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## CAPITALISM AND THE POLYCRISIS: BAD APPLES OR BAD BARREL?

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### ABSTRACT

This essay is about the polycrisis, whereby the global order is afflicted by simultaneous crises impacting economics, politics, societal relations, geopolitics, and nature. The essay uses the metaphor of “bad apples” versus “bad barrel” to explain the argument. The “bad apples” explanation views the polycrisis as a series of idiosyncratic crises, and it leaves the free market ideal intact and absolves capitalism. The “bad barrel” explanation sees the polycrisis as being systemically produced, and it contests the free market ideal and identifies capitalism as the driving cause. The Neoliberal era (1980 – present) has surfaced the polycrisis, and the crisis openly revives Luxemburg’s question of “socialism or barbarism?” There is much to be done if society is to avoid a repeat of barbarism. That includes persuasively explaining capitalism’s flaws, articulating the future of socialism, and breaking the chokehold on politics that blocks surfacing these issues. The Chinese proverb is “A journey of a thousand miles begins with a single step.” That is true, but we should also seek to ensure the first step is in the right direction. Acknowledging the polycrisis and recognizing it is a product of capitalism’s “bad barrel” does both.

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# Capitalism and the polycrisis: bad apples or bad barrel?

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## Abstract

This essay is about the polycrisis, whereby the global order is afflicted by simultaneous crises impacting economics, politics, societal relations, geopolitics, and nature. The essay uses the metaphor of “bad apples” versus “bad barrel” to explain the argument. The “bad apples” explanation views the polycrisis as a series of idiosyncratic crises, and it leaves the free market ideal intact and absolves capitalism. The “bad barrel” explanation sees the polycrisis as being systemically produced, and it contests the free market ideal and identifies capitalism as the driving cause. The Neoliberal era (1980 – present) has surfaced the polycrisis, and the crisis openly revives Luxemburg’s question of “socialism or barbarism?” There is much to be done if society is to avoid a repeat of barbarism. That includes persuasively explaining capitalism’s flaws, articulating the future of socialism, and breaking the chokehold on politics that blocks surfacing these issues. The Chinese proverb is “A journey of a thousand miles begins with a single step.” That is true, but we should also seek to ensure the first step is in the right direction. Acknowledging the polycrisis and recognizing it is a product of capitalism’s “bad barrel” does both.

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## 1. Introduction

This essay is about the polycrisis, a concept introduced in the 1990s by the French theorists Edgar Morin and Anne-Brigitte Kerne (1993). The economic historian Adam Tooze is widely credited with popularizing the concept in a 2022 op-ed in the *Financial Times* and via a profile interview given at the 2023 World Economic Forum in Davos, Switzerland. The concept captures the idea that multiple distinct crises can occur simultaneously, and they may also interact to amplify the overall crisis effect. The claim is that the global order is now afflicted by a polycrisis which impacts economics, politics, societal relations, geopolitics, and nature. The crisis is global

in that all countries are being impacted by the elements of the polycrisis, albeit in different degrees.

Analyzing the polycrisis requires identifying its elements. Therein lies a major problem as each element is so large it easy to get sucked into explaining them, thereby losing sight of the whole. This essay resists that temptation and focuses on the entirety of the crisis rather than its individual elements. That focus produces a dramatically different understanding. The essay uses the metaphor of “bad apples” versus “bad barrel” to explain the argument. The “bad apples” explanation views the polycrisis as a series of idiosyncratic crises. It leaves the free market ideal intact, absolves capitalism, and it can easily incline to diminishing the phenomenon by lowering the count of bad apples. The “bad barrel” explanation sees the polycrisis as being systemically produced. It contests the free market ideal, and it identifies capitalism as the driving cause. The “bad apples” explanation is identified with the liberal account of the crisis, while the “bad barrel” explanation is identified with the left (Marxist) account.

The balance of the essay is as follows. Section 2 frames and compares the bad apples and bad barrel hypotheses. Section 3 describes the elements of the polycrisis and their inter-linked nature. Section 4 describes the foundational role of capitalism therein. Section 5 analyzes political resistance to acknowledging the polycrisis. Section 6 addresses the Pollyanna critique whereby the world is getting better materially, which supposedly disproves the polycrisis. Section 7 analyzes the crisis of politics which blocks tackling the polycrisis. Section 8 concludes the paper and argues the polycrisis revives Rosa Luxemburg’s framing of capitalism as posing a choice for society between socialism or barbarism.

## **2. Competing hypotheses: bad apples or bad barrel?**

The starting point of the argument is identifying the elements of the polycrisis. The polycrisis is a

general construct, and the issue of what constitutes its elements is not settled. The essay identifies six crises, and it uses those six to illustrate the argument. In principle, other crises may be added, and some may be subtracted or redefined. That openness does not challenge the core theoretical construct. What constitutes the defining elements involves judgment.

The question of what defines a crisis is also relevant as crisis is a frequently used word, which is applied to a wide range of events and developments. As regards the polycrisis, I define crisis as referring to developments which put the reproduction of the system at risk. The elements of the polycrisis are each of such magnitude that they could fundamentally change the system or compel a reset intervention to save and restart the system.

The six crises are identified as economics, socioeconomics, technology, politics, imperialism and militarism, and ecology. Each is discussed further below. The “bad apples” versus “bad barrel” distinction concerns causal explanation, the relationship of the crises to each other, and the relationship of each crisis to the overarching system. The two approaches are illustrated in Figures 1 and 2, respectively. Figure 1 illustrates the “bad apples” approach. The first element concerns economics and the inclination of both national economies and the global economy toward economic instability and stagnation. The second element concerns socioeconomics and the rise of income and wealth inequality. The third element concerns technology and the accelerated advance and spread of artificial intelligence (AI) and robotics. The fourth element concerns politics and the drift to proto-fascism. The fifth element concerns imperialism and militarism, and it is centered on the US’s aspiration for comprehensive geopolitical hegemony which brings with it an increased likelihood of nuclear conflict. The sixth element is ecological catastrophe, which includes global warming and threatens massive human suffering and economic destruction. The ordering of the crises is not intended to convey any

ranking of significance (and, if that were done, many would place the ecological crisis at the top). Instead, it reflects the sequence I think is best to make the argument.

Figure 1. The “bad apples” hypothesis.

