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Scarcity or Economic Insecurity? Two Yardsticks for Measuring Capitalism's Performance

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Abstract: This article argues that capitalism's relationship to economic insecurity is as important for the evaluation of that system as its relationship to scarcity. Critically analyzing the neoclassical and Marxist focus on capitalism's relationship to scarcity, the article describes how capitalism's relationship to economic insecurity offers a more cogent elaboration of these traditions' shared belief that the economic system should serve people. In particular, while critical of the neoclassical portrayal of capitalism as a system using scarce resources efficiently, this paper also argues, against Marxism, that an alternative to capitalism might be preferable even if scarcity is not abolished.

Keywords: capitalism; ecology; economic insecurity; Marxism; neoclassical economics; scarcity.

Brief biographical notes: Costas Panayotakis is Professor of Sociology at New York City College of Technology of the City University of New York. He is the author of *Rethinking Scarcity: From Capitalist Inefficiency to Economic Democracy* (Pluto Press); of *The Capitalist Mode of Destruction: Austerity, Ecological Crisis and the Hollowing Out of Democracy* (Manchester University Press); and numerous scholarly articles on capitalism, political economy, Marxist theory, and ecology. He has also published numerous newspaper articles and has been interviewed on the different manifestations of capitalism's protracted crisis by newspapers, radio and TV shows from all over the world.

1 Introduction

Economic insecurity is rising even in affluent capitalist countries, like the United States (Panayotakis 2021; Hacker 2019; Levine 2015; Stiglitz 2001). Scholarly discussions of its devastating human toll (Hacker 2019; Schmitt and Jones 2012) are welcome given the greater

emphasis on capitalism's relationship to scarcity. Against previous discussions of capitalism's relationship to scarcity, this article argues that capitalism's relationship to economic insecurity should inform our evaluation of that system. By scarcity we mean the gap between people's needs and wants for material goods and services, on one hand, and the limited, by comparison, material resources available to satisfy all these needs and wants, on the other. Economic insecurity, by contrast, refers to the constant specter, within capitalism, of a seriously adverse change in the economic position of different economic actors, including individuals, households, and capitalist businesses.

The concept of scarcity is central to pro- and anti-capitalist analyses alike. Neoclassical economics portrays capitalist markets as an efficient way to allocate scarce resources (Panayotakis 2013; Wolff and Resnick 2012). Marxist analyses, by contrast, approach scarcity dialectically. Pointing to the advanced technologies capitalism generates, Marxists argue that capitalism unnecessarily reproduces scarcity (Cohen 2001; Eagleton 2010). This 'dialectic of scarcity' (Panayotakis 2005) implies, for Marxists, that overcoming scarcity requires capitalism's replacement by a classless society. Against these contrasting views on capitalism's relationship to scarcity, this article highlights capitalism's relationship to economic insecurity.

The importance of economic insecurity has been dramatized by the ongoing pandemic, which suddenly threw millions of people into unemployment and poverty even in rich capitalist countries like the United States. Closer examination of the relationship between capitalism and economic insecurity can, therefore, highlight the relevance of economics as a discipline. The neoclassical portrayal of capitalism as a system capable of making an efficient use of scarce resources is based on unrealistic assumptions that cannot but lead many students to view economics as an accumulation of pointless mathematical models. Foregrounding the question of

economic insecurity, by contrast, can encourage interest in critical economic analysis by demonstrating the possibility of analyzing contemporary economic systems in ways that speak to the experiences and problems students confront in their daily life.

2 The Neoclassical Portrayal of the Relationship between Capitalism and Scarcity

Neoclassical economists attribute scarcity to the perennial gap between people's material desires and the material means available (Boyes and Melvin 2005). Since wants chronically exceed means, choices become necessary (Panayotakis 2013; Robbins 1962). Thus, individuals and societies prioritize the satisfaction of their most urgent needs and wants. Similarly, businesses face budget constraints, which guide their use of factors of production as they seek to maximize profit (Panayotakis 2011; Robbins 1962).

For neoclassical economics, under perfectly competitive conditions, the interaction of consumers and producers leads to a 'Pareto-optimal' or economically efficient outcome, in which the welfare of no actor can increase without reducing the welfare of another (Panayotakis 2011; Boyes and Melvin 2005; Wolff and Resnick 2012). Viewing such costless improvements in people's welfare as desirable, Pareto optimality indicates economic efficiency since people's welfare is as fully satisfied as possible given the scarcity of resources (Wolff and Resnick 2012).

