



Giulio Sapelli

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# **Beyond Capitalism**

## Machines, Work and Property

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*For Bruno Amoroso*  
*In memoriam*

# Preface

Markets, politics, crisis

The debate on globalisation and financial capitalism rages on, producing unsound scientific results and fuelling popular beliefs.

This book puts things on a much sounder footing by adopting a meticulously interdisciplinary approach and rejecting the one-track way of thinking that has dominated the world for the past 30 years, cutting us off from what we know about society and its economic relations.

The one-track approach essentially espouses an individualist and behaviourist approach to analysis and methodology and anthropomorphises everything from a materialist and consumerist viewpoint (limitless individual rationalisation for maximising financial utility).

My way of thinking is based on the belief that the economy is only part of society: it is determined by society and therefore by interpersonal relationships and personal behaviour. I am entirely against tired old Marxist hypotheses, as well as neoclassical ideas inspired by neo-liberal ideology. According to popular belief, globalisation is a predominantly new, predominantly economic phenomenon that emerged from the relentless race towards modernity, went one step further (post-modernity) and morphed into contemporary capitalism.

My thinking eschews popular belief and aims to lay the foundations for a scientific exploration that goes beyond preconceptions and dumbing-down.

This work overturns many clichés of popular belief and turns the world off its head, on which many would have it standing, and places it upon its feet—to dust off a metaphor used by a long-forgotten classic of philosophy (Feuerbach, Ludwig Andreas, *Zur Kritik der Hegelschen Philosophie* [Towards a Critique of Hegel's Philosophy] in Arnold Ruge's *Jahrbücher*, Zurich, 1839).

The world seems upside down to us partly because written histories are no longer part of the toolkit of knowledge considered essential by those in charge at every level of organisation.

Knowledge is never a linear, narrow, cold process.

Knowledge, even if we are unaware of it, is always a hot-blooded, dense, snagged and tortuous process that shapes cultures (in the full anthropological sense of the word) rather than skills and capacities.

Overlooking written histories and living and working with a disregard for history deprive the act of being in the world of its deeper meaning. It is like finding oneself in the middle of a series of paintings without any perspective, like Byzantine icons frozen by divine grace. Yet when the paintings paraded before us are not saints and icons of the Orthodox calendar but the turbulent vicissitudes of life, this pre-Renaissance lack of perspective can have devastating consequences for those in a position to steer events. Such people hail their successes but are really ruled by chance. They claim victory by distorting events to create an illusory narrative that has nothing to do with the reality. The resulting communication processes warp minds and peddle fairy tales instead of truthful narratives. So it is with globalisation.

We need to add some perspective to the picture: history did not end with the collapse of the USSR, and globalisation is simply a cyclical recurrence of events that great contemporary historians have already documented in extraordinary works that should not be left to gather dust.

Past periods of booming commercial trade, unfettered by barriers and tariffs, were the great drivers of economic growth and cultural mingling.

This melting pot could not have come about without the trade routes—Montesquieu's "douce commerce"—which looked all set to achieve the Masonic dream, infinite as history itself, of overcoming national boundaries.

Modern capitalism arose between the second half of the nineteenth century and World War I, underpinned by the myth and reality of free trade and British world domination, then fell to pieces following the post-war collapse of the empires with shattering consequences that lasted until the 1940s.

The fact that the machinery of globalisation (affecting industry and services as well as finance) was set in motion after the end of the 1980s merely proves that globalisation is a phenomenon with roots that are more political and cultural than economic. Without the collapse of the Soviet Union, the uncertain path of European unity, so asymmetrical and strongly governed by the presence of nation states, would not have even got off the ground; things would have stopped with the Common Market.

However, the weakening world trade cycle meant the Masonic dream was stillborn, killed off by the dazzle of monetarist functionalism. Most importantly, without the decline and fall of the USSR, world trade would not have got back on its feet and achieved growth close to that of the boom years of the nineteenth and early twentieth centuries. This came about despite deep crises and setbacks and continued undeterred even in the face of the Franco-German, Russian and Italian armies and the irretrievable break and deep schism that occurred as Communism spawned a series of increasingly warmongering states. The Communism in question was more Asian than European, more Russian than internationalist. It became stripped of its utopian connotations and soon turned into dictatorial dominion by force to an extent hitherto unseen in the history of industrial societies. Only China faces a higher stage of terrorist domination, mixed with mass grassroots acceptance by hundreds of millions of human beings.

