

“Absolute Capitalism”¹

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The French poet Charles Baudelaire wrote in 1864 that “the cleverest ruse of the Devil is to persuade you he does not exist!” I will argue here that this is directly applicable to today’s neoliberals, whose devil’s ruse is to pretend they do not exist. Although neoliberalism is widely recognised as the central political-ideological project of twenty-first-century capitalism, it is a term that is seldom uttered by those in power. In 2005, the New York Times went so far as to make neoliberalism’s nonexistence official by running an article entitled “Neoliberalism? It Doesn’t Exist.”

Behind this particular devil’s ruse lies a deeply disturbing, even hellish, reality. Neoliberalism can be defined as an integrated ruling-class political-ideological project, associated with the rise of monopoly-finance capital, the principal strategic aim of which is to embed the state in capitalist market relations. Hence, the state’s traditional role in safeguarding social reproduction—if largely on capitalist-class terms—is now reduced solely to one of promoting capitalist reproduction. The goal is nothing less than the creation of an absolute capitalism. All of this serves to heighten the extreme human and ecological destructiveness that characterises our time.

The Origins of Neoliberalism

The notion of neoliberalism is nearly a century old, although its main political influence is much more recent. It first arose as an ideology in the early 1920s in the face of the collapse of liberalism nearly everywhere in Europe, and in response to the rise of German and Austrian social democracy, particularly developments in Red Vienna. It had its first notable appearance in Austrian economist and sociologist Ludwig von Mises’s three works: *Nation, State, and Economy* (1919), *Socialism* (1922), and *Liberalism* (1927). Mises’s ideas were immediately recognised as representing a sharp departure from classical liberalism, leading the prominent Austro-Marxist Max Adler to coin the term neoliberalism in 1921. Mises’s *Socialism* was subjected to a sharp critique by another gifted Austro-Marxist, Helene Bauer, in 1923 and to a more extended critique entitled “Neoliberalism” by the German Marxist Alfred Meusel, writing for Rudolf Hilferding’s *Die Gesellschaft* in 1924.

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For Meusel and Bauer, the neoliberal doctrine presented by Mises was far removed from classical liberalism and constituted a new doctrine devised for the era of “mobile capital” or finance capital, of which Mises was a “faithful servant.” It was expressly aimed at justifying the concentration of capital, the subordination of the state to the market, and an openly capitalist system of social control. Mises’s neoliberalism, Meusel wrote, was characterised by the merciless radicalism with which he attempts to derive the totality of social manifestations from a single principle of competition. Everything opposed to the complete ascendance of the competitive principle was characterised by Mises as “destructionism,” which he equated with socialism. For Mises, Charles Dickens, William Morris, George Bernard Shaw, H. G. Wells, Émile Zola, Anatole France, and Leo Tolstoy were all “without perhaps being aware of it...recruiting agents for Socialism...paving the way for destructionism,” while actual Marxists were nothing more than destructionists, pure and simple.

In *Liberalism*, Mises explicitly distinguished between “the older liberalism and neoliberalism” on the basis of the former’s commitment, at some level, to equality, as opposed to the complete rejection of equality (other than equality of opportunity) by the latter. The question of democracy was resolved by Mises in favor of “a consumers’ democracy.” Where democracy is concerned, he wrote, “free competition does all that is needed.... The lord of production is the consumer.”

Mises was to exert an enormous influence on his younger follower Friedrich von Hayek, who was originally drawn to Mises’s Socialism and who attended Mises’s private seminars in Vienna. They shared a hatred of the Austro-Marxists’ Red Vienna of the 1920s. In the early 1930s, Hayek left Vienna for the London School of Economics at the invitation of Lionel Robbins, an early British neoliberal economist. Mises took on the role of economic consultant to the Austro fascist Chancellor/dictator Engelbert Dollfuss prior to the Nazi takeover. In his work *Liberalism*, Mises declared: “It cannot be denied that Fascism and similar movements [on the right] aiming at the establishment of dictatorships are full of the best intentions and that their intervention has, for the moment, saved European civilisation. The merit that Fascism has thereby won for itself will live on eternally in history.” He later emigrated to Switzerland and then to the United States with the support of the Rockefeller Foundation, taking up a teaching post at New York University.

