

Between neo-Capitalism and post-Capitalism: a challenging turn for a societal reform¹

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For a long time, scholars (including those of the political left) have closely scrutinized the nature of the transformation of Capitalism. In this process, many have developed or invented a rich descriptive vocabulary to distinguish particular features they believe to be determinant or dominant characteristics.

The Tradition of Socialist thinking

I belong to a tradition of Socialist thought which has always maintained that:

- *Capitalism*, i.e. where the *role of capital is central to the productive process*, has been the determinant and dominant factor of modern society since the liberal and bourgeois revolutions of the 18th and 19th centuries that dismantled, to varying degrees, institutional and social privileges; and
- *Socialism* is more or less the inevitable outcome of the growing concentration of the power of capital, and it seeks to achieve at an *economic* level the equality achieved by the liberal and bourgeois revolutions at the *political* and *social* levels.

Since its beginning, this tradition has considered Socialism a ‘perfecting,’ rather than a radical overturn, of the democratic and liberal society created by Capitalism. It has viewed Socialist regimes—first in Russia and then in various Third World nations—not as alternatives and antagonists to Capitalism (never truly known in these countries) but rather as substitutes for their lingering pre-Capitalist characteristics. It considered these Socialist regimes as trials (which later proved to be historical failures) to introduce Socialist production forms

¹ In response to a request by colleagues and friends at the Polish Academy of Sciences and the University of Warsaw, this paper aims to synthesize views regarding the transformations of the present form of society and their implications on the traditional socialist thinking that I have expressed in previous works over the last two decades, including *The Associative Economy: Insights Beyond the Welfare State and into Post-Capitalism* (2000).

without having first experienced transitional stages such as democratization, cultural civilization and emancipation, liberalization, and the diffusion of technical and managerial skills—stages that only the Capitalist production system has historically guaranteed. Karl Marx himself maintained that the evolution toward Socialism could be achieved, in more or less radical forms, only in areas where Capitalism had developed its more evident economic contradictions—that is, only in the most advanced Capitalist systems:

No social formation ever perishes before all productive forces for which there is room in it, have developed; and new, higher relations of production never appear before the material conditions for their existence have matured in the womb of the old society itself.... In broad outlines, Asiatic, ancient, feudal, and modern bourgeois modes of production can be designated as progressive epochs in the economic formation of society.²

2. The well-known treason³ of Socialism in under-developed countries

This Socialist tradition, in fact, has never confused or compromised itself with (completely anti-Marxist) thinking which maintains that it is possible for Socialism to be grafted into a social context that skips the Capitalist stage.

It is still my conviction that this is impossible; unless, it could occur -with the globalization process of the Capitalism – a unique global system of government at different stages of development could be at different stages become globalized and, at the same time, liberal and democratic regimes that could eliminate pre-Capitalistic characteristics from the local context are established throughout the world. As a result, local systems would be absorbed in a unified global system and local sovereignty would be thus conceded to an overarching, cosmopolitan, and federalist regime⁴.

With the Stalinist theory, the notion that Capitalism would be supplanted by a Socialism rigourously internationalist and globalist, has since been abandoned. In its place, two alternative regimes emerged:

² Marx (1859, Preface). This vision was very opposite to the subsequent crazy (Stalinist) idea of the possibility to build Socialism within a *pre-capitalist* society and – moreover – in a country only !

³ With a certain intention I use the word preferred by a lucid Socialist political writer, Leon Trotsky, in describing the deformation of Soviet Socialist society (*La Révolution Trahie*, 1936), for defining all kinds of negative evolutions of countries intentionally and nominally termed ‘Socialist’ without the presence of the historical, economic, and cultural conditions for the advancement of bourgeois democracy. Trotsky, who was personally swept away by the Soviet experience and tried to deny its fatality in Marxist terms, had demonstrated in his pre-Bolshevik writings a greater lucidity of Marxist thinking. In *Results and Perspectives* (1906), Trotsky develops his ‘*theory of permanent revolution*’ in much more conscious terms of the inexistence of a working proletariat in Russia; this theory was more formally expressed in *The Permanent Revolution* (1930).