Globalisation as a political phenomenon, and thus as a specific historical phenomenon, cannot be reduced to graphs that measure effects but tell us nothing about causes or, to return to our metaphor, transmute the epistemological process into a series of icons instead of an array of paintings executed with Renaissance perspective.

This book remains true to the classical economic approach.

Firstly, it portrays the economy as what it really is and not what those who hold the most potent means of training minds (the great world universities) and communication (mass media for the masses) would have us



believe: a reality and a series of theories that are cut off from the moral, because they are cut off from the human element and devoid of the personal.

The economy is simply the incarnation of a moral philosophy based on an anthropological image of mankind. This is true even if those who are supposed to be in the know, in today's increasingly self-referential and fragmented world of social differentiation, are unaware of it, given the breathtaking ignorance of the many.

Neoclassical and neo-liberal economists see the individual as a formulaic liberal archetype. Classical economists and philosophers of being believe that individuals cannot be reduced to formulas or cloned.

Christian personalism or humanism is, by definition, based on the person.

So it follows that the economy is, by definition, an economy that is not for profit but for people—in theory and in practice. In theory, the market can only be a probabilistic event, always tending towards perfection, often dominated by rampant imperfection and above all subject to the cyclical nature of growth as well as of depression and crisis.

This theoretical approach fits the *Zeitgeist* rising from the ruins of the great crisis: firstly because of the people's resistance to the crisis (they are revealing very strong and often unexpected resilience, associating and joining forces more than is apparent at first glance); secondly because of the transformation clearly reflected by the real economy network made up of finance, manufacturing and services—and thirdly because of the cultures emerging from the crisis: cooperative, giving cultures that are not even theoretically possible according to a mainstream neoclassical view—and when they do exist are invisible.

Globalisation<sup>1</sup> itself is changing under the effects of the great ongoing global crisis. This is happening because we are seeing the end of a *political* cycle: not merely that of the long *economic* cycle that befuddled minds and paralysed would-be virtuous behaviour because of the overriding compulsion to repeat the cycle of private borrowing and risk.

The key to this long economic and political cycle was the conviction—bolstering capitalist thinking in the UK, the US and Germany—that world growth could only be achieved by fighting inflation and particularly public debt.

Instead, growth flagged: income moved from labour to capital, weakening the demand creditworthiness of markets while finance drained resources from industry, generating employment stagnation that state-of-the-art services could not entirely compensate for.

The long economic and political cycle floundered. Its new centre was the international market, which could no longer operate as a regulatory mechanism for state powers and internal growth mechanisms, let alone trade.

European market unification through the Treaty of Maastricht in 1992 represented the culmination of this international policy. Unsurprisingly, those were the years of rampant stock market growth and the “New Economy”. Europe became a very sensitive link in this new economic and political perspective.

At its centre lay electoral consensus ruled by the markets. The present cycle has now lasted 30 years.

The political face of that cycle began at the beginning of the 1990s, when the great institutional investors, the great business bankers of the English-speaking world and the great West European democracies, led by France and Germany, imposed a single currency in Europe and a social discipline based on the rigour of public accounting.

All these rulers and builders of the globalising markets were responsible for introducing what amounted to liberalist totalitarianism.

In other words, a totalitarian means of establishing a market in a democracy.

This description might sound like an oxymoron but actually reflects the polyarchic and undemocratic face of global capitalist order: a single thought, single market rule in a democratic procedural order conditioned by de facto situational powers that are public, not private. The European oligarchic functional autonomies are also public. They masquerade as technocracies but are actually a mixture of second-degree democratic representation based on party politics and regulatory powers co-opted without democratic legitimacy.

The prevailing order is continually conditioned by de facto situational powers that remain hidden from view while regulating the travesties that masquerade as procedures.

This method of imposed market lies at the root of the decadence in which we are currently floundering.

A society caught in such a vice can no longer produce anything meaningful thus lacks vital motivation: meaning has become separated from function.

The market governed itself, picking off the weakest and allowing victory to the ruling polyarchies. Profit became a vortex, an illusory ability to rule risk. It became a weapon of mass destruction: blindness in the face of spreading relative poverty that could not be exorcised by reducing absolute poverty. It became an obstacle to any transformation that could avert imminent collapse.

The options presented to the world at the beginning of the noughties were to change or fall into the abyss. There was no way out.