Despite its dominant position within the discipline of economics (Panayotakis 2011; Keen 2001), the neoclassical paradigm has a number of weaknesses. First, the conditions necessary for Pareto optimality are formidable enough to make this concept irrelevant (Panayotakis 2011; Hunt 2002). In fact, neoclassical economists themselves have long explored all the different ways that actual capitalist markets often produce inefficient outcomes. As this

fact, however, is not widely known and/or admitted by the general public and by influential opinion makers (Panayotakis 2011; Keynes 1999), such as journalists and politicians, neoclassical economics often functions as an ideology legitimizing the prevailing capitalist order (Panayotakis 2014; Dowd 2000).

In a sense, neoclassical economics preserves and formalizes Adam Smith's vision of an 'invisible hand' guiding the interactions of self-interested individuals (Panayotakis 2011; Hahnel 2002). Just like Adam Smith (1909), the neoclassical model suggests that capitalist competition subordinates self-interested action to the common good, thus maximizing socially produced wealth (Wolff and Resnick 2012).

One condition for this beneficent outcome is the absence of externalities. In other words, the parties to a transaction should carry the full costs and enjoy the full benefits resulting from that transaction. Externalities, by contrast, refer to transaction's benefits/costs which affect third parties (Panayotakis 2011; Bowles et al. 2005).

Unfortunately, externalities are pervasive, leading to major challenges, including the deepening ecological crisis clouding our future (Hahnel 2002; Layard 2005). Indeed, consumers often incur only part of the cost of producing the goods they consume. For example, the price paid usually does not include the environmental costs of producing those goods (Panayotakis 2014; Boyes and Melvin 2005). This cost falls on third parties.

Externalities mean that competitive capitalism can send the wrong signals and produce the wrong outcomes (Wright and Rogers 2011). Since producers and consumers do not account for the full social costs of their transactions, more polluting goods are produced than is socially efficient (Panayotakis 2014; Hahnel 2002). In other words, the total social costs will exceed the benefits.

To redress, governments can realign the costs/benefits facing economic actors with the total social costs/benefits their transactions generate (Hayek 1944). This requires subsidies of goods and services, such as vaccines and education, which have positive external effects, or taxes on goods and services, such as fossil fuels, which impose negative externalities (Panayotakis 2011; Wright and Rogers 2011). Such a solution is not, however, universally accepted by neoclassical economists, since the more conservative among them warn of ‘government failures,’ which, in their view, make the remedy worse than the failure it is supposed to cure (Bowles et al. 2005; Wright and Rogers 2011). Thus, adherence to neoclassical economics is as consistent with welfare liberalism and social democracy as it is with laissez-faire conservatism (Panayotakis 2011; Block 1994).

The likelihood that governments will address externalities is further reduced by the fact that capital often pursues profit by imposing external costs on society. Its ability to do so derives from the political power accorded by its control of investment and of the surplus extracted from workers (Angus 2010; Panayotakis 2011). Both through its investment in the political process and through its ability to launch investment strikes which can sink governments unfriendly to business, capital often blocks externality-correcting government policies (Panayotakis 2014; Townsend 2010; Wright and Rogers 2011). Thus, far from an exception, market failures are the predictable, if socially irrational, result of capital’s rational pursuit of profit (Panayotakis 2011; Townsend 2010).

But capital’s pursuit of profit also systematically undercuts the neoclassical assumption that consumers are as rational in pursuing satisfaction of their needs, wants and desires as businesses are in maximizing profit (Panayotakis 2021; Boyes and Melvin 2005; Wolff and Resnick 2012). Consumers with a fixed budget will, it is assumed, only patronize businesses

which sell quality products for a reasonable price. Thus, capitalist competition ensures that, to be profitable, businesses must serve the sovereign consumer (Boyes and Melvin 2005).