⁴ For an acute and large analysis of the different perspectives we can outline for achieving in the next times (I hope within this century) a unavoidable cosmopolitan regime in its different forms, I suggest the recent book of Daniele Archibugi [incidentally, my son] on a Global Commonwealth and a Cosmopolitan Democracy (2008).

- the first, *neo-Capitalist*, has increasingly transformed itself, in terms of historical evolution, in a post-Capitalist and Socialist sense, and is marked by the disappearance of private ownership of the means of production; and,
- the second, usurping the name *Socialist*, increasingly shows remnants of its pre-Capitalist past, in establishing authoritarian and repressive regimes. This not only delays the development of any kind of Socialism but also of the minimum Capitalist features that are the required evolutionary base for any authentic form of Socialism.

The Capitalist stages and Socialism

That school of thought to which I belong, and which I consider authentically Marxist and Socialist (despite the propensity to distinguish many of its ‘deviations’ due to certain historical circumstances) and which history proved correct, is obliged today to update its vision as a result of very important evolutionary changes in contemporary (Capitalist) society.

Amid a dense forest of interpretations⁵, this intellectual tradition finds itself at an advantage because it need not adjust its course nor create alternative visions *ex-novo*. For instance, contemporary society can be seen as evolving from neo-Capitalism, in its now largely acknowledged stage, toward a true Socialism, which is otherwise gaining ground by an evident *decline of Capitalism*. It could be said that during this transformation, Capitalism is experiencing a sort of ‘euthanasia.’ Much literature has been developed on this theme: most notably Joseph Schumpeter’s authoritative *Capitalism, Socialism, and Democracy*.⁶

Here I will attempt to roughly outline the stages of this evolution and transformation *from neo-Capitalism to post-Capitalism*, which can be a guideline for the development of ‘left wing’ political thinking.

From classic Capitalism to neo-Capitalism

After the 19th century—the first century I would define as classic Capitalism—‘industrial’ units steadily replaced older forms of production, such as craftsmanship, at scarce capitalization. This resulted in a wide-scale expansion of the market economy at the expense of non-market forms of exchange (i.e., household self-consumption, rural self-consumption, and exclusive exchange of

⁵ Important points of reference are Hobson (1894, 1932), Hilferding (1910), Schumpeter (1942), Dobb (1945, 1950, 1962), Kalecki (1954, 1972) and, more recently, Thurow (1996).

⁶ The Schumpeter book was written during World War II and published in a revised and corrected version only in 1954. It was written during a historical phase in which it was already clear how Capitalism, in its managerial and bureaucratic forms, had caught on in its own way, in fascist and communist countries, without giving a chance to a ‘Socialist’ solution. People spoke a lot about ‘state Capitalism’ and on more or less ‘corporative forms in fascist countries, and equally on state Capitalism about the Soviet Union. For an update on the different ways of intending Capitalism, I recommend works by Heilbroner (1985, 1993).

industrial products), as well as the rise and growth of industrial areas and cities and, in turn, the birth of the industrial and urban proletariat.

This was the century of industrial Capitalism and of major technical innovations such as mechanical spinners and weavers, steam engines, coal and blast furnaces, railroads, and electricity. The state established social security and assistance for the poor, and guaranteed some social services, such as schools and public health.

The 20th century – the second century of Capitalism – bore witness (in particular in its first half), to what can be called a period of Capitalist *concentration*, characterized by mass production and, therefore, mass consumption. The period was also accompanied by financial concentration and, industrial giants and their holdings.⁷

All these phenomena (already described and forecasted by Marx, particularly in the third volume of *The Capital*⁸) were realized during the 1920s and 1930s by a radical Capitalist transformation: the divorce between control and ownership of big business, with the emergence of a ‘class of managers’ without property and true bosses, and with new motivations and new social and political power⁹.

