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Economic Insecurity and Social Stability: An Exploration of One of Capitalism's Vicious Cycles

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Abstract

This article analyzes how capitalism's connection to economic insecurity can, rather than fomenting social unrest, facilitate its reproduction. Also responding to contrasts in the literature between rising insecurity in recent decades and the containment of insecurity in capitalism's post-war 'golden age,' this article explains why growing insecurity is more consistent with capitalism's normal operation. Underlining the difficulty of replicating post-war efforts to mitigate insecurity through social and welfare policies, this article also sketches how the vicious cycle between capitalism and economic insecurity contributes to other serious social problems, including racism, sexism, xenophobia, the hollowing out of political democracy and a deepening ecological crisis.

Keywords: capitalism, democracy, economic insecurity, Karl Polanyi, Neoliberalism, social problems, social reproduction, Welfare State,

I. Introduction

The rising tide of economic insecurity in the United States and abroad is increasingly receiving the attention of sociologists, economists and political scientists (Hacker, 2019; Kolko, 2000: 280-82; Levine, 2015: 210; Panayotakis, 2021: 94; Stiglitz 2001, xiv). Running parallel to

growing economic inequality (Albo and Evans, 2010: 291-92; Hacker, 2019: 10 and 15-6; Jackson, 2017: 6; Schaefer, 2013: 180-84), rising insecurity has not just affected historically underprivileged groups, such as women and people of color. Although members of these groups do face more insecurity, this problem is increasingly felt by most social groups, including highly educated upper-middle-class households (Hacker, 2019: 15-6 and 94; Levine, 2015: 1 and 43; Meschede et al., 2011).

Moreover, just as discussions of growing inequality contrast recent decades to capitalism's post-war 'golden age,' in which the fruits of economic growth were more evenly distributed (Mishel, Schmitt and Shierholz, 2014: 1; Panayotakis, 2014a: 96; Wright and Rogers, 2011: 154-58), scholars have contrasted rising insecurity in recent decades to the post-war reduction of insecurity through institutions that pooled economic risks across the population (Hacker, 2019: 33; Levine, 2015: 194-97). It is therefore tempting to treat rising insecurity as a conjunctural phenomenon, which only calls for "[revitalizing] the best elements of the present system while replacing those parts that work least effectively with stronger alternatives geared toward today's economy and society" (Hacker, 2019: 166). Against this approach, this article focuses on the systematic, structural connections between economic insecurity and capitalism, which make rising insecurity more typical of capitalist realities than the reduction in insecurity during the post-war period.

In articulating these connections, this article also qualifies the long-standing assumption that economic insecurity undercuts social stability and leads to social unrest (Schumpeter, 1942: 145). Not denying the appropriateness of this assumption in some cases, this article focuses instead on ways that insecurity can become self-perpetuating, while also facilitating capitalism's reproduction. Self-perpetuating insecurity is a serious problem in its own right, given the social,

material and psychological toll of its different manifestations on people's lives (Hacker, 2019: 13-15 and 162-63; Schmitt and Jones, 2012: 57). But, as this article also argues, economic insecurity can also aggravate other serious problems, including racism, sexism, xenophobia, the deepening ecological crisis and the hollowing out of democracy that democratic theorists often lament.

II. A Structural Outline of the Article's Argument

The article begins with an outline of Karl Polanyi's classic account of the nineteenth-century attempt to subordinate social life to capitalist markets and of the diffuse but generalized social countermovement triggered by this attempt's destructive human and social effects. While not denying that the destructive economic insecurity Polanyi describes can sometimes lead to countermovements strong enough to curb capitalism's worst excesses, this article argues that capitalist insecurity is as likely to have the opposite effect. In particular, the intimate links between capitalism and economic insecurity can, in a number of ways, discourage popular resistance and protest, thus facilitating capitalism's reproduction despite its socially and ecologically destructive effects.

After its overview of Polanyi's classical account, the article begins to develop its contrasting approach through an overview of the systemic links between capitalism and economic insecurity. In particular, it shows how economic insecurity is intimately linked to wage labor and inter-capitalist competition. These two fundamental components of the capitalist economic system (which are discussed in Sections IV and VI of the article) do not just contribute to the pervasive economic insecurity integral to that system. The economic insecurity central to wage labor and

inter-capitalist competition is as likely to discourage anti-capitalist resistance and protest as it is to trigger the kind of countermovement subjecting the economy to society that Polanyi envisaged.

The belief in the possibility of subjecting the capitalist economy to human needs and the democratically expressed wishes of the general population has in the past been bolstered by the expansion, in the generation after World War II, of welfare states in the most industrialized parts of the capitalist world. These welfare states reduced economic insecurity by decommodifying labor and loosening the dependence of working people's incomes on wage labor (Esping-Andersen, 1990: 105-107; Markovits and Gorski, 1993: 16). But as discussed in section V, the reduction in insecurity that these welfare states made possible was due to a constellation of especially favorable conditions that are by no means typical of capitalist realities. A number of developments since the economic crisis of the 1970s have brought this constellation to an end. Even the social democratic and left liberal political forces most identified with the expansion of distributive welfare states have increasingly converted to a new neoliberal consensus, which has systematically eroded welfare states around the world.