Contradicting this narrative is the rise, over time, of a consumerist culture based on marketing and advertising techniques which capitalize on the difference of actual consumers from the abstract *homo economicus* in most economics textbooks. As capitalist competition through marketing and advertising campaigns has grown, leading to the dramatic growth of the economy's advertising sector (Sackrey and Schneider 2002; Charkiewicz 2001) advertisers and marketers have routinely instrumentalized socially valued cultures, while exploiting consumers' insecurities and deeply felt psychological needs (Panayotakis 2021; Kasser et al., 2003; Kilbourne 2003; Levin and Linn 2003; Postman and Powers 2010). The incessant association of individual commodities with success, happiness, family, individuality, and so on, tends to commercialize culture and to encourage consumers to seek satisfaction of their deeply felt needs in material possessions (Panayotakis 2021; Levin and Linn 2003).

As the literature on happiness and life satisfaction indicates, however, this dynamic is as counterproductive for consumers as it is profitable for those promoting it. Since, after a certain point, people's happiness and life satisfaction depend more on relationships with other people and free time than on higher levels of material consumption (Layard 2005; Kasser 2002; Lane 2000), it follows that, in pursuing profit, capital uses scarce resources, including the creativity and labor of artists, psychologists and marketing researchers (Panayotakis 2011; Levin and Linn 2003; Packard 2011; Postman and Powers 2011) to undermine consumer rationality.

All in all, the neoclassical approach usefully differentiates between scarcity's demand and supply sides. The demand side represents the consumers' potentially unlimited material needs, wants and desires, while the supply side refers to the finite material resources available to meet

them (Panayotakis 2013). However, capitalism's implications for scarcity's two sides challenge the neoclassical portrayal of capitalism as an economic machine using scarce resources efficiently. On the demand side, capital's rational pursuit of profit encourages the use of scarce resources to sabotage the effectiveness with which consumers use the finite resources at their disposal to satisfy their needs and desires. And on the supply side, it is also rational for capital to use its economic and political power to impose negative externalities on society at large. Both this outcome and capitalism's implications for the demand side of scarcity challenge capitalism's claim to efficiently use scarce resources for the benefit of the consumer.

3 Marxism and the Dialectics of Capitalist Scarcity

Material scarcity also plays an important role in Marxism. For example, people's motivation to push back against its limits has been invoked to explain the development of the forces of production over time (Cohen 2001). Moreover, this productive development, along with the potential for overcoming scarcity that it supposedly creates, is often seen as an important function of class societies, in general, and capitalism, in particular (Marx 1977 [1867]); Cohen 2001). However, scarcity is not as clearly defined within Marxism as it is within neoclassical economics. Resulting from this is ambiguity regarding scarcity's overcoming in a future communist society.

In his *Critique of the Gotha Programme*, Marx (1978a [1891], p. 531) projects a future in which productive development would reach a level high enough to allow "society [to] inscribe on its banner: From each according to his ability, to each according to his needs!" This is a vision of abolishing neoclassical scarcity, if it implies free access, for all individuals, to any good or service that they desired. In other words, such a vision would imply the abolition of neoclassical

scarcity only if the needs Marx refers to are interpreted in an expansive fashion. For example, a society in which all people who found smart phones (or any other good or service) desirable had free access to them would have abolished neoclassical scarcity. A society, by contrast, which distinguished between ‘true’ needs (such as the need for food) and mere wants or desires (such as the desire for a smart phone) and which therefore allowed free access to the former (but not the latter) would not meet the neoclassical standard for abolishing scarcity. In such a society, in other words, it would not be the case that all people’s needs and wants were satisfied. Instead, the distinction between needs and wants would help to determine which needs or wants the scarce productive resources would satisfy.

This ambiguity regarding distribution of goods and services according to need has gained urgency as the development of a consumerist culture threatens the ecological integrity of our planet. And although some authors (Foster 2000; Parsons 1977) foreground the ecological side of Marx’s thought, there was also an element of productivism in Marx’s anticipation of a society beyond scarcity. In particular, the vision of constantly growing material wealth thanks to ever-growing labor “productivity and ... the more ... plentiful conditions of production in which [labor] is performed (Marx 1981 [1894], p. 958) stemmed, in part, from Marx’s view of human needs not as the kind of exogenously given datum that neoclassical economics make them out to be but as a product of the socio-economic process. In fact, in addition to his celebration of capitalism’s development of the productive forces (Foley 2006; Schumpeter 1942), Marx (1973 [1939-41]) also praised capitalism for developing human needs. Indeed, Marx (1973 [1939-41], p. 409) credited capitalism with “the discovery, creation and satisfaction of new needs arising from society itself” and with “the development of a constantly expanding and more comprehensive system of different kinds of labour, different kinds of production, to which a

constantly expanding and constantly enriched system of needs corresponds.” And in affirmation of “the great civilizing influence of capital,” Marx (1973 [1939-41], pp. 409-410) describes how,