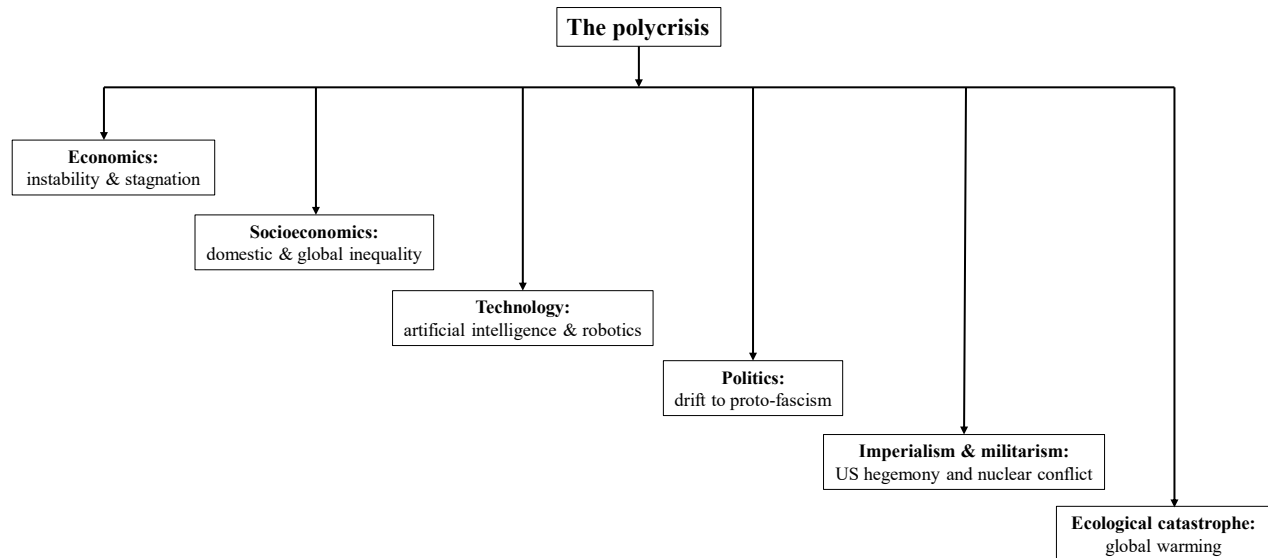
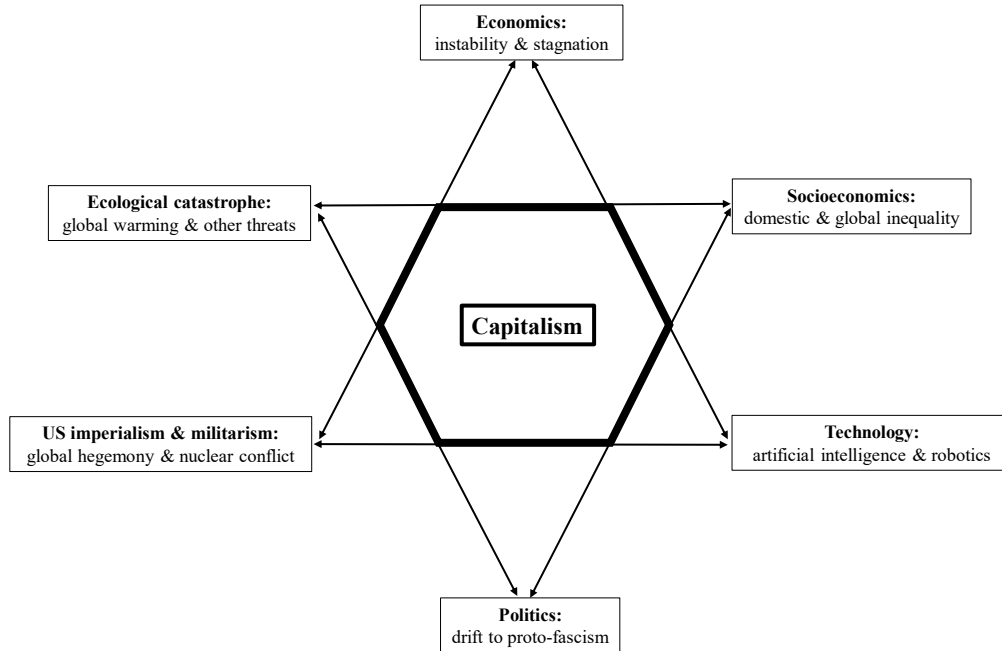


Figure 2 illustrates the “bad barrel” approach. The elements of the crisis are the same, but they are organized differently regarding their relationship with each other. A picture is worth a thousand words. Comparison of Figures 1 and 2 reveals the striking difference in the way the two hypotheses characterize the polycrisis and the relationship between its elements. The liberal view, shown in Figure 1, represents the elements as distinct standalone crises without common cause. Hence, the “bad apples” label. There can certainly be cross-effects so that one crisis can amplify others. For instance, the technology crisis may amplify income and wealth inequality (the socioeconomic crisis), and inequality may aggravate the drift to proto-fascism (the political crisis). That said, the crises are not viewed as a systemic phenomenon sharing a common cause. Tooze’s conception of the polycrisis fits the liberal “bad apples” view. Hence, he (Tooze, 2022)

writes: “In the polycrisis shocks are disparate, but they interact so that the whole is even more overwhelming than the sum of the parts.”

Figure 2. The “bad barrel” hypothesis.



That contrasts with the view in Figure 2 in which capitalism is represented as the underlying common cause that unites the crises. Hence, the label “bad barrel”. Capitalism is at the center of the figure, and the crises are all connected via bi-directional lines (straight and kinked) that pass through the center. That reflects the fact that every crisis impacts the others, though the impacts are not necessarily symmetric in strength.

The liberal “bad apples” perspective promotes a fragmented explanation of the polycrisis, and proponents are able stay within the tent of mainstream economics. Capitalism is invisible, and it is pushed off the table as an explanation. The “bad barrel” perspective is fundamentally different in its placement of capitalism, front and center. There is no addressing the polycrisis

without tabling and confronting capitalism, which is the driving force thereof.

### **3. More on the elements of the polycrisis**

The previous section identified the main political economic contours of the polycrisis. This section fills in those contours, providing a thumbnail sketch of the elements shown in Figure 2. It briefly explores the different elements in Figure 2, working clockwise from the top.

#### *3.a Some preliminaries*

The crisis is global in character, affecting all countries. However, countries are affected in varying degrees by each element. For instance, climate change stands to be far more catastrophic for low-lying coastal and island countries. That cross-country variability makes it difficult to capture, and the thumbnail sketch below is done with a US/advanced economy inclination.

As argued below, the polycrisis is the systemic product of capitalism. However, it has also surfaced in the Neoliberal era (1980 – present), which calls for understanding the relationship between capitalism and Neoliberalism. Technically, Neoliberalism is a political economic philosophy that consists of two claims, one political and the other economic (Palley, 2021a, p.1). The political claim is a free market *laissez-faire* economy is necessary for the promotion and protection of individual liberty. The economic claim is a free market *laissez-faire* economy is the best way of delivering economic prosperity since it ensures economically efficient outcomes.

In practice, Neoliberalism has advanced a political economic agenda that has favored capital (industrial and financial) over labor, under the guise of free markets. Government intervention has been plentiful, but it has favored capital and served to roll back working-class rights and protections. Viewed in that light, Neoliberalism is the latest phase of capitalism and corresponds to “capitalism on steroids”. That is the sense in which it is used in the rest of the

paper. Lastly, though Neoliberalism has intensified and accelerated the polycrisis, the crisis was already gestating prior to the ascendancy of Neoliberalism. Capitalism is the ultimate cause, with Neoliberalism being a particular intense expression of capitalism.

### *3.b Economics: instability and stagnation*

The first node of the polycrisis is proclivity to economic instability and stagnation. That proclivity is rooted in the Neoliberal macroeconomic paradigm, exemplified by the US (Palley, 1998, 2002, 2012). One feature of the Neoliberal US growth model is reliance on debt and asset price inflation to drive demand in place of wage growth. A second feature is Neoliberal globalization which created a triple hemorrhage in the US economy via spending on imports, manufacturing job losses, and off-shoring of investment.

Financialization (Palley, 2007, 2021b), promoted by financial deregulation and encouragement of speculative financial excess, helped fuel and sustain demand growth by making ever larger amounts of credit easily available and by making some households wealthier. That process has driven recurrent asset price bubbles (including house prices), which have rendered the economy increasingly fragile and prone to crises triggered when bubbles burst. Furthermore, successively larger bubbles have been needed to compensate for the negative effect on demand of wage stagnation and accumulating household debt.

Putting the pieces together, the Neoliberal model has created a looping process characterized by proclivity to stagnation → need for financial excess → proclivity to financial crisis and stagnation → need for renewed financial excess.

### *3.c Socio-economics: increased income and wealth inequality.*

The second node of the polycrisis is increased income and wealth inequality. That is another outcome of the Neoliberal economic model, and it is intimately connected to the emergence of

economic stagnation and instability. Piketty (2014) has shown how income inequality massively increased “within” high-income countries after the mid-1970s, when those countries turned to Neoliberalism.