This has been true even in Sweden, which was until recently 'the universally recognized master of [its] class' (Therborn 2018: 5) in the construction of a universal and egalitarian welfare state. In line with the evolution of their counterparts elsewhere, the Swedish social democrats who had pioneered the construction of expansive welfare states also embarked in a "socio-economic Counter Reformation in the early 1980s," which has led "current Swedish income distribution [to] bear some resemblance to the English one of 1688" (Therborn 2018: 7-9). By "tighten[ing] the scale of social benefits, while making them harder to access," (Therborn 2018: 9) this Counter Reformation has allowed the Swedish anti-immigrant far right to gain political

strength by scapegoating refugees for the Swedish welfare state's inability to keep up with "the growing demands of an ageing population" (Therborn 2018: 22).

Section VII of the article shows how the erosion of welfare states is inseparable both from the hollowing out of democracy that results from capitalist insecurity and from capital's structural power over the economy. The article also touches on the connection between economic insecurity and a number of other serious problems afflicting contemporary capitalist societies. The link between capitalist insecurity and the rise of xenophobic, racist and sexist political forces around the world is treated in section VII, along with the discussion of capitalism's adverse effects on democracy. Section VIII, by contrast, sketches the link of capitalist insecurity to a number of other problems, including the deepening ecological crisis casting a shadow over the future of humanity and the planet; the growth of a toxic consumerist culture inimical to human well-being and ecological sustainability; and the overwork and economically destabilizing levels of debt that this consumerist culture also encourages.

All in all, this article offers an overview of both some of the major causes of capitalist insecurity and of some of its most important social consequences. While identifying and analyzing wage labor and intercapitalist competition as major causes of the massive economic insecurity that prevails even in affluent capitalist countries, this article also analyzes why one possible consequence of the economic insecurity integral to wage labor and intercapitalist competition is the dampening of resistance against capitalism's destructive social record. Last but not least, the article also briefly sketches the ways in which other serious social problems, including a deepening ecological crisis, the rise of the racist, sexist and xenophobic far right, and the emergence and spread of a toxic consumerist culture, are, at least in part, a consequence of the pervasive economic insecurity capitalism generates.

III. Karl Polanyi's View of Capitalist Insecurity as a Source of Social Instability and Change

A classical formulation of the socially destabilizing effects of capitalist insecurity is Karl Polanyi's *The Great Transformation*. In it Polanyi (2001) traces the attempt to create in the nineteenth century a self-regulating market system. This system was, in part, inspired by the economic uncertainties inherent in the costly industrial investments necessary to unleash the Industrial Revolution's productive potential. To invest capitalists needed all necessary factors of production available for purchase. This, however, turned labor, land, and money into commodities subject to the vicissitudes of the market. This transformation wreaked havoc with human life and the natural environment, exposing workers to unemployment and income volatility, while despoiling the natural environment and giving rise to periodic bouts of deflation and widespread business bankruptcies (Polanyi, 2001: 43-44, 76-77 and 137-8).

These problems led to a countermovement, which, in various ways, regulated markets and reduced the suffering the new system inflicted (Polanyi, 2001: 87-88, 136, 210, 223 and 225). Necessary and inevitable, this countermovement nonetheless interfered with the operation of the self-regulating market, generating a contradiction which brought down the nineteenth-century civilization that the new system had built.

Writing during World War II, and heartened by New Deal policies, Polanyi (2001: 211 and 242) looked forward to the institutional subordination of the market economy to social needs and the democratic system. Such a development would complete the dialectical movement that allowed humanity to benefit from the Industrial Revolution. While the first phase of the movement, with bourgeoisie as its vehicle, initiated the economic exploitation of new industrial

technologies, the second phase, using the landlord and working classes as a vehicle, revealed the ultimate untenability of a market-based society and called for the restoration of society's control over the economy (Polanyi, 2001: 105-106 and 138-39). With the subordination of markets to social need representing, for Polanyi (2001: 242), the essence of socialism, society's restored control of the economy would end capitalist insecurity through a transition to a democratic socialist society.

Appropriating Polanyi's argument, scholars have criticized neoliberalism's decades-long record of growing economic inequality and insecurity alike (Stiglitz, 2001: vii; Block, 2001: xxxiv). Moreover, they have interpreted the global justice and anti-austerity movements as an illustration of Polanyi's insight that society cannot but instinctively defend itself against the destructiveness of self-regulating markets (Block, 2001: xxxiv). Such accounts, therefore, share Polanyi's view of capitalist markets, with all the insecurity and social problems they entail, as inherently unstable institutions. It is one of the tasks of this article to qualify this view by analyzing how the sources of capitalist insecurity can, in addition to the popular discontent they often generate, can also discourage anti-capitalist protest and facilitate capitalism's reproduction.

