

Capitalism and Democracy: Complementarity, Complicity, Conflict, Compatibility

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In this chapter I review four ways of theorizing the relationship between capitalism and democracy. Classical liberalism has long maintained that capitalism and democracy are *complementary*—that both mutually reinforce the same demand for freedom or, at the very least, that the freedom democracy requires fits best with a competitive market system. Orthodox Marxists, meanwhile, often held that liberal democracy as a political system is *complicit* in the maintenance of capitalist domination. Still others have characterized the relationship between capitalism and democracy as one of fundamental *conflict*, with capitalists fearing takeover by democracy and democrats fearing takeover by capitalism. Finally, there are those who strive to make capitalism and democracy *compatible*, for example by de-commodifying democratic citizenship or re-politicizing capitalist institutions. In the course of reviewing these perspectives, I will argue that how one conceptualizes the relationship between capitalism and democracy varies greatly with how one defines these two terms, the normative value one places on each, the level of precision one brings to the analysis, and the social ontology one adopts.

Keywords: capitalism, democracy, liberalism, Marxism, social ontology

Democracy predates capitalism by millennia. Nevertheless, it is difficult to overlook the ways the two evolved together in Western modernity, so much so that it is commonplace to speak of them as two sides of the same coin. Liberal thinkers have long maintained that capitalism and democracy are *complementary*—that both mutually reinforce the same demand for freedom or, at the very least, that the freedom democracy requires fits best with a competitive market system. But the relationship between the two has been hotly debated for centuries. Marxists have been known to claim that democracy—at least in its received liberal and parliamentary forms—functions as little more than an instrument of class hegemony. They view capitalism and democracy to not be so much complementary as *complicitous*. Still others take the two to be in outright *conflict*: there are those who argue that the freedom that resides in capitalism is under perpetual threat from democracy, and there are also those who argue that the freedom that resides in democracy is under perpetual threat from capitalism. And then there are

those who take capitalism and democracy to be inherently neither complementary nor conflictual, yet they look for ways to make them *compatible* with each other.

The purpose of this chapter is not to defend any particular position in this long-running debate, but to give an overview of the major positions taken and the key arguments raised. Modest as this goal may initially sound, it is no easy task. One difficulty is the sheer volume of contributions that could be reasonably claimed relevant. It goes without saying that there will be important voices and perspectives left uninvited or given short shrift in what follows. More vexing, however, are the key terms themselves. Both “capitalism” and “democracy” denote evasive concepts that easily mean different things to different authors, and sometimes even different things to the same author using them in different contexts. Is capitalism defined more by free market exchange, by an institution of private property, or by a form of class division? And does the appellation “capitalist” describe the whole of a society or merely a subsystem within it? Is democracy more about electoral competition or a form of equality? Is it a form of life or just a form of government? And how closely does one link it with such things as liberalism or national self-determination? Moreover, when we talk about capitalism and democracy, are we talking about them in terms of the ideals and principles they espouse or in terms of how they actually exist and are practiced in history?

As it turns out, the mutivocality of the two terms is by no means incidental to the debate about their relationship. On the contrary, it is essential to understanding it. Whether one sees capitalism and democracy to be complementary or complicitous or conflictual or compatible correlates heavily with one’s assumptions not only about what these entities are and the normative value one places on each, but also the level of precision and even the social ontology one brings to the analysis. Accordingly, my aim will be less to provide an exhaustive survey of viewpoints than to sketch a rough framework for comparison. This chapter will be broadly guided by the four “C”-headings indicated above: complementarity, complicity, conflict, and compatibility. But as will become clear soon enough, these labels do not so much mark out a typology as a cartography: the four Cs do not represent a set of discrete and mutually exhaustive categories of logical relations between capitalism and democracy; at best, they mark points of orientation on a chaotic hermeneutic landscape. Moreover, several theories can be plausibly categorized under more than one of these four Cs. Despite all this, it remains

possible to detect informative patterns and glean some useful criteria for comparing and evaluating various accounts.

I Liberal Legacies and the Early Modern Tradition

The idea that capitalism and democracy are natural complements is by far the most prominent in public discourse. So closely are the two associated in the Anglophone imagination that, when confronted with the prospect of constraining one, most citizens will assume that the other will be constrained in equal proportion: “socialism” is almost as likely to be contrasted with “democracy” as with “capitalism.” Typically, their complementarity relies on the intervention of a third term—liberalism—which in principle supports both. Hence Francis Fukuyama writes in *The End of History and the Last Man* (1992) that it is the “liberal idea” that couples together a desire for prosperity and (“thymotic”) recognition and moves populations to *both* free markets and free elections. To be sure, both capitalism and democracy as they are commonly understood in Western modernity emerge in conjunction with the liberal tradition of post-Reformation Europe, and this legacy gives claims about their complementarity a long pedigree: it allows both sets of ideas to draw on common languages, struggles, and purposes and to differentiate themselves from their medieval predecessors in similar ways.

And yet one need only scratch beneath the surface to find these claims of complementarity coming with significant reservations: despite their apparent co-evolution, the correct way to *understand* this complementarity has never been resolved. In fact, when pressed on the issue, most adherents to the complementary thesis ultimately take either democracy or capitalism to have priority. Indeed, assertions of complementarity seem to be strongest when the terms are given only general and minimalist definitions. Thus Fukuyama limits his definition of democracy to “formal democracy,” defined in terms of universal suffrage and free elections, and “capitalism” as a system that protects “private property and enterprise” (Fukuyama 1992: 43–4). But it is important to note how this ambiguity goes back much further. The 17th-century Levellers movement, for example, simply did not have developed conceptions of capitalism or democracy, and so could more easily view their nascent ideas of them as forming a unity. Present-day commentators like C.B. MacPherson and Elizabeth Anderson

have shown how, entrenched as they are at the beginnings of the modern liberal tradition, these early assumptions still color our contemporary reception of it.

A.—*The Levellers Controversy*. The Levellers' position as the first great radical movement in English political thought is well-captured by Thomas Rainborow's declaration at Putney: "the poorest he that is in England has a life to live as the greatest he; and...the poorest man in England is not at all bound in a strict sense to that government that he has not had a voice to put himself under" (Hart & Kenyon 2014 [1647] (spelling modernized)). Known for their early use of pamphleteering, petitions, and public addresses, the Levellers were associated with parliamentary supremacy, dramatic expansion of male suffrage, and extensive rights to civil, religious, and economic freedom. They were also vocal advocates of rights to private property and free trade, and some of their rhetoric foreshadowed Locke's writings decades later.