The Great Transformation Reversed

The most important critique of neoliberalism in the early post-Second World War years was to be Karl Polanyi’s attack on the myth of the self-regulating market in *The Great Transformation*, published in 1944, at a time when the allied victory was already certain and the nature of the postwar order in the West was becoming clear. Polanyi’s critique grew out of his earlier defence of Red Vienna in the 1920s, where he had identified to a considerable extent with AustroMarxists like Adler and Otto Bauer, strongly opposing the views of Mises, Hayek, and others on the right. The neoliberal project, Polanyi explained in *The Great Transformation*, was to embed social relations in the economy, whereas prior to capitalism the economy had been “embedded in social relations.” Polanyi’s book, however, appeared in a context in which it was assumed that the neoliberal perspective was all but doomed, with the “great transformation” standing for the

triumph of state regulation of the economy, at a time when John Maynard Keynes was recognised as the dominant figure in state-economic policy, in what came to be known as the Age of Keynes.

Nevertheless, Polanyi's deeper concerns regarding attempts to rejuvenate market liberalism were, in part, justified. The Walter Lippmann Colloquium held in France in 1938, just prior to the outbreak of the Second World War, with Mises and Hayek both present, had constituted the first step at creating a capitalist international among major intellectual figures. At the time, the term neoliberalism was explicitly adopted by some participants, but was to be later abandoned, no doubt with the memory of the strong critiques that arose in the 1920s. Still, the neoliberal project was taken up again after the war. In 1947, a mere three years after the publication of Polanyi's *The Great Transformation*, the Mont Pèlerin Society was established. It was to become the institutional basis, along with the University of Chicago Department of Economics, for the reemergence of neoliberal views. A key participant in the inaugural conference, in addition to Mises, Hayek, Robbins, Milton Friedman, and George Stigler, was Karl Polanyi's younger brother, Michael Polanyi, the noted chemist, philosopher of science, and virulent Cold Warrior. Keynesianism dominated the entire period of what is now sometimes called the Golden Age of capitalism in the first quarter-century after the Second World War. But in the mid-1970s, with the appearance of a major economic crisis and the beginnings of economic stagnation first manifested as stagflation, Keynesianism disappeared within the economic orthodoxy. It was to be replaced by neoliberalism, first in the guise of monetarism and supply-side economics, and then in the form of a generalised restructuring of capitalism worldwide and the creation of a market-determined state and society.

The critical figure who best captured the essence of neoliberalism almost the moment that it rose to dominance, analysing it extensively in his 1979 lectures at the Collège de France on *The Birth of Biopolitics*, was Michel Foucault. As Foucault brilliantly explained, the role of the state is no longer to protect property, as in Adam Smith, or even to be an executive for the common interests of the capitalist class, as in Karl Marx. Rather, its role under neoliberalism became one of the active expansion of the market principle, or the logic of capitalist competition, to all aspects of life, engulfing the state itself. As Foucault wrote,

Instead of accepting a free market defined by the state and kept as it were under state supervision—which was, in a way, the initial formula of liberalism, [neoliberals]...turn the formula around and adopt the free market as [the] organizing and regulating principle of the state.... In other words: a state under the supervision of the market rather than a market supervised by the state.... And what is important and decisive in current neoliberalism can, I think, be situated here. For we should not be under any illusion that today's neoliberalism is, as is too often said, the resurgence or recurrence of old forms of liberal economics which were formulated in the eighteenth and nineteenth centuries and are now being reactivated by capitalism for a variety of reasons to do with its impotence and crises as well as with some more or less local and determinate political objectives. In actual fact, something much more important is at stake in modern neoliberalism.... What is at issue is whether a market economy can in fact serve as the principle, form, and model

for a state which, because of its defects, is mistrusted by everyone on both the right and the left, for one reason or another.³

In a nutshell, Foucault declared: “The problem of neoliberalism is...how the overall exercise of political power can be modelled on the principles of the market economy.” Its single-minded goal is “privatised social policy.”