IV. Wage Labor as a Source of Economic Insecurity

As Marxists, and Polanyi himself, have long recognized, wage labor, one of the defining characteristics of capitalism, presupposed the separation of producers from the means of production, notably land. This created a pool of workers forced to sell their labor-power and an overlapping pool of consumers who could not produce their own means of subsistence but purchased them in the market (Beaud, 2001: 70-71; Marx, 1977: 874-76; Polanyi, 2001: 96; Wright and Rogers, 2011: 13). Thus capitalism created a new economic risk, that of unemployment, and, as the current coronavirus pandemic highlights, in a society that

commodified the means of subsistence, this new risk could threaten working people's survival (McMichael, 2006: 170; Panayotakis, 2011: 76; Stiglitz, 2001: 11). As Polanyi (2001: 171-73, 225 and 232) observed, the specter of hunger has been central to the emergence and reproduction of modern capitalist society.

Aggravating the job insecurity facing workers are capitalism's regular economic crises (Amott and Matthaei, 1991: 317; Marx and Engels, 1978: 478; Panayotakis, 2021: 114). On the one hand, as long-standing anti-austerity struggles around the world demonstrate, such crises lead to popular discontent and at times intense class struggle over who will bear the cost of the economic restructuring these crises often trigger (Graeber, 2013; Mason, 2012; Panayotakis, 2011: 92 and 134; Sitrin and Azzelini, 2014). In this respect, economic crises can potentially facilitate a challenge of capitalism for two reasons. First, people's suffering during these crises can turn them against capitalism, while, secondly, making any economic and other risks of a transition to another system seem more acceptable (Cohen, 2001: 245; Panayotakis, 2011: 134; Wolff and Resnick, 2012: 199).

While capitalist crises can in this respect fuel social unrest, the economic insecurity they entail can also have the opposite effect. Economic crises force working people to compete for an often limited number of jobs. Labor market competition has often divided workers, with periods of economic crisis fueling working-class racism, sexism and xenophobia, as white, male and/or native workers seek to enhance their chances of employment by targeting people of color, women and immigrants (Amott and Matthaei, 1991: 77 and 318; Ghosh, 2011: 25; Panayotakis, 2021: 115). Indeed, one result of the 2008 global economic crisis, as well as the austerity policies which accompanied it, was the rise and mainstreaming of the xenophobic, racist and, at

times, fascist views of the far right in various parts of the world (Baier, 2016: 53; Berezin, 2013: 239; Hildebrandt, 2015: 31; Panayotakis, 2013a: 20-21; Prezioso, 2015: 74-75).

By reinforcing long-standing divisions within the working class, this effect of economic insecurity on workers can stabilize capitalism. This is why capitalist employers have long reinforced gender, racial, ethnic, and other divisions between workers (Amott and Matthaiei, 1991: 112; Tabb, 2012: 57). In fact, progressive and radical economists have traced persisting workplace discrimination, which refutes the neoclassical view that market competition erodes discrimination (Mutari, 2003: 152; Schwarz-Miller and Talley, 2003), to the benefits that employers derive from the erosion of working-class solidarity that workplace discrimination of various kinds inevitably generates (Bowles and Edwards, 1993: 218-20; Hahnel, 2002: 251-52; Panayotakis, 2011: 59).

By often keeping them divided, economic crises and high levels of unemployment also make it harder for working people to fight for improvements that would reduce the economic insecurity they face. As Marxists have long recognized, by replenishing the reserve army of unemployed workers, economic crises make it easier for capitalist employers to replace obstreperous workers, while making it harder for workers to organize and launch strikes (Kolko, 2000: 292; Marx, 1977: 785-86). In such a context, even the workers who are organized are often engaged in defensive struggles, which sometimes create new divisions. For example, one feature of the neoliberal era has been the attempt of labor unions to protect existing jobs by agreeing to the creation of new tiers within the workforce, thus undercutting the wages and benefits of newly hired workers (Kolko, 2000: 285 and 290).

This problem is compounded by the proliferation of contingent and precarious forms of employment, which increase capitalist profits even as they heighten the economic insecurity

facing workers (Greenberg, 2014: 11; Hacker, 2019: 73; Levine, 2015: 42; Panayotakis, 2013a: 18). This development also illustrates the double-edged nature of economic insecurity. On the one hand, it has given rise to struggles by workers who find themselves in this position. Moreover, the disproportionate exposure of young workers to this type of employment has encouraged the political radicalization of many young people today as well as their participation in anti-austerity struggles and the Occupy movement (Goldberg, 2018; Panayotakis, 2009: 98). But, on the other hand, the proliferation of this type of employment, as well as the generalized return of scarcity under neoliberalism, have in the past also functioned as obstacles to youth rebellion and the organization of workers into unions (Bensman and Vidich, 2000: 355-56; Kolko, 2000: 291).

V. Economic Insecurity and the Welfare State

In the period after World War II the construction or expansion in many advanced capitalist countries of welfare states and comprehensive systems of social insurance reduced economic insecurity by ‘decommodifying’ labor in ways that reduced the dependence of working people’s income on their ability to secure employment in the capitalist sector of the employment (Hacker, 2019: 33; Panayotakis, 2014a: 96; Steger and Roy, 2010: 7-9). To be sure, the building and expansion of welfare states, for much of the twentieth century, in many affluent capitalist countries should not obscure the real differences between the various welfare states adopted. In fact, both the degree of labor decommodification and the extent of economic redistribution effected by those welfare states have been used as criteria for classifying and analyzing the variation of welfare state models across the capitalist world (Esping-Andersen, 1990: 105-107, 1994: 717). It can be generally said, however, that through full employment policies and

unemployment benefits, retraining programs for displaced workers, family support payments, health and social insurance, and so on, the expansion of welfare states in industrialized capitalist countries reduced working people's vulnerability to the vicissitudes of the market. Moreover, just like increased spending more generally, welfare systems stabilized demand in the economy, thus reducing economic uncertainty for capitalist businesses and facilitating investment projects that led to economic and technological innovation (Bowles et al., 2005: 431-32; Galbraith, 2000: 175; Offe, 2000: 223).