“capital drives beyond national barriers and prejudices as much as beyond nature worship, as well as all traditional, confined, complacent, encrusted satisfactions of present needs, and reproductions of old ways of life. It is destructive of all this, and constantly revolutionizes it, tearing down all the barriers which hem in the development of the forces of production, the expansion of needs, the all-sided development of production, and the exploitation and exchange of natural and mental forces.”

It is for this reason that, far from presupposing shared poverty, the communism Marx (1978b [1932]) envisaged required material abundance so that goods and services could be distributed according to people’s developed needs. If scarcity is defined in the neoclassical sense, then, a communist society beyond scarcity would have to increase labor productivity and the production of wealth even faster than it increased human needs and desires. Only in this way would it be possible to replace the rationing of scarce goods and services characteristic of neoclassical scarcity with a society in which the abundant flow of ‘cooperative wealth’ (Marx 1978a [1891], p. 531) made it possible for goods and services to be distributed not according to individual contribution but rather according to each individual’s ever-expanding needs. By contrast, capitalism’s otherwise impressive development of the productive forces had, in Marx’s view (1969), its limits, since capitalist relations of production, and the economic crises they regularly triggered, obstructed further productive development. In this sense, Marx’s recognition that productive development could only be understood in terms of the socioeconomic system within which it took place manifested itself both in his celebration, both in the passage above and most memorably in the *Manifesto* (Marx and Engels 1978 [1848]), of capitalism’s unprecedented technological dynamism and in his conviction that the contradictions integral to the capitalist system would undermine that system’s long-term ability to sustain further productive

development. Moreover, the two prongs of this contradiction were intimately connected to what has in the past been described as ‘capitalism’s dialectic of scarcity’ (Panayotakis 2004); while the first prong, capitalism’s technological dynamism, “develop[s]... the productive forces...to the point where they can give birth to a surplus sufficient for the abolition of labour and the fulfilment of the needs of everyone” (Eagleton 2010, p. 101). While the second prong, involving the contradictory and crisis-ridden logic of capitalist development, explains how “the only historical mode of production capable of generating such a surplus – capitalism – is by a supreme irony the one which deploys it to create scarcity” (Eagleton 2010, p. 102).

By now, Marx’s analysis of the relationship between capitalism, communism, and scarcity has become problematic. First, although economic crises have not disappeared, they have not arrested productive development. With even many Marxists now doubting whether capitalism will ever prove an insuperable obstacle to further productive development, many scholars have argued that capitalist crises are as likely to facilitate further development as they are to obstruct it (Baran and Sweezy 1966; Cohen 2001).

On the other hand, the rise and spread of consumerism, as well as the deepening ecological crisis (Naess and Hoyer 2009), has led to a rethinking of the ways in which capitalism obstructs the overcoming of scarcity. Shifting the focus from the supply to the demand side of scarcity, many Marxist and socialist theorists identify consumerism as integral to capitalism’s compulsive reproduction of scarcity (Panayotakis 2005; Baran and Sweezy 1966; Strober 2003). In particular, many contemporary Marxists assume that, without capitalism’s artificial inflation of people’s wants and desires, it is possible to overcome scarcity without unduly increasing material production. This demand-side argument, which bolsters the idea that capitalism gives rise to a dialectic of scarcity, can, moreover, be amplified by a supply-side description of

capitalist wastefulness, as illustrated by the chronic persistence of unemployment and underemployment, by the various forms of social inequality and discrimination which waste people's talents and skills, and by capitalism's use of resources to produce harmful goods and services (Baran and Sweezy 1966; Dugger and Peach 2009; Townsend 2010).

This approach seemingly reconciles the commitment to overcome scarcity with contemporary Marxists' critique of capitalism's ecological havoc. It also seems to update Marx, since it incorporates the rise of a consumerist culture as well as its negative effects for human well-being and the planet. Adding to its plausibility is the literature showing that, beyond a certain level of material comfort, people's life satisfaction and happiness depends more on free time and the quality of their relationships with other people than it does on ever-growing material consumption.