MacPherson reads in Leveller ideology some of the tensions that would plague liberal-democratic theory to this day. Despite their reputation, in his view the Levellers "ought rather to be considered radical liberals than radical democrats" (MacPherson 1964: 158). He notes, for example, that although they supported expanding the franchise far beyond what Oliver Cromwell favored, they rejected its extension to servants, wage-laborers, and beggars. With Cromwell, they shared the belief that participation required a certain kind of "individual economic independence," which excluded those dependent on wages or charity (MacPherson 1964: 129). Notably, freedom as such—both in terms of freedom from dependence on the will of others and freedom to pursue one's own will—was understood by the Levellers in terms of property or proprietorship. As Richard Overton declared in 1646: "To every individual in nature is given an individual property by nature not to be invaded or usurped by any. For every one, as he is himself, so he has a self-propriety, else could he not be himself" (Overton 1646). From this natural freedom conceived as "property" in oneself, the Levellers derived further those economic, civil, and religious rights deemed necessary to develop, improve upon, and enjoy one's capacities as persons. Though in one sense radicals and political pioneers, in MacPherson's view, the Levellers contributed to an ideology of "possessive individualism" that would ultimately favor the values of a burgeoning market society over a truly democratic one.

Others have taken MacPherson's judgment to be too hasty. Michael Levy accuses MacPherson of misreading the context in which property comes to be associated with freedom. He insists "property" in seventeenth-century English did not yet have the objectifying, exclusionary connotation it would eventually acquire, and the language of "property in" one's own person or "self-proprietorship" is best understood in relation to the feudal understandings of royal "proprietorship" to which the Levellers opposed themselves. It would thus be a mistake to overread capitalistic connotations of the Levellers' use of the language of property, which is better understood as shorthand for legal protections against arbitrary power (Levy 1983: 123–4).

Elizabeth Anderson stressed that it was not merely the arbitrary power of the state that the Levellers opposed but also that of state-chartered monopolies, as well as a variety of feudal holdovers such as the church, the aristocracy, guild networks, apprenticeships, and household patriarchies (Anderson 2017). Networks of power pervaded all levels of society. Accordingly, a common cause between democratic and free-market ideals made sense to a seventeenth-century "left" movement: "The Levellers' support for free trade formed an essential part of a larger program of liberating individuals from interlocking hierarchies of domination and subordination. They saw in free markets some essential institutional components of a free society of equals, based on their proliferation of opportunities for individuals to lead lives characterized by personal independence from the domination of others" (Anderson 2017: 8).

In either reading, both the vocabulary of market society and the vocabulary of liberal democracy can be traced back to a broader process of social and political individuation in early European modernity. This individuation pointed to the claims that every "free" person—from "the poorest he" to "the greatest he"—simultaneously has a right to one's own person and property, on one hand, as well as the right to participate in how one was governed as an equal member of the community, on the other (Levy 1983: 123–4), and these rights inhered independently of temporal privilege, grant, or status. We can acknowledge Levy's and Anderson's cautions against reading Levellers as liberal *rather than* democratic thinkers, while still acknowledging MacPherson's observation that the seventeenth-century propensity to couch appeals to freedom in the language of property injected an ambiguity in the liberal-democratic tradition that continues to spark controversy today.

B.—Liberalism and the Priority Argument. Some version or other of the complementarity thesis remained a mainstay of the developing liberal tradition. Still, not all liberals understood this complementary in the same way or held capitalism and democracy in the same regard. *Social liberals* were more likely to stress that capitalist or market freedoms were conditional on a freedom realized in some form of democratic voice or equality of power. Immanuel Kant praised the “power of money” for its ability to draw nations together (the “civilizing” power of commerce was a common theme in Enlightenment thought), but he was suspicious of national accumulation of wealth and he also sought restrictions on the uses of sovereign debt (Kant 1996 [1795]: 318–9, 336–7 [8:345, 368]). Elsewhere, he claimed excessive inequality, while unavoidable at certain stages of societal development, is in the long run unstable and contrary to humanity’s ends (Kant 2000 [1793]: 299–300 [5:432]). John Stuart Mill did express concerns about a “tyranny of the majority” that might come with democratization, but he also came to endorse some democratic-socialist ideas, including worker cooperatives.

In contrast, what could be variously called *classical liberals*, *economic liberals*, or *liberal conservatives* are more likely to give precedence to market freedoms in the name of “personal liberty.” Benjamin Constant emphatically opposed taking democracy as the paragon of freedom. While the ancients associated liberty above all with the “sharing of social power among the citizens,” for us moderns liberty is to be found in the “private pleasures” provided by a civilization oriented to commerce. “Political liberty” may be necessary to secure “individual liberty,” but only the latter constitutes “the true modern liberty.” Commerce, meanwhile, both feeds the desire for individual freedom and helps to secure it against authority: “it changes the nature of property, which becomes...almost impossible to seize.” Constant did not share Kant’s trepidations about sovereign debt; on the contrary, he saw the system of credit as a means of restraining government power by placing “authority itself in a position of dependence.” For Constant, the market and democracy are two mechanisms for securing personal liberty, but it is the market that embodies the more direct and reliable expression of it: “Power threatens; wealth rewards: one eludes power by deceiving it; to obtain the favors of wealth one must serve it: the latter is therefore bound to win” (Constant 1819).

The liberal-conservative position takes the ambiguity left by the early modern liberal tradition and tilts it decisively in favor of the priority of the market. The essence of this “priority argument” is that the good things we associate with democracy are

dependent, if not on capitalism itself, then on certain principles of negative freedom that allow capitalism to flourish. This argument takes several forms, but two are of particular note. The first is a positive argument from *progress*: that it is the capitalist, competitive market dynamic that furnishes society with forces of experimentation and innovation that push civilization forward, in not just the economy but all spheres of life, including the political realm (Hayek 2011 [1960]; Friedman & Friedman 2002 [1962]: 3–4, 9–10). Hence Joseph Schumpeter credits capitalism with virtually all good things associated with modernity, including not only technology and medicine, but scientific reason, the arts, international peace, women’s rights, and also democracy itself: “whatever democracy there was, outside of peasant communities, developed historically in the wake of both modern and ancient capitalism” (Schumpeter 2003 [1943]: 126).

The second is a negative argument from *freedom*: that any departure from free-market principles will lead to a deterioration of democracy, or at least of the good things we associate with it. “Economic liberalism,” writes Hayek, “regards competition as superior not only because it is in most circumstances the most efficient method known, but even more because it is the only method by which our activities can be adjusted to each other without coercive or arbitrary intervention of authority” (Hayek 2001 [1944]: 38). Economic planning, be it socialist or Keynesian, is fundamentally incompatible with democracy, for the complexities and possibilities for disagreement are bound to overwhelm any deliberative process (“To draw up an economic plan in this fashion is even less possible than, for example, successfully to plan a military campaign by democratic procedure” (Hayek 2001 [1944]: 68)). Accordingly, any state that embarks upon actively steering an economy will end up delegating matters to experts commanding increasing amounts of discretionary authority and willingness to use it (Hayek 2011 [1960]: 376–9). The Friedmans likewise insist that the separation of economic and political power allows the former to serve as a check against the latter while also dispersing power generally. Moreover, a market society is better able to secure rights to free dissent and campaigns: “It is the mark of the political freedom of a capitalist society that men can openly advocate and work for socialism. ...How could the freedom to advocate capitalism be preserved and protected in a socialist society?” (Friedman & Friedman 2002 [1962]: 16).