This was the period in which even the ‘free market’, in its role as the regulator and/or engine of development, suffered. It was substituted by imperfect competition and big monopolies and monopsonies, or oligopolies and oligopsonies¹⁰. Competition and the market no longer ruled ‘prices’ of goods and services across the globe (even if these were still called ‘market prices’). Instead, in the great majority of transactions among the public and private sectors, authority or negotiations between ruling powers established ‘administrated prices’ fixed or negotiated in detriment to consumers.

This type of *neo-Capitalism*, or ‘financial Capitalism,’ has seen—along with major crises and two tragic world wars—the enormous growth of the state’s role as provider and producer not only of *services* (e.g., health and education) but also of *goods* (e.g., public housing and transportation) and, where private providers and producers have not entered into industries like electricity, coal, steel, chemistry, etc. This expansion of the state’s role in the economy has occurred foremost, however, in countries with little widespread entrepreneurship—that is,

⁷ Prior to this period, not even the wealthiest classic entrepreneurs could meet the financial requirements of capitalist-scale production.

⁸ *The Capital*, Vol III, Chapters XXIII, and more later, XXVII.

⁹ Beyond the obligatory reference to the pioneering inquiry on the structure of American corporations by Berle and Means (1932) and to the inferences about the changing nature of Capitalism that many authors subsequently believed to drawing from Burnham (1941) to Berle (1954, [with Harbrecht] 1960) and Means (1962), I would suggest reading two works of Marris (1964, [with Wood] 1971). Beyond Burnham, Berle and Means, I would also include Galbraith (1967) and Ruffolo (1967 [unfortunately available only in Italian]) among the most effective analysts of such processes. And, in terms of great popularization, the effectiveness of many writings from Drucker (1967, 1993), whom one should define until the eighties – paraphrasing Marx – as the ‘Pindare’ of Neo-Capitalism and who – from the nineties, till his recent death, had become the Pindare of the *non-profit system*, which is the anti-thesis of traditional concepts of ‘capitalism,’ at least if counterposed to the idea of Socialism.

¹⁰ Basic works on this argument include Chamberlin (1933) and Robinson (1933).

in countries where Capitalism has been weak and Capitalist accumulation has manifested itself with greater difficulty.¹¹

From neo-Capitalism to ‘late’ Capitalism

From the end of World War II, and through the second half of the 20th century, neo-Capitalism also experienced a crisis, however due to structural factors unrelated to the ‘great crisis’ of the 1920s.

The productive capacity of industrial activities continued to grow at an ever faster pace (as it has, without interruption, throughout the history of Capitalism in the last two centuries); but the proportion and importance of industrial activities – mainly those devoted to material goods production – decreased so substantially in relation to the total production activities determined by consumer demand, that the system’s global productivity declined as a whole. This resulted in a sort of saturation of industrial products, and in the emergence of a ‘dependency effect’¹² – as first illuminated and anticipated by John Kenneth Galbraith in the 1950s, – that is, the need to ‘waste’ resources in order to maintain a certain self-regulating productive rhythm. This rhythm not only substantially worsens, rather than improves, the quality of life, but also destroys the natural environment.

The characteristics of ‘late’ Capitalism¹³ were announced by the hippie and student rebellions of the 1960s, which rejected the six words Alvin Toffler called the ‘dark code’ of industrial civilization (*The Third Wave* 1980): standardization, specialization, synchronization, concentration, maximization, and centralization. In its place, an opposing code of decentralization, personalization, and ‘small is

