

# SEMINARI di DIPARTIMENT



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## **DOES DEMOCRACY NEED TO BE SAVED FROM CAPITALISM – OR THE OTHER WAY ROUND? PIKETTY, HAYEK, DURKHEIM, AND THE FUTURE OF SOCIAL DEMOCRACY**

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A market economy is a gigantic machine that through the division of labour, exchange on markets and competition creates value from the random distribution of talents and the boundlessness of human imagination. Its potential to do so is further boosted by the banking system and financial markets, that have made it possible to separate ownership and finance from management and production. An unintended consequence of these mechanisms, however, is the emergence of extreme socio-economic inequalities.

According to Thomas Piketty in *Capital in the Twenty-first Century*, the contrast between the arbitrariness of these inequalities and the meritocratic values of democratic societies threatens the latter's stability and survival. In order to save democracy, we must transform capitalism by reducing the inequalities it creates. In *Capital et idéologie*, he argues that unless these inequalities can be justified, the global capitalist system itself risks destruction. We must transform capitalism in order to save it from itself.

Friedrich Hayek, on the contrary, claims that capitalism needs to be saved from democracy if it adopts the idea of distributive justice: social democracy will kill the capitalist goose that lays the golden egg of economic growth.

Both authors share a concern about the stability of a democratic market society. Their ideas of what threatens it and how it might be saved, however, are radically opposed.

The stability of a market society is also the central problem of Emile Durkheim's *De la division du travail social*. His thesis is that, regardless of the political system, the market process will produce all the advantages economists claim for it provided it is embedded in a society with a sufficient degree of social cohesion. If it is not, the absence of solidarity turns competition into a centrifugal force that may tear society apart.

Durkheim offers a theory that is more general than Piketty's collection of ideas: it is not limited to a democratic society, and inequalities are an aspect or an expression of a lack of solidarity. This raises the question why Piketty does not systematically link his ideas to Durkheim's. Hayek on the other hand sees in Durkheim's idea of solidarity an example of what threatens a market order.

I will examine the various connections between Piketty's *socialisme participatif*, Hayek's liberalism, and Durkheim's analysis. Piketty rejects Marx' idea that the ideological superstructure is dependent on the economic base. That may be the reason why he overlooks the possibility of transforming the economic base of the capitalist system itself before resorting to the measures for reducing inequalities that he proposes. It may also explain his neglect of Durkheim.

I will argue that social democracy is a rational and egalitarian political system that has the best prospects for saving capitalism from itself. Whether it is capable of saving itself, however, is a problem whose solution can by no means be taken for granted. Karl Popper's paradox of democracy may realize itself gradually and by neglect instead of through an explicit decision to abolish democracy