Like Constant, liberal conservatives grant democracy value to the extent that it can help preserve individual freedom. But this support for democracy has always been

qualified and, indeed, hostile to more substantive, Rousseauian conceptions: the democracy viewed most “complementary” to capitalism is a minimalist, Schumpeterian vision of democracy. As we will see below, as this particular branch of liberalism moves from “classical” positions such as Locke or Constant and toward full-on “neoliberal” doctrines, its regard for democracy as an ideal in its own right recedes.

C.—Neorepublicanism and the Ambiguity of the Early Modern Tradition. The liberal-conservative position claims continuity with the legacy of the 17th-century English revolutionaries—hence their preferred appellation as “classical liberals.” But it is worth noting how this claim has not gone unchallenged. Inspired by the intellectual histories of J.G.A. Pocock and Quentin Skinner, the recent “neorepublican” movement includes a reinterpretation of the philosophy of freedom elaborated and embraced by early modern movements. On this reading, the Leveller embrace of the free market alongside an expanded franchise stems not so much from a desire to be free from “interference” by the state as “domination” by any number of powerful parties. In question was not power per se but its arbitrary usage. This shift is then used to push back against the liberal-conservative idea that the core way to preserve individual freedom is restrict government authority *tout court* and embrace laissez faire policies. Thus Philip Pettit argues that it is not government power but *arbitrary* power that constrains freedom, and, in fact, unfreedom can just as easily result from a lack of government power in the face of the arbitrary power of market forces (Pettit 1997; 2006). With such moves, some neorepublicans look to restore a more balanced complementarity between capitalism and democracy, whereby each plays a role in protecting the individual from subjection to arbitrary power: republican freedom, or “freedom as nondomination,” replaces negative freedom as the middle term linking our two key terms. The success of this approach remains subject to debate, with arguments both for greater free rein to the market (Taylor 2013) and for less (Klein 2017).

II Theories of Complicity and the Separation Thesis

As noted, arguments for an “easy” complementarity between capitalism and democracy depend on the relevant terms remaining underdefined or defined minimally. It is perhaps this lack of commitment—especially on the democratic side of the

equation—that led early critics of capitalism to see not so much of complementarity as subservience. Thus Karl Marx once derided universal suffrage as “deciding once in three or six years which member of the ruling class was to misrepresent the people in Parliament” (Marx 2010 [1871]: 333). V.I. Lenin was even more direct: “Democracy for an insignificant minority, democracy for the rich—that is the democracy of capitalist society” (Lenin 2011 [1917]: 465).

Just as complementarity depends on a certain way of (under)defining capitalism and democracy, arguments about complicity—and, as we shall see, conflict and compatibility—also require us to take some definitional assumptions into account. One has to do with how these terms are characterized as forms of sociation. The common view among 19th and 20th-century Marxists that democratic institutions were in fact “complicit” in capitalist domination cannot be easily separated from their tendency to identify capitalism with the *totality* of society, encompassing all economic, social, cultural, and political domains. Only when one can view them as having distinct bases of existence in the same society is it possible to envision two existing forms of practice as being in “conflict,”¹ and only when one conceives society as having sufficient room for both can one speak of potentials for “compatibility.” For much of classical Marxism, capitalism determines society from top to bottom. But we must also distinguish between existing and possible ideal imaginings: a Marxist who decries present-day democracy as an instrument of bourgeois domination may yet extol the future democracy that would flourish with capitalism’s defeat (as Marx himself also wrote, “all forms of state have democracy *for* their truth and...they are therefore untrue insofar as they are not democracy” (Marx 2010 [1843]: 31)). One may thus take existing democracy to be “complicit” with capitalism but a more idealized or potential democracy to be in “conflict” with it. This makes it possible for Rosa Luxemburg and Karl Kautsky to condemn both Eduard Bernstein’s perceived fetishizing of democratic norms and the Bolsheviks’ disregard of them altogether.

A further consideration has to do with democracy’s relation to the state, whether it is specifically democratic governance or organized governance in general that is in question, and whether “democracy” is bound to a specific form of state. Hence, a communist who anticipates a “withering away of the state” or an anarchist may hold

¹ I am grateful to Albena Azmanova for pointing this out to me.

suspect *all* organized authority at scale. For Mikhail Bakunin, even the most devolved state is bound to reinforce class domination, no matter how “democratic” its setup: “If a government composed exclusively of workers were elected tomorrow by universal suffrage, these same workers, who are today the most dedicated democrats and socialists, would tomorrow become the most determined aristocrats, open or secret worshippers of the principle of authority, exploiters and oppressors” (Bakunin [1870]: 221). On this view, state machinery by its very logic creates a distinction between ruler and ruled and the worldviews that follow from those relations. It also creates realms of expertise and specialization for which everyday workers have little time and energy, meaning they must defer to their ruling-class representatives, which in turn legitimizes the idea that one group is “meant” to rule and the other to be ruled.

Where complicity accusations do not extend to a suspicion of all forms of state, many subscribe in some way to what we might call the “separation thesis”—the claim that modern capitalist society enacts a unique separation of political and economic realms that is not present in other forms of society, and this separation facilitates a camouflage of capitalist power under a democratic façade. Ellen Meiksins Wood (1995) offers one of the most detailed treatments of this separation, but notable accounts can also be found in Marx, Antonio Gramsci, and Nancy Fraser. According to Marx, the feudal orderings of familial ties, vassalage, privileges, and guilds lent civil society a “*directly political* character” while dressing the state up as the “*private* affair” of the ruler; after the political revolutions of the eighteenth century, these characteristics became inverted, politicizing the state while depoliticizing civil society (Marx 1978a [1843]: 44–5). Meiksins Wood distinguishes between forms of domination linked to organized production and those linked to legislation, adjudication, and communal administration. On the feudal manor and in the guild system, the two forms of domination were bound up with one another; with the rise of capitalism, domination linked to production was “privatized” and depoliticized (Meiksins Wood 1995: 19–48).

For Marx, modern liberal democracy is grounded on an image of civil society in which alienated, economic individualism is presented as the normal state of humanity. He singles out the language of the “rights of man” with its emphasis on private liberty, property, and security as exemplary of this worldview, where “the only bond between men is natural necessity, need and private interest, the preservation of their property and their egoistic persons” (Marx 1978a [1843]: 43). In the “Critique of the Gotha Program,”

he adds to this a critique of the language of “equal right,” which in his view always ends up becoming “a right of inequality...like every right” (Marx 1978b [1875]: 530). This is because any abstract “equal right” must take its subjects as somehow homogeneous in a way that disregards likely inequalities of need, whereas a system that genuinely seeks to meet the needs of all its members cannot be equal in the abstract sense required by the language of rights but must attune itself to the particularities of each.