On the other hand, even if Marx was too sanguine regarding capitalism's impact on people's needs, the deepening ecological crisis may ironically underline Marx's (1978a [1891]) greater realism regarding the level of production necessary to match the development of human needs in what he describes as the "higher phase of communist society." An example can illustrate this point. A future communist society committed to 'the development of all' (Marx and Engels 1978 [1848], p. 491) would enhance and equalize the education and cultural experiences of all human beings. Thus, it would probably increase people's awareness of the stunning natural beauty of faraway lands and the marvelous cultural accomplishments of civilizations having thrived thousands of miles away from their native land. As a result, the need and desire for international travel could increase exponentially. In view of the great environmental toll that air travel takes on the planet, a communist society's welcome

development of people's felt need for travel might, therefore, clash with ecological limits (Panayotakis 2011).

Thus, however preferable to capitalism such a society may otherwise be, it may not abolish neoclassical scarcity in this respect. Instead, it might ration international travel, so that, even though everyone would have equal opportunity to travel, international travel might not be available as frequently as people desired.

Thus, the problem with capitalism is not that it artificially reproduces scarcity. The real problem is capitalism's 'configurations of scarcity,' or the combination of the needs and desires that capitalism generates, on one side, with the resources people have to satisfy them, on the other. Just as the needs consumerist capitalism generates harm human well-being and the planet, so does capitalism's operation often lead to the waste, maldistribution, and harmful use of material resources. A democratic classless society might, by contrast, establish configurations of scarcity that were morally more defensible, ecologically more sustainable, and ultimately more conducive to human well-being, even if it could not abolish neoclassical scarcity altogether (Panayotakis 2011).

In short, the concept of scarcity has been used to evaluate capitalism by both its supporters and its critics. Neoclassical economics has used it to portray competitive capitalism as a largely efficient servant of consumer needs, while Marxists celebrate capitalism for creating the potential to abolish scarcity, even as they condemn its inability to turn this potential into a reality. Analyzing these two contrasting views and their respective flaws does contribute to the evaluation of the capitalist system. Capitalism's systematic generation of negative externalities and a consumerist culture harmful to human well-being and the planet undermine the neoclassical portrayal of capitalism as an efficient system. In reality, capitalism shapes both the

demand- and the supply-side parameters of scarcity in ways that undermine human well-being and the ecological integrity of our planet.

While critical of capitalism, this conclusion also departs from the Marxist vision of overcoming scarcity. This vision was originally based on problematic productivist assumptions. As a result, various Marxist and socialist scholars have more recently argued that a communist society could abolish scarcity by attacking capitalism's consumerist culture. However, this view does not take seriously Marx's recognition that a future communist society would likely develop people's needs and desires. As explained, this development could assume forms which would be welcome, even though they might clash with ecological limits. Thus, even such a society might still contend with the problem of material scarcity. Nevertheless, such a society might still be preferable to capitalism because its configurations of scarcity are more defensible than the ones capitalism generates. To the extent, moreover, that it would put an end to the political power differentials that have allowed capital to pursue accumulation through the imposition of externalities, such a society would arguably also prove more economically efficient than capitalism.

4 Capitalism's Economic Insecurity: A Boon or a Curse?

In this respect, scarcity does offer a vantage point from which to judge capitalism's performance, even if not as suggested by neoclassical economics and Marxism. But there is another, less theorized, vantage point from which to evaluate capitalism, that of economic insecurity. The rising levels of economic insecurity even in rich capitalist countries, such as the United States, have received growing attention (Hacker 2019; Levine 2015), but these scholars' accounts

usually take capitalism for granted, advancing proposals for reform rather than using economic insecurity as a yardstick for the evaluation of capitalism as a system.