¹¹ For a full evaluation of the role and growing problems in big corporate Capitalism or managerial Capitalism, that we have named ‘Neo-Capitalism,’ an excellent source is Ruffolo (1967). It is now a common and uncontroversial opinion that Neo-Capitalism has characterized the evolution of advanced society in the contemporary world. We now have to ask ourselves how much and how fast this ‘new’ Capitalism is once again changing. Those who introduced the notion of ‘Late Capitalism’ in analyses of economic cycles—for instance, Mandel (1975, 1980, 1981) and Wallerstein (1996)—seem to share this opinion. However, we must also think about whether these transformations can still be justifiably termed ‘Capitalism’—a matter which depends on definitions used. In any case, those who have studied Capitalism (as I defined it in the beginning of this paper) in the past have postulated that it will come to an end sooner or later, if not only as a result of policies targeted to its voluntary elimination, and substituted with a socio-economic system that corresponds to what has long been identified with the term ‘Socialism.’ Leaving aside for the moment the other parallel issue concerning the question ‘which Socialism?’ (which implies by itself a world of arguments), let us limit ourselves to that Socialism that will be borne from the evolutive transformation of liberal-democratic society and not from its demolition, and therefore based on its integration toward greater egalitarianism, social justice, and control of government activities—i.e., a greater social democracy.

¹² J. K. Galbraith (1958, 1967).

¹³ Mandel dedicated a book, *The Late Capitalism* (1975), to this topic. Further and more recent analysis has been done by Thurov (1996) and the well-known stock-broker and intelligent economist, George Soros (1998) who wrote the extremely meaningful *‘the crisis of Global Capitalism’*

beautiful' was born, unavoidably nurtured by philosophies of irrationality and negativism or, in the words of post-modern thinkers, 'weak' (or easy) thinking.¹⁴

Undoubtedly, there are structural changes at the roots of many ephemeral trends and events.¹⁵ One evident change has been the growth of demand for immaterial goods, otherwise called 'services,' which now constitute a major component of household and individual welfare. These services offer an inherent 'personal' quality not provided *en masse*, even if many efforts are made in this direction. (For instance, 'remote' or 'virtual' services provided by information technology (IT) - through the so-called mass media - multiply the productivity coefficient, but also have a standardized and eroded quality).

Moreover, we must not ignore the expansion of state services in the last half century (nearly all of which are immaterial and intangible, and therefore often left out of productivity measures): such services have expanded through delivery or transfer of income to the point that they *occupy* roughly 50 percent of the gross national product (GNP) in all advanced countries, and therefore greatly reduced the area occupied by the Capitalistic system, i.e. the 'private sector'.

Yet even these state or public services cannot be other than standardized and impersonal services, which encounter a total deterioration of quality that usually result in user disaffection or outright rejection.

In reality, in what we call 'late' Capitalism, the importance of capital in the productive process is diminishing, while the 'human factor', with associated determinants such as *knowledge, invention, innovative capacity, and personal and group organization* is just re-emerging, and becoming more and more a direct determinant.

This evolution is changing basically also the structures of the classes and strata, and the traditional social conflicts. Emerging is what many have called a 'post-industrial' society¹⁶, which needs to be observed with completely new 'lenses' than those used to observe the Capitalist society of the past.¹⁷ In sum, a society is emerging that could be called 'post-Capitalist'.¹⁸

Where do these 'post-Capitalist' characteristics come from? They derive, I think, from four sources, that will be rapidly evocated below:

- the extension of the non-market area and the decline of Capitalist production and 'profitability';

¹⁴ Even here a flood of (low-quality) books have been released, among which I recommend Jencks (1992) for further insight.

¹⁵ I cannot suggest, frankly, a better survey of these structural changes than my own work, already quoted, *The Associative Economy* (2000).

¹⁶ From the overwhelming amount of literature on this matter I would choose Touraine (1969) and Bell (1971 [with Kristol], 1973, 1979). Concerning the implications on economic theory, see the writings of Block (1985, 1987, 1990), which were anticipated by Block and Hirschhorn (1979).

¹⁷ You can find more on this point in the writings of Heilbroner (1985, 1993).