Some have argued that Marx’s real target was not so much democracy as liberalism and its tradition of rights discourse. Accordingly, he can be found at times distinguishing between the “rights of man” and the “rights of the citizen,” and this may be taken as a signal that political democracy does not *have* to be part and parcel to bourgeois society (Marx 1978a [1843]: 41; see, e.g., Bartholomew 1990: 247–54). Still, it is fair to ascribe to him the lifelong belief that “political emancipation is not the final and absolute form of *human* emancipation” (Marx 1978a [1843]: 32). If Marx believed in the merits of political democracy, he did not see those merits being realizable under capitalism.

While Marx viewed the modern state as an organ that reflects and is tailored to the image of bourgeois civil society, Gramsci took the distinction between state and civil society to be fluid and their relationship bi-directional. In *The Prison Notebooks*, Gramsci understands “the State” as “the entire complex of practical and theoretical activities with which the ruling class not only justifies and maintains its dominance, but manages to win the active consent of those over whom it rules” (Gramsci 1971 [1930–32]: 244). It must be stressed that, for Gramsci, “the State” includes not just the administrative bodies and instruments of physical coercion (e.g., law, courts, police) but a variety of cultural and social institutions, including parties, schools, associations, knowledge production, the Church, and so forth. Consequently, “the State” is not just a reflection of the bourgeois worldview but an active participant in its reproduction and reinforcement. Both of these features are essential to understanding the thinking behind Gramsci’s best-known innovation—his theory of hegemony. His notion of “the State” as “political society + civil society” (Gramsci 1971 [1930–32]: 263), among other things, attempts to push back against the bourgeois attempt to cast civil society as a private, apolitical realm of individualized natural freedom and only the formal structures of legislation, administration, and coercion as political. To him, the state in this latter sense was “only an outer ditch, behind which there stood a powerful system of fortresses and earthworks” (Gramsci 1971 [1930–32]: 238; see Buci-Glucksmann 1980: 69–115).

III Marketizing Democracy

We have already seen hints that both proponents and critics of capitalism see potentials for not only complementarity or complicity between capitalism and democracy but also conflict. In classical Marxism, such conflict took the form of an opposition between the “false” democracy that exists in capitalist society and the “ideal” one made possible with its abolition. This framing relies on the idea that capitalism constitutes an irreducible totality; other institutionalized practices can only be viewed as part and parcel to its superstructure. Something comparable might be said of views of complementarity, according to which free markets and democracy are celebrated as two sides of the same liberal coin.

By the mid-twentieth century, alternative sets of assumptions can be seen gaining currency; capitalism and democracy come to be viewed in terms of *differentiated* logics, subsystems, or spheres of normativity and action that coexist in society simultaneously but not per se harmoniously. Even Fukuyama, a champion of complementarity if there ever were one, saw room for tension. Fukuyama believed there were two types of striving for recognition: “isothymia,” or desire for recognition as an equal, and “megalothymia,” desire for recognition as a superior. He acknowledged the possibility that inequalities generated by capitalist megalothymia could damage democracy; however, he believed the greater danger to lay in an excess of isothymia, whereby “we risk becoming secure and self-absorbed last men, devoid of thymotic striving for higher goals in our pursuit of private comforts” (Fukuyama 1992: 328). In his view, an overemphasis on equality could lead to a variety of pathologies that range from prideless mediocrity to simmering fascistic resentment; democracy must therefore leave sufficient outlets for capitalist megalothymia (Fukuyama 1992: 315).

The notion that the coexistence of capitalism and democracy may not be a happy one has found expression among both advocates and critics of capitalism, typically taking the form of a claim that one is interfering with the true freedom the other represents: it is democracy that is held back by capitalism, or it is the freedom and progress promised by capitalism that is held back by democracy. To be sure, the idealizations have not disappeared entirely. The vision of an unhindered free market society implied by the likes

of Hayek or the Friedmans is a utopian one; Wendy Brown's ideal of a democratic equality unfettered by neoliberal rationality has likewise never existed in practice.³

This generalization has a partial but crucial exception, and that is in global capitalism's periphery. Having cast off the shackles of direct colonial domination, newly independent peoples launched a range of critiques of "neocolonial" impediments to collective self-determination. On some accounts, the damage left by racialized imperialism is itself a bar to achieving democratic self-determination on the model of the European nation-state. Thus, historical and present-day dynamics of power interfere with the capacity of postcolonial peoples to achieve the level of self-determination seen in core nations. Indeed, it remains unclear to what extent the democratic self-determination witnessed in the core can be achieved without the benefit of surpluses expropriated from a (neo)colonial periphery.

A.—Rational Markets and Irrational Democrats. Already in the 1940s, Schumpeter lamented that the true benefits of capitalism can only be appreciated by those taking a much more long-term, utilitarian view of society and progress than could be expected of most citizens (Schumpeter 2003 [1943]: 144–5). Hayek, for his part, worried that a citizenry of "employees" will fail to appreciate the needs of the entrepreneurs on which their freedom as members of a competitive market economy ultimately depends (Hayek 2011 [1960]: 187–90). Both saw a telos in democracy that would lead in the end away from market freedom and toward socialism—a telos which, for Hayek, was already coming to fruition in postwar welfare-state democracy. To liberal conservatives, it is not possible to democratically constrain the free market without constraining the freedom that makes democracy possible. To the extent democracy has the power to undo capitalism, democracy also undoes itself.

By the postwar period, certain schools of liberal conservatives sought to raise these kinds of arguments to the level of "science." In the wake of the totalitarian movements of the years preceding World War II, a cloud of suspicion was cast on "thick" theories of democracy: Hayek (2001 [1940]) placed the blame at the foot of the workers movement, while Schumpeter (2003 [1943]) and Berlin (2002 [1969]) took aim at Rousseauian ideals of collective freedom and self-determination. Subsequently, Cold

³ I am grateful to Rainer Forst for stressing to me this point.

War-era liberalism could be characterized in accordance with two major features: first, the naturalization of market interaction as *the* paradigm case of human interaction, and second, the shrinking of democracy to the sphere of electoral competition. Taken together, these concepts neutralize the socialist claim that “true” democracy is incompatible with market capitalism, since democracy itself is little more than a form of market competition applied to the political realm (Schumpeter 2003 [1943]: 284–5).

In the United States, this program achieved its sharpest expression with the rise of rational choice theory. Works such as Kenneth Arrow’s *Social Choice and Individual Values* (1951), Anthony Downs’s *Economic Theory of Democracy* (1957), and Mancur Olsen’s *The Logic of Collective Action* (1965) gave a scientific patina to the figure of the self-interested, strategic-rational individual, while also offering up a putatively “nonnormative” understanding of human rationality (Amadae 2003). While not dismissing democratic government outright, ideals of democratic solidarity of the kind expressed by Rousseau or John Dewey or the 19th-century workers’ movements were characterized as unrealistic, irrational, or undesirable (Maloy 2008: 755; see also Mirowski 2005). Citizenship should be viewed as a variation on consumer sovereignty, while democracy is a process in which competing political parties bid for votes by attempting to foresee and successfully appeal to the broadest number of voters’ given preferences (Downs 1957; see Elster 1998: 10–11).