Claus Offe (2000: 222) has described these welfare systems as “the major peace formula of advanced capitalist democracies for the period following the Second World War.” This formula was the product of “the struggle for labor protection legislation, expanded social services, social security and the recognition of unions” (Offe, 2000: 229) in exchange for labor unions' acceptance of “the basic capitalist organization of production and authority of ownership and manage[ment]” (Antonio and Bonnano, 2020: 490). As Offe's term suggests, the very need for a ‘peace formula’ reflected the fact that social welfare reforms were often preceded by intense and militant working-class struggles and strike waves, not just in the European heartlands of social democracy but even in the United States (Brenner, 2016: 11-12; Selfa, 2008: 49-50).

Facilitating the adoption and expansion of welfare states was the 1917 Russian revolution. A changing “context of [domestic] worker militancy and the socialist alternative” (Mishra 1996: 326) seemingly embodied at the time by the Soviet Union created enough political insecurity among the ranks of the capitalist class to ensure its tolerance (for a time) of more expansive welfare systems (Bagchi, 2005: 119; Desai, 2013: 53; Panayotakis, 2021: 130; Thompson, 2011: 138). Conversely, the convergence of the end of the Cold War with “[t]he decline of the workers' movement, and of the left more generally” (Mishra 1996: 327) has in

recent decades reduced the perceived necessity of such concessions. The result has been a steady erosion of welfare states, as social gains formerly described as progress within capitalism are now redefined as harmful, unaffordable drags on economic performance (Aronowitz, 2006: 188; Gindin, 2012: 17) .

Thus, the growth and subsequent erosion of welfare states in many advanced capitalist countries have two implications for the relationship between capitalism and economic insecurity. On the one hand, the reduction of economic insecurity that welfare states made possible was, at least in part, due to the unusually high level of political insecurity that capitalist classes confronting militant labor movements felt in the aftermath of the 1917 Russian Revolution and the establishment of an alternative socio-economic system which, within a matter of decades, industrialized the Soviet Union and turned it into a military superpower (Harman, 2008: 478; Panayotakis, 2011: 36). The political insecurity of the capitalist class was all the more understandable given the fact that two world wars and a major depression damaged capitalism's reputation among the general population (Sassoon, 1996: 84), leading even some of its advocates to prophesy that its replacement by some form of socialism was inevitable (Schumpeter, 1942).

The erosion of the welfare state after the end of the Cold War also reveals the precariousness of any working-class gains within capitalism (Hahnel, 2002: 279; Panayotakis, 2021: 123; Wolff, 2012: 33-37). While aspects of the welfare state have in the past benefited capital, notably by stabilizing the economy and boosting demand, the welfare state also implies costs for capital, whose control over labor will suffer the less "workers depend for their welfare ... on the cash-nexus" (Esping-Andersen, 1990: 105) and the capitalist labor market (Abramovitz, 2002: 225; Hays, 2007: 188; Offe, 2000: 226). This, in turn, explains the welfare state's transformation from a peace formula to "the object of class conflict" (Offe, 2000: 224)

ever since the neoliberal turn that followed the crisis of capitalist profitability and the intense class struggles that, by the 1970s, marked the end of the post-war boom (Fraser, 2016: 112; Friedman, 2008: 137 and 140; Kolko, 2000: 294; Streeck, 2013: 268-69).

In the class struggle over the fate of the welfare state, which has ensued, capital has had the advantage of controlling the surplus produced by workers. This has allowed capital to use portions of that surplus both to influence government policy and to build a neoliberal consensus around policies that boost profits but increase insecurity for a majority of the population (Bowles and Edwards, 1993: 107 and 428; Dochuk, 2012: 18-20; Sustar, 2013: 63). Moreover, capital's control over the surplus gives it the structural power to define economic reality. Because control of the surplus implies control over economic investment, capital's pronouncement of the welfare state as an economically harmful, unaffordable luxury can give rise to a self-fulfilling prophecy if it leads capitalists to shift investment from parts of the world that do not scale welfare policies down to parts of the world that do. Indeed, the hit on economic growth and employment that a collapse of capitalist investment could trigger will seemingly confirm capital's portrayal of the welfare state as a drag on economic performance (Offe, 2000: 225-26). In short, the fact that welfare states managed, for a time, to reduce economic insecurity does not mean that the recent trend towards growing insecurity can easily be reversed as long as capitalism prevails.