¹⁸ As already mentioned, Drucker, transformed himself from the 'Pindare' of Neo-Capitalism, into the 'prompter' of post-Capitalism (see Drucker, 1993); afterwards, in the last phase of his personal evolution before death, he gave his name to a great foundation for the 'third sector,' in a show of favor for the development of the non-profit economy. Around the most meaningful and innovative contents of this transformation of Capitalism, I have discussed in one of the recent books of mine: *The Associative Economy* (2000).

- the spread of small and medium non-Capitalist firms, even in the ‘for-profit’ sector;
- the emergence and an enormous growth of the ‘third sector’ or ‘non-profit sector’;
- the (qualitative) rise and the (quantitative) decline of the state.¹⁹

Extension of the non-market area and the decline of ‘profitability’

Once again in history, the non-market area is expanding.

In the phase of classical Capitalism and also of neo-Capitalism, this area, prevailing in the pre-Capitalist regimes, had been progressively restrained by growing ‘marketization’ and supplanted in many sectors of economic transactions by monetary market exchange.

This happened even in the fields of culture and art, which had in the past been untouched by marketization. Now, - in the age of **late** Capitalism – there is a reversal, with: the area of non-market transactions expanding again at the expense of market transactions. This expansion is especially visible in the labor market (good information and documentation on this trends in Offe and Heinze, 1992, and in Williams & Windebank 1998).

Within the developed countries, the reduction of labor/quantity, the generalized increase of labor/quality, and the development of professionalization as well as the revolution in education (the rate of university enrollment has risen *tenfold* since the end of World War II) has almost entirely eliminated unskilled work (or relegated it to a marginalized strata of the population composed of the elderly and immigrants). It has also segmented, in ways that must certainly be unsatisfying, the aspirations of the youth entering the ‘labor market’. But with which ‘labor market’ (notion inherited from the theoretical economics born with the classical Capitalist model) are we dealing with today?

Today, everybody can refuse unpleasant or undesirable jobs; meanwhile they may find it more difficult to obtain desirable and expected jobs and, failing that, become unemployed. However, it concerns an unemployment completely different in terms of nature, behavior, response to labor demand, flexibility, etc, from that which we have become accustomed to conceive as a paradigm of the industrial society (or even as an entirely mental ‘theoretical’ paradigm.)

For a growing portion of the labor market, a demand exists that cannot be satisfied, not because of laborers lack skills but because they are not ‘unskilled’ enough!

If we look at the labor market with the lenses used to scrutinize classic Capitalism or neo-Capitalism, we risk completely misunderstanding the real and present problems. Among these problems, there is also the expansion of voluntary work in all sectors, which merits an economic evaluation, even if it is made possible by conditions of general welfare that previously did not exist.

At the same time, the number of fields in which industrial and services entrepreneurs can benefit from the high productivity and related ‘profitability’ of

¹⁹ For these four factors, I refer again to the arguments of my *The Associative Economy* (2000).

production processes has shrunk. Furthermore, new entries in the entrepreneurial world are increasingly motivated by the quality of initiatives rather than by profit perspectives.

The expansion of non-Capitalist small and medium firms

Even in the sector of market and for-profit activities—which, even if in decline, will still maintain a long and important role in industry and services in the post-Capitalist age—there is a huge resurgence of small and medium firms. These firms no longer retain the negative characteristics of low-innovative capacity and low productivity that they possessed during the evolution from classical Capitalism to neo-Capitalism.

Instead, from many points of view, small and medium firms facilitate innovation, automation, and the application of information technology, due to their greater operational flexibility. Furthermore, unlike large firms, small and medium firms are no longer based on a high co-efficient of capitalization—that is, on the capital as the main and dominant factor of development.

Rather, the prevailing decisive factors in small and medium firms are personal characteristics and knowledge, such as *competence*, *entrepreneurial capacity*, *product and service quality*, *invention by the promoters*, etc. All factors in which the *personal* and *human factor* and *knowledge*, prevail in regard to *capital*. And in which meta-economic reasons (success, prestige, media opportunities, etc.) prevail on strictly economic reasons (profit, gains, etc.).