But some versions of the liberal-conservative program go further. Another consequence of the choice-theoretic conception of democracy is that “democracy” comes to mean little more than unrestricted majority rule; accordingly, “tyranny of the majority” appears as a major concern. A standard approach is to follow Isaiah Berlin’s conception of negative freedom according to which *any* government action should be considered an *eo ipso* restraint; there is thus no reason a democratically chosen law should represent any less a reduction of freedom than a law passed by other means. Hence, the Friedmans argue that the free market is not only more consistent with personal freedom but also better able to deliver the goods associated with democracy than democracy itself: “the role of the market...is a system of effectively proportional representation” (Friedman & Friedman 2002 [1962]: 23). As they explain in *Free to Choose*:

Majority rule is a necessary and desirable expedient. It is, however, very different from the kind of freedom you have when you shop at a supermarket. When you enter the voting booth once a year, you almost always vote for a package rather than for specific items. If you are in the majority, you will at best get both the items

you favored and the ones you opposed but regarded as on balance less important. Generally, you end up with something different from what you thought you voted for. If you are in the minority, you must conform to the majority vote and wait for your turn to come. When you vote daily in the supermarket, you get precisely what you voted for, and so does everyone else. The ballot box produces conformity without unanimity; the marketplace, unanimity without conformity. That is why it is desirable to use the ballot box, so far as possible, only for those decisions where conformity is essential. (Friedman & Friedman 1980: 65–6; see also Biebricher 2018: 99–100)

Aside from the majority tyranny critique, the liberal-conservative embrace of choice theory further allows them to argue that representative government is disposed to clientelist dysfunction. The Friedmans argue that representative governments are more prone to answer to “small groups with concentrated interests” than the “diffuse” interests of society at large (Friedman & Friedman 1980: 292). Such a government, left to its own devices, would result not in increased service to the general welfare but a cacophony of bloated bureaucracies that leave everyone worse off. A version of the “tragedy of the commons” plays out in relation to public budgets, whereby individual politicians “rent” electoral support through the siphoning off of public revenues to various self-interested groups; the collective result is that the state is driven into ever-further debt (see Biebricher 2018: 89–90). James Buchanan argues that, since the politicians and their clients, as “rational” actors, only seek their own calculated interests, there is little chance of everyone coming together to restore fiscal discipline through standard democratic means. In the liberal-conservative view, this is precisely the situation that played out in postwar social democracy: “Keynesianism...may have changed the fiscal constitution in political democracy, and with destructive consequences” (Buchanan & Wagner 2000 [1977]: 109).

Hayek went farther still. He feared that postwar democracy harbored “totalitarian” potentials; as such, he did not believe authoritarian interventions to be impermissible for curbing democracy’s excesses:

Liberalism and democracy, although compatible, are not the same. The first is concerned with the extent of governmental power, the second with who holds this power. The difference is best seen if we consider their opposites: the opposite of liberalism is totalitarianism, while the opposite of democracy is authoritarianism. In consequence, it is at least possible in principle that a democratic government may be totalitarian and that an authoritarian government act on liberal principles. (Hayek 1966: 601)

In Hayek's view, most policies that interfered with the free market were intrinsically inimical to freedom, and even the welfare-state democracies of Western Europe and North America were set on a slippery slope to tyranny: "[T]he kind of welfare state that aims at 'social justice' and becomes 'primarily a redistributor of income' ...is bound to lead back to socialism and its coercive and essentially arbitrary methods. ...The chief danger today is that, once an aim of government is accepted as legitimate, it is then assumed that even means contrary to the principles of freedom may be legitimately employed" (Hayek 2011 [2006]: 376). Faced with such threats to freedom, he defended the idea of a "transitional dictatorship" as an acceptable means for returning society to the correct path. Hayek, of course, caused no small stir when he described the Pinochet's dictatorship in Chile as an improvement over the democratically-elected Allende, whose administration he described as the only totalitarian government in Latin America (see Farrant, McPhail, & Berger 2012: 526). As Thomas Biebricher writes in *The Political Theory of Neoliberalism*, "the Hayek of the late 1970s was already convinced that just about every actually existing democracy was ultimately bent toward totalitarianism. Consequently, dictatorial politics would have to be considered a legitimate option in a large number of cases" (Biebricher 2018: 146).

Liberal-conservative theories can thus be categorized under more than one of our four Cs. I introduced them in **Section I** as a variation of the complementarity thesis that nevertheless prioritizes a free market version of negative liberty. This complementarity always depended on a thin definition of democracy, but here we can see that the liberal-conservative position defines it thinly as a means of normatively constraining democracy to make it compatible with capitalism. Though several of the theorists reviewed here see in democracy an inborn potential to overtake capitalism, Hayek seems to be most prone to characterizing these tensions as a full-on conflict, though elements of such characterization can also be found to lesser extents in the Friedmans, Buchanan, and others.⁴

B.—The Frayed Ends of Democratic Capitalism. Criticism of postwar social democracy was not confined to liberal conservatives. Ironically, as the intellectual parents of neoliberalism were using rational choice models to show the limits of the democratic

⁴ I am grateful to James Chamberlain for urging me to clarify this point.

welfare state, critical theorists of the New Left were accusing the democratic welfare state of *turning citizens into* the “one-dimensional” market actors that rational choice theory took them to already be (see, e.g., Marcuse 2002 [1964]; Adorno 2003 [1968]).

With this difference of perspective between postwar left and right takes on democratic capitalism we can locate another difference of social ontology. We have already seen how a shift from simple complementarity and complicity accounts to conflict and compatibility accounts broadly correlates with a shift from “totalist” to “differentiated” conceptions of society; however, liberal conservatives and critical theorists do not articulate their differentiated conceptions of society in the same way. Liberal-conservative approaches conceive the market realm and the political realm as two ways of organizing an essentially *individualistic* mode of social interaction susceptible to analysis with choice-theoretic means. Critical theorists, on the other hand, tend to treat the capitalist economy and democratic politics as *holistically* distinguishable spheres of activity. This holistic perspective not only helps critical theorists to more clearly present capitalism and democracy as two conflicting modes of sociation. It also allows them to recast the individualist ontology of the liberal conservatives as one or both of the following: (a) a property specific to a capitalist-economic mode of sociation that disempowers or even *colonizes* democratic life, and/or (b) an ideological means of justifying and “naturalizing” such a process of disempowerment or colonization.

Thus, in *Legitimation Crisis*, Jürgen Habermas described welfare capitalism as a regime whose legitimacy relied on a “structurally depoliticized public realm,” in which a merely formal democracy characterized by periodic elections would suffice to secure “diffuse mass loyalty” from an otherwise passive citizenry culturally programmed to focus on private achievements and comforts (Habermas 1975: 36–7). In his view, the postwar welfare state depends on the illusion that it serves the general interests of the whole, even as its administration of the economy requires the upholding of a variety of class-specific interests. The Schumpeterian story, coupled with the choice-theoretic criticisms of democracy, offers justification for the capitalist elite to discourage political participation. A more substantive form of democracy, where citizens participate more actively and regularly, would, according to Habermas, “bring to consciousness the contradiction between administratively socialized production and the continued private appropriation and use of surplus value” (Habermas 1975: 36).