An evaluation of capitalism's relationship to economic insecurity can build not just on these otherwise useful accounts. It can also draw from theorizations of capitalism which touch on its relationship to economic insecurity even if they don't make economic insecurity the center of their analysis. Important in this respect is the connection between economic insecurity and capitalism's economic and technological dynamism. Marxism's celebration of this dynamism stems from the prospect of overcoming scarcity by building on capitalism's productive achievements. But if this dynamism seemed to have implications for capitalism's relationship to scarcity, the causes of this dynamism speak to the relationship between capitalism and economic insecurity. In particular, both Marxist and non-Marxist economists, such as Joseph Schumpeter (1942), have traced the connections between the economic insecurity inherent in capitalist competition and the never-ending pressure on capitalist businesses to innovate and revolutionize production.

Before discussing this link between economic insecurity, capitalist competition and capitalism's technological dynamism, it is worth noting that such a discussion points to a more expansive understanding of economic insecurity than that prevailing in other scholarly treatments of this question (Richiardi and He 2020; Western et al., 2012). In such treatments, economic insecurity is viewed as a threat to individuals and households, thus obscuring the extent to which the economic insecurity afflicting individuals and households is deeply rooted in a capitalist system, which depends for its operation on the specter of economic insecurity being a menace to all economic actors, including capitalist firms. It is for this reason that, as the discussion below makes clear, I opt for the more expansive conception of economic insecurity, which recognizes

that the insecurity afflicting individuals and households cannot be understood in abstraction from the dynamics of a capitalist economy that makes economic insecurity the norm for all economic actors.

This more expansive conception of economic insecurity is consistent with Schumpeter's (1942) analysis of capitalism as a process of creative destruction, in which no business, however dominant, is immune to having its position and even continued existence challenged by new products or new production methods. This pressure from capitalist competition can explain Marx and Engels' (1978 [1848]) depiction of the bourgeoisie as a much more dynamic, innovative, and revolutionary force than pre-capitalist ruling classes. Because of economic competition, the capitalist class is much more compelled than its pre-capitalist predecessors to use the surplus it extracts from producers productively. Profit, which is the form the surplus takes in capitalist society, then provides both the motivation to pursue productive innovation and the material means by which to finance it (Panayotakis 2011; Bowles et al., 2005; Wolff and Resnick 2012; Wright and Rogers 2011). It is not surprising, then, that twentieth-century capitalism institutionalized innovation through the formation of research and development departments in most major corporations (Schumpeter 1942).

But capitalism's reliance on wage labor also inflicts insecurity on the majority of the population which can only survive by selling their labor power (Marx 1977 [1867]; Sweezy 1970; Wright and Rogers 2011). People's control over their labor power seemingly bolsters capitalism's claim to advance human freedom (Marx 1977 [1867]). However, this freedom is to some extent illusory, since most workers' only alternative to selling their labor power is to starve (Marx 1978c [1849]). And since capitalists are as free to decide which worker's labor power to hire and how long to hire it for, capitalism introduces a new economic risk for those engaged in

productive labor, namely unemployment. Thus, the specter of poverty and/or starvation threatens even those willing but unable to find anyone interested in buying their labor power (Panayotakis 2011; Stiglitz 2001).

Workers' economic insecurity is further aggravated by capitalist competition. Businesses often respond to competitive pressures by moving away from areas in which wages are high and labor unions are relatively strong. As the literature on deindustrialization shows, capitalist competition often undermines the economic security not just of the workers displaced but of entire communities, as the loss of large employers often devastates other local businesses and their workers as well as the tax base needed to support necessary services (Amott and Matthaeci 1991; Bluestone and Harrison 1999; Russo and Linkon 2009).

Similarly, the revolutionization of production that capitalism's creative destruction entails can endanger workers no less than capitalist businesses. New products and methods of production can render worker skills obsolete, while reducing the number of workers needed (Hacker 2019). And the displacement of workers by machines is also often triggered by economic booms, which temporarily increase demand for labor, thus increasing labor costs. Thus, as Marxists have long recognized, capitalism's operation keeps the gains of workers in check, while protecting capitalist profits. By replenishing the reserve army of unemployed, moreover, labor-saving technology undercuts workers' bargaining power and ability to organize, thus also undermining their protection from the economic insecurity capitalism subjects them to. Finally, this reserve army is also replenished by capitalism's periodic crises, which exacerbates workers' economic insecurity (Levine 2015; Marx 1977 [1867]; Sweezy 1970).

