sa définition, ses débuts, la doctrine saint-simonienne* [1928], P.U.F., 1971, p. 49.

by making a division of labour possible, and if industry requires organisation (of the workshop, of the factory), why not organise the entire economy, moving from micro to macro-economics? In this way Saint-Simon explains that industrialists should be made responsible for managing the nation. Because ‘of all sectors of society, they are the ones who have shown the greatest capacity for positive management, their capability in this arena being evidenced by the success they have achieved in their own companies.’<sup>4</sup> From this point of view, there is continuity between organisation at the micro-economic level (extolled by advocates of the market economy) and organisation at the macro-economic level (extolled by socialists).

Saint-Simon and Durkheim put forward the importance of the division of labour and hence, of organisation. Both see this as the foundation of integrated industrial societies. However, as we know, in the countries where this has been put into operation, central planning has not lived up to its promises. Generally advocates of high productivity, the socialists predicted that collectivism would be more efficient, that it would allow for impressive gains in productivity. The Soviet government appeared at first to have accelerated Russia’s industrialisation, and many economists thought at one point that the Soviet economy would surpass that of the United States. This has not been the case. Socialism failed in the very area where it thought itself superior. Why?

Socialists are right to begin from the division of labour, whose importance was stressed by Adam Smith. They are right to insist on an organisation that presupposes this division of labour. But they are wrong to maintain that it is possible to go from micro-economic organisation to macro-economic organisation. Their vision of things gives too much importance to heavy industry with its huge factories. They imagine that the State can organise the economy in the same way that a factory coordinates the different specialties necessary for the production of a given product. Saint-Simon’s above quotation illustrates this point very well: the talent of an industrial boss would do well in government. But the division of labour refers less to a reality within the firm itself than to a reality between firms. The division of labour is first and foremost the coordination, through market forces, of the effort of different companies who buy and sell tools, unfinished or semi-finished products. To get organised, the biggest firms must often recreate an artificial market within their own organisation in order to maintain an efficient structure of costs. If it is well understood, the division of labour leads not so much to the primacy of organisation as to that of competition.

Planning presupposes a thorough understanding of resources, of economic means and needs: numbers, aggregates and statistics must be available, as well as a national accounting system worthy of its name. But Hayek, perhaps the philosopher and economist devoted most systematically to the critique of the socialist notion of organisation, raises the question that goes to the heart of the problem. Where do these numbers come from? How do we come by the knowledge of relative costs, scarce resources, and the varied needs that manifest themselves? Are these numbers a given, *already in existence*? No: it is competition that gives

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<sup>4</sup> Saint-Simon, *Catéchisme des Industriels*, in *Œuvres de Saint-Simon*, Dentu, 1875, vol. VIII, p. 7-8.

rise to this very knowledge. Prices do not represent remuneration for what people have done, but are rather an indication of what they should supply - an indication of the level of demand. In a manner of speaking, the market is a telecommunications system that, for better or worse, broadcasts needs and necessities. Only market procedure, 'a procedure of discovery,' allows individual economic agents and the system as a whole to adapt continuously to ever-changing conditions, and this without ever having the information centralised in what would be described mistakenly as the brain of the economy<sup>5</sup>. Planning is bound to fail because we lack the requisite information: we only gain knowledge of preferences or of available means through competition. Knowledge is never given in its entirety. The only planning that works is competition, a micro-economic planning carried out by many separate individuals.

Socialists are right to be critical: capitalism has many faults that attest to the poor understanding we have of the economy taken as a whole. But socialists are wrong to think that they have a better alternative: the faults that they rightly attribute to capitalism are increased tenfold in a socialist regime. Capitalism is not a wonderful economic system, at best it is the least dismal.

Wars have played a determining role in the development of socialist doctrines. In forcing the economy to become a war economy, armed conflicts have paved the way for a renewed approach to production and consumption. During major wars, governments feel the need to control the combined communication and transportation networks, import and export businesses, mines and all aspects of the production of food, equipment and arms needed by the troops. Lenin is deeply indebted to Rathenau, who organised the German economy during the First World War. In Great Britain, the welfare state owes a lot to the Second World War: the 1942 Beveridge Plan reflects a change in thinking with regard to the abilities and responsibilities of the State. Thus war creates a precedent from which socialists and communists took inspiration, an example and a preliminary realisation of their ideals. But this example also demonstrates that the socialist idea of organisation serves less to sustain the capitalist idea of division of labour than to reverse it. War brutally and artificially reintroduces political logic into the economy. Instead of leaving the economy to its own devices, it succeeds in subordinating it to its social and political function. Thus it destroys the very notion of the market.