Wolfgang Streeck and Nancy Fraser both build upon Habermas's analyses while pushing beyond them. They credit Habermas for diagnosing the unsustainability of the postwar "welfare state compromise" but argue he failed to anticipate how the ensuing legitimation crisis would herald the era of "neoliberalism" (see Milstein 2021). According to Streeck, "democratic capitalism" is "a political economy ruled by two conflicting principles, or regimes, of resource allocation": one based on the free play of market forces, or *market justice*, and another based on democratically determined social need, or *social justice* (Streeck 2016: 75; 2014: 58). He shares with Thomas Piketty (2014) the contention that the three decades following World War II represented a period of unusually high and likely irreplicable economic growth—and it was this fact that allowed for the apparent armistice between capitalism and democracy. By the 1970s, the forces of capital—investors, managers, and others who gained primarily from market justice—began to show discontent with this postwar arrangement. Growth had begun to slow, while the working classes continued to demand improved living standards (Streeck 2014: 25–6). Contra the liberal conservatives, Streeck asserts the spikes in public deficits were caused not by increased public spending but lower public revenues in response to demands for lower taxation—first by capital, then by the middle classes as living standards began to stagnate (Streeck 2014: 63–7). What Streeck calls the "crises of democratic capitalism" describe a series of policy strategies that temporarily delayed the reckoning between capitalism and democracy—a brief reliance on inflation, a turn toward sovereign debt, and finally the deregulation of private debt (what Colin Crouch (2009; 2011) calls "privatized Keynesianism"; see Streeck 2016: 84). But none of these strategies proved sustainable. He describes the present policy regime (especially in the Eurozone) as that of the *consolidation state*: a commitment to public austerity for the purposes of attracting capital investment, with the state's obligations to the market taking full priority over those to its citizens (Streeck 2016: 121–4).

Nancy Fraser's own diagnosis is related to Streeck's in that both draw inspiration from Karl Polanyi's (2001 [1944]) account of capitalism as involving a continuous push-and-pull ("double movement") between forces of marketization and social protection. But Fraser generalizes the division over the full history of Western capitalism, drawing also on Marx and on Meiksins Wood's account of the separation thesis (see §II). For Fraser, not only has capitalism always relied on a division between the economic and the political sphere, the former has always depended critically on the legal, administrative,

and legitimation-securing infrastructures that can only be provided by the latter. But capitalist ideology has long misrepresented the ways in which the economy is so dependent, creating a tendency for capitalist interests and imperatives to destabilize the political sphere (Fraser & Jaeggi 2018: 153–5; Fraser 2014; 2019). As a result of this contradiction, capitalist society is prone to periodic crises that, in turn, foment reconfigurations in how the boundary between the economy and the polity is constituted (cf. Azmanova 2020). Across all periods of capitalism's history, what democracy there has been has always remained fairly weak. In the present era, a growing number of formerly governmental functions, including the regulation of capital-labor relations and creditor-debtor relations, have been shifted from states to central banks, multinational financial firms, and international organizations, resulting in substantial losses of state capacity and increasingly destabilizing legitimation deficits (Fraser 2019).

Whereas Streeck and Fraser, in different ways, approach the conflict between capitalism and democracy using a Polanyian framework, Wendy Brown approaches it more as a Foucauldian colonization process. In *Undoing the Demos* (2015), she describes neoliberalism as a “political rationality” that converts all aspects of society into an economizing logic. Areas of life once governed by ideals of common good, solidarity, and self-determination are gradually colonized by standards of efficiency, benchmarking, “best practices,” and self-investment. Government becomes governance; citizenship becomes human capital; autonomy becomes “responsibilization” (Brown 2015: 132–4). In *In the Ruins of Neoliberalism* (2019), she revises her understanding of the neoliberal project somewhat to include a strong “moral” dimension, traceable to Hayek, that mobilizes the language of traditional values, individual responsibility, and negative freedom against democratic equality and state regulation. This moralism has a side-effect of instilling a kind of “nihilism” as well as a sense of victimization among those who subscribe to these values. As neoliberalism erodes all collective sense of societal belonging and obligation, the sense of moral value degrades into one of resentment-fueled privilege, which may eventually erupt into populist rage or even violence.

C.—Capital and Coloniality. While many anticolonial thinkers of the mid-twentieth century took inspiration from Marxist revolutionary theory, its limitations when transposed from the capitalist core to the global periphery were apparent. For one thing, classical Marxism proved no less beholden than other European accounts of modernity

to a philosophy of history that harbored patently flawed assumptions about its own claims to universality. Second, while the capitalist ruling classes of Europe could ideologically mask their position of dominance with reference to organic developments in history, colonial dominators would always appear conspicuously foreign, leaving them with fewer alternatives in enforcing their rule other than through violence. This fact of course coincided with the inextricable *racial* coding that pervades virtually all aspects of colonial domination. But there was also a third issue: namely, that the anticolonial struggle for democratic self-determination would typically culminate in “a demand for nationhood” (Fanon 2004 [1963]: 97), a demand that was already seen by Frantz Fanon, Amílcar Cabral, and others to evince problems and contradictions of its own, partly in light of the above two issues. “National independence” would not be the end of struggle, and the fight against *neocolonialism* was sure to be more drawn out and difficult than the fight against direct colonial rule (Cabral 1979 [1966]).

Fanon and Cabral both point to dynamics through which the class structure imposed by colonial capitalism hampers national unity following liberation. Departing bourgeoisies come to be replaced by native “pseudo-bourgeoisies,” which remain oriented to the former metropole and leave transnational relations of production little changed, despite formal independence (Cabral 1979 [1966]: 128–33; Fanon 2004 [1963]: 97–119). So long as the postcolonial nation retained a class structure that kept its population manacled to the global capitalist system, democratic self-determination would remain a fundamentally unrealizable goal. While Fanon suggests national self-determination may yet be possible if “the bourgeois phase” of social development “can be effectively skipped” (Fanon 2004 [1963]: 119), Cabral wonders if the framework of the national state is itself too much of a fetter to emancipation: “The neocolonial case (in which the class of workers and its allies fight simultaneously the imperialist bourgeoisie and the native ruling class) is not resolved by a nationalist solution; it demands the destruction of the capitalist structure implanted in the national soil by imperialism and correctly postulates a socialist solution” (Cabral 1979 [1966]: 133).

For theorists such as Aníbal Quijano, Eurocentrism is all but hardwired into the postcolonial world order. As such, the liberal-modernist narrative that it is their task to “catch up” with their former colonizers amounts to little more than historiographical gaslighting. The nation-building, modernization, and democratization projects taken by European nation-states did not owe their success to a self-contained, endogenous process

of development; rather, they relied integrally on a centuries-long program of racialized demarcation and expropriation in the global periphery. Accordingly, the path to national self-determination on the European model is simply not a path open to the Global South. As Quijano stresses, the legacy of colonialism has itself shaped the character of these societies in ways that make the bourgeois-revolutionary projects of countries like France impossible to replicate in the racially stamped and stratified societies of regions such as Latin America: “Any possible democratization of society in Latin America would have to occur...at the same time as a decolonialization of ‘race/ethnic’ relations and class redistribution of power in the same historical movement, since classes in Latin America have color... [W]e never have seen in any Latin American country any separation or time sequence between slavery, feudalism, and capitalism. From the beginning, all of them have been articulated within the same power structure” (Quijano 2000).