Milanovic (2005, 2016) has shown inequality also increased “within” all individual countries, including developing countries and China. Unfortunately, China complicates the “cross-country” inequality discussion. Income has grown across the spectrum within China, but it has grown fastest at the top of the spectrum. Consequently, inequality has increased in China, but China is so large and its growth has been so rapid that it has reduced global inequality measured across countries. Ironically, China is now designated as a threat by high-income countries, yet its success helps mask the awful impact on inequality of the Neoliberal policies pursued by high-income countries.<sup>1</sup>

### *3.d Technology: artificial intelligence (AI) and intelligent robotics.*

The third node is technology. Technological advance has always been a creative – destructive force within capitalism, and it is now back in the headlines with acceleration of advances in AI and intelligent robotics. On the destructive side, technology automates work, eliminates jobs, and renders older vintages of capital outmoded. On the creative side, it raises productivity, which raises national income and can raise wages.

That creative-destructive pattern creates ambivalence, which is reinforced by the fact

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<sup>1</sup> Another angle on global inequality is provided by Lakner and Milanovic’s (2013) “elephant graph” which profiles global income growth by household income. Those in the bottom and upper-middle of the global household income distribution have experienced slower income growth, while those in the lower-middle and top of the global household income distribution have experienced faster income growth. That global picture is consistent with hollowing out of the middle-class in high income industrialized countries, and gains of the middle-class in lower income developing countries. However, the gains of developing countries’ (low-income) middle-class are offset by the losses of industrialized countries’ (high-income) middle-class, the losses of developing countries’ poor, and the gains of the global top income class. Once again, China is significantly responsible for the good in the elephant graph, as it has been the driving force for the fast income growth of households in the low-middle part of the global household income distribution.

technological innovation is controlled by capitalists (Noble, 1977). Consequently, technological innovation tilts toward eliminating jobs, diminishing worker power and control over the production process, and lowering wages where possible. The acceleration of AI and intelligent robotics threatens a tsunami of work transformation and job losses (McKinsey Global Institute, 2023). Many predict this will cause a massive unemployment crisis because new jobs will not be sufficiently forthcoming to absorb displaced workers.

On top of that, AI poses grave political and social risks by giving governments and corporations outside ability to monitor society, manipulate information flows, and shape public understanding. Corporate monitoring operates on both consumers and workers. Consumers are monitored for their purchases, and their lives are scanned for commercial opportunities. Workers are subject to on-the-job-monitoring, and their political freedoms are also at risk as corporations limit rights of speech by workers, including when they are not at work. Governments may be tempted to engage in censorship and selectively punish those who dissent, and corporations can be enlisted in those efforts.

### *3.e Politics: the drift to proto-fascism.*

The fourth node of the polycrisis concerns politics and the drift to proto-fascism, with the survival of democracy in doubt many countries. Across the industrialized world, and also in middle-income developing countries, democracy is struggling (Diamond, 2022). In industrialized countries the struggle is evident in the political spectrum shift that has moved the “Overton window” far to the right. That window defines the range of policies acceptable to mainstream opinion at any given time.

Conservative parties in industrialized countries are drifting toward proto-fascism, as evidenced by the US Republican Party and President Trump (Palley, 2021). In Germany, the

explicitly neo-fascist Alternative für Deutschland (AfD) Party has made significant electoral advance. A slower drift afflicts British politics, where the Conservative Party has followed in the wake of Nigel Farage's Reform UK, while the government of British Labor Party Prime Minister Keir Starmer occupied a political space in which Margaret Thatcher would have felt very comfortable. In developing countries, democracy is expressly illiberal, as evidenced by Brazil's President Bolsanaro and Turkey's President Erdogan.

### *3.f US imperialism and militarism.*

The fifth node of the polycrisis concerns imperialism and militarism, which are manifest in the US push for global hegemony. That push triggers persistent international tensions and conflicts, which could go nuclear in a worst-case scenario. The US aspiration to global hegemony is both economic and geo-political.

The aspiration to economic hegemony has been pushed through the creation of a global economic system centered on the World Trade Organization (WTO), which has created a US-centric system of global private property rights that places limits on the powers of sovereign foreign national governments. Financial hegemony has been implemented via the system of dollar hegemony (see Palley, 2022a) which is supported by the US Treasury, the US Federal Reserve Bank, subordinate allied central banks, and the multilateral financial institutions (e.g., the IMF and World Bank).

The aspiration to geo-political hegemony is expressly stated in the Neoconservative (Neocon) doctrine that never again shall there be a power which can challenge the US, as did the former Soviet Union. Neocon doctrine demands that the US be able to impose its will on all countries in the world. It explains NATO's relentless push east which has contributed to the Ukraine conflict, and why China has now been designated an enemy having previously been

viewed as partner in the US globalization project.

The US aspiration to global hegemony has spawned the military-industrial complex (MIC), which is the organizational structure via which the US organizes its production of brute force. The MIC exerts a massive societal impact. It twists economic activity toward military spending; twists the character of technical progress; is socially corrosive via its capture of politics and government; twists societal understanding of geopolitics to increase demand for war services; promotes militarism and increases the likelihood of war; and promotes proto-fascist drift because militarism drips back into national politics (Palley, 2024a).

### *3.g Ecological catastrophe*

The sixth and final node of the polycrisis is ecological catastrophe. This issue is popularly framed as climate change, but as identified by the *Planetary Health Check Report* it is far broader and more extensive. The report identifies nine planetary boundaries which define a safe operating space for humanity, and the latest report (2025) finds seven of those boundaries have been breached.

The nine boundaries are stratospheric ozone depletion, atmospheric aerosol loading, ocean acidification, freshwater change, land system change, climate change, biogeochemical flows, introduction of novel entities, and biosphere integrity. Only ozone depletion and atmospheric aerosol loading are stable and within the safe boundary. Ocean acidification, freshwater change, land system change, and climate change have crossed the safe boundary and show increasing risk. Biogeochemical flows, introduction of novel entities, and biosphere integrity are in the high-risk zone and continue to deteriorate and pose further increasing risk.

### *3.h Further reflections: interactions between the elements.*

Figure 2 shows the polycrisis as having six elements, each interacting with the other elements.

The nature of those interactions varies in intensity. Some interactions are powerful and bi-directionally symmetric, while some interactions may be asymmetric, being strong in one direction and weak in the other.

In total, there are thirty-six (6 x 6) interactions, since each element can interact with the others. The interactions generate induced multiplier effects as developments in nodes of the polycrisis ramify out and are then echoed back through the system. That reveals the complexity of the crisis and the difficulty anticipating its future path. Explaining all thirty-six interactions is beyond the scope of the paper, but a few can be briefly noted to illustrate the logic of the matrix.

Economic stagnation and instability may depress the wage share which increases income inequality, and income inequality may then contribute to the stagnation – instability dynamic. Stagnation and income inequality both contribute to the drift to proto-fascism and the crisis of democracy by undercutting shared prosperity and unleashing illiberal forces. A popular argument is that the drift has been driven by the discontent of Neoliberalism's economic losers (Setterfield, 2020). However, Neoliberalism also promotes structural developments which create a demand for proto-fascism and weaken the defenses against alt-right ideas.

Those developments include socio-economic disembedding whereby displaced workers lose their social standing and become vulnerable to the appeal of fascism, destruction of progressive institutions (e.g. trade unions) which protect and politically educate workers, increased economic inequality that tilts political power toward capital, promotion of popular animus to government and governance, transformation of workers' economic identity in to that of smalltime investors, and celebration of the market which promotes sociopathic egotistical behavioral norms (Palley, 2024b).

The political drift to proto-fascism then unleashes forces that ramify back to strengthen

the control of economic policy by Neoliberal interests. The political drift also fosters militarism and imperialism. As noted earlier, militarism also echoes through the system because militarism drips back into national politics and promotes proto-fascist drift.