On the other hand, by vastly increasing labor productivity over the long term, this technological dynamism has facilitated the substantial improvements in the general living

standards that supporters of capitalism (Friedman and Friedman 1981; Hayek 1944; Schumpeter 1942; Smith 1909) have long celebrated. And for Schumpeter, at least, the long-term benefits of capitalism's process of creative destruction are much more decisive, when it comes to evaluating capitalism, than the neoclassical emphasis on capitalism's efficient use of scarce resources. In fact, Schumpeter (1942) argues, monopolistic corporate practices, which neoclassical economists might view as a source of economic inefficiency, are economically beneficial insofar as they provide the protections corporations need to undertake risky innovations.

Its possible connection to technological and economic progress notwithstanding, economic insecurity is a serious problem for ordinary people and workers, even the relatively well-paid (Hacker 2019; Kolko 1999; Levine 2015). The painful psychological toll from economic insecurity cannot, moreover, be normalized, the way scarcity often is, as an inevitable aspect of the human condition. Unlike scarcity, which refers to the gap between people's material needs and desires and the material means available to satisfy them, economic insecurity underscores the potential facing large and ever-growing numbers of people, even middle- and upper-middle class people in rich capitalist countries such as the United States, of losing their ability to meet basic subsistence needs (Panayotakis 2021; Hacker 2019; Levine 2015).

Recent accounts of increasing economic insecurity have contrasted this trend to the adoption of institutional devices during capitalism's post-war golden age, which reduced the economic insecurity facing ordinary people (Hacker 2019; Steger and Roy 2010). Thus, for example, Hacker (2019, pp. 156-7) called for "an improved framework of social protection that fills the most glaring gaps in the current patchwork" and helps mitigate the growth of economic insecurity over the last few decades.

The impulse to save and update the eroding protections against insecurity achieved in the past is understandable. However, if economic insecurity is just as integral to such central aspects of the capitalist economic system as wage labor and capitalist competition, rising levels of economic insecurity may be more consistent with the logic of that system than the mitigation of economic insecurity during capitalism's 'golden age.' In fact, one factor contributing to the post-war rise of welfare states and their mitigation of economic insecurity was the political insecurity of capitalist classes around the world as a result of the Russian Revolution (Panayotakis 2021; Desai 2013; Friedman 2000). With the end of the Cold War, by contrast, the perceived need for concessions to working people decreased, fueling neoliberal policies which have increased economic insecurity and redefined labor protections and the welfare state as drags on economic performance (Aronowitz 2006; Gindin 2012).

Thus, economic insecurity now confronts even middle-class people in rich capitalist countries, such as the United States, with the possibility of poverty, should they face such commonplace financial shocks as job loss, illness, or divorce (Amott and Matthaei 1991; Levine 2015; Hacker 2019). Moreover, as the record of neoliberal capitalism indicates, this economic insecurity for the many can mount even as continued technological innovation continues to enrich the wealthiest strata within capitalist society (Panayotakis 2012; Wright and Rogers 2011; Levine 2015).

This dynamic suggests that, although the general population's living standards have over the long term increased substantially in parts of the capitalist world, this is largely due to factors that are not as relevant today. On the one hand, the trickling down of capitalist growth was in part a response to the long, sometimes bloody, struggles of the labor movement, which eventually forced capitalist classes to recognize labor unions and offer concessions designed to

contain working-class militancy. But labor unions have long been in decline, partly as a result of trends inherent in capitalist development (Friedman 2008; Levine 2015). For example, capitalism's technological dynamism has created new transportation and communication technologies that globalize production, relocating it away from sites in which labor unions, as well as labor rights and protections, are strong (Mutari 2003; Bowles et al. 2005). By weakening unions, on the one hand, and increasing profits, on the other, the resulting shift in the balance of power has, moreover, reduced the labor movement's influence on government policy, including affecting the levels of economic insecurity facing ordinary people, while increasing the resources capital can devote to the pursuit of policies increasing economic insecurity and further undermining labor protections (Bowles and Edwards 1993; Crouch 2012; Levine 2015).

Moreover, in addition to undermining past worker gains, the end of the Cold War has vastly increased the geographical territory capital can invest in and the labor pool it can draw on, thus further undercutting the bargaining power of working people even in countries where some trickling down of capitalist growth had in the past occurred (Gindin 2012; Tabb 2012).