Socialists are right to denounce capitalism as a strangely abstract and disembodied regime. Indeed, no one leads this economy. But this is why it works. Here, a political analogy might prove useful. Personality cults are so typical of modern regimes, because they are a reaction against the disembodied character of representative governments and the impersonal character of the State and its administrations. Whether in fascism, Nazism or Stalinism, a charismatic leader delivers palpable psychological satisfaction. He comes to fulfil the desire for a sort of re-incorporation of power, with which the citizen can identify without having to

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<sup>5</sup> F.A. Hayek, «The Use of Knowledge in society», in *Individualism and economic order*, University of Chicago Press, 1948, p. 77-91, and «Competition as a Discovery Procedure», in *New Studies in Philosophy, Politics, Economics and the History of Ideas*, Routledge & Kegan Paul, 1978, p. 179-190.

use too much imagination. Likewise, socialism comes to fulfil the desire to resume control of the abstract nature of the market. Socialism is to the economy what the cult of personality is to politics. In a liberal regime, both the economic and the political seats of power are ultimately empty. Neither citizens nor economic agents can really identify with them. They feel alienated. However, just as citizens of liberal democracies must get used to not being led at a certain level, so economic agents gain from getting used to economic freedom, in spite of its downsides. Democrats oscillate between the desire not to be governed at all and that of being over-governed. Liberalism has the advantage of proposing a reasonable middle way. Socialists have not been sufficiently aware that their doctrine is based on a contradiction. They cannot at once and the same time lay claim both to the liberal ideas of 1789, which imply that the rich have to be somewhat trusted, and to an ideal of organisation based on a reaction against the ideas of 1789.

It remains that one must agree with socialists that a certain amount of organisation is always necessary, if only because the markets are not 'natural.' Even competition requires 'organisation:' by laws and by institutions. Capitalists are not opposed to the institution of an international financial structure. They have nothing against the World Trade *Organisation*. Certain types of redistribution are possible and even desirable, but on condition that the importance of competition is not overlooked and that the limitations of all organisational utopias are kept in mind. Pushed too far, the notion of organisation can stifle all initiative, put a lid on society, and destroy all freedom. Today, socialists are aware of this. Contemporary socialists are more wary of organising the economy. Many of them no longer want to destroy free markets. Their battle has less to do with production, and more to do with redistribution. In particular, they tend to focus on one question: tax. They want to tax the rich more than the poor, in order to create more economic equality. They dedicate their energy to the quarrel between the poor and the rich. If pressed, they would have to define their project less in terms of organisation of the economy than in terms of another definition of socialism, a time-honoured one: the class struggle.

## II.                   Class struggle

We benefit by accepting the premise that 'government has no other end but the preservation of property' and declaring the right of property to be 'inviolable and sacred', since in doing so we encourage people to work rather than to be idle or violent<sup>6</sup>. In founding society on the protection of property, we tie selfishness up with effort and the rule of law, giving it a moral dimension: I only have property rights if everyone has them. A government that has no other goal than to conserve property is egalitarian in its bestowal of rights, in so far as it does not recognize any special privilege: all individuals have, in the eyes of the State, the *same* guaranteed rights of access to property.

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<sup>6</sup> Locke, *Second Treatise on Civil Government*, chap. 7, §94; *Déclaration des droits de l'homme et du citoyen*, 1789, art. 17.

However, the primacy of private property lays the groundwork for a form of government that is not necessarily egalitarian or democratic. Indeed, if the government has as its only purpose the conservation of property, citizenship becomes relative to property. Rights to citizenship increase with wealth. Those without property cannot participate in political life, and the major industrialist is more entitled to participate than the small shopkeeper. A franchise is necessary since the poorest cannot take part in the direction of a society dedicated to the protection of precisely what they lack. The wealthier the individuals, the greater their part in the life of a city which, in a sense, they partly own. The government which has no other goal than to conserve property has a tendency, therefore, to sacrifice the well-being of all for the well-being of a few. As Adam Smith remarked, ‘Civil Government, insofar as it is instituted for the security of property, is in reality instituted for the defence of the rich against the poor, or of those who have some property against those who have none at all.’<sup>7</sup> Government founded on the primacy of private property is less a democracy than an oligarchy.