Militarism and wars also aggravate the ecological crisis via their impact on climate change (Crawford, 2025), while the ecological crisis promotes low intensity intrastate conflict and threatens future larger inter-state conflicts (Ko, Lee, and Leung, 2025). Militarism is also promoting acceleration of adverse AI and intelligent robotics developments, as evidenced in the Ukraine conflict.

Developments in AI and robotics also echo through the system. Those developments promise considerable job loss which may promote economic stagnation. They will likely increase income inequality by decreasing the wage share, and they may also erode real wages via corporate “surveillance” pricing. Massive data centers needed for AI are aggravating the ecological crisis. Additionally, developments in AI and robotics are likely to promote militarism and conflict by making war more efficient and by promoting new arms race spending on the new technology.

In sum, the matrix of feedbacks between the elements of the polycrisis is dense and multi-faceted. That stands to amplify its effects, and viewing the polycrisis as a siloed phenomenon (as in Figure 1) is dangerously misleading.

#### **4. Capitalism as the foundation of the polycrisis**

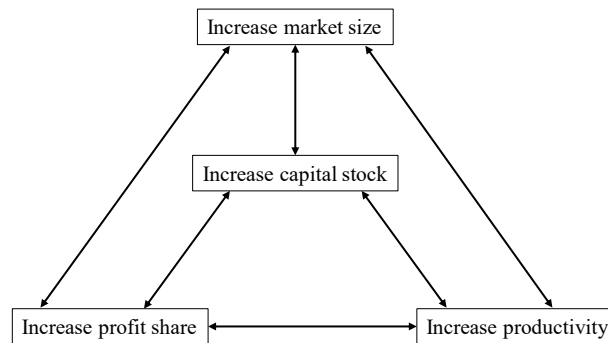
The previous section described the elements of the polycrisis and their interactions. At the core of the polycrisis stands “capitalism”, as described in Figure 2. Completing the argument requires explaining how capitalism connects and drives the elements. That involves understanding the purpose of capitalism and how it produces outcomes identified with the polycrisis.

Figure 3 describes the capitalist process. Economic activity is organized and conducted through corporations whose ultimate purpose is to make profit.<sup>2</sup> There are four core factors that determine the level of profit: size of the capital stock, market size, productivity, and profit share. Profits can be increased over time by the firm increasing its capital stock, market size, productivity, and profit share of revenues. Increasing the capital stock is accomplished via the process of capital accumulation which is financed by profits. Increasing market size requires growing demand for the corporation's products, and it can also involve introducing new products. Increasing productivity involves technological advance and organizational improvement. Increasing the profit share involves acquiring increased monopoly power and/or paying labor less. Together, the four processes drive the capitalist process, the purpose of which is making profits. Behind each process lies a complex economics that explains their workings and impact on profits, and the four processes also interact with each other as indicated by the bi-directional arrows.

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<sup>2</sup> Profit is defined as the net present value of current and future profits. Making profit requires producing efficiently, and making future profits involves investment and capital accumulation. Consequently, behind the veil of making profits lies the issue of capital accumulation, which has been the historic focus of Marxist analysis. There is also the question of payment of dividends to owners out of profit, which is another decision the corporation confronts.

Figure 3. The capitalist process.



Adopting a Marxist perspective on capitalism makes comprehensive sense of the polycrisis. Marx’s ideas are the sword that cuts through and disentangles the Gordian knot. The key is recognition that the four elements of the capitalist process (described in Figure 3) are contradicted. As discussed below, the combination of the system’s purpose and its contradictions logically produces the polycrisis. Other perspectives struggle to provide an equivalent comprehensive explanation.

The liberal Neoclassical (mainstream) perspective views capitalism as a consistent system that creates and harvests opportunities for mutually beneficial production and exchange. It explains the elements of the polycrisis as the result of “market failure” or “government failure”. The ecological crisis is the product of market failure due to externalities (e.g., pollution), and the problem can be fixed by taxing producers of those externalities, thereby discouraging their production. The military industrial complex is the product of government failure due to bureaucratic failure and policy capture, whereby the defense suppliers have gained

control of the policy and purchase process, producing bloat and overcharging. That can be fixed by improving government. There is no problem of stagnation; inequality reflects disparate economic merits; and advances in AI and robotics stand to benefit society by increasing productivity. As for democracy, Neoliberalism claims it is strengthened by the market economy which helps protect liberty.

A Keynesian perspective agrees with the liberal Neoclassical view and adds additional reasons why the economy may produce stagnation. For Keynes, the explanation was the interest rate mechanism (i.e., financial markets) which can fail to set the needed interest rate. The important implication is Keynesian economics does not challenge the liberal view of capitalism. It only expands the reasons why real-world economic outcomes may depart from the liberal ideal.

In sum, mainstream economics (i.e., liberal Neoclassical and Keynesian economics) struggles to produce anything akin to the polycrisis. Furthermore, what it does produce is also in the spirit of “bad apples”, with individual crises caused by idiosyncratic market failures. The elephant in the room which mainstream economics overlooks is the purpose of capitalism and the contradictions therein. The arguments of liberal Neoclassical and Keynesian economics are germane to the polycrisis, but they need to be situated within capitalism and joined with capitalism’s contradictions to produce a full account. That full account renders the polycrisis a product of the “bad barrel”.

#### *4.a Capitalism and the polycrisis*

Figure 3 provides a schematic representation of the purpose of capitalism and the three critical factors determining profit. The purpose is making profit which is used to finance further capital accumulation and pay dividends to owners. Firms seek to increase profits by increasing the

capital stock, market size, productivity, and the profit share. Those four processes interact with each other, and those interactions contribute to the economic dimensions (instability and stagnation, inequality, and technology) of the polycrisis shown in Figure 2. Since so much has been written about those economic features, the comments below are limited.

The drive for profit works to increase the profit share, which increases inequality since capital is narrowly owned. Inequality tends to decrease market size and contributes to stagnation as additional investment and capitalist consumption from increased profit may be more than cancelled by diminished worker consumption from a lower wage share. The classic Marxist contradiction concerns the process of capital accumulation which increases the capital stock, thereby depressing the profit rate which feeds back to lower investment spending and decrease demand (i.e., market size). Capitalists also push technological advance to increase productivity, which can cause unemployment that decreases wages and increases the profit share. Those developments can then negatively impact market size. Lastly, capitalists seek monopoly power which increases the profit share, and that reduces market size.

The strength of the economic contradictions depends on historical circumstance. They can be mitigated by speculative booms, military spending, and government policy. For instance, Neoliberalism has used financialization to mitigate its adverse effects. However, that mitigation only postpones, and the adverse effects of debt and asset price inflation compound. *Ergo*, the contradictions promise to re-emerge even more forcefully.

In sum, capitalism (via its purpose and contradictions) is fundamentally causal regarding the three economic elements of the polycrisis shown in Figure 2. The system's purpose is enduring so that the contradictions are always present. Consequently, the system is always gestating new economic crises, though the speed of gestation varies. The polycrisis constitutes a

situation in which multiple crises have surfaced simultaneously.

Capitalism is also causal regarding the other three crises (ecological catastrophe, imperialism and militarism, drift to proto-fascism) shown in Figure 3. The role of capitalism in the ecological crisis is detailed and analyzed by Angus (2026). Capitalism exploits every margin possible where profitable. That includes the environment and labor. Environmental exploitation is entitled and systemic, and that systemic character is reflected in the absence of a culture and behavior akin to “ecological stewardship”. The ideology of capitalism denigrates collective action and collectively owned property, and it pushes privatization of property and private gain. When it comes to remedying or preventing ecological damage, capitalists oppose the “polluter pays” principal and even seek payment from society to compensate them for not polluting. Capitalists also seek to block any attempts to prevent ecological exploitation, just as they seek to block attempts to prevent labor exploitation.

