

DEMOCRACY AGAINST CAPITALISM: LIBERALISM

In Chapter 7 of *Democracy against Capitalism* Ellen Meiksins Wood sets out an historical analysis of the politics of the transition from Feudalism to Capitalism, starting with England. In Wood's telling, two of the major steps along the way were Magna Carta and the Glorious Revolution of 1688. Both events temporarily settled the relations between the nobility and centralizing state in the person of the monarch. Neither event had anything to do with the establishment of democracy in the sense of rule by the people. The settlements assume the continued servility of the masses, and continued domination by the aristocracy. The power of the nobility was based on their economic domination through non-economic means, military, juridical, and ideological, and on control over the power of the nascent state.

As feudalism morphed into capitalism, domination was split between two forces, the centralizing state and increasing economic power, mostly held by the aristocracy and by the rising merchant class. The latter were threatened by growing centralized power, and reacted to it by working to increase the power of the Parliament which they controlled. Capitalism helped make this possible because the economically dominant class was able to extract surplus from the productive sector through economic power, only somewhat aided by the power of the state.

Liberalism became the dominant ideology among the dominant economic class. This use of the term "liberal" has a specific meaning: it refers to a set of values including limited government, constitutionalism, individual rights and civil liberties. Kindle Loc. 4499. The pre-condition for this kind of liberalism is the existence of a centralized state, one that has to be limited by these ideological constructs. Kindle Loc.

The dominant classes were willing to extend civil protections from the central state to the multitudes. What they were not willing to do was to allow any intrusion on their rights of property. That led to a search for legal and constitutional protections of their property rights. Capitalism provided the economic framework for this project. Citizenship relates to the State, and a growing right to select representatives to govern. Citizenship is irrelevant to the economy, where the economically dominant class controls everything. Legal and ideological structures protect that division.

Wood looks at US history, and sees a somewhat similar process. In the US, a limited form of democracy existed in the States at the time the Constitution was written, and the Founding Fathers could not displace it. Still, the same solution emerged. The Constitution protects property interests. Theoretically, all citizens share in that protection of property, but the emphasis is on political freedoms, the liberal freedoms of individual rights and civil liberties, and limited government. The principle limit on government was to prevent it from imposing restrictions on the free use of property. The dominant class, first merchants, then industrialists, and then financiers, controls the economy.

The idea was that all citizens would be represented by their elected officials. Wood says that the representatives are removed from the people at large, both spatially in the sense that the central government was isolated; and in the sense that the representatives are few in number compared to the number of citizens.

In 'representative democracy' rule by the people remained the principal criterion of democracy, even if *rule* was filtered through representation tinged with oligarchy, and *the people* was evacuated of its social content. Kindle

Loc. 4436; ital. in orig.

The term “social content” means the natural social context in which people live, relations of home, work, church, community. This idea of representation is natural according to Alexander Hamilton in Federalist No. 35, quoted by Wood


The idea of actual representation of all classes of the people, by people of each class, is altogether visionary... Mechanics and manufacturers will always be inclined, with few exceptions, to give their votes to merchants in preference to persons of their own professions or trades.... they are aware, that however great the confidence they may justly feel in their own good sense, their interests can be more effectually promoted by merchants than by themselves. They are sensible that their habits in life have not been such as to give them those acquired endowments without which, in a deliberative assembly, the greatest natural abilities are for the most part useless... We must therefore consider merchants as the natural representatives of all these classes of the community. Kindle Loc. 4240.

These words could have come from Plato, substituting a different elite for merchants, or from any other elitist theorist. This obviously is not rule by the people, as in the original meaning of democracy. As I type this, we can see our elitists in action, busily confirming a known liar and a sexual creep to join four other conservative hacks on SCOTUS, where they will decide just how much majority rule we are allowed.

The political sphere is the home of limited government, the home of civil liberties, the home of individual rights. That sphere is separate from the economic sphere, which is put

into the hands of the oligarchs, the rich, and their minions. The economic sphere is the area that provides us with the means to live, mostly by selling our labor. The idea is that the political sphere is not supposed to interfere with the economic sphere, insuring that every part of our productive lives are at the disposal of the rich, including our ability to provide our families and ourselves with food and shelter.

Wood sees liberalism as “democracy tinged with oligarchy”. As I explain in this 2013 post at Naked Capitalism, we live in an oligarchy inside a democracy. This and similar posts at FDL are based on *Oligarchy in the United States?* by Benjamin Page and Jeffrey Winters and on Winters’ book *Oligarchy*. They argue that Oligarchs share three interests:

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1. Protecting and preserving wealth
 2. Insuring the unrestricted use of wealth
 3. Acquiring more wealth.

Oligarchs differ on what we call social issues (the carceral state, abortion, gay rights, guns and so on), which in Wood’s telling are the domain of the political sphere. Consequently some legislation on those issues is possible. Their views on economic issues are almost identical. A threat to one rich person is a threat to all. Therefore they unite on economic issues and generally prevail when legislation or regulation threatens any of them. Or when they really want a SCOTUS nominee to be confirmed.