

# Capitalism Has Ended The Issue Of Scarcity But Worsened The Crisis Of Inequality



*Steve Paxton*

Capitalism has been around for such a long time that it is hard for people even to imagine a world without it. Yet, it is far from an immutable physical law. In fact, capitalism is now “materially outmoded and ideologically defunct,” argues British author [Steve Paxton](#) in his forthcoming book, *How Capitalism Ends* (Zero Books, 2022). “The capitalist era has provided the material abundance required for a free human society, but capitalism cannot deliver the freedom its productive capacity makes possible.” In the interview that follows, Paxton shares his thoughts on the contours, contradictions and twilight of capitalism with *Truthout*.

Paxton is also the author of *Unlearning Marx — Why the Soviet Failure Was a Triumph for Marx* (Zero Books, 2021). In addition to having an academic career at Oxford, Steve Paxton has worked on building sites and in betting shops, been a PHP programmer and a T-shirt designer, been employed, self-employed and unemployed, blue-collar, white-collar and no-collar. He currently works as a tri-vision engineer in the summer, installing and maintaining sight-screens at cricket grounds, and as a database designer in the winter.

*C.J. Polychroniou: Capitalism emerged in western Europe sometime during the long 15th century and has gone since through several distinct stages. Its success lies with the fact that it reorganized production and raised productive capacity at an unprecedented rate. However, there are good reasons to believe that “this system is by now intolerable,” as Pope Francis said in a speech some years ago.*

*Indeed, in your own forthcoming book, How Capitalism Ends, you argue that capitalism has reached its limits. Let's start, first, with explaining, from your own perspective, the historical resilience of capitalism, given that the system has experienced a myriad of failures in the past but continues to survive down to the day.*

First of all, maybe we shouldn't get too carried away with the idea that capitalism is super-resilient. Although the earliest developments of capitalism date back to before 1500, it was the end of the 17th century before the bourgeoisie came to dominate political power in England and more than another century before the French bourgeois interest was able to match that achievement. The process of enclosure — a fundamental aspect of the development of capitalism in Britain — continued into the second half of the 19th century, so we could argue that the transition to capitalism lasted longer than capitalism proper has so far existed. But, yes, capitalism has survived many crises — largely of its own making — and one of the reasons for that is its unique ability to foster rapid technological development and therefore to massively increase productive capacity. While there has always been a terrible human cost to capitalist development, there was also a rationale — increased productive capacity raised living standards and life expectancy for huge swathes of the world's population. Complaints against capitalism's injustices have long been met with references to its efficiency — the pie may not be evenly divided, but it relentlessly increases in size. Add to this the fact that a sizeable chunk of the toil and misery involved in capitalist production has been exported to the global south and all this means that until the last few decades, most people in capitalist economies enjoyed a better material life than their parents, which feels to many people like progress. The problem is that the progress is always one dimensional — the nature of capitalism is that it is always about growth, about producing more and better stuff. Even capitalists agree that the system is built on greed and self-interest. Capitalists don't set out to meet our needs, but to increase their own wealth, but — so the story goes — under capitalism the easiest way to get rich is by meeting our needs better than any competitors can. This idea goes right back to Adam Smith and for some time it was true that a byproduct of capitalist self-interest was an improvement in living standards for many — not for all, by any means, but for enough to blunt the opposition to the capitalist system. We have reached the point though where more stuff isn't going to solve the problems we now face. The connection between what makes money for capitalists and what advances civilization has come unstuck.

Perhaps we should set out with the aim of catering for people's real needs, regardless of their ability to pay for their subsistence, rather than trying to cater for the ambitions of entrepreneurs to buy more yachts and hoping that the starving might be fed as a by-product of that process.

Like all systems, capitalism also creates a compelling story about how it's not really a system at all, but just the way that the world inevitably has to be and that's a difficult narrative for opponents to challenge. The conversation we urgently need to have — the conversation I hope this book is a contribution to — is about what a post-capitalist world might look like and how we're to move from here to there...

*You argue in your book that “scarcity is no longer our enemy” and that inequality is the main problem. Are you saying that capitalism has solved the problem of scarcity? Moreover, aren't capitalism and inequality linked?*

Has capitalism solved the problem of scarcity? Largely, yes, in that the major problems we face in the twenty-first century are not caused by insufficient productive capacity, but by the absence of mechanisms in place to distribute the fruits of that capacity more reasonably. Currently 26 billionaires have the same wealth as the poorest 3.8 billion people on the planet — and almost all of those 3.8 billion live in poverty — with limited access to food, clean water, basic medicines, shelter, security and education. Globally we produce enough material goods for everyone on the planet. That may seem an odd statement, given that 9 million people die of hunger and related causes every year, but then we throw away 1.3 billion tons of food annually and 28 percent of the world's agricultural area is used to produce food that is lost or wasted.

In the 21st century, the problem of human poverty is one of distribution, not scarcity. The capitalist era has provided the material abundance required for a free human society, but capitalism cannot deliver the freedom its productive capacity makes possible. It's time to move on to an economic structure that can deliver that freedom.