Mainstream economics ignores imperialism and banishes it to the history books. That treatment intentionally characterizes imperialism as a dead irrelevancy, which blocks tabling it and taints attempts to do so as outlandish and outdated. Contrastingly, Marxist economics gives imperialism a central place in capitalism. Lenin (1916) viewed imperialism as the “highest stage of capitalism”, his logic being it is a product and part of capitalism rather than a standalone phenomenon. However, its form and function have evolved with the evolution of capitalism, and today’s form is US hegemonic imperialism. That form places the US at the top of the imperial hierarchy, supported by allied sub-imperial powers like Britain, France, Germany, and Australia (Fernandes, 2022). The US global hegemonic system is also supported and governed by the multilateral institutions (e.g., IMF, World Bank, WTO, etc.) which have been created by the US and its allied sub-imperials.

Imperialism is a critical part of the polycrisis for two reasons. First, militarism always goes hand-in-hand with imperialism to enforce and extend empire, so that imperialism is essential to understanding the militarist dimension of the polycrisis. Second, imperialism is part of the process of extending and entrenching global capitalism, thereby entrenching and deepening the economic dimensions of the polycrisis. The global economic system has been created on the back of US imperial power, and that system now diminishes progressive political economic possibilities at the national level owing to lock-in effects (Palley, 2017-18). Those lock-in effects apply for both high-income and middle-income countries.

Furthermore, in addition to capitalism indirectly promoting militarism as part of imperialism, capitalism also promotes militarism directly. The logic is captured in the opening paragraph of Major-General Smedley Butler's (1935) pamphlet against war:

“War is a racket. It always has been. It is perhaps the oldest, easily the most profitable, surely the most vicious. It is the only one international in scope. It is the only one in which the profits are reckoned in dollars and the losses in lives.”

Huge money sums are involved, with plenty of room for corruption that generates super-sized monopoly profits.

The grim power of capitalism to promote militarism is reflected in the phenomenon of “military Keynesianism”. Keynes hoped his ideas would promote peace and avoid the awful economic outcomes of the inter-war years (1919-1939) which contributed to World War II (Carter, 2020). Yet, capitalism has co-opted his thinking to promote militarism. That co-option is now on display in Europe, where military Keynesianism is being invoked to prolong and profit from the Ukraine conflict. The US is happy with that as it means Europe will bear a greater share of the cost of defending empire, while it has been a net beneficiary from the war (Palley, 2025).

Lastly, capitalism contributes to the drift to proto-fascism in several ways. First, as argued by Polanyi (1944), capitalism contributes to socially dis-embedding people via its disruptive impacts. Especially in times of economic crisis, as in the Great Depression of the 1930s, that inclines people toward fascism which offers to restore their social standing by re-embedding them in the fascist order. Second, as argued earlier, Neoliberal capitalism promotes psychology and social attitudes that are disposed toward fascism (Palley, 2024). Third, the history of fascism shows dominant capitalists have repeatedly endorsed it. That was true of Nazi Germany and fascist Italy in the inter-war years (1919-1939). That seems to be repeating in the current era in which dominant Wall Street and Silicon Valley capitalists have supported President Trump and the Republican Party.

#### *4.b Marx and Engels: anticipations of the polycrisis*

The above same argument about the quintessential role of capitalism in the polycrisis is made in the brilliant *Communist Manifesto*, written by Karl Marx and Friedrich Engels (1848) almost two hundred years ago:

“Modern bourgeois society, with its relations of production, of exchange and of property, a society that has conjured up such gigantic means of production and of exchange, is like the sorcerer who is no longer able to control the powers of the nether world whom he has called up by his spells.... It is enough to mention the commercial crises that by their periodical return put the existence of the entire bourgeois society on its trial, each time more threateningly... In these crises, there breaks out an epidemic that, in all earlier epochs, would have seemed an absurdity – the epidemic of over-production. Society suddenly finds itself put back into a state of momentary barbarism; it appears as if a famine, a universal war of devastation, had cut off the supply of every means of subsistence; industry and commerce seems to be destroyed;.... The productive forces at the disposal of society no longer tend to the further development of the conditions of bourgeois property; on the contrary, they have become too powerful for these conditions, by which they are fettered, and so soon as they overcome these fetters, they bring disorder into the whole of bourgeois society, endanger the existence of bourgeois property. And how does the bourgeoisie get over these crises? On the one hand by enforced destruction

of a mass of productive forces; on the other, by the conquest of new markets, and by more thorough exploitation of the old ones. That is to say, by paving the way for more extensive and more destructive crises, and by diminishing the means whereby crises are prevented (Marx and Engels, 1848, p.17).”

Marx and Engels anticipate the polycrisis, which proves (yet again) the enduring brilliance of their analysis. Their diagnosis articulates the essential dynamic. The specifics of the polycrisis reflect the evolution of capitalism since – including the creation of new economic structures (financialization and the military industrial complex), new technologies (AI and robotics), and new ecological margins of crisis. However, the fundamental cause and dynamic endure, and the phenomenon involves the “bad barrel”.

## **5. Some political observations**

The “bad barrel” and “bad apples” interpretations rest on fundamentally different understandings which have huge implications regarding the political challenge of confronting the polycrisis. This section provides some preliminary observations thereon.

### *5.a Political implications of competing perspectives*

The “bad barrel” perspective focuses on capitalism and opens the door for regulation, restraint of corporate power, restraint of elite power, and major redistribution of income and wealth to address economic and political inequality. Those are substantive structural interventions that impact each element of the polycrisis. Contrastingly, the “bad apples” perspective leaves capitalism unscathed and pushes the policy discussion in the direction of conventional “market failure” and “government failure” logic. According to that logic, the polycrisis is the result of failures in the operation of government and markets, and it can be remedied by policy interventions that repair those failures and push markets to operate according to the free market ideal. That is a technocratic approach, and it is also radically incomplete. It fails to recognize the

over-arching driver of the crisis, which is the destructive imperative within the DNA of capitalism for domination over the other - be it resources, individuals, or society. As described by Marx, that imperative is the force behind capitalism's initial productive success, but it is also force behind capitalism's ultimate turn toward destruction. That turn to destructiveness is not "market failure". Instead, it is a failure of the DNA of which markets are made.

Framing the polycrisis as a form of simultaneous multiple market failures serves the *status quo* because it keeps critique of capitalism (i.e., the system) out of sight and off the table. The market failure paradigm retains the *laissez-faire* free market economy as the economic ideal that should guide society, and it asserts that ideal can be realized with the assistance of market failure correction policies. Consequently, it serves to restrict discussion about needed policies and reforms to those prescribed by the liberal economic perspective, while policies and reforms that follow from systemic critique of capitalism are denied legitimacy and standing.

Not only does the liberal "bad apples" perspective misdirect the policy debate, but it also creates political obstacles by stunting understanding. Endorsing the market failure representation shortchanges public political education by keeping public understanding locked in the free-market paradigm which underpins market failure thinking. Furthermore, it makes confronting the polycrisis more arduous. By taking capitalism off the table, it removes the common denominator that explains how the elements of the crisis are linked and partake of a shared philosophical solution. That forgoes the analytical and political synergy which comes with such understanding, and it compels each element of the polycrisis be separately litigated which is a massively more difficult exercise given the political power of the *status quo*.

### *5.b Polycrisis denialism*

If politics were simply dichotomous (e.g., bad apples vs. bad barrel), it would be a lot simpler

because dichotomy is the easiest way to frame and understand things. However, politics often involves three, which is a complicated number that can obscure and obstruct. That holds for the polycrisis which also has a politics of three, as there are also “deniers” and they play an important political role.