This fact may be a reason to criticize and even revolt against capitalism, but capital's control over investment has long proven an obstacle to any policies that might threaten its interests. Gosta Esping-Andersen (1990: 120, n 5), for example, cites the "experience, typified by the Norwegian socialists and Blum's Popular Front government in 1936, ... that radical proposals could easily be sabotaged by the capitalists' capacity to withhold investments and export their capital abroad." In other words, any country or location without a good 'business

climate' runs the risk of triggering an investment strike that rapidly leads to the deterioration of the economy while increasing levels of unemployment. The economic crisis that would ensue in such a case would predictably lead to popular discontent. If the country has a liberal democratic political system, this would in turn hurt the governing party's reelection prospects (Bowles, Edwards and Roosevelt, 2005: 520-23; Panayotakis, 2020; Wright and Rogers, 2011: 343-46).

Thus, even a government intent on reducing economic insecurity has to tread very carefully. While government intervention has long struggled to mitigate capitalism's contradictions and the social problems these contradictions generate, governments always have reason to fear that, by triggering an investment strike, their actions could create an even bigger problem (Offe, 1984: 49). In an ironic twist, therefore, the very fear of capitalist insecurity can obstruct any policies against insecurity that capital objects to.

Pointing in the same direction, moreover, is Adam Seth Levine's (2015) identification and analysis of communicative barriers to collective action seeking to reverse economic insecurity. According to Levine, mobilizing people around economic insecurity issues affecting them inevitably employs 'self-undermining rhetoric,' which inadvertently deters people from responding to the call. By reminding people of the economic risks facing them, mobilizations around economic insecurity issues make people feel that they cannot afford to make monetary contributions or even donate their time (since, for people in the labor force, even volunteering has an indirect monetary cost) to organizations focusing on economic insecurity issues. Thus, Levine finds, even middle- or upper-middle class people who objectively can and, in fact do, contribute money and/or time to organizations mobilizing on other political issues are less likely to contribute to campaigns against economic insecurity.

The result is a disconnect between public opinion and political action, or between the issues that citizens consider important and the policies they support, on the one hand, and the issues placed on the agenda of policy makers, on the other. In particular, Levine shows that Americans are aware of and concerned about the rising levels of insecurity and that they support government action and spending to reduce the economic insecurity associated with college costs, health care costs, precarious employment, and the move away from guaranteed retirement benefit plans. He also points out, however, that, precisely because of the communicative barriers to collective action he identifies, the necessary pressure on policy makers is not forthcoming. As a result, when political officeholders in the United States, whether Democrats or Republicans, are not passively allowing economic insecurity to spread, they move to aggravate the problem.

This is not surprising, given Levine's (2015: 190-2) finding that, even though people affected by them attach to economic insecurity issues great importance and support government policies and spending to address them, they are also less likely to participate in the political process. Thus, the communicative barriers Levine identifies reduce the likelihood that the neoliberal economic policies behind the growing levels of insecurity even in rich countries, such as the U.S., will be challenged. Instead, rising insecurity skews political participation in favor of more conservative segments of the electorate that view insecurity as a matter for individuals to confront on their own (Levine, 2015: 192).

VI. Capitalist Competition and the (Re)Production of Economic Insecurity

At least as important for capitalism's operation and dynamics is the insecurity this system imposes on businesses. Joseph Schumpeter's (1942) depiction of capitalism as a process of 'creative destruction' highlights this point.

While the economic insecurity facing workers is linked to capitalism's reliance on wage labor, the insecurity facing businesses stems from capitalist competition, which pressures businesses to keep innovating so as to remain profitable and not be eclipsed by more innovative rivals. Since such innovation is costly, involving research and development costs, investment in equipment and the modernization of productive plants, and so on, capitalism, more than previous class societies, pressures the exploiting class to use the surplus it extracts productively (Bowles et al., 2005: 149; Marx, 1978: 211-14; Panayotakis, 2021: 35; Schumpeter, 1942: 32-33; Wright and Rogers, 2011: 43). Indeed, capitalist corporations have long institutionalized and regularized innovation through the formation of research and development departments (Schumpeter, 1942: 96).

This explains capitalism's ability to deliver the unprecedented material standards of living that its supporters, ever since Adam Smith (1909: 17-18), have celebrated (Friedman and Friedman, 1981: 129; Hayek, 1944: 16-17; Schumpeter, 1942: 66-67). Marxists of course counter that rising standards of living do not negate capitalist exploitation, since rising labor productivity makes it possible for workers' standards of living to increase without reducing the surplus capital extracts from them (Wolff and Resnick, 2012: 177-79). Nonetheless, the contribution of economic competition to rising material standards of living in many parts of the capitalist world does make the capitalist system easier to defend, especially in view of the failure of Soviet-style economic systems to fulfill their promise of matching and surpassing the

standards of living in Western capitalist countries (Lovell, 2009: 72 and 139; Resnick and Wolff, 2002: 267).

This is not the only stabilizing function of the economic insecurity that results from capitalist competition. The fact that capitalist innovation can generate new winners experiencing astronomical rewards while abruptly forcing long-dominant firms into bankruptcy means that capitalism is more conducive to social mobility than previous class societies (Panayotakis, 2014b: 140). And even though the degree of social mobility falls short of what capitalist mythology leads us to believe (Bowles et al., 2005: 359-61; Esping-Andersen, 2007: 23; Hacker, 2019: 12-13; Wessel, 2011), the existence of some mobility supports capitalism's meritocratic aura.