And, last but not least, the long-standing use of capitalist growth as a means to social peace and a substitute for economic redistribution has been based on ever-increasing depletion of natural resources and a corresponding degradation of the planet's ecosystems (Panayotakis 2006; Naess and Hoyer 2009; Tammilehto 2012). As the resulting ecological crisis deepens, the growing demand for natural resources and the proliferation of environmental problems, including climate change, further aggravate people's economic insecurity by contributing to wars, droughts, crop failures and rising food prices, disease, and natural disasters (Panayotakis 2011; Faber and Schlegel 2017; Klare 2001).

Thus, the problem with capitalism is not just that its economic and technological dynamism does not necessarily benefit the majority of the population. This dynamism can exacerbate this economic insecurity. Technological advances can displace workers or facilitate capital's movement from areas with more labor rights and protections to areas with none. The economic growth resulting from this dynamism leads to ecological problems which aggravate this economic insecurity further. Thus, even the technological advances that capitalism generates often become integral moments in a vicious cycle, whereby economic insecurity fuels technological and economic innovation, which, in turn, aggravates economic insecurity even further. Thus, the problem with capitalism may not be that it artificially reproduces scarcity but rather that it compulsively reproduces economic insecurity.

A post-capitalist society beyond economic insecurity is both easier to envisage and more consistent with ecological limits than a society beyond scarcity. Indeed, a society beyond economic insecurity would not need to make freely available to people any good or service they desired. It would instead give all able-bodied adults the opportunity both to contribute to production and to enjoy a living standard which, in addition to meeting basic subsistence needs, would be as ample as the need to respect the ecological integrity of the planet would permit. The fact that, after a certain level of material consumption, people's happiness and life satisfaction primarily depends on free time and relationships with other people, suggests that, even if such a society does not overcome scarcity, it can still prove vastly superior to the current order.

Despite their diametrically different conclusions, the neoclassical and Marxist traditions both assume that the economy should serve human well-being. This assumption is implicit in the neoclassical concept of Pareto optimality, which deems it desirable for economic systems to enhance one or more individual's well-being, if it would not adversely affect others. In Marx

(1981 [1894], pp. 958-9) this assumption is implicit in his distinction between the ‘realm of necessity’ of a future communist society and its ‘realm of freedom’. The former refers to the economic system, which would pursue material abundance through increased labor productivity that would also shorten the working day. This in turn, stems from Marx’s belief that the economic realm of necessity would ultimately be only a means to the richer life that people would lead within the realm of freedom consisting of creative activities pursued for their own sake.

In both the neoclassical and the Marxist case, however, the conclusions drawn from this insight were vitiated by these two traditions’ theorization of the relationship between capitalism and scarcity. Neoclassical economics has proven too vulnerable to the ideological conclusion that capitalism efficiently serves the sovereign consumer. Marx’s vision postulated the simultaneous achievement of ever-increasing levels of material abundance and ever shorter working days. The assumption of ever-increasing labor productivity underlying this vision is rendered problematic by the fact that the labor-saving technologies underlying increased labor productivity during the capitalist era have contributed to a deepening ecological crisis (Panayotakis 2011; Mahnkopf 1999; Naess and Hoyer 2009).

Thus, foregrounding capitalism’s relationship to economic insecurity allows us to elaborate the implications of the insight that the economy should serve human beings more convincingly than has been done by neoclassical economics and Marxism. To begin with, the vicious cycle between capitalism and economic insecurity suggests that capitalism is unable to subordinate the economy to human well-being. Despite the contribution that capitalist dynamism can at times make to well-being, this contribution is too uncertain and contingent on conditions that capitalism often undermines.

Pertaining to Marx's vision, the relationship between a communist society's realm of necessity and its realm of freedom has to be reconceptualized in light of the fact that ecological limits must dictate acceptable levels of material production and the extent to which labor-saving technologies can shorten the working-day. The democratic determination of questions regarding production and any possible trade-offs between production and free time, as well as the opportunity for all people to contribute to production and enjoy its fruits, can remove economic insecurity and democratize the realm of freedom. No longer monopolized by the members of an exploiting class, which built high culture at the expense of a majority confined in the realm of necessity, this realm of freedom could at last help make the development of each a condition for the development of all (Panayotakis 2021; Cohen 2001; Marx and Engels 1978 [1848]).

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