The most recognized are climate crisis deniers, who claim the climate crisis is either a hoax, a scientific error, or the product of a natural cycle in the earth’s temperature. Another denial concerns US imperialist hegemony, with deniers claiming there is no imperialist tendency or project. Instead, the US is a benevolent power engaged in democracy promotion and protection, and the US is committed to the construction of a rules based liberal international order that applies to all (including the US). According to the deniers, the charge of imperialism and militarism gets it the wrong way round. It is the US and the West that are under attack from autocrats in Russia, China, Iran, Turkey, and Venezuela (Applebaum, 2021).

The technology crisis is denied with the counterclaims of techno-opportunists (see Andreessen, 2023). They claim accelerating development of AI and AI empowered robotics represents a huge economic and social opportunity if they are unregulated and market forces are allowed to prevail, thereby enabling technology to deliver its putative full beneficial promise.

The income and wealth inequality crisis is also dismissed on grounds that it reflects the workings of classic free market forces, with higher income and wealth accruing to those who are more productive and thriftier. Additionally, the economic stagnation and instability crisis is also substantially rejected. Here, the argument is that where there are problems, they are due to excessive government intervention in the economy rather than failure of the market system.

Lastly, the claim of a political crisis and drift to proto-fascism is denied with multiple arguments. One is that it is partisan liberal hysteria. A second is that it mistakes idiosyncratic

developments related to individual politicians (e.g., President Trump) or temporary circumstance as systemic developments. A third is faith-based denialism rooted in belief that it can't happen here.<sup>3</sup>

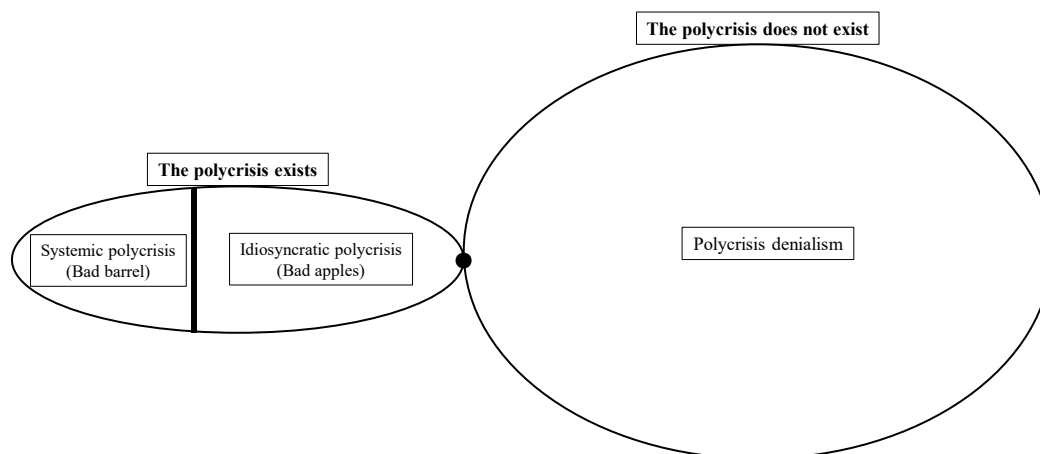
Polycrisis denialism has a huge impact on the political landscape, and it is illustrated in Figure 4. There are two different big picture views, represented by the two ovals. The left-hand oval represents acceptance that the polycrisis exists. The right-hand oval represents denial of existence of the polycrisis. The left-hand oval is drawn as much smaller, reflecting that polycrisis acceptance is a minority view. There are three different points of view: systemic crisis related to capitalism (bad barrel), idiosyncratic and potentially interactive crises (bad apples), and no polycrisis (denialism).<sup>4</sup> The three views have a very particular relationship with each other, with significant political implications. The left-hand side oval contains the “bad barrel” and “bad apples” positions as both acknowledge the existence of the polycrisis. The oval is divided, with the “bad barrel” systemic polycrisis region having a smaller area as it is a much less widely held view than the liberal “bad apples” view of the polycrisis. The large dot joining the “bad apples” and “denialism” views reflects that they share a common belief in free market capitalism, even though they disagree about the existence of the polycrisis.

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<sup>3</sup> *It Can't Happen Here* is the title of a famous dystopic novel by Sinclair Lewis (1935) in which the US succumbs to fascism.

<sup>4</sup> The no polycrisis view can be divided into a “hard” and “soft” position. Hard deniers believe the situation is fine. Soft deniers believe there are some big problems (usually climate change and inequality), but they do not amount to a polycrisis. To simplify the argument, without loss of generality, that division is ignored and denialism is treated as monolithic.

Figure 4. The relationship between the “bad barrel” view, the “bad apples” view, and polycrisis denialism.



The systemic crisis (bad barrel) and idiosyncratic crisis (bad apples) are grouped in the same oval because both recognize the existence of the polycrisis, but their explanations are fundamentally different. The former views it as a product of capitalism; the latter views it as the product of idiosyncratic economic and political failures. The contact-point between denialism (no crisis) and idiosyncratic crises (bad apples) is of great significance. Though they disagree about existence of the polycrisis, they both agree there is no crisis of capitalism. Furthermore, they both hold that the market system (i.e., capitalism) constitutes an economic ideal that should be pursued. The deniers believe capitalism and markets are working well. Liberal “bad apples” proponents believe there are specific market failure problems which require particular market reforms, but capitalism *per se* is not the problem.

Seen in that light, the difference between the systemic crisis (bad barrel) and idiosyncratic crises (bad apples) views is greater than the difference between the denialism (no crisis) and idiosyncratic crises (bad apples) views. The latter both believe the barrel (capitalism)

is good, whereas the systemic crisis view holds the barrel is bad. Disagreement about the barrel (i.e., the capitalist system) is a much bigger difference than disagreement regarding whether some apples are bad.

The pattern shown in Figure 4 has significant real world political implications. Most importantly, it helps retain the current structure of politics which keeps discussion of capitalism off the table. Liberal “bad apples” proponents and polycrisis deniers share a common political economic ideology, with both believing the free market ideal to be the best economic system. They differ regarding the presence and scale of market failure.

That pattern is an enduring feature of contemporary politics, with the right believing market failure is insignificant while the liberal center believes it is not. The politics of the polycrisis repeat the pattern: the right adheres to polycrisis denial, while the liberal center adheres to the “bad apples” hypothesis. Consequently, the “bad barrel” view (i.e., capitalism is the problem) is excluded from consideration, and capitalism is again kept off the table.

Lastly, the liberal “bad apples” characterization also has tactical political implications which play into the hands of polycrisis deniers. First, it removes the common denominator uniting the elements, thereby foregoing the synergies of argument. Second, it facilitates “divide and rule” politics by fracturing the debate into multiple crisis elements, some of which can be dropped.

## **6. Pollyanna versus the polycrisis: more on crisis denialism**

Harvard psychologist and public intellectual Steven Pinker (2018) argues in his book, *Enlightenment Now*, that the world has become a better place, suggesting our trajectory has been right and needs to be continued. That view complements the denialist critique of the polycrisis, especially the techno-optimist critique (Andreessen, 2023). It also tacitly runs counter to the

view of the polycrisis being a systemic product of capitalism.

Pinker's perspective argues for the continuation of the Enlightenment's application of reason to solve problems and guide action. In principle, his perspective could recognize the legitimacy of the polycrisis and advocate a radical turn to escape it, but that does not seem to be the tilt of his thinking. Instead, it lends itself to optimistic approval of the current trajectory, which easily veers into Pollyannishness.

The Pollyanna view needs to be addressed because it is important and seductively persuasive. The starting point is recognizing that Pinker is right in one very important regard, which is that the world has gotten a lot better materially over the past two hundred years. That makes it a trap to try and counter the Pollyanna position by arguing it has not.<sup>5</sup> Instead, rejection of the Pollyanna view rests on the fact that past material progress does not disprove the "bad barrel" argument about capitalism driving the polycrisis.