The failing technocracy taught in our business schools collapsed. The plebiscitary democracy that was supposed to become the most relevant political mechanism for the emergence of a society of rights also collapsed. This type of society is now commensurate with a full-blown market that can only be based on infringing the purchasing rights of billions of consumers.

When confidence in uninterrupted consumption collapses, plebiscitary democracy remains and Tocqueville's "conditions of equality" stand revealed as an insidious instrument of standardisation unless they are sustained by a strong, stable state of law.

Even this has been destroyed by the rampant market: the only rights left are those of traders. This is not enough to govern society.

After a series of events, new political forces found their feet throughout the world and had to carry out the work of government driven by moral suasion from the great international market rulers.

Hence the divergence between the two-headed dog of state: representation becomes entangled in reducible complexity, only allowing decisions for their own sake (Schmitt's Utopia according to Luhmann<sup>2</sup>). And when the decision is made, it absorbs and fades the fabric of participation... This clearly shows that making money rather than labour central to social organisation has had devastating consequences. Money cannot reclassify social castes, roles and functions, because it is not able to regroup the social and give it a reproducible community meaning.

Nomadism and the apparently unstoppable perpetuation of inequality that becomes the essence of ruling social positions have had disastrous effects that are still submerging us, in a world where only faith can save us.

At the beginning of the disastrous 30-year period, politics began to go silent when and where it was needed most.

It had been exercising its power, but that power has been ephemeral, propagating only self-referential political classes (this is why Luhmann's teachings on autopoiesis are still relevant).

So now the voice of the market is the only one we hear.

The privatisations began against this backdrop of political aphasia and unbridled market-oriented discourse, which had to be implemented through the allocation of ownership rights.

The liberalisations actually began amidst unprecedented difficulties that increased as market power was depleted, but they were always heralded as saving the day.

The power of the new Caesarist democracy did the rest: a myth grew of a kind of sovereignty that has legitimacy not in the general interest but in the interests of a special club, of people hungry for favours, of an economic society, not a society civilised by a passive, unspoken belief in legality.

The sovereignty of business and trade thus began to be no longer market based, as was the case at the beginning of the first cycle mentioned above. It was no longer based on a daily effort to make those markets less imperfect but on the principle of immediate decision-making, no longer bound by representation except when attributing the principle of legitimacy that the state is bound to hold with the advent of mass societies.

This intersection gradually began to legitimise the market as a mechanism for regulating macroeconomic decisions over tax and expenditure.

Recent world events stemming from the need to support consumer society, the aggressive, lemming-like society of unlimited rights and, above all, financial circulation under the uncontrolled rule of major global bankers must be interpreted as part of this general transformation.

This does not affect only Europe and the US, but the whole world, led by BRICS and then ASEAN. This is even truer since the recent EU enlargement, which nipped the possible future of European markets in the bud.

The European constitution is emblematic of this cycle of separating politics from economy, now coming to an end.

A global solution to the crisis legitimised by the principle of representation was late in coming in the wake of financial scandals essentially caused by a lack of internal controls by companies.

This paralysis served to discredit the political class we see chattering all over our newspapers and TVs and also, paradoxically, the state authorities that are attacked and vilified without being able to come up with any quick and revitalising decisions.

The unsurprising outcome of all this is global growth in judicial power. This increasingly corporate power tramples on Montesquieu's theory of the separation of powers every day while unscrupulously invoking him and setting out to govern or offer to the highest bidder a neo-barbarian judicial stamp of approval in the name of the common people.

When short-circuited by politics, market sovereignty thus loses any semblance of legitimacy. Every day it is discredited and corrupted. All this is part of a transformation of the system of weights and balances intrinsic to the global geo-strategic situation that is happening at an unprecedented rate.

This book proposes a way out of the crisis that can briefly be described as reviving a form of modern community-based, non-State socialism that is antithetical to Lassallism (the strategy of pursuing socialism through the use of the state). This is very different from the form of socialism with an impeccable intellectual pedigree that is being brought back into vogue by the bold upholders of great Labour thinking in the wake of Blair's barbarism, namely the revival of an economy that can be planned and regulated by state-of-the-art hi-tech tools.<sup>3</sup>

This prospect is more interesting and respectable than ever. It assumes that the contradiction between the boom in productive forces—meaning artificial intelligence and big data—and the increasing social inefficiency of capitalist property allocation (with structural mass unemployment and an increase in relative poverty) will increasingly lead to radical systemic unsustainability.