In a regime entirely based on land registries and bank accounts people are equal before the law, yet unequal in fact. The founders of socialism were particularly struck by this contrast. Hence their great leitmotiv: the opposition between ‘formal’ equality and ‘real’ inequalities. Legal equality is a sham: the only equality that counts is economic equality. If civil government is, as indicated by Adam Smith, ‘instituted for the defence of the rich against the poor,’ it seems just to side with the weak, who are unfairly dominated by the strong, and to assert, with Marx, that ‘the history of all societies until the present day has been nothing but the history of class struggle’ in order to insist on a new revolution that would permit the proletariat to overthrow the bourgeoisie, much as the bourgeoisie overthrew aristocrats in the past.

Theorists of liberalism who support the primacy of private property generally perceive individuals as property owners and the State as guarantor of that property. But this vision is defective in that it does not take into account the intermediary groups who replaced the ‘Estates’ of the *Ancien Régime*. The notion of ‘social class’ fills this void. Class is an entity that is not legally constituted but corresponds to the existence of social distinctions and stratifications. Insofar as it is social *class*, it refers to an entity that goes beyond the liberal primacy of *individual* rights. Contrary to the primary liberal tenet of individual *rights*, insofar as it is *social* class, it presupposes the importance of a sociological or socialist point of view of society.

The notion of class has enjoyed a certain political success as it seems to serve a purpose. It confers a scientific veneer to the idea of exploitation: the wealthy ‘class’ exploits the poor ‘class.’ Socialism must put an end to this scandalous injustice. But socialism, which appears to be intrinsically linked to the idea of class struggle, has nevertheless abandoned this concept to which reformers as well as revolutionaries long aspired to remain faithful.

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<sup>7</sup> Adam Smith, *The Wealth of Nations*, V.1, §55.



Ever since reformists have founded political parties at the end of the nineteenth century, they have oscillated between two definitions, not knowing if they had to understand theirs as a working class party (a *social* democratic party) or as a party of the people (a social *democratic* party). Does the left represent all people or does it only represent the lowly, the proletariat, and the excluded? In the end, the social *democrats* have chosen to represent the people as a whole. Founded for the working class, socialist parties have become catch-all parties, the parties of the middle class, as the working class became upwardly mobile. This evolution was clearly marked in Germany, in Bad Godesberg, when in 1959 the Social Democratic Party officially abandoned Marxism. It has been apparently concluded in Great Britain with Tony Blair, the Labour disciple of Margaret Thatcher.

The renunciation of revolutionary objectives was predictable. In advancing the interests of the working class within the framework of the capitalist system, reformists were not provoking class struggle with a view to revolution. On the contrary, they were linking the proletariat to the democratic representation that came progressively to fulfil their desires. This is why, as of 1902, in *What is to be done?* Lenin would affirm the need to fight reformism in the name of revolutionary ideals. Does this mean that Lenin and his disciples were more faithful to the Marxist ideal of class struggle? Not necessarily.

If the working class leans towards bourgeois ideology, revolutionaries have to distance themselves from that very working class. This is why Lenin replaced the sociological notion of class with the idea and reality to which he devoted his existence: the dedicated *avant-garde* Party, the only entity capable of the political awareness and the determination required by revolution. The party of the working class must predominate over the working class itself. Lenin replaces the infallibility of the working class with that of the Party. It is characteristic in this respect that social democrats generally subordinate the Party to trade unions (the workers), whereas the Bolsheviks subordinate the unions to the Party. The limitations of the organisation (the Party) replace the limitations of social class. The Party does not so much define itself by the fact that it is composed of workers as by the fact that it puts the right ideology into practice. The English Labour Party has mostly been reformist, although it has traditionally been composed of members of the working class. Many communist parties have turned out to be revolutionary, in spite of the fact that they were dominated by petty bourgeois intellectuals. Lenin thus manages to put at the heart of the class struggle a new figure in the political party: a small centralised and disciplined organisation - a blend of army, police and state bureaucracy, that cannot be reduced to the notion of class.