Theses such as Stephen Gill’s “new constitutionalism” (see Gill & Cutler 2014) and David Harvey’s “new imperialism” (Harvey 2003) describe how post- and neocolonial impediments to democratic self-determination continue to be imposed and institutionalized in the neoliberal era. Harvey, for example, uses the Marxist-Luxemburgian concept of “dispossession” to understand the drivers of the capitalist world order. In his view, neocolonial predation on the periphery is driven by the need to compensate tendencies toward overaccumulation in the core. This is pursued under the guise of legality in the form of a global pursuit of so-called “free trade” policies by Western economic powers and international organizations. Though presented as opening markets up to free and fair competition, such policies are generally imposed on the rest of the world by organizations such as the IMF and WTO, and they largely function as vehicles for US, European, and Japanese multinationals to leverage their monopoly powers to their own advantage. Among other things, *crisis exploitation* has proven an effective tool to compel developing countries to surrender democratic autonomy, dismantle protections, take on debt obligations, consent to onerous intellectual property regimes, or sell otherwise profitable businesses to Western companies at bargain prices (Harvey 2003: 150–52; see also Klein 2008).

IV Strategies of Compatibility

The consideration that capitalism and democracy are not natural friends can be understood to mean that the two coexist in a zero-sum game: to the extent we have capitalism, we cannot have democracy, and vice versa. But this is not the only understanding. To be sure, the conclusion suggested by the likes of a Nancy Fraser or an Amílcar Cabral is that, so long as capitalism exists, *its* logic will always dictate what becomes of democracy more than the reverse. In contrast, liberal conservatives with the opposite fear of democracy overtaking capitalism seem more confident that democracy can be suitably restrained for the sake of the market. Despite the willingness of figures such as Hayek and to suspend democracy outright, most hold confidence that the relation of conflict can be transmuted into one of *compatibility*.

There is also a range of views that capitalism can be restrained for the sake of democracy—and it is these strategies of compatibility that we will review in this section. For heuristic purposes, we can speak of two types of strategy. *Defensive* strategies aim to create bulwarks that protect democratic life and institutions while leaving the overall dynamics of capitalist accumulation intact. A modest basic income, by itself, offers a baseline of respite for citizens but need not intervene in the free market or the structure of private property. This distinguishes it from more *offensive* strategies that seek to subject hitherto marketized or privatized activities to political direction. Collective bargaining arrangements, co-determination policies, or workplace democracy would exemplify this kind of strategy. In truth, most strategies have some combination of defensive and offensive qualities.

The most basic defensive strategies would include such measures as anti-corruption laws, campaign finance regulations, or public funding of elections. Some form of these exists in most contemporary democracies to regulate the extent to which electoral politics is itself “marketized,” though their effects are limited (see, e.g., Crouch 2004; Katz and Mair 2018). More aggressive are systems of progressive taxation for the express purpose of regulating wealth inequality. Thomas Piketty, for example, fears such inequalities are approaching levels which are “potentially incompatible with the meritocratic values and principles of social justice fundamental to modern democratic societies” (Piketty 2014: 26). For Piketty, at issue is not just the undue influence a class of wealthy elites would have over politics; he also argues that the *form* of wealth inequality, which grows largely via compounding inherited wealth through capital returns, resembles a rentier system of accumulation that is at odds with the sense of

equality of opportunity essential for citizens to understand themselves as democratic equals (Piketty 2014: 422).

Additional strategies can be found in the history of welfare-state capitalism, as captured in the narratives of T.H. Marshall and Gøsta Esping-Andersen (see also Klein 2020). For Marshall, nineteenth-century “social citizenship” aimed “at making the class system less vulnerable to attack by alleviating its less defensible consequences” (Marshall 1992 [1950]: 20). The twentieth century’s embrace of a fuller range of social services and insurances went farther, aiming to institutionalize within mass society the means of fostering a *sense* of egalitarian inclusion via citizenship. Esping-Anderson (1990) describes these strategies in terms of “de-commodification,” the retrieval of citizen life from market forces. They are pursued in part for system survival, mitigating risks to social reproduction, solidarity, and legitimacy. On the whole, they amount to more than “poverty relief” but less than de-stratification, aiming rather to ensure that inequalities appear meritocratic in distribution and limited in the status differentials they impart: “Manual workers may accept it as right and proper that they should earn less money than certain clerical grades, but...[i]f the manager can get a day off for a football match, why not the workman? Common enjoyment is a common right” (Marshall 1992 [1950]: 48).

Conventional welfare strategies tend to concentrate on in-kind benefits (e.g., public education), social insurance (e.g., healthcare), or targeted assistance (e.g., poverty relief), which aim to massage labor market dynamics without directly undermining them. Basic income strategies, in contrast, can be designed to alleviate citizens’ dependence on the labor market outright by means of an unconditional cash benefit to all citizens (see van Parijs and Vanderborght 2017). The effect of a universal basic income on the labor market will greatly depend on its level. It can be instituted as a defensive measure, which avoids some of the traps of a means-tested welfare system but still leaves most citizens dependent on paid work. But at a high enough level, it can *theoretically* allow citizens autonomy to refuse work altogether if available jobs are not sufficiently appealing. This could alter the character of paid work substantially, arguably even to the point of pushing society in a “post-capitalist” direction (see Chamberlain 2018: 73–100).

By and large, strategies of compatibility can afford to remain largely defensive so long as the tension between capitalism and democracy is limited to questions of equality of opportunity and basic living standards. When focus shifts to more structural features of the economy, its institutions, and power relations, a need for more offensive measures

kicks in. The workplace, of course, has been a long-standing focal point: the way bosses wield arbitrary power over workers, and the limited choices most workers have but to work for bosses. Recent critiques note how firms today have few restrictions on the power they exert over employees, not only at work but during off-hours. As Alex Gourevitch explains, “[employment] contracts can never fully specify the nature of the job. They are necessarily vague, spelling out pay, hours, and benefits in exchange for workers ceding control over their activity. This raises the question of who possesses residual authority to specify those underdetermined terms and conditions of employment” (Gourevitch 2013: 607). Elizabeth Anderson (2017) describes firms as a form of “private government” which exercises dictatorial authority over their employees. In her view, the standard economic theory of the firm as “merely a nexus of contracts” fails to recognize the full implications of its authoritarian structure (Anderson 2017: 56). David Ciepley (2013) notes further that modern corporations—being established as “legal persons” in their own right by means of state-granted charters—possess a legal status and structure inconsistent with standard notions of private property, ownership, contract, and liability. Accordingly, some are pushing for a more expansive understanding of who should be considered relevant stakeholders in firms for the purposes of governance and control. Proposals to “repoliticize” the workplace range from revitalization of collective bargaining (Anderson 2017) to shared power between stockholders and employees (Ferrerias 2017) to post-capitalist worker cooperatives (Gourevitch 2013; 2015).