The meritocratic illusion (Panayotakis, 2014b: 139-41) that capitalism systematically generates is also fueled by another implication of capitalism's competition-induced dynamism. While recent decades have been marked by a proliferation of low-skill, low wage jobs (Fraser and Freeman, 2012: 97; Wright and Rogers, 2011: 167), one long-term effect of capitalism's revolutionization of the means of production is the corresponding revolutionization of the labor skills required of workers (Secombe, 1980: 237-38 and 252). This development explains the generalization of formal education throughout the capitalist world and the widespread provision of primary, secondary and higher education by public schools and universities (Folbre, 2008: 12; Fraser, 2016: 109). The fact that this education (especially in primary and secondary schools) is usually free also adds to the appearance that capitalist societies provide equal opportunity to all (Esping-Andersen, 2007: 23; Panayotakis, 2014b: 141) and that any remaining inequalities merely reflect individual talent and effort.

Modifying this last stabilizing function of capitalist insecurity, however, is the fact that college education has become riskier in recent decades. Exemplary in this respect are the United States, where student debt has skyrocketed, making it, according to many analysts, a potential epicenter of future financial crises (Levine, 2015:6 and 48; Ross, 2013: 23). Fueling this worry are rising student debt delinquency rates and the application to student debt of the securitization techniques implicated in the 2008 financial crisis (Fraser, 2016: 104; Taub, 2016: 71).

But the rising tuition and creeping privatization of public universities this trend fuels is not the only problem facing students in the United States and abroad (Clawson, 2013: 29; Folbre, 2008: 170; Levine, 2015: 47-48; Mason, 2012: 44; Solomon and Palmieri, 2011: 5). Dismal employment opportunities, illustrated by high youth unemployment rates and the overrepresentation of young workers in part-time and precarious jobs (Hildebrandt, 2015: 35; Jackson, 2017: 144; McCarthy, 2012: 53; Pedulla, 2012; Ross, 2013: 24; Schmitt and Jones, 2012: 63; Shermer, 2015:78), have made the ‘graduate with no future’ (Mason, 2012: 66-73) a ubiquitous protagonist in the transnational wave of protests after the 2008 financial crisis.

The left-wing leanings of many young people today, as well as the link between their participation in recent anti-austerity struggles and the Occupy movement, on the one hand, and their growing inability to replicate, let alone improve on, the living standards of their parents (Fertik, 2016: 44; Mason, 2012; Panayotakis, 2013), on the other, are consistent with the belief that economic insecurity breeds social unrest. And yet, as Bensman and Vidich (2000: 356) have pointed out, the return of ‘scarcity’ in the neoliberal era may have replaced previously rising expectations with “a decline in actual opportunity” which “has tended to defuse the youth rebellion.”

More recently, young people have been at the forefront of the great upsurge of protest sparked by police violence against people of color in the United States and abroad (Murray and Mohdin, 2020; Zaveri, 2020). This undoubtedly heartening development has been interpreted as the product of a constellation of movements, centered around demands to ‘defund the police,’ ‘cancel rent,’ and ‘pass the Green New Deal’ that are best seen not as “reforms, but paths to revolution” (Akbar, 2020). Although the present argument’s more cautious approach to the relationship between capitalist insecurity and social change cannot discount that Amna A. Akbar (2020) is correct, it does suggest that the optimistic interpretation of the current upsurge of activism as a precursor to revolution may be premature. In fact, recent events, such as the lack of accountability of the police officers responsible for the killing of Breonna Taylor (Callimachi et al., 2020) and the collapse of the Minneapolis City Council’s pledge to defund the police department responsible for George Floyd’s killing (Herndon, 2020) suggest that even a consistent enforcement of the rule of law and meaningful reforms, let alone revolution, may not follow the spike in protest activity that Akbar is otherwise justified to celebrate.

In fact, given the fact that this is an election year in the United States, there is a distinct possibility (and danger) that the Black Lives Matter movement could recapitulate the experience of the Occupy movement in the United States, which facilitated the reelection of a president, Barack Obama, who was not disposed to challenge the neoliberal model (Fraser, 2019: 21), as well as that massive anti-austerity protests in Greece brought to power a party of the ‘radical left,’ which found itself implementing the kind of austerity policies Greek citizens had elected it to reverse (Panayotakis, 2020). Akbar (2020) may reassure us that the recent uprisings are “far different from anything that has come before,” but similar statements could and have been made about the other two instances of movement upsurges I just mentioned. Not so long ago Sarah

van Gelder (2011) was expounding on “[h]ow Occupy Wall Street Changes Everything,” just as commentators on Greek politics were marvelling at the meteoric “rise of the Coalition of Radical Left (Syriza) from the status of a minor political party” to a governing party having received more than a third of the popular vote by 2015 (Panayotakis, 2013: 20-21). Only the hypothetical thought experiment of the Green Party in the United States eclipsing the Democratic party and winning the White House within the course of five years can give a reader unfamiliar with Greek politics a sense of how unprecedented this change seemed at the time.