By relying on the idea of a party entrusted with a sacred mission, and carried along by intense political will, the revolutionaries laid the groundwork for tyranny. Conversely, the reformists' rallying to democracy explains their moderation, and, consequently, their success. But these two opposing destinies have one thing in common. *Both revolutionaries and reformists have abandoned the class struggle.* Marx's disciples have developed two ways of betraying Marx: by extending the notion of class to society as a whole, allowing the working class to lose its identity in a catch-all party, and by the reduction of the notion of class to the *avant-garde* party. This double betrayal is based on the upward mobility of the working class, which has led reformists to rally to representative democracy, and revolutionaries to form Leninist anti-democratic parties. Why has the working class mostly turned itself into a vast middle class, contrary to Marx's predictions? For two reasons, both of which I shall examine in turn. On the one hand, capitalism has proved to be more productive than collectivism. On the

other hand, the political dynamic of juridical equality finally has won out over the economic dynamic of inequalities in wealth.

As capital has accumulated, the masses have not become poorer; on the contrary, they have become wealthier. Private ownership of the means of production has not blocked the rise of their standard of living. Contrary to what Marx maintained, capitalist societies tend to reduce the economic gap more than the others – there are fewer inequalities in the United States than in India. One would hope that equality might rise in proportion with the spreading of poverty in general, but the opposite is true. In the long run, wages and salaries increase more than revenue from capital (stocks, dividends, interest), with the result that economic growth ends up benefiting most. A few years of expansion enrich the workers more than would spoiling the wealthy. In favouring growth, the market economy offers workers what they aspire to: shorter working hours, higher salaries and improved living conditions. On the whole, a certain relationship can be observed between economic growth and the decline of poverty. As long as the wheels of industry do not grind to a halt, the poor stand to benefit. The question of methods of economic expansion is more fundamental than that of income redistribution. It is less important to regulate production or consumption than to increase the sum of available products. In developed industrial countries, it follows that the standard of living of the masses depends more on expansion than on social laws.

There is no doubt that in capitalist societies are socially stratified and differentiated. In capitalist regimes concentrations of wealth can be found that are unparalleled in regions where there is no private ownership of the means of production. But these regions are often poor and the fight to control scarce resources is much worse than the fight for resources that industry can generate and reproduce. Marx was right: class struggle would finally be overcome by industry and by progress in productivity. However, this progress has occurred in capitalist countries and not in communist countries. What reconciles people is not the abolition of private ownership of the means of production but the increase of production in capitalist regimes. The enrichment of some benefits others. Whereas capitalism combines inequality with relative abundance, socialism does not combine equality with wealth (as it hoped) but equality and poverty or, even worse, inequality with destitution. In contrast, moderate domination by the rich leads to the upward mobility of the proletariat. After all, the liberal doctrine of the harmony of interests is not entirely without foundation.

The capitalist regime has an oligarchic dimension but strictly speaking is not an oligarchy. In a sense, it is a regime without rulers (the ‘invisible hand’, once again). In contrast to other regimes, it leaves the initiative to economic agents. Besides, it is a regime that tends towards democracy since, while enriching the poor, it creates a vast middle class that progressively seizes power. In Europe, the history of the nineteenth century is both that of the industrial revolution and of the progressive struggle for universal suffrage. Parliaments made up of aristocrats were replaced by parliaments composed of teachers, lawyers, leaders of the masses and professional politicians who were no longer simply members of the oligarchy, major landowners, but people elected by the people. In this way the primacy of private property came to be relativised in the name of the equal dignity of all citizens, rich or poor. In gaining the right to vote, workers have seriously redressed the balance of power, firmly inserting representatives of the underprivileged into the structures of the state. The oligarchic regime implied by the primacy of private property has come to be counterbalanced by a democratic dimension.

The political dynamics of juridical equality is more significant than the conflicting dynamic of economic inequalities. Or rather: the opposition between formal equality and real inequality is meaningless. 'We could not conceive of men eternally unequal amongst themselves on one single point, but equal on the rest; they will eventually achieve equality in all things<sup>8</sup>.' Democracy is the regime in which conditions become more uniform; differences disappear. 'Formal' egalitarianism slides quite naturally towards 'real' egalitarianism. Paternal authority has weakened at the same time as that of masters over servants. Aristocracies disappeared along with the law of primogeniture. Opponents of capitalism are sensitive to the income disparities that go hand in hand with capitalism, but they do not generally notice that capitalism presupposes a more fundamental equality: the end of aristocratic or feudal hierarchies. Economic inequalities have not disappeared, but they are secondary compared to the phenomenon of equality of status. In fact, the impatience and demands of workers often derive from the very progress of equality. As it becomes more rare, poverty becomes more shocking. When it becomes lighter, the burden weighs more heavily. Having become citizens, workers revolt against evils to which they were previously resigned. Their needs, their aspirations and their appetites grow in proportion to their education and well-being.