The workplace is not the only area where conventional understandings of “stakeholder” can be rethought. To give one example, since the 2008 crisis there has been a growing interest in finance and in the way conventional infrastructures for debt, credit, and capital return reinforce already existing inequalities and power relations (Ascher 2016; Herzog 2017; see [Ascher & Klein this volume](#)). One target of critique is the conventional view of bank lending in terms of *private* transactions between creditors and debtors. Robert C. Hockett points out how most “private” financial institutions are actually quite dependent on the resources and powers of governments for their profitability; as such, they may be better understood as “franchise” operations that generate and allocate credit on behalf of the public, and, accordingly, there is no reason they cannot be re-organized on a nonprofit basis under public control (Hockett 2019; Block 2019). At a more macro level, substantial criticism also has been directed at

standard ideas of central bank independence and the monetarist philosophies that underpin them, particularly as central banks in the years following 2008 have significantly expanded their remit in ways that make it harder for them to plausibly claim political neutrality (Fontan, Claveau, and Dietsch 2016). These considerations have raised questions of whether and to what extent central banking and the financial industry can still be treated as technocratic or private enterprises or now stand in need of democratic legitimation and regulation (Woodruff 2019; van 't Klooster 2020).

Parting Considerations

It is worth asking how far democratic constraints on capitalism can go before society ceases to be capitalist. For example, John Rawls's conception of "property-owning democracy" still allows for competitive markets and even "private property in productive assets"; yet despite his insistence on its distinctiveness from liberal socialism, Rawls nonetheless describes his vision as "an alternative to capitalism" (Rawls 2001: 135–6, 139). The answer comes back again to how one defines capitalism, and whether one considers class division or private ownership of productive assets to be decisive. Of course, something similar can be asked about the reverse relation of capitalist restraints on democracy—where, short of an outright suspension, democracy can be so restrained by capitalism that it remains identifiable as such only superficially: what Colin Crouch terms "post-democracy" or Sheldon Wolin "managed democracy" (Crouch 2004; Wolin 2008).

As stated at the outset, what has been presented here can only be viewed as a starting point for surveying the centuries-long debate over the relation between capitalism and democracy. But the ground we have covered permits us to make some preliminary observations. The first is that, while the claim that capitalism and democracy are natural *complements* is by far the most pervasive in Western public discourse, its plausibility depends on at least one of them—preferably both—being defined minimally or vaguely. Seventeenth-century writers such as the Levellers or Locke still lacked developed conceptions of capitalism or democracy, while Fukuyama never ventured beyond minimalist characterizations. The accusations of *complicity* we find in Marxist critiques seem to arise when capitalism is given a "thick" or *substantive* characterization while democracy is left "thin" or *minimal*—often with a proviso that a "thick," true,

substantive democracy could only exist once capitalist institutions are reduced to their bare formalities or eradicated entirely.

If *minimal versus substantive* can be described as one axis for evaluating theories about the relation between capitalism and democracy, additional axes can be found with regard to social ontology. As we saw above, theories of complicity like those of Marx and Gramsci presuppose a *totalist* view of society: even though Marxists often take a certain division between state and civil society to be a standard feature of capitalism, this division remains in service of a social order that remains, in its overarching totality, capitalist. This understanding gives way somewhat in the twentieth century to a *differentiated* view in which the capitalist economy and democracy can coexist as two competing “subsystems” with distinct bases or logics in the same society. This is the view adopted by most of the viewpoints grouped under *conflict* or *compatibility*. To be sure, this kind of differentiation appears somewhat differently among the likes of Habermas, Streeck, Fraser, and Brown than it does among the liberal conservative writers, who often characterize both economic and political interaction using similar choice-theoretic models. Accordingly, in addition to the *totalist versus differentiated* axis, we can also distinguish between social ontologies that are *individualistic* and those which are *holistic*. Hence, liberal conservatives are more likely to break down capitalism and democracy using the same individualist models of market rationality, while critical theorists are more likely to view the two as qualitatively different forms of sociation. Thus, a third axis would be *individualist versus holist*.

A fourth axis, which thus far has been only implied, concerns capitalism’s scope: *domestic versus global*. For the anticolonial and antiimperialist writers, the conflict is unequivocally between democratic self-determination and an uncompromisingly *global* system of capitalist exploitation and expropriation. In contrast, the idea that capitalism can be controlled if not defeated often presupposes that substantial headway can be achieved at the domestic level. This question is of course crucial for assessing the plausibility of various strategies of *compatibility*—or whether such strategies are liable to succumb to international soft power, capital flight, or other pressures. Such assessments may depend how a given domestic society would be positioned on an additional axis of *core versus periphery*, but not always. Piketty, for example, contends the control of wealth inequality must be as global an operation as possible, simply because

private and corporate assets are dispersed so internationally that even core countries are at pains to collect information about them, let alone regulate them (Piketty 2014: 519).

Surely, additional axes and bases of comparison can be identified as well. By way of conclusion, we can briefly illustrate how these axes can be put to use by looking again at that third term that so often stands between capitalism and democracy: liberalism. As we saw, liberalism is what putatively unites the other two in narratives of complementarity. It also features centrally in complicity narratives, as in Marx's critique of rights discourse. Even today, for a critic of capitalism to label something "liberal" is often a denunciation, while capitalism's advocates embrace the term. But it is not clear that ceding the liberal tradition in this way is the best thing for proponents of substantive democracy: allowing liberal conservatives to position themselves as the primary inheritors of the liberal tradition unnecessarily aids their contention that the most free and functional democracy possible can only exist under capitalism. Recall the Friedmans' quip that one can imagine people freely advocating socialism in a capitalist society but never capitalism in a socialist one. How does a socialist democrat respond?

A critique of this discourse might begin by targeting both the evasive dependence of the complementarity thesis on *minimalist* discourse, on one hand, and possible assumptions of *totalism* among critics of capitalism who equate all liberal ideas *eo ipso* with complicity, on the other. It is the minimalist discourse that allows for ideological dissembling between what of liberalism supports capitalism and what supports democracy and which allows capitalists to claim it all constitutes an indivisible totality—a stance that simple complicity narratives all too often concede. A more sophisticated critique should be able to resist such totalist framings, and it should also be positioned to rebut liberal-conservative tactics that leverage methodological *individualism* to fully absorb liberalism into capitalism while pitting it against democracy outright. A theory of substantive democracy that can successfully resist capitalism's excesses—or overcome it altogether—should not be cowed by theoretical mystifications from drawing on the resources it needs, including those that might stem from the liberal tradition. A clearer understanding of the twists and turns of this long-standing debate on capitalism and democracy, and the various assumptions that have underpinned different iterations, can only benefit such a purpose.

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