In the neoliberal era, the state was not to intervene to counter the effects of the system, but was simply to promote through its interventions the spread of the rule-based system of the market into all recesses of society. It was thus the guarantor of a self-regulating and expansive market, from which neither the society nor the state itself were immune. Monopoly and oligopoly were no longer considered violations of the principle of competition, but mere manifestations of competition itself. Perhaps most important in distinguishing classical liberalism and neoliberalism, according to Foucault, was the emphasis of the former on a fictional equal exchange or *quid pro quo*. For neoliberalism, in contrast, free competition, reinterpreted to embrace monopoly power and vast inequalities, was the governing principle, not exchange.

The overriding of the state’s social-reproductive role in favor of neoliberal financialisation was most apparent, Foucault argued, in the demise of social insurance, along with all forms of social welfare. In the neoliberal system, “it is up to the individual [to protect himself against risks] through all the reserves he has at his disposal,” making the individual prey to big business without any protection from the state. The result of this shift was the further growth of privatised financial assets monopolised by a very few.

Neoliberalism, conceived in this way, is the systematic attempt to resolve the base-superstructure problem, perceived as an obstacle to capital, through the introduction of “a general regulation of society by the market” to be carried out by a state—itsself subordinated to the market principle. This new capitalist “singularity” is to be extended to all aspects of society, as an all-inclusive principle from which no exit is possible. Even economic crises are to be taken as mere indicators of the need to extend the logic of the market further.

As Craig Allan Medlen, building on Paul A. Baran and Paul M. Sweezy’s *Monopoly Capital*, explains in *Free Cash, Capital Accumulation and Inequality*, today’s neoliberal order involves a systematic shift in the “boundary line” between state economic activities and the private sector. This boundary line has now shifted decisively against the state, leaving little room for the state’s own consumption and investment, outside of the military sector, and with the state increasingly subsidising the market and capital through its fiscal and monetary operations.

When neoliberalism reemerged in the late 1970s, it was thus as an opportunistic virus in a period of economic sickness. The crisis of Keynesianism was related to deepening problems of surplus capital absorption or overaccumulation in the developing monopoly-capitalist economy.

³ Foucault, *The Birth of Biopolitics*, 145. The square brackets in the quotation were inserted by the editor of Foucault’s lectures

Neoliberal restructuring arose in these circumstances first in the forms of monetarism and supply-side economics, and then evolved into its current form with the financialisation of the system, itself a response to economic stagnation. With the growth of excess capacity and stagnant investment, money capital increasingly flowed into the financial sector, which invented new financial instruments with which to absorb it. Financial bubbles propelled the economy forward. None of this, however, removed the underlying stagnation tendency. In the decade since the Great Recession, as distinguished from all previous post-Second World War decades, the capacity-utilisation rate in manufacturing in the United States has never surpassed 80 percent—a level chronically insufficient to ignite net investment.

All of this reflects the transition from twentieth-century monopoly capital to twenty-first-century monopoly-finance capital. This is evident in an explosion of credit and debt, institutionalised within the system despite periodic financial crises, leading to a whole new financial architecture for amassing wealth. The seizure of excess profits on a world scale through the new imperialism of the global labor arbitrage was made possible by digital systems of financial and technological control, and the opening of the world market after 1989. All of this has culminated in a globalised process of financialisation and value capture, directed by the financial headquarters of multinational corporations at the apex of the capitalist world economy.

The diminishing role of the state both as an instrument of popular sovereignty and of social protection has led to a crisis of liberal democracy. The greatest inequality in history plus the undermining of the economic and social conditions of the vast majority of the population has given rise to massive, but still largely inarticulate, discontent. Capital's response to this destabilising situation has been to try to mobilise the largely reactionary lowermiddle class against both the upper-middle class and the working class (especially through racist attacks on immigrants), while making the state outside the market the enemy—a strategy that David Harvey has recently referred to as a developing “alliance” between neoliberalism and neofascism.