There is something deeply misguided about many Socialists' ultimate intention. In order to achieve 'real' equality, they are keen to discover the concrete economic reality behind the delusions of 'formal' equality. But equality is always relative, and can only be achieved by abstracting from some fundamental inequalities: in terms of physical or intellectual strength, for example, or precisely in terms of wealth. Ultimately, the only equality that is not empty turns out to be this very 'formal' equality spurned by Socialists.

Wiser than the events they predicted, Socialists have caused the revolution to fail by attaching themselves to the nations that protected them. The social classes, even if they do exist, are obviously not closed castes: their existence is subordinate to that of other units, which merit closer attention. Social class is subverted from below, since individuals know that in the end their personal destiny depends more on their own efforts than on those of the class to which they belong. It is subverted from above since individuals feel more bound to their national community than to their class. The failure of the class struggle could nevertheless prove to be a socialist victory. By limiting the war between the working class and the middle class thanks to a third party, the state which redistributes wealth through taxation, the working class has finally obtained what it truly desired. But it has not obtained it in the way predicted by Marx. In practice, successful socialism has not dealt with the state as an enemy in the hands of the bourgeoisie, but as a protector in service of the workers. Far from opposing the state, the poor have become its greatest defender. Socialists want an ever-stronger State because they expect the State to protect them against competition and to be their insurance against risks. The separation of State and civil society polarises society into two camps that are also two parties: those who depend on the State for their income and

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<sup>8</sup> Tocqueville, *Démocratie en Amérique*, I, 1, chap. 3. Cf. Robert A. Nisbet, *The Sociological Tradition*, New York, Basic Books, 1966, p. 174-220; R. Aron, *Dix-huit leçons sur la société industrielle*, Gallimard, 1962, p. 33-51, and *La lutte des classes*, Gallimard, 1964.

those who do not. Capitalists advocate individual responsibility, self-help, either because they are benefiting from the market economy, or because they intend to take advantage of it, or then again because they find the idea of depending on the State repugnant.

Today, the Marxist dream of transforming the oppressed class into the liberating class has mostly disappeared, because numerous capitalist countries have rediscovered the teachings of classical political philosophy: it is good to temper the oligarchic dimension of a regime with a more democratic one. The first social system was put in place not by the partisan revolutionaries of *la politique du pire*, but by a conservative who meant to prevent class struggle, fearful of its debilitating effect on the body politic: Bismarck.

The struggle of the wealthy and the destitute well and truly exists. But it gains by being tempered rather than by being exacerbated. However, internal divisions and fights are not necessarily to be lamented. They can be the origin of the strength of a society. Machiavelli argues that the endless conflict between the rich and the poor made Rome strong enough to conquer the world. What makes a State free and moderate is not absence of conflict, but the balance between competing social powers<sup>9</sup>. The class struggle is essentially conservative: its substance is the fight for a similar way of life. The worst off want to benefit from similar goods to the best off whom they want to imitate. Their claims are for the same things, the same accumulation of wealth. In doing so, they do not threaten the values of their society, but confirm them. This raises a fundamental difficulty: should Socialists behave in such a conservative manner, or should they question the way of life around which capitalist societies are organised? In other words, should they try to distinguish real needs from false needs?

### III. Real and false needs

In a pre-capitalist regime, the field of economics is not easily distinguished from other fields (religious, social or political). The creation of markets for land, labour, and money separates economic functions from other functions. There emerges a distinct field, with its own science: economics. Property and wealth are no longer directly subordinated to their social role. On the contrary, society tends to be subordinated to its economic function: its main purpose is economic growth. The organisation of the economy does not need social justification. The acquisition of wealth is no longer necessarily linked to the fulfilling of social obligations. In capitalist society, all economic activity is equally valid, whether or not it has a social role. This makes possible the triumph of instrumental rationality and calculus. It makes possible a rationalisation of the organisation, which leads to increased productivity and economic growth. But this separation of the economic sphere has a downside: it means that economic activity is no longer necessarily linked to social needs, to social demands, that is to *real* needs. All economic activity is considered to be worthy of respect, whether or not it

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<sup>9</sup> Machiavelli, *Discorsi*, I, 3-4.

has a worthy goal. It is impossible to distinguish between economic activity that is useful for society, and that which is not... because it is precisely the essence of capitalism to remove property from its social function. Strangely enough, capitalist society, which in theory values utility, is in fact a society incapable of distinguishing between what is useful and what is not useful. It ends up ignoring fundamental social needs, as the existence of very severe forms of poverty proves all too well.