A reformed capitalist approach is impossible according to this viewpoint, though I will argue otherwise in this book. I believe that reforming,

not governing, through political struggle and creating economic segments alternative to the dominant approach is still possible.

The alternative, for supporters of these ideas,<sup>4</sup> is a fast-track, Communist alternative, implementing forms of self-government, certainly, but in a context of a planned economy made possible now and in the future through steady progress in telecommunications technologies, artificial intelligence and computer science. These are enablers of “economic calculation in the socialist commonwealth”. The Soviet collapse was an outcome of the global civil war between communism and capitalism that saw the end of the socialist attempt, worn down by military competition and lack of the technological basis necessary to enable the economic calculation. The debate on economic calculation in the socialist commonwealth taken up at the beginning of the twentieth century and then in the 1930s, firstly by Enrico Barone<sup>5</sup> Enrico Barone and then by the Austrian School was resumed with intellectual vigour. The development of productive forces now makes a planned economy possible.

The economic calculation thesis cannot be fudged: the development of productive forces would make the sums add up, which would enable us to do without the capitalist form of allocating ownership rights to varying extents depending on political choices.

However, if this were to come about, the historical opposition between Trotskyism and Bordighism, on the one hand, and Stalinism on the other hand, would reopen. This would be inevitable because the bureaucracy or technocracy that would govern this technological power would be mortally opposed to the very idea of representative democracy, although the fate that now awaits United Europe, as a technical construct without democratic political legitimacy, is an equally well-documented fact. Europe is now a non-democratic polyarchy. The same would happen with this form of communism: humanity would simply find itself faced with a new form of slavery that would be far worse than capitalist slavery. It would fatally endanger the very idea of socialism, whatever the economic basis for the resulting socioeconomic construct. The danger of declining into an administered rather than a planned economy would be enormous and democracy, which is commensurate with socialism and constitutes its beating heart, would be in grave peril.

The prospect of potentially segmenting economic planning should be implemented only in the context of community-based socialism based on non-capitalist forms of allocating property rights that are managed democratically and not technocratically.

This could support and help determine significant segments of the new economic policy that must be established if we are not to sink into barbarism.

When discussing the prospects of capitalism, the topic of global and European recovery crops up on a regular basis.

This is always statistically accurate but incorrect from a general historical and economic viewpoint.

The recovery is and will be forced into the vortex of world deflation generated by the neoclassical, overriding counterrevolution of financial capitalism, on the one hand, and German-influenced European ordoliberalism on the other.

All this plunges the world into lower salaries and a global contraction of fixed capital or what Marx and Ricardo termed “dead labour”.

This recovery would mean yet another colossal shift of wealth from labour to capital, on a global scale.

All this is taking place in a world that, fortunately for us, is growing demographically despite the falling European population, but which must therefore always find new resources for hope to spring eternal.

This book advocates a form of neo-socialism with a market increasingly counterbalanced by growth, certain of a new role for the entrepreneurial state,<sup>6</sup> but implemented by creating new ways of allocating property rights with a revival of intermediate bodies and workers’ organisations, irrespective of the degree to which workers are included in the mechanism of capitalist accumulation.

This is the inspiration for Chap. 6 of this book entitled:

***Blowing into the bottle. Olivetti rediscovered, or the syntax of hope. (Adriano Olivetti: temptation of betrayal).***

This is a mark of intellectual loyalty to a political and moral legacy that has profoundly influenced my whole life.

It has been a long and impervious path, but I feel compelled to forge ahead, despite the reactionary broadsides aimed on a daily basis against

those who refuse to bow to the state of regression imposed by the current refusal to think outside the box.

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# Introduction to the Book by Giulio Sapelli

*For Bruno Amoroso.* It could not be otherwise. Giulio Sapelli was bound to dedicate his brilliant, passionate and well-researched reflection on our contemporary age to Bruno Amoroso, eminent Danish/Italian economist, expert on globalisation and self-styled “Intruder” (from the title of his memoirs “Memoirs of an Intruder”). The complexity of Sapelli’s book is clear from the title. Can we say that capitalism is over? And what was it really all about? These smaller questions are merely appetisers for the big, earth-shaking question of what will come after, or what there is “beyond capitalism”? To come up with answers, we must have a clear idea of what capitalism is today and what it was in the twentieth century. And no one is better equipped to tell us than Giulio Sapelli.