Absolute Capitalism and Social-System Failure

In Foucault's interpretation, neoliberalism is as remote from laissez-faire as it is from Keynesianism. As Hayek argued in *The Constitution of Liberty*, the neoliberal state is an interventionist, not laissez-faire, state precisely because it becomes the embodiment of a rule-governed, market-dictated economic order and is concerned with perpetuating and extending that order to the whole of society. If the neoliberal state is noninterventionist in relation to the economic sphere, it is all the more interventionist in its application of commodity principles to all other aspects of life, such as education, insurance, communications, health care, and the environment.

In this ideal, restructured neoliberal order, the state is the embodiment of the market and is supreme only insofar as it represents the law of value, which in Hayek's terms is virtually synonymous with the “rule of law.” The hegemonic class-property relations are encoded in the juridical structure and the state itself is reduced to these formal economic codes embodied in the legal system. What Hayek means by “the rule of law,” according to Foucault, is the imposition of “formal economic legislation” that “is quite simply the opposite of a plan. It is the opposite of

planning.” The object is to establish “rules of the game” that prevent any deviation from the logic of commodity exchange or capitalist competition, while extending these relations further into society, with the state as the ultimate guarantor of market supremacy. Foucault contends that this principle was most explicitly enunciated by Michael Polanyi, who wrote in *The Logic of Liberty*: “The main function of the existing spontaneous order of jurisdiction is to govern the spontaneous order of economic life.... [The] system of law develops and enforces the rules under which the competitive system of production and distribution operates.”

Hence, the supremacy of the dominant social relations of production or hegemonic class-property forms is encoded in the rule of a commodified legal structure. The new Leviathan, which has discarded any precapitalist trappings, is no longer a force above or external to the realm of commodity exchange—that is, a superstructure—but is subordinated to the logic of the market, which it is its role to enforce. This, Foucault suggests, is Max Weber’s rational-legal order, which turns out to be simply the imposition of formal economic relations circumscribing the state. At the same time, the state is given the role of enforcing this new privatised order through its monopoly of the legitimate use of force.

Hence, Abraham Bosse’s famous frontispiece for Thomas Hobbes’s *Leviathan*, depicting the giant sovereign composed of individuals who have transferred their sovereignty to the monarch, would today take the form of a giant rational-legal individual in a two-piece suit composed internally of corporations, replacing the multitude. The crownless sovereign power would now be portrayed as holding not a scepter in one hand and a sword in the other, but the fourteenth amendment of the U.S. Constitution (originally meant to ensure the rights of former slaves but transformed into the basis of corporate personhood) in one hand and a cruise missile in the other. The neoliberal Leviathan is a state that increasingly has a single function and follows a single market logic—and in those terms alone it is absolute and represents an absolutist capitalism.

Naturally, absolute capitalism is not without contradictions, of which five stand out: economic, imperial, political, social-reproductive, and environmental. Together, they point to a general system failure. The economic-crisis tendencies are best viewed from the standpoint of Marx’s wider critique of the laws of motion of capital. Economically, neoliberalism is a historical-structural product of an age of mobile monopoly-finance capital that now operates globally through commodity chains, controlled by the financial headquarters of the multinational corporations in the core of the world economy, which dominate international capital flows. The inherent instability of the new absolute capitalism was marked by the Great Financial Crisis of 2007–9. Overaccumulation and stagnation remain the central economic contradictions of the system, leading to corporate mergers and financialisation (the shift toward the amassing of financial assets by speculative means) as the main countervailing factors. All of this, however, simply exacerbates the top-heavy character of twenty-first-century capitalism intensifying its already-existing long-term tendencies toward disequilibrium and crisis.

Neoliberal globalisation refers specifically to the system of global labor arbitrage and commodity chains, coupled with the growth of worldwide monopolies. The fulcrum of this form of imperialism is the systematic exploitation of the fact that the difference in wages between the

global North and South is greater than the difference in their productivities. This creates a situation whereby the low unit labor costs in emerging economies in the global South become the basis of today's supply chains and the new system of value capture. These international economic conditions mark the advent of a new imperialism that is generating increasing global inequality, instability, and world struggle, made worse in our age by declining U.S. hegemony, which points to the prospect of widening and unlimited war.