Too often, wealth is used not for fundamental needs, but for frivolous purposes, for toys for the rich. This tendency calls for a reaction, to bring back a sense of what the social needs are: 'socialism'. Socialists feel the need to reintroduce controls, to redirect profits to the most obvious needs. Seeing the luxuries enjoyed by some, those who suffer in destitution ask a simple question: why should they provide everything for the vanity and indulgence of the rich? The separation of economic function from social function introduces considerable tension. Property must be restored to its social purpose. Order will be appropriately restored through organisation. The community 'must so organise itself in such a way that the instrumental character of economic activity is emphasized by its subordination to the social purpose for which it is exercised'<sup>10</sup>. It is quite natural to try and reverse the logic of the market, and to make the economy dependent on its social function. Here we find the socialist idea of a State-organised economy, but in response to a different problem: not the anarchy of competition, but the inability to take real needs into account.

In the hierarchical society of the *Ancien Régime* the life of labourers was subordinated to the 'good' life. Those at the bottom of the social ladder were responsible for supporting those at the top: the nobles and the clergy. They made possible the heroic life of the nobles, heroic largely by the very fact that they did not have to work in order to live, and the saintly life of the clergy. By contrast, the market economy is not aimed at public, but at private goals. Society is conceived as the fruit of a social contract sealed between individuals who are only preoccupied with themselves and their own interests. They enter into this contract to protect their lives and property. The end of medieval and pre-capitalist tripartite systems frees up 'profits' for the middle-class and the capitalists who no longer exercise any social function as such. This is the origin of the sense of exploitation among workers: profits taken from their labour no longer came back to them either through the nobles or the clergy, they are confiscated by the middle-class who subordinate public life to private life. Assured that the pursuit of their own particular interests would be to the advantage of all through the play of the 'invisible hand', the middle-class is no longer presumed to be concerned with social responsibilities – or rather, they had none which were institutionalised. The natural tendency of business is neither noble inequality nor fair equality, but rather refinement and luxury. Capitalist profits are therefore denounced as 'gains' stolen from the workers.

Even more significant than the separation of economic and social spheres is the advent of modern democracy. What is the purpose of labour now? Not any more to support the nobles and the clergy, nor even to make a living, because we work more than we need just in order to survive. In the end, it is not enough to try to bring back economic activity to social

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<sup>10</sup> R.H. Tawney, *The Acquisitive Society*, G. Bell, 1921, p. 242.

needs, since it is not clear how to define social needs: the Socialist focus on the social turns out to be insufficient. What is needed is a sense of the good life that might make sense of what economic activity is supposed to achieve. It is not enough to direct an ever-increasing production towards increasingly real social needs. In the absence of a sense of finality, growth in production itself gives rise to ever more artificial needs, and it becomes impossible to distinguish between real and false social needs. With economic progress and the development of technology, life is made increasingly comfortable: new objects are created, and through the manipulation of images, a desire is aroused, potential buyers are sensitised to the object of their aspirations. The advertising industry is given the task of increasing desire, of constantly creating new needs by fertilizing the imagination<sup>11</sup>.

Do these products bring a new freedom, or a new form of alienation? Don't we become more and more dependent: slaves to the televisions and cars that first appeared as a promise of progress and 'liberation'? The commodities become a yoke on our shoulders, they 'lose almost all their power to please through familiarity, and degenerate into true needs, so that the lack of them becomes far more cruel than the possession of them is sweet, and it makes people unhappy to lose them, without making them happy to possess them<sup>12</sup>.' Far from seeing a source of progress and liberation in the development of wealth, Rousseau denounced it as a regression. Increasingly demanding habits are incurred. Needs become boundless; they call for unlimited accumulation. Far from bringing tranquillity and satisfaction, wealth exacerbates competition, pride and resentment. Individuals depend more and more on each other and become slaves to their new needs. With the emancipation of acquisitive passion, a sort of infinite appetite develops, with nothing to limit or satisfy it. Humanity falls victim to its own insatiability (which in particular gives rise to the class struggle). Far from creating a social bond worthy of its name, commerce and industry are destroying existing social bonds.