Quoting Pope Benedict XVI’s *Caritas in veritate* encyclical, Sapelli wrote that Bruno Amoroso’s most important intellectual and moral legacy was his belief that “only the truth sets us free”. Reading the world truthfully in order to find freedom is the compass that guides Sapelli through his analytical journey. I am not exaggerating when I say the final result is as lucid as it is powerful. He has gazed beyond the confines of the single-track thinking that has made human reasoning lazy and impoverished to the point of aridity over the last 30 years. The same does not apply to Sapelli’s reasoning, which remains as alert and critical as ever, as is clear from reading this book.

If his evangelical and moral quest for the truth, strenuously avoiding common sense clichés, is his compass, the primary goal of his proposed journey is to demonstrate that the economy is part of society but not all of it. It is partly determined by relationships, behaviour and the multiple variables that make up a reality that is not simple, nor can it be simplified: the author states in his foreword what should be evident to everyone, “knowledge is never a linear, narrow, cold process”. This *should* be evident, but this is far from the truth. In 2017, the Noble Prize for economics was at last awarded to someone who took a closer look at the subject and confounded popular belief by concluding that economic and financial choices are not automatically rational but can only be explained by inter-relating economics, psychology, mathematics and humanity. Thanks to Richard Thaler and everyone who voted to award him the Nobel Prize, people are starting to question the dogma on free-market efficiency whereby mathematical and rational patterns can be applied to maximise profit, which will in turn maximise well-being for everyone.

Back in 2009, another Nobel laureate, Elinor Ostrom, argued free riders do not always look after their own personal interests rather than those of the community. Ostrom was ahead of her time in arguing that unselfish forms of behaviour in the interests of general well-being are possible. She maintained that reality is much too varied and broad to be described and encapsulated by theory. Objective experience shows numerous successful instances of collective resource management in different social and cultural settings at different latitudes. Back in 2009, Ostrom believed it was unthinkable to have a single benchmark economic model. She believed that it is possible and even desirable for many different forms to coexist, each representing optimum institutional solutions to the numerous and various problems of society. The crisis has made our society even more fragile and defenceless, and this is precisely why we need to move away from past dogmas to find new and different responses.

Sapelli thoroughly dismantles the line of thought based on the supposed logical and mathematical consequentiality of history, which considers globalisation to be a purely economic and new phenomenon that emerged in modern times due to the fall of the USSR. Even though this is not true, the error of interpretation (a mistake made by individuals and

a product of the one-track thinking that has done so much damage) is again the upshot of considering economics to be a mathematical model divorced from human beings and humankind and as such unfettered by any principles of accountability. This ingrained model can only result in neo-mercantile financial capitalism, which sees the spread of digital technology as a “growing fantasy” ruling expectations of an equally gloomy future instead of an instrument of liberation. Such mathematical models cannot explain how it is imaginable for us to have a society in which 0.1% of the population owns the machines, 0.9% manage them and the remaining 99% “will languish in the abyss of unemployment”. Sapelli is unafraid to speak of the “tartar steppes”<sup>7</sup> that will arise as a natural and devastating consequence of the “smart machinery revolution”.

Sapelli’s almost fleeting reference to Theodore Adorno, citing his work *Minima Moralia*, is neither random nor incidental. Adorno dedicated this work to his friend and collaborator Max Horkheimer, as if hinting to his readers that they should explore an analysis that prophetically foresaw the developments of the short twentieth century and the emerging drifts of the next one. With its prescient subtitle “Reflections on a damaged life”, the German philosopher in exile in the US during World War II got to the heart of the matter and Sapelli, as the eclectic academic he is, deconstructs his work with reference to prominent passages. To echo Adorno, today “an honest life is no longer possible because we live in an inhuman society” and in the words of one of his most famous aphorisms, “the splinter in your eye is the best magnifying glass”; like the splinters of a mirror, Sapelli’s book reflects the way of thinking that has emerged in recent decades, underpinned by a loss of the sense of giving that Adorno described so clearly: Human beings are forgetting how to give gifts. Violations of the exchange-principle have something mad and unbelievable about them; here and there even children size up the gift-giver mistrustfully, as if the gift were only a trick, to sell them a brush or soap (...). Real gift-giving had its happiness in imagining the happiness of the receiver. It meant choosing, spending time, going out of one’s way, thinking of the other as a subject: the opposite of forgetfulness. Hardly anyone is still capable of this.

This bitter reflection dates back to the 1940s. The slow and inexorable progress of this inability that Sapelli describes in the book and unpicks