Even the so-called ‘competition’ – officially trumpeted highly by entrepreneurs and governments to guarantee positional rents and ‘corporative’ markets, as well as to mask failures and regressions –is in reality much less decisive than in the past, or, at least, has a smaller impact on prices and costs, and a bigger one on quality, personalization, inventions and innovation.

Naturally, many paradigms characteristic of the non-advanced phases of capitalism still survive in productive sectors, and in the most backwards social strata, as well in countries that have recently entered or have yet to enter the initial stages of late capitalism or neo-capitalism, and that have great demographic potential, but limited economic capacity.

We must be careful to ensure that these paradigms do not become, as many seem destined to, purely mental obsolete paradigms; with which we risk misunderstanding new developments, regardless of whether they are negative or positive, and therefore to adopting remedies that, if ‘progressive’ in a previous phase of capitalism, will become ‘regressive’ and conservative in a more advanced phase.

The distinction between *old* and *new* – or rather between policies for the new that can only be adapted to the old, and new policies that can actually be adapted to the new – is not at all easy to determine in the periods and phases typical of *transition*.

It is in these cases that we must be the most accurate. As such we must avoid applying standard models and conventional policy schemes, and instead analyze

each policy on a case by case basis, in order to determine its structural conditions and what problems we need to solve.

The emergence of the ‘third sector’ or non-profit sector

Within the sweeping growth of service activities in the last few decades, the for-profit sector has remained steady concerning employment at least, while the non-profit sector has experienced tremendous growth.

In fact, this ‘third sector’ is the answer—both in its dimensions of social solidarity and voluntarism, and in cultural and scientific dimensions—to the Capitalist system’s incapacity to offer a free choice of activity and desirable work to individuals.

The growths of the third or ‘do-it-yourself’ sector, of the *non-market exchange* and even of an *informal economy* (which sometimes also assumes the form of an ‘underground’ economy), demonstrates a kind of economic emancipation of households and individuals from the requirements and conditions of capital.

This is what I have called the development of the ‘associative economy,’²⁰ which in my opinion marks the passage from Capitalism to post-Capitalism. It also is an answer to the need outlined above of liberating individuals from work required to meet basic needs.

The growth and decline of the state

The most relevant aspect of post-Capitalism is the evolution of the public function. As mentioned earlier, the neo-Capitalist system perfected the Welfare State. That is it spurred on an astounding growth of the public sector to the point that the gains would be difficult to surpass without a radical transformation of the type of State, i.e. to a hegemonic state; a state that draws from the work and wealth of all and redistributes it in a bureaucratic way.

In the tradition of Socialist thinking, the state has always been viewed as a ruler, but not as a direct supplier of services. This was the ‘pre-socialist’ and paternalistic state²¹ (say, ‘social democratic’ state) that took upon itself the responsibility to repair the old system’s social damages, and to make up for people’s inability to obtain sufficient incomes to cover autonomously essential needs, such as health, education, culture, and scientific progress.

It is not by chance that, in all advanced countries, large increases in public expenditures took place during incumbent conservative governments, despite the governments’ pretentious sermons against state interventions. On the other hand, while state intervention progressively attains sizes never before achieved, we must also acknowledge historical evidence showing that contrary to being damaging, this state intervention has been simultaneously ‘*accompanied*’ by important developments of advanced economies. (If we if we really prefer not to accept

²⁰ The development of a kind of ‘associative economy’ as characteristic of structural change toward a new social formation is analyzed in my book, *The Associative Economy* (2000).

²¹ An acute analysis of this nature of the reformist social-democracy has been made, some time ago, by the greek socialist economist (and later political) A. Papandreu (1972).

that these developments were rendered possible by, or because of, state interventions...).

However, in the post-Capitalist stage, which must still be carefully examined, it seems advisable that the state radically change the quality and course of its actions and interventions.

A common mantra is: 'Steer more, row less'.²² In such way we need to change in the public sector managerial methods, especially introducing result-based management or outcome-focused methods called 'strategic planning', in order to improve the operation and permanent control of performances.