The theoreticians of the School of Frankfurt were particularly sensitive to these forms of alienation. How to explain the relative failure of communism and the rallying of the labour class to capitalism? Wanting to know why, in the middle of the twentieth century, the proletariat had still not started the revolution that Marx had predicted as imminent, his followers developed a distinction between true and false needs, a distinction foreign to their own tradition but true to that of Rousseau. Indeed, for the School of Frankfurt, the development of false needs amongst workers explains their growing dependence on the capitalist system that exploits them. 'The 'non-necessary' becomes a vital need.' Meeting these needs gives rise to 'euphoria in unhappiness<sup>13</sup>.' The need to own, to consume, to manipulate and constantly to replace gadgets has become second nature, which aggressively renders us dependent on consumer goods. Workers are locked into the sorts of behaviour

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<sup>11</sup> John Kenneth Galbraith, *The New Industrial State*, Hamish Hamilton, 1967, p. 198-210.

<sup>12</sup> Rousseau, *A Discourse on the origin of inequality*, second part, Everyman's library, p. 196. Cf. Istvan Hont, "The Luxury Debate in the Early Enlightenment", in M. Goldie and R. Wokler (dir.), *The Cambridge History of Eighteenth-Century Political Thought*, Cambridge U.P., 2006, p. 379-418.

<sup>13</sup> Herbert Marcuse, *An Essay on Liberation*, Beacon Press, 1969, p. 5 and *One-dimensional man. Studies in the Ideology of Advanced Industrial Societies*, Routledge & Kegan Paul, 1964, p. 4.

that capitalism causes, behaviour that in turn perpetuates capitalism. It is not therefore enough to call for a revolution. Desires must be also modified to prevent them from becoming second nature, becoming needs. As I was pointing out earlier: the competition of the poor with the rich for the same kind of goods ends up being conservative, it makes the revolution if not impossible, at least unlikely.

Thinkers who hovered affectionately over the cradle of capitalism were not unaware of what they were seeing and doing. In their eyes, the open-ended growth of wealth and needs certainly had its disadvantages, but these were nothing that could not be counterbalanced by its solid advantages. The exploitation of nature should replace the exploitation of man by man, and passions should be replaced by interests. Particularly, when cultivated with the care it deserves, the emancipation of acquisitive passion makes it possible, if not to avoid, at least to reduce the probability of two types of war: social war and religious war.

The indefinite increase of wealth tends to diminish the harshness of the class struggle. As I indicated earlier, if the western nations have succeeded in avoiding the social war that Marx claimed was inevitable, it is in large part because the increase in production made it possible to satisfy both the wealthy and the poor. As products became more available, it was easier to respond to the claims of the most socially disadvantaged. In promoting growth, the market economy offers workers what they yearn for: more leisure time and better living conditions.

Moreover, capitalism diverts society from the question of purpose (which is divisive) to the question of means (which is unifying), thereby assuring religious freedom. Individuals involved in avidly amassing wealth are less likely to squabble over transubstantiation or the role of bishops. Here is how Voltaire describes the London stock exchange : ‘There, the Jew, the Mahometan and the Christian deal with one another as if they were sharing the same religion, and they only give the name of unfaithful to those who go bankrupt<sup>14</sup>.’ Energy invested in economic life is not wasted on theological quarrels sometimes made futile by their very importance. The emphasis on wealth makes possible a certain peaceableness. It deflects questions that rouse the most ire. In this regard, it is a happy thing to see the political parties and pressure groups of capitalist societies fighting over financial questions which, in the perspective of eternity, are ultimately pointless, and which, for this very reason, admit of real compromise. In this way, these parties and lobbies at least avoid reducing ultimate truths to political slogans. They leave open the possibility of allowing those who sincerely seek these truths to do so in peace. Locke can all the more easily demand a certain religious tolerance, since he makes the State responsible not for the defence of revealed truth, but for the defence of private property. We might deplore the capitalist turn taken by the modern world, but it is an alternative to the theocratic utopias which have often had perverse effects, as much in political matters as in theological. Capitalism, from this point of view, guarantees a form of toleration.