Ironically, the past progress emphasized by Pollyannism is consistent with Marx's view of capitalism, and one can reasonably say that no economist has had a greater admiration for capitalism's productive capacities than Marx. Furthermore, he was perhaps the first to express such thinking:

"The bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together. Subjection of Nature's forces to man, machinery, application of chemistry to industry and agriculture, steam-navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalisation of rivers, whole populations conjured out of the ground – what earlier century had a presentiment that such productive forces slumbered in the lap of social labor (Marx and Engels, 1848, p.17)?"

That said, it can also be reasonably argued that capitalism has provided more generously

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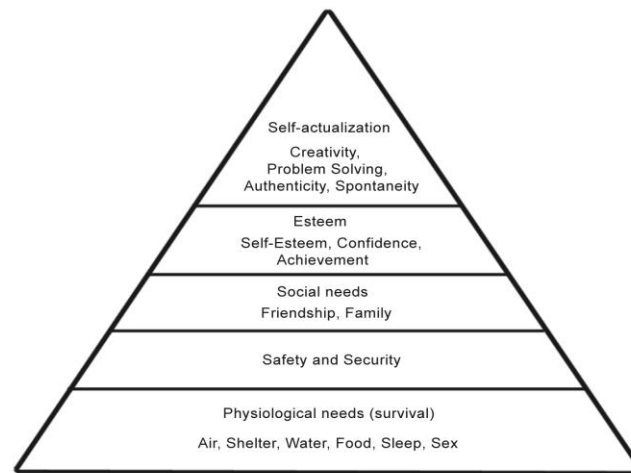
<sup>5</sup> However, it is legitimate to argue things might have been even better had a different route been followed.

for workers than Marx anticipated. The explanation is it was compelled to do so by political circumstance, in the form of the threat of working-class political action and external political competition provided by the former Soviet Union. Furthermore, the turn to Neoliberalism (post-1980) has shown that the capitalist leopard cannot change the color of its spots, and past gains are perennially at risk from reaction which is programmed within capitalism's political economic DNA.

Those observations suggest Marx's overarching diagnosis remains intact, which is why it still resonates and captures the polycrisis so well, despite its age. However, the line of evolution has proven more subtle and less linear than Marx anticipated, and the diagnosis therefore needs to be adjusted accordingly to address Pollyannism.

The argument below is that, despite its persistent material progress, capitalism has still proven problematic and now it is also fostering the polycrisis. The argument begins with Maslow's (1943) hierarchy of needs, shown in Figure 5. In ascending order starting from the bottom, needs are identified with physiological needs, safety and security, social needs, esteem, and self-actualization. Basic needs are shown at the bottom of the pyramid, and an individual's progress is realized by moving up the pyramid and satisfying increasingly personal social and psychological needs.

Figure 5. Maslow's hierarchy of needs.



In advanced economies, capitalism has done a good job providing basic needs which can be associated with income level. However, there is also huge inequality of income within advanced countries, while the basic needs of massive numbers of people are woefully underprovided in less advanced economies. As noted earlier, inequality has increased within individual countries over the last five decades (Piketty, 2014). Stripping out China, inequality has also increased between countries (Milanovic, 2012).

In addition to the inequality problem, capitalism has increasingly failed to provide for higher level needs and move people up the triangle. That failure connects with Easterlin's (1974) paradox whereby economic growth over time (measured as GDP per capita) seems to generate very little increase in national average happiness after a threshold level of income. In terms of Maslow's hierarchy, capitalism appears to stall in advancing human fulfilment after meeting material needs.

Easterlin's paradox has been repeatedly confirmed across multiple countries, and recent

empirical work (Easterlin and O'Connor, 2020; Oparina, Clark, and Layard, 2025) can be interpreted as confirming the above interpretation. The results show that increases in income do not increase happiness, except for the poorest twenty-five percent of countries. However, happiness is increased in the higher income seventy-five percent of countries by increased provision of health and social support, unemployment support, and strong social safety nets. The problem is capitalism is programmed to strive to move in the opposite direction regarding that type of provisioning, as illustrated by the turn to Neoliberalism.

In sum, on the plus side, Pollyannish optimists are right in identifying how capitalism has greatly increased material provision which satisfies the lower-level needs of Maslow's hierarchy. On the negative side, capitalism has always been prone to boom-bust cycles in which happiness falls with increased unemployment. Second, capitalism is prone to the production of inequality, which also diminishes societal happiness. Third, capitalism appears to tilt the economic expansion toward ever more material production, and it is structurally programmed to neglect and diminish provisioning that moves society up Maslow's hierarchy of needs.

The polycrisis sits atop those enduring characteristics of capitalism. In addition to adding new threats, the polycrisis promises to also worsen the historic problems of inequality, stagnation, and unemployment. Even before its advent, there was compelling reason to believe capitalism (the barrel) was problematic and the Pollyanna perspective was flawed. That was evidenced by the failure of happiness to increase (the Easterlin paradox) and by the turn to Neoliberalism (capitalism on steroids). The polycrisis renders the case irrefutable and its economic logic, scope, and severity, speak to it being the product of a bad barrel (capitalism).

## **7. The crisis of politics which accompanies the polycrisis**

The previous sections have focused on the economic logic of the polycrisis, with some brief

comments on the political implications of the different explanations thereof. This section returns to the issue of politics, and it argues there is an accompanying crisis of politics. The polycrisis is unfolding within that crisis of politics, and the two stand to impact each other in unpredictable ways.

Fully articulating the crisis of politics is a task far beyond the scope of this essay, but it is worth tabling to close the loop. There is no remedying the polycrisis without remedying the crisis of politics. Just as the emergent polycrisis has been shaped by politics via the turn to Neoliberalism, so too will be the way it evolves and how it is addressed.

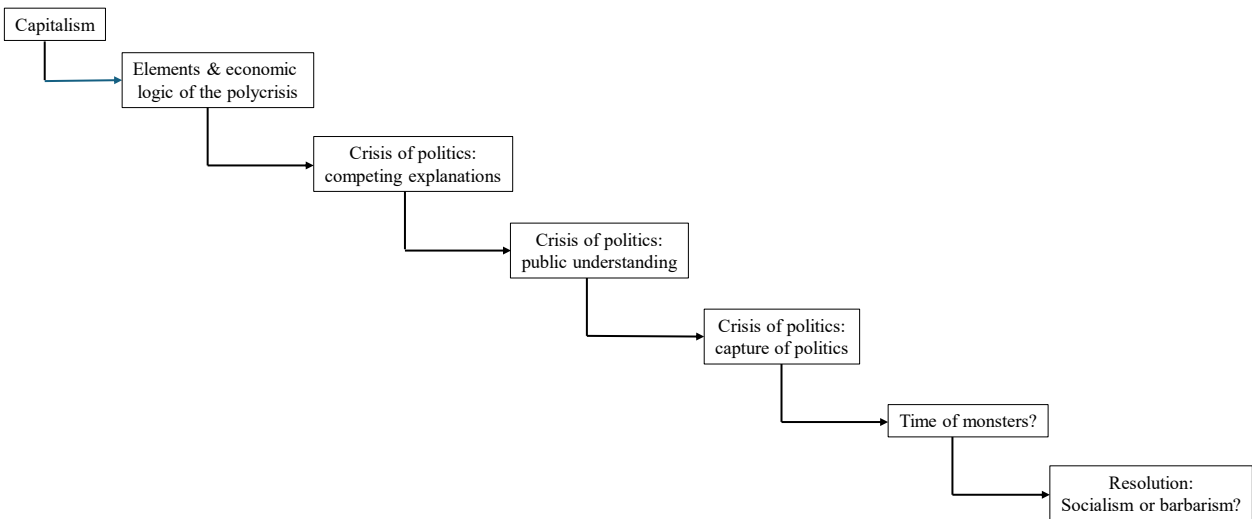
The crisis of politics resonates closely with Gramsci's famous observation in his *Prison Notebooks*, often paraphrased as "the time of monsters":

"The crisis consists precisely in the fact that the old is dying and the new cannot be born: in this interregnum, the most varied morbid phenomena occur (Gramsci, 1930, S (34) *Passato e presente*, *Prison Notebooks*)."