As indicated above, the neoliberal regime represents a new synergy of state and market, with the increasing subordination of the social-reproduction activities of the state to capitalist reproduction. Whole sections of the state, such as central banking, and the main mechanisms of monetary policy, are outside effective governmental control and under the sway of financial capital. Under these circumstances, the state is increasingly viewed by the population today as an alien entity. This raises contradictions with respect to the three key social classes below the super-rich and the rich: the upper-middle class, the lower-middle class, and the working class.

In a broad sketch focusing on advanced capitalist society, the upper-middle class can be seen as consisting predominantly of a professional-technical stratum deeply suspicious of any attacks on government, since its position is dependent not simply on its economic class but also on the general system of political rights. It is therefore wedded to the liberal-democratic state. In contrast, when taken by itself, the lower-middle class, made up mainly of small business owners, middle management, and corporate-based white-collar salaried and sales workers (particularly the white, lesseducated, rural, and fundamentalist-religious sectors), is generally antistate, procapital, and nationalist. It sees the state as chiefly benefitting its two main enemies: the upper-middle class and the working class—the former perceived as benefitting directly from the state, the latter increasingly designated in racial terms. The lower-middle class includes what C. Wright Mills called “the rearguarders” of the capitalist system, mobilised by the wealthy in times of crisis when a defence of capitalist interests is considered essential, but represents in itself an extremely volatile element of society. The working class, essentially the bottom 60 percent of income earners in the United States, is the most oppressed and most diverse population (and thus the most divided), but nonetheless the enemy of capital.

The biggest threat to capital today, as in the past, is the working class. This is true both in the advanced capitalist countries themselves and even more so in the periphery, where the working class overlaps with the dispossessed peasantry. The working class is most powerful when able to combine with other subaltern classes as part of a hegemonic bloc led by workers (this is the real meaning of the Occupy Wall Street movement's “we are the 99%”).

The 1 percent thus find themselves potentially without a political base, which remains necessary to continue the neoliberal, absolute-capitalist project. Thus, from Donald Trump to Jair Bolsonaro, we see the emergence of a tenuous working relationship between neoliberalism and neofascism, meant to bring the rear guard of the system into play. Here, the goal is to enlist the white, rural, religious, nationalistic lower-middle class as a political-ideological army on behalf of capital. But this is fraught with dangers associated with right-wing populism and ultimately threatens the demise of the liberal-democratic state.

The major gender, race, community, and class contradictions of capitalist society today reflect crises that extend beyond the narrow confines of workplace exploitation to the wider structures in which the lives of working people are embedded, including the major sites of social reproduction: family, community, education, health systems, communications, transportation, and the environment. The destruction of these sites of social reproduction, along with deteriorating working conditions, has brought back what Frederick Engels called “social murder,” manifested in the declining life expectancy in recent years in the mature capitalist economies. It is in these wider social domains that such issues as the feminisation of poverty, racial capitalism, homelessness, urban-community decay, gentrification, financial expropriation, and ecological decline manifest themselves, creating the wider terrains of class, race, social-reproductive, and environmental struggle, which today are merging to a remarkable degree in response to neoliberal absolute capitalism.

The conflict between absolute capitalism and the environment is the most serious contradiction characterising the system in this (or any) phase, raising the question of a “death spiral” in the human relation to the earth in the course of the present century. The age of ecological reform, in the 1970s, was soon displaced by a new age of environmental excess. In absolute capitalism, absolute, abstract value dominates. In a system that focuses above all on financial wealth, exchange value is removed from any direct connection to use value. The inevitable result is a fundamental and rapidly growing rift between capitalist commodity society and the planet.