VII. Capitalist Insecurity and the Hollowing Out of Democracy

In seeking to “redistribute power from elites to the working class” (Akbar 2020) both the most recent upsurge of protest activity and the earlier examples just mentioned can be read as appeals to democratize contemporary capitalist societies. The term ‘democratization’ is, of course, often used to designate the introduction of liberal democratic political institutions in countries formerly ruled by authoritarian political systems. It is in this sense that the late twentieth century can be said to have been characterized by a wave of democratization in numerous countries ranging from Central and South America to Eastern Europe and from Southern Europe and Asia to Africa (Berg-Schlosser, 2009; Markoff, 2009; Tilly, 2007: 40-44; Welzel, 2009).

But even as this wave of democratization still seemed to spread to new corners of the planet, scholars were already pointing to the paradoxical hollowing out of democracy even in the parts of the world, notably North America and Western Europe, where the stability of liberal democratic institutions had long been taken for granted (Brown, 2010: 44; Della Porta, 2013: 185; Ginsborg, 2008: 26; Markoff, 2009: 69; Sader, 2005: 447). This paradox speaks to the broader, and arguably more compelling, meaning of the term democratization, which includes

“the deepening of the democratic qualities of given democracies” (Welzel 2009: 74) and the extent to which the political, economic and social institutions affecting people’s lives are subject to the control of the majority rather than being under the grip of powerful and wealthy minorities. And here one obvious ‘elephant in the room’ in the room, is the capitalist economic system, which is much more compatible with the first, more circumscribed, sense of democratization than it is with the second (Panayotakis, 2021: 120-22).

In particular, capital’s control of investment and the ever-present possibility of an investment strike offers one explanation of the disconnect between socially regressive neoliberal policies and the popular support for progressive economic policies that various polls have documented (Dreier, 2014: 87; Gallagher, 2016: 20; Panayotakis, 2021: 118; Pollin and Thompson, 2011: 25). The limits that capital’s control of investment places on democratically elected governments’ ability to pursue policies that reduce ordinary people’s economic insecurity also helps to explain the lower voting and political participation rates of less privileged, low-income groups (Bowles et al., 2005: 497; Markoff, 2014: 119; Schaefer and Streeck, 2013: 13). This lower participation is not a sign of apathy, since ordinary people around the world do participate when they believe that political processes will have a palpable effect on their lives (Avritzer, 2005: 393-394; Sader, 2005: 464; Tilly and Albelda, 2002: 231; Wainwright, 2003: 109). If, by contrast, past experience suggests to them that the alternation of parties in power does little to improve their position or arrest the rise of economic insecurity facing them, their interest and participation in politics wanes.

Moreover, as Claus Offe (2013: 198-99) points out, such a development can trigger a vicious cycle, as political elites come to expect lower participation by underprivileged, low-income groups, which experience politics as unresponsive to their needs. Political parties, as a

result, have less of an incentive to pay attention to the concerns of underprivileged, low-income groups, tailoring their programs around the needs of more privileged groups, who participate more because of the political system's greater responsiveness to their needs and interests. Through this dynamic the political agenda can shift even further away from the needs and concerns of underprivileged, low-income groups, cementing their indifference towards politics and further increasing the incentive of the political system to ignore their concerns.

This dynamic does not, of course, reduce the toll neoliberalism takes on people's lives or the popular discontent this toll fuels. This discontent can provide political space for political forces on the left of the spectrum (like Syriza in Greece) which may seek to mobilize popular strata once again through a promise to break with neoliberalism that, once they are in power and have to face capital's structural power over the political system. But it can also strengthen forces on the far right end of the spectrum that blame the suffering ordinary people are experiencing on convenient scapegoats, such as immigrants, women and people of color (Fraser 2017: 40-45). The likely effect of the former scenario is to discredit democracy and the ideas of the left. If people vote for a party of the radical left and get a variation of business as usual, they are likely to conclude that turning against capital is impossible and futile, thus making the second, and decidedly less progressive, response to neoliberalism seem politically more viable (Panayotakis, 2020).

In this sense, it may be too optimistic to assume that the rise of left-wing populism (exemplified by Bernie Sanders in the US, Corbyn in Britain, Syriza in Greece, and so on) as a potentially viable hegemonic alternative to neoliberalism's 'hyperreactionary turn' (Fraser 2019: 26 and 47). Indeed, such hopes seem to be fading away by the day. Sanders and Corbyn have failed to prevail over the forces within the US Democratic Party and the British Labor Party

committed to neoliberalism, let alone to ascend to national power. Syriza, on the other hand, did come to power in 2015 with a mandate to reverse the brutal neoliberal austerity policies triggered by the eurozone crisis but quickly succumbed to the overwhelming pressures of European Union institutions and the global financial markets alike (Panayotakis, 2020: 58-60).