The link between capitalism and inequality is complex. Inequality was a feature of pre-capitalist society too, so it's not unique to capitalism, but in terms of material wealth, clearly capitalism has delivered previously unimaginable levels of inequality. On the other hand, capitalist ideology does require the recognition of

some kinds of equality — the political and legal inequality of the feudal era was something that held back capitalist development and the ideologues of the emerging bourgeoisie demanded an end to that. Although the equality demanded by capitalist philosophy is strictly limited to equality before the law and (eventually) equality of political participation, and although *really existing capitalism* has often failed to deliver even on these limited ideals, it's important to note that the ideology of the capitalist era does insist on equality of *something* — that there are some rights that accrue to individuals merely on the basis that they are humans, rather than because of a particular social status, or inherited title. The point here is that the equalizing instinct — i.e., the tendency toward egalitarianism — is not an anti-capitalist ideological ambition. The difference between capitalist ideology and socialist ideology is not that one favors equality and the other doesn't, but what kind and extent of equality each requires. So, as long as egalitarianism itself is perceived as an anti-capitalist position, defenders of capitalism will continue to trot out caricatures of the egalitarian spirit as utopian fantasy doomed to end in absurd excess.

Once we recognize that capitalism itself requires (ideologically speaking) some form of equality, then the conversation changes from a discussion of the virtues or otherwise of the process of equalization and has to address what it is that is being equalized, how far we should go, and what competing values might need to be considered. Supporters of capitalism cannot argue that the pursuit of egalitarian aims is in itself unjust or unnecessary since, ideologically speaking, capitalism itself relies on equality of something. Instead, they must explain why the egalitarian impulse is desirable and justified to the extent that it suits them, but undesirable and unjustified in cases where it might suit others. What does equality before the law have, which equality of opportunity, or equality of wealth or income do not have?

*Does the traditional axis of left-right politics still make sense in today's capitalist era?*

I think we need to completely review our idea of the left-right axis and introduce some historical perspective. The left now is clearly engaged in either mitigating the excesses of capitalism or replacing it altogether, but the entire concept of left and right in politics dates from the immediate aftermath of the French Revolution — a time when the left were the advocates of capitalism — pursuing revolutionary change to overturn feudal privilege. We can reconcile the pro-capitalist origins of

the concept of the political left with its current anti-capitalist incarnation if we see it as a program advocating the progressive ideas of the enlightenment, adapting to historical circumstances and advancing from tradition to modernity — from superstition and fear to rationality and understanding. Favoring capitalism was a left-wing position in the 18th century, whereas working toward its extinction is left-wing now. From this perspective — and bearing in mind the earlier point about capitalist ideology's insistence upon (limited) equality — the difference between the liberal left and the socialist left is that the liberal approach is essentially calling out capitalism for failing to live up to its ideological commitments, whereas the socialist left recognizes that even if those commitments were met, we would still be a long way from where we need to be; and to get to where we need to be we need to do more than just fix capitalism's hypocrisy, we need to move beyond capitalism altogether.

*If history is a guide, capitalism will eventually give rise to a new socio-economic system, although, as you point out in your book, it is hard for most people to imagine the end of capitalism. How can capitalism be transformed? Can it be done at the national level given that this system is now global, and the rules of globalization are designed to serve the rich?*

To some extent, the transformation has to happen — at least the early stages of it — at the national level, as that is what we have. The nation-state is the demographic political unit of capitalism. There's no reason that has to remain the case though. As we've seen under capitalism, international cooperation can take many forms — from the UN and NATO to the EU and COP. Of course, these are capitalist organizations working for the benefit of capitalist governments and the interests that maintain them, but there's no reason why we shouldn't see cooperation among governments pressing for transformative change — the hard part is to establish those governments in the first place.

What would transformative change look like? The most important thing is that changes must push us in the direction of a revolutionary transition from capitalism to socialism. (The term "revolution" should be taken to refer to a degree and type of historical change, not to the means by which it is achieved, or the timescale involved. Dismantling capitalism is the revolutionary act — not machine-gunning the Spanish Embassy or storming the Winter Palace).

Policies which mitigate the excesses of capitalism are, of course, welcome — but

they're not the point. We need policies which undermine and break down the economic power which is concentrated in the hands of a tiny minority. While I argue in the book that it's not going to be possible (or, in fact, desirable in our current situation) to overthrow capitalism overnight, I also maintain that there are policies which socialist governments could adopt which would begin to transform the nature of ownership from the private property paradigm of the capitalist era into a common ownership model for a socialist future.

The key is to break the definitional feature of capitalism, which is that most of us — having no ownership of any means of production — must sell our labor power on unfavorable terms. The standard Marxist approach to that task has been to demand the seizure of the means of production in order to put an end to that exploitation.

I've approached the problem from the opposite direction and proposed a way in which we can take the exploitation out of the employment relationship in order to undermine the power that comes with ownership of the means of production. While the idea of a job guarantee scheme is not new, its proponents almost always present it as the state becoming the "employer of last resort." What we really need is for the state — in combination with other public bodies and worker cooperatives — to provide a job guarantee while also being the *employers of best practice*.

If the public and cooperative sectors provide the option of a guaranteed job with a fair wage and excellent working conditions, then the private sector is going to need to up its game to attract workers, particularly at the less well rewarded end of the labor market. Exploitation under capitalism is possible because the worker has no option but to accept unfavorable terms — providing an alternative undermines the basis of exploitation.

There are parallels here to the way the National Health Service (NHS) was created in the U.K. in the 1940s. Hospitals were not seized from the private sector... the state simply provided a better option for health care than the private sector could offer. It's time now for the public sector to provide better — significantly better — employment options than are currently available from the private sector. The private sector would then need to match the wages and conditions offered by such a program in order to attract employees.

This isn't something that could happen overnight but would need to be introduced over a period of time, and preferably alongside a similar scheme to undermine the private rental sector by the provision of quality, affordable housing. Add initiatives to repair existing public provisions in education and health care to these public options for employment and housing, and we're starting to move important areas of people's lives significantly away from the capitalist economic structure. No one thinks it's going to be easy, but time is running out for capitalism.

*Source:*

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