The polycrisis has surfaced for all to see, but the intellectual and political conditions are not in place to resolve it. Instead, the intellectual and political hegemony of the old order continues to prevail, albeit with weakened confidence, even as conditions deteriorate. That troubled condition provides an opening through which monsters may enter.

The logic of the crisis of politics and its connection to the polycrisis is illustrated in Figure 6. The figure starts in the top right-hand corner with the box marked capitalism, which is the fundamental cause of the polycrisis and the context in which it plays out. The current era is one of Neoliberal capitalism. The second box refers to the economic logic and elements of the polycrisis which were detailed in Section 2. The next three blocks define the arena of the crisis of politics. The third block refers to competing explanations of the polycrisis which were examined in Sections 2 and 3, with Section 3 focusing on their political implications.

Figure 6. The crisis of politics.



### 7.a *The crisis of politics: competing ideas*

Ideas and understandings are the building blocks of politics and policy, influencing action. For mainstream economists, academic debate supposedly reveals the objective truth, as best possible.

Once again, Marx (1845) exposes the lie, famously writing in *The German Ideology*:

“The ideas of the ruling class are in every epoch the ruling ideas, i.e. the class which is the ruling material force of society, is at the same time its ruling intellectual force. The class which has the means of material production at its disposal, has control at the same time over the mental means of production, so that thereby, generally speaking, those who lack the means of mental production are subject to it.”

Marx’s observation gives a deeper explanation why ideas are part of the political arena. Not only do they shape political action, but they are intrinsically politically influenced, with dominant ideas being produced by the ruling social class (i.e., the capitalist class) and debate is also controlled by that class.

That is true for the polycrisis. Denialism is the dominant (ruling) idea. The “bad apples” explanation of the polycrisis is also given some play time – being the most that can be admitted and also being a way of providing a veneer of open-mindedness. However, the “bad barrel” explanation is suppressed, in accordance with the prohibition on critique of capitalism. That makes clear why ideas are part of the political arena, and part of the political challenge is surfacing the “bad barrel” explanation of the polycrisis.

### *7.b The crisis of politics: public understanding*

The fourth block in Figure 5 concerns public understanding, which is also critical in democracies. The problem is the dominant public understanding is the ruling understanding produced by the ruling class.

As regards the polycrisis, the ruling understanding is denialism, accompanied by modest mention of the “bad apples” explanation by figures such as Adam Tooze. The political challenge is to make the “bad barrel” explanation the dominant public understanding. That challenge connects with Gramsci’s (1930) aforementioned *Prison Notebooks* entry titled *Past and Present*. Even though the ruling understanding is not in most people’s interest, they may vote for it because it rules them. It is not because voters are “deplorables” as claimed by Hillary Clinton. It is because of ruling understandings which the deplorable Hillary Clinton has helped create and disseminate.<sup>6</sup>

Politics and civil society can also get ugly in such times, to the extent that the ruling understanding is increasingly questioned from below, thereby provoking repression from the ruling class. Psychological dissonance produced by the moment may also induce some voters to

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<sup>6</sup> Clinton described half of Republican voters as being “deplorables” in an elite Democratic Party private campaign fundraising event held on September 9, 2016.

double-down on their allegiance to the ruling understanding. Those twin patterns are already visible in the drift to proto-fascism, discussed earlier. That shows the crisis of politics is already operative in the polycrisis.

### *7.c The crisis of politics: the capture of politics*

The fifth block of Figure 5 concerns the capture of politics, and it is the final element of the crisis of politics. Capture refers to the phenomenon whereby the ruling capitalist class has been able to acquire control over the major political parties, thereby creating a *de facto* political monopoly. That monopoly sets the political agenda which determines what the public gets to vote on.

The politics of the Neoliberal era fits that mold, with the establishment right promoting hardcore Neoliberalism and the establishment center promoting softcore Neoliberalism which includes some compassion. Mainstream academic economics repeats that pattern, being divided between hardcore Chicago School Neoliberals and softcore MIT School Neoliberals. The former emphasizes government failure: the latter emphasizes market failure; and both adhere to the free market as the ideal economy (see Palley, 2012, p.21-26).

The pattern is also repeated in the politics and economics of the polycrisis. The hardcore Neoliberal position is reflected in the denialist position or acceptance of one or two elements of the polycrisis. The softcore Neoliberal position is reflected in the “bad apples” position, but the bad apples are not so many. However, as noted earlier in Section 5, both embrace the free market ideal and refrain from critique of capitalism.

The capture of politics is clearly visible over the past forty-five years (i.e., the Neoliberal era). In the US, it is visible in the Democratic Party in which the “New Deal” wing has been subjugated by New Democrats. It is even more visible in the UK where the Labor Party has been transformed from a moderate Socialist party into a softcore Neoliberal party. Its capture was

effected by Tony Blair in the 1990s, and the full manifestation is the government of Keir Starmer which barely qualifies as a social liberal party. The challenge is to reverse that capture, thereby undoing the political monopoly and tabling political choice that includes the “bad barrel” understanding of the polycrisis.

#### *7.d The time of monsters?*

The penultimate block in Figure 5 is labelled the time of monsters, which is the subject of Gramsci’s (1930) brilliant prison notebook entry. The objective conditions of the polycrisis combined with the crisis of politics, create the conditions of an “interregnum” in which “the old is dying and the new cannot be born.” Those conditions table the last block of Figure 5 which is labelled socialism or barbarism.

### **8. Conclusion: socialism or barbarism?**

In 1915, Rosa Luxemburg penned her famous antiwar *Junius Pamphlet* in which she posed the challenge for Europe as a choice between socialism or barbarism. Luxemburg’s framing resonates deeply with the current moment. That resonance has even been unwittingly picked up by mainstream commentators, who have compared the current moment with 1914.

Tragically, her warning went unheeded. World War I continued, Europe’s Social Democratic parties supported it, and Europe proceeded down the path of barbarism. That path included the horrors of World War I, the economically troubled inter-war years which also included the Great Depression, the rise of fascism in Europe and Naziism in Germany, and World War II. It also included the perversion of the Russian Communist revolution under the threat of hostile forces from inside and outside Russia.

After World War II, capitalism regrouped under political pressure from the internal threat of working-class action and the external threat of geopolitical competition from the Soviet

Union. The regrouping was facilitated and guided by the Keynesian revolution in economics, which instructed how to avoid economic depressions and reduce unemployment.

The onset of the Neoliberal era has seen capitalism revert to its true self. Neoliberalism has reversed much of what was achieved after World War II, albeit national income has continued to rise because that is the *leitmotif* of capitalism. That reversal is most clearly visible in income and wealth inequality, as documented by Piketty (2014). The Neoliberal era has also surfaced the polycrisis, which openly revives Luxemburg's question of socialism or barbarism?

There is much to be done if society is to avoid a repeat of barbarism. That includes persuasively further explaining capitalism's flaws and how they have produced the polycrisis. It also includes articulating the socialism of the future. As of now, there is some talk of varieties of capitalism (see Palley, 2022b). My own thinking has evolved, and I now think the choice must be reframed as varieties of socialism.

Why socialism? First, because all modern economies are always a mix of capitalist and socialist features. Second, because what is needed is fundamental restructuring of economic power and control, including the means of production (which for me means corporations). That restructuring is fundamentally a socialist project, and outside the scope of liberal reformist capitalism.

The Chinese proverb is "A journey of a thousand miles begins with a single step." That is true, but we should also seek to ensure the first step is in the right direction. Acknowledging the polycrisis and recognizing it is a product of capitalism's "bad barrel" does both.

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