

# The 'crisis of capitalism' is not the one Europeans think it is

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An avalanche of recent books and articles about the “crisis of capitalism” is predicting its demise or *dépassement*. For those who remember the 1990s, there is a strange similarity between this and the literature of the time, which argued that the Hegelian “end of history” had arrived. That theory was proved to be wrong. The former, I believe, is also factually wrong and misdiagnoses the problem.

The facts show capitalism to be not in crisis at all. It is stronger than ever, both in terms of its geographical coverage and expansion to areas (such as leisure time, or social media) where it has created entirely new markets and commodified things that were never historically objects of transaction.

Geographically, capitalism is now the dominant (or even the only) mode of production all over the world: in Sweden the private sector now employs more than 70% of the labour force, in the US it employs 85%, and in China the (capitalistically organised) private sector produces 80% of the value added. This was obviously not the case before the fall of communism in eastern Europe and Russia, nor before China embarked on what is euphemistically called its “transformation”.

Thanks also to globalisation and technological revolutions, new, hitherto nonexistent markets have been created: like the huge market for personal data, rental markets for own cars and homes (neither of which were capital until Uber, Lyft and Airbnb were created), and the market in spaces for the self-employed (which did not exist before WeWork and its like).

The social importance of these new markets is that by placing a price on things that previously had none, they transform mere goods into commodities with an exchange value. This expansion is not fundamentally different from the expansion of capitalism seen in 18th- and 19th-century Europe, when food, clothing, shoes and other goods that had been produced by households began to be produced commercially. Once new markets are created, a “shadow price” is placed on all such goods or activities. This doesn’t mean that we all immediately start renting out our homes or driving our cars as taxis, but it means that we are aware of the financial loss that we make by not doing so. Once the price is right (whether because our circumstances change or the relative price increases), many people will join the new markets and thus reinforce them.

These new markets are fragmented, in the sense that they seldom require a sustained full day of work. Thus commodification goes together with the gig economy. In a gig economy we are both suppliers of services (we can deliver pizza in the afternoons), and

purchasers of services that used not to be monetised. Taking care of the elderly, of children, cooking and delivery of food, shopping, chores, dog walking and the like used to be done within households.

This expansion of capitalism potentially opens up questions about the role, and even survival, of the family. Other than the raising of children, it was the mutual help and – indeed gender-skewed – sharing of non-commercialised activities that was the key economic rationale for the family. As this erodes we can expect, in the long term, an increase in single-member households, and in numbers of people who have never partnered or married. Already in Nordic countries between 30% and 40% of households are one person only.

So if capitalism has spread so much in all directions, why do we speak of its crisis? Because we focus on the malaise of the western middle classes and the rise of populism. But the dissatisfaction with globalised capitalism is not universal: a [YouGov survey](#) showed a very high degree of support for globalisation in Asia, with the lowest support in the US and France.

The western malaise is the product of uneven distribution of the gains from globalisation. When globalisation began in the 1980s, it was politically “sold” in the west – especially as it came together with “the end of history” – on the premise that it would disproportionately benefit richer countries. The outcome was the opposite. Asia in particular was a beneficiary, especially the most populous countries: China, India, Vietnam and Indonesia. In Europe, as in the US, it benefitted the 1%. It is the gap between the expectations entertained by the middle classes and the low growth in their incomes that has fuelled dissatisfaction with globalisation and, by association, with capitalism.

There is however another issue that does seem to affect most countries, and it is to do with the functioning of political systems. In principle, politics, no more than leisure time, was never regarded as an area of market transaction. But both have become so. This has made politics more corrupt. Even if a politician does not engage in explicit corruption during their time in office, they tend to use the connections acquired to make money afterwards. Such commodification has created widespread cynicism and disenchantment with mainstream politics and politicians.

While politics as entrepreneurship was often seen to afflict only less developed countries, it has now spread to Europe. It is otherwise hard to explain the political evolution of figures such as Matteo Salvini, Italy’s far-right former interior minister. Political connections can also be used as a valuable asset throughout political careers: take [José Manuel Barroso](#), the former head of the European commission who moved to Goldman Sachs. This commodification is what Francis Fukuyama – who wrote *The End of History and the Last Man* – refers to as “reciprocal altruism”: it is not unlawful, but is a time-delayed exchange of favours.

The crisis therefore is not of capitalism per se, but a crisis brought about by the uneven effects of globalisation and the expansion of capitalism to areas traditionally not considered apt for commercialisation. Capitalism has thus become too powerful, and in regions such as Europe, it is in collision with strongly held beliefs. Unless it is controlled and its “field of action” reduced to what it used to be, it will continue this conquest of as-yet-uncommercialised spheres.

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