There might be some truth in the defence of capitalism, but it remains that it would be better if capitalists could pursue worthy ends, and not just accumulation for the sake of

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<sup>14</sup> Voltaire, *Lettres philosophiques*, 6<sup>th</sup> letter.

accumulation. In the book he devoted to socialism, Durkheim criticizes Saint-Simon: 'It seems to him that the way to achieve social peace is to take all brakes off economic appetites, on the one hand, and, on the other, to satisfy them by increasing them. Now, such an undertaking is contradictory, because appetites can only be satisfied if they are limited.' It is not enough endlessly to increase production: it is important that desire itself be curbed. The rivalry between individual interests cannot be enough to create social stability. There can be no society without discipline. 'What is needed for social order to prevail is that most people should be satisfied with their lot, but what is needed to make them happy is not for them to have more or less, but for them to be convinced that they do not have the right to have more. For this to happen it is essential that there should be an authority whose superiority they recognize and which lays down the law. Individuals driven solely by their needs will never admit to having reached the outer limit of their rights.' Durkheim adds that Saint-Simon felt the limitations of his productivism, since he proposed a 'new Christianity.' It is appropriate to create a moral force which plays the role of a 'brake from on high which curbs the appetites by means of conscience, and in so doing puts an end to the state of lawlessness, effervescence, and manic agitation'<sup>15</sup>. It is precisely because individualism has become the supreme law that it is necessary to give the collective conscience enough breadth of content and sufficient authority. The right to develop one's own personality and to satisfy one's own desires makes all the more necessary a certain measure of discipline. The organisation made necessary by the anarchy of the modern world is not only economic and material; it is also moral and religious. In the final analysis, Durkheim appeals for a new 'spiritual power.' He steers his readers back to the role of the clergy in the *Ancien Régime*. The only real way to approach the question of needs is to ask: needs *for what?* We can only avoid being devoured by the unlimited accumulation of means by subjecting them to well-defined ends, to a spiritual purpose. But Durkheim's answer raises as many problems as it solves: how can we link temporal power to spiritual power? This question dominates liberalism, which is attempting to avoid religious wars and to circumvent the theological-political problem. Dependence on ever-growing needs is one of the spiritual costs of liberal tolerance.

The three critiques of the market economy that I have put forward in this brief synthesis suggest that it would be unwise to be complacent with capitalism. At the same time, none of these critiques justifies relinquishing private property or personal initiative. The unilateral character of socialism constitutes the greatest commendation of the capitalism it rejects, and so allows for a clearer understanding and a fairer appreciation of it. There can be no worthwhile praise of our economic system without detailed awareness of its pitfalls.

These three critiques of the market economy have one thing in common. They all assume the same anthropology: humanity is naturally good. Evil is bound not to human nature, but to private ownership of the means of production, to the disorganisation of an individualistic society and to unbridled acquisitive passion. Thanks to the victory of the proletariat, to the reorganisation of society and to the controlling of our love of acquisition, the sources of

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<sup>15</sup> Durkheim, *Le socialisme*, p. 226.



injustice will disappear. Evil is capitalism. The abolition of capitalism equals the abolition of evil. Because humanity is good, a truly socialist regime has nothing to fear from destructive passions. Nevertheless, through having linked these passions too much to the social structures that they were overthrowing, socialists have been unable to prevent or even to see the travesty of their egalitarian dream turning into a new brand of despotism. 1. Anxious about class struggle, they forgot that the *libido dominandi* was not exclusively linked to the exploitation of the proletariat by the bourgeoisie, and they prevented themselves from understanding that tyranny was always a possibility, as Stalin and some others had amply proven. 2. Anxious about organisation, they forgot to guard against the *libido sciendi*, which easily leads to arrogance and to the disproportionality of a knowledge that claims it is total; they thought that they controlled everything while economic life continued increasingly to elude them, as numerous bureaucrats have come (a bit late) to understand. 3. Anxious to distinguish between real and false needs, socialists forgot that mastery of the *libido sentiendi* presumes, as well as a favourable social environment, great individual effort. The abolition of private property has never quenched the desire to own more and more things.

In contrast to socialism, capitalism starts from the prevalence of evil and, in particular, of selfishness, which it uses in the interest of society. Far from mercilessly fighting evil, capitalism comes to terms with it: it is better to make use of vice for the general good than to confront it in vain. The flaw of capitalism is in making an ally of covetousness and thus encouraging it. The genius of capitalism is its realism, its capacity to recognize to what extent covetousness is, in fact, anchored in the human heart. Too often we forget that capitalism has the same roots as socialism – our moral shortcomings. Capitalism is the least evil of economic organisations for human beings too often incapable of justice and charity.