Therefore, it is opportune the abandonment of the state's direct role as provider of goods and services, through privatization, sub-contracting, 'bargaining' operations, and project financing, in a general planning framework.

In fact such abandonment is dangerous if not accompanied by a growth of the role, on the side of the state, as supplier of information, place for negotiation, and for co-ordination of actions, private or public, aimed to a programmatic and strategic vision, that is sorely lacking at the present time.²³

Thus while the *administrative* state reduces itself, the *political* state is re-qualifying itself as a state of basic choices and not simply as the guardian of public order and of financial equilibrium of the national accounting, and also of some apparent macroeconomic choices.

However, these choices are not practicable and, if practicable, are destined to have not any real effect, if they are implemented without an effective knowledge of the results of the public expenditure in *real terms*, i.e. by means of real, and not only monetary, indicators and measures; that is without the capacity to measure the real performances of the various public programs, and without measuring the effect of monetary choices themselves.

The choices can be rational only if derived from an attentive, permanent, action of audit and monitoring of the societal problems, in its entirety, including private and public issues. Since factors and effects of the public and private actions are so much interwoven today economically in their results, it would be irresponsible to trust in a 'spontaneous order'.

In fact today, both the 'state failure' as well as the 'market failure' - of opposed thesis - have been amply demonstrated. Therefore, in sum, these advantages or damages of the 'invisible hand' (market or 'spontaneous order' to use von Hayek's terms²⁴), as well as those of the 'visible hand' (state or programmed or guided order).

Nobody has still observed – it seems to me – that the advantages or damage (anyway registerable only *ex post*) of the invisible hand are also themselves 'invisible', while those of the visible hands are – contrary to the former – well

²² To quote another dictum used in describing the US federal 'Reinventing Government' program.

²³ Interestingly, this change, with the movement termed 'reinventing government,' is emerging first in the USA—a country traditionally opposed to centralized and authoritarian planning. Even if such vision was outlined in Roosevelt's New Deal in the midst of the managerial revolution, it has been systematically set aside by successive administrations thanks to opposition from neo-Capitalist powers.

²⁴ Von Hayek (1973).

‘visible.’ It could not depend on this fact the diffuse and popular sensation that the results of the ‘invisible hand’ are incomparably superior to those of the ‘visible hand?’

If we should assess *ex post*, and on the basis of the long period of the last hundred years, roughly the period of the diffusion of neo-Capitalism and of the hegemony of the industrial society [that is at the same time the period during which the ‘visible hand’ (state), has grown in respect to the ‘invisible hand’ (market) in the developed countries from 10-15% to around 50% of the GNP] - we could state that the high level of the absolute income and welfare obtained in the developed countries in the same period, make the results of the ‘visible’ hand clearly superior to those of the market! Unless we would say that the development, just incredible, could be even greater?

It seems to me - as conclusion - that it would be very improper to keep this logic of an opposed role; *state-vs-market* (so popular in the traditional debates of economic policy) because the growing *visible hand* is also becoming complex and chaotic as the private one. Conflictual and competitive, in the myriad of agencies which compose it, generating a ‘spontaneous order’, very analogous, to that theorized for the private hand.

Therefore, in sum, these advantages or damages result from the ‘invisible hand’ as well as those of the ‘visible hand’.

Towards an Ever Advancing Programming

All this induces us to consider that it is out-dated and superfluous to think about public and private initiatives as two prejudicated and axiomatic policies, rather than as two *instruments*, equally at the disposition of the community and of its legitimate decision-makers, through which to implement its general objectives and the whole cascading chain of objectives/instruments, after carefully evaluating each case and level.

In effect, its only on a case by case basis, once given specific circumstances (resources, stage of development, habits, capacity, etc.), that one can reveal the most opportune and feasible solution, whether it be private, public or even mixed.

This result-centered method of making more rational choices, is difficult; as is always the case when dealing with choices that have allowed a progressive step for the social organization, or humanity in general.