The danger from the reactionary response to neoliberalism, by contrast, has gained new urgency as openly xenophobic and racist forces on the far right have been gaining ground around the world. Donald Trump's 2016 election into the U.S. presidency, Brexit, the electoral strength of the far right in France and elsewhere, as well as the rise of right-wing authoritarian leaders in a number of countries, including Hungary, Brazil and India, are often seen as a sign of neoliberalism's, or even liberal democracy's, weakened state (Antonio and Bonanno, 2020: 477; Fraser, 2017: 40; Zizek, 2017: 195). Complicating this picture, of course, is the fact that, even though the far right's anti-establishment and populist postures often capitalize on the suffering that neoliberal globalization inflicts on low-income segments of the population (Della Porta, 2017: 26-27, Fraser, 2017: 40-41; Mason, 2017: 97; Milberg, 2020: 29; Panayotakis, 2020: 61-64) especially in de-industrializing and rural regions (Foa and Wilmot 2019; Loomis, 2020), the actual policies of right-wing populists, once in power, often perpetuate or even "[accelerate] neoliberal business as usual" (Antonio and Bonnano 2020: 477). Xenophobia, racism and sexism then perform the function of maintaining support for right-wing authoritarian political forces by redirecting the fear capitalist insecurity inflicts on ordinary people against the oppressed and marginalized groups (immigrants from the global South, women, people of color) that often become scapegoated for the deteriorating material conditions experienced by large segments of the working class in North America and Europe (Fraser, 2017: 44; Panayotakis, 2020: 62-63). In this sense, the tension between capitalism and democracy is integral to the

process whereby the late-twentieth-century wave of democratization has given its place to the more recent ‘great regression’ (Geiselberger 2017: xiv) that has left Arjun Appadurai (2017: 1) wondering whether “we are witnessing the world rejection of liberal democracy and its replacement by some sort of populist authoritarianism,” while leading Slavoj Zizek (2017: 195) to conclude that “the US elections of 2016 were the ... final defeat of liberal democracy.”

VIII. The Contribution of Economic Insecurity to Other Social Problems

In addition to its toll on people’s quality of life and ability to meet basic needs (Hacker, 2019: 162-63; Levine, 2015: 2 and 30), the self-reinforcing vicious cycle between capitalism and economic insecurity also contributes to other serious social problems. For example, this vicious cycle contributes to the deepening ecological crisis confronting the planet. As various scholars recognize, central to contemporary societies’ obsession with economic growth is the latter’s potential reduction of unemployment and the insecurity this problem generates (Bergmann, 2000: 489-90; Panayotakis, 2006: 267; Tammilehto, 2012: 81). Thus, the way capitalism addresses the human toll of job insecurity is by aggravating environmental problems, such as climate change and pollution that contribute to other potential sources of insecurity, such as war, disease and natural disasters (Bond, 2011: 7; Collins, 2015: 25-26; Faber and Schlegel, 2017: 2-3; Panayotakis, 2011: 96).

But the vicious cycle between capitalism and economic insecurity is also implicated in another contributing factor to the ecological crisis, namely the rise of a consumerist culture that promotes resource-intensive lifestyles that are ecologically unsustainable (Bonaiuti, 2012: 43; Jackson, 2017: 207; Panayotakis, 2021: 87; Trainer, 2015: 59). In particular, scholars have

found connections between people's experience of poverty and economic insecurity, on the one hand, and the adoption of the materialistic values central to consumerism, on the other (Kasser et al., 2003: 15). Moreover, advertisers and marketers have long exploited people's fears and insecurities, in general, and economic insecurity, in particular (Ewen, 1977: 156 and 177-78; Fraad, 1994: 128; Kasser et al., 2003: 17-8; Panayotakis, 2011: 50). And although the goal of advertisers and marketers in any given case may be to sell a specific product, they are by default also promoting consumerism by encouraging people to pursue the good life, success, economic security, happiness and the fulfillment of their deeply felt psychological and social needs through material possessions (Coleman, 2005: 83; Kilbourne, 2003: 252; Panayotakis, 2021: 39-42; Postman and Powers, 2011: 36-39).

In so doing, advertisers, marketers and the consumerist culture they help to construct do not just promote resource-intensive lifestyles that harm the environment. They also encourage people to work long hours and go into debt, thus adding to their economic insecurity and undermining their sense of well-being and happiness, which, as the relevant literature has established, depends more on relationships with other people and free time than on levels of material consumption (Barber, 2007: 50; Jackson, 2017; Kasser et al., 2003: 12-13; Layard, 2005: 3 and 6-7).

IX. Conclusion

After examining the systematic connections between capitalism and economic insecurity, this article has analyzed why, against the assumptions of some scholars in the past, insecurity is as

likely to stabilize capitalism as it is to foment social unrest. The article also underlines the extent to which the reduction of insecurity in parts of the capitalist world immediately after World War II may have been an exceptional development which was partly due to the political insecurity that capitalist classes in those parts of the world experienced as a result of militant labor struggles domestically and the threat to their rule represented by the 1917 Russian Revolution. In so doing, this article also highlights the difficulty of reversing the tide of rising economic insecurity, especially in view of the ways capitalist insecurity also undercuts the ability of democratic political systems to respond to ordinary people's growing concern about the toll this insecurity takes on them. Finally, in analyzing the vicious cycle through which capitalism and economic insecurity reinforce each other, this article has also sketched the ways that capitalist insecurity also aggravates such serious social problems as racism, sexism, xenophobia, consumerism, and a deepening ecological crisis that endangers the human species and our planet.

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