Exterminism or Revolution

As we have seen, Mises employed the notion of destructionism to characterise the role of socialism. So important was this in his perspective that he devoted the entire fifty-page-long Part 5 of his book *Socialism* to this topic. “Socialism,” he wrote, “does not build; it destroys. For destruction is the essence of it.” It simply carries out the “consumption of capital” with no replacement or increase. Destructionism was best characterised, in his view, as a society that in the present consumed to the utmost extent, with no concern for the future of humanity—a future which he saw as residing in the accumulation of capital. Marx.

Ironically, today’s monopoly-finance capital is typified by the very kinds of absolute destructionism that Mises so deplored. Although technological change (particularly via the military) continues to advance, capital accumulation (investment) is stagnant at the center of the system, except where spurred on temporarily by tax cuts on corporations and privatisation of state activities. Meanwhile, income and wealth inequality is rising to stratospheric levels; workers worldwide are experiencing a decline in material conditions (economic, social, and ecological); and the entire planet as a place of human habitation is in jeopardy. All this is the result of a system geared toward the most egregious forms of exploitation, expropriation, waste, and predation on a world scale. Science now tells us that the capitalist juggernaut, if present trends continue, will soon undermine industrial civilisation and threaten human survival itself—with many of the worst effects occurring during the lifetime of today’s younger generations.

A useful reference point, with which to gain a historical and theoretical perspective on the present planetary emergency, is Marx and Engels’s analysis of conditions in colonial Ireland from the

1850s to the 1870s. Here, the operative term was extermination. As Marx wrote in 1859, English (and Anglo-Irish) capitalists after 1846—marking the Great Irish Famine and the Repeal of the Corn Laws—were involved in “a fiendish war of extermination against the cottiers,” or the mass of Irish peasant subsistence farmers “ground to the dust” and dependent on the cultivation of potatoes as a subsistence crop. Irish soil nutrients were being exported with Irish grain, without return, to feed English industry. The decades immediately following the Great Famine were thus referred to by Engels as the Period of Extermination. The term extermination as used here by Marx and Engels, along with many of their contemporaries, had two related meanings at the time: expulsion and annihilation. Extermination thus summed up the terrible conditions then facing the Irish.

At the root of the Irish problem in the mid–nineteenth century was a “more severe form of the metabolic rift” associated with the colonial system. With the gradual expulsion and annihilation after 1846 of the poor peasant farmers, who had been responsible for fertilising the soil, the entire fragile ecological balance underlying the production of crops and the replacement of nutrients in Ireland was destabilised. This encouraged further rounds of clearances, expulsion of the peasantry, consolidation of farms, and the replacement of tillage with pasture geared to English meat consumption. The Irish peasants were thus faced, as Marx put it in 1867, with a choice between “ruin or revolution.”

Today, analogous conditions are arising on a planetary scale, with subsistence farmers everywhere finding their conditions undermined by the force of global imperialism. Moreover, ecological destruction is no longer mainly confined to the soil, but has been extended to the entire Earth System, including the climate, endangering the population of the earth in general and further devastating those already existing in the most fragile conditions. In the 1980s, Marxist historian E. P. Thompson famously penned “Notes on Exterminism, the Last Stage of Civilisation” examining planetary nuclear and environmental threats. It is no secret that human lives in the hundreds of millions, perhaps billions, are threatened this century by material destruction—ecological, economic, and military/ imperial. Innumerable numbers of species are now on the brink of extinction. Industrial civilisation itself faces collapse with a 4°C increase in global average temperature, which even the World Bank says is imminent with the continuation of today’s business as usual. Hence, the old socialist slogan famously associated with Rosa Luxemburg, Socialism or Barbarism!, is no longer adequate and must be replaced either by Socialism or Exterminism!, or with Marx’s Ruin or Revolution!

The neoliberal drive to absolute capitalism is accelerating the world toward exterminism or destructionism on a planetary scale. In perpetrating this demolition, capital and the state are united as never before in the post-Second World War world. But humanity still has a choice: a long ecological revolution from below aimed at safeguarding the earth and creating a world of substantive equality, ecological sustainability, and satisfaction of communal needs—an ecosocialism for the twenty-first century