A grave obstacle to the introduction of more appropriate methods is the culture of politicians, who dislike getting involved in things that are beyond their control. On the other hand, this is the price that society must pay to ensure liberty and democracy for its citizens.

In the post-Capitalist society, the political process tends to become so rich and complex and engages the citizens and official and informal civil society groups so much, that the *coordination* and *programming* of decisions can become inevitable and necessary. This is why the adoption and application, though technically advanced, of *programming methods*, comprehensive of social development, with their standard assessments and negotiations, will be inevitable and imperative.

Such methods and applications cannot ever be perfected if they are not applied and permanently adapted and refined to the point that they become *routine*, as is

the case in the larger part of institutional procedures of modern states. With the incessant development of globalization, all this will be also true in world-wide procedures.

Towards a Greater ‘Socialization’

It is my opinion that left-wing thinking should orient itself towards the deepening of the aspects quickly outlined here - aspects that seem to lead, overall, to a more widespread socialization, whether it be of decision-making powers or of the distribution of well-being; thus accelerating the change towards a more widely acknowledged ‘Socialism.’

In this way, we remain consistent with widely established past thinking, without the need for considerable revision on one side, and without having to go down the dangerous path of deconstructing historic visions on the other side. (The later seems to seduce many skeptical managers who wish to profit from a political *carpe diem...*).

Socialism, even that of Nicolas de Condorcet²⁵, with its ‘epochs’ of advancements in the human spirit, or that of Charles Fourier²⁶ with its ‘serial epochs’, has never been a ‘doctrine’. On the contrary, it has always presented itself not only as an *interpretation* of the historical movement of human society’s emancipation from unnecessary institutional constraints, but has also always proposed to build—given favorable circumstances and a boost in the political will—a system of political co-existence more desirable to the broad majority of citizens, and based on greater freedom, egalitarianism, and social solidarity.

Today a slow and secular passage is occurring (though this may seem terribly rapid if viewed from a historical perspective, where a rural pre-Capitalist regime lasted for millennia) from the advent of classical Capitalism to that of Socialism, proceeding through *neo-Capitalist*, ‘*late*’ *Capitalist*, and *post-Capitalist* stages.

We have already seen how any reading of how the present functions, made with lenses (paradigms) belonging to previous stages, risks being valid only for interpreting *surviving parts* of past social structures, prevents a greater understanding of these stages, and obstructs a more rapid advent of successive stages. At the same time, applying the functioning model of an advanced Capitalist stage to a situation or country that has not yet matured beyond a previous stage, risks being valid only as a theoretical anticipation of a future advent and may simply produce an abortive attempt at Socialism that is neither sustainable nor durable.

Thus, only people who have been supporters of a ‘deviate’ and usurped conception of Socialism can today claim (with scant knowledge of the Marxist theory of history) that Capitalism and the ‘bourgeoisie’ have ‘won,’ due to the fact that some wrongly intended and ephemeral manifestations of pseudo-Socialism were aborted in countries where Socialism was unable to survive whether it be for

²⁵ Condorcet (1804, 1955).

²⁶ Fourier (1971)

the lack of a proletariat (i.e. a working Capitalist system) or for the lack of democracy, a necessary condition to the development of a true Socialism.

The task of an intelligent Socialist and democratic (on a world-wide scale) Left leadership should be to know how to choose the times and modes of adoption along the described historical pathway, without abandoning but rather improving the conscience and knowledge of the pathway itself.

This historical pathway, the right one, instead of being obfuscated, is increasingly clear and advancing. And, had it not been for the disastrous intervention of false interpreters and false Socialists who polluted and deviated words and actions, we would probably be at a more advanced, effective stage today.

I believe and hope that the debate on the evolution of Capitalism and the future of Socialism, could start again among scholars, (sociologists, political scientists, economic historians, economic and political philosophers), but from a new paradigmatic approach such that outlined in this discussion paper.

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