

EconoFact Chats: Capitalism and Its Critics

John Cassidy, *The New Yorker*

Published on 7th December 2025

Michael Klein:

I'm Michael Klein, executive editor of EconoFact, a non-partisan web-based publication of The Fletcher School at Tufts University. At EconoFact, we bring key facts and incisive analysis to the national debate on economic and social policies, publishing work from leading economists across the country. You can learn more about us and see our work at www.econofact.org.

Michael Klein:

The closing passage of John Maynard Keynes's 1936 book *The General Theory of Employment, Interest, and Money* includes the passage: "The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back." In his new book *Capitalism and Its Critics*, John Cassidy discusses the ideas of dozens of economists and political philosophers from the 18th century to the current day, and shows how these have influenced practical men, madmen in authority, and many others. John has been a staff writer at *The New Yorker* for three decades. He writes trenchantly and clearly on a wide range of economic issues and on other topics as well. I last interviewed him four years ago about his book *How Markets Fail: The Logic of Economic Calamities*, which was a finalist for the Pulitzer Prize. John, welcome back to EconoFact Chats.

John Cassidy:

Hi, Michael, thanks very much for inviting me back on. I'm delighted to be here.

Michael Klein:

Well, it's great to have you back on. I really enjoyed *Capitalism and Its Critics*, and I was really impressed by the range of coverage in its over 500 pages—from William Bolts, who published a book in 1772 on the rapacious practices of the East India Company, to Thomas Piketty, whose 2019 book *Capital and Ideology* discussed dogmas to justify inequality. John, what prompted you to undertake such an ambitious project?

John Cassidy:

Well, if I'd have realized how ambitious it was, I probably wouldn't have ever started it, because it's basically a history of the world, or a history of the last 250 years, told through the eyes of the critics. The original idea I got in 2016 during the election campaign, when Bernie Sanders was running with a critique from the left of capitalism, and Donald Trump was running with a critique from the right. People have forgotten that Trump was a critic of capitalism, but when he first came out, he was criticizing corporations for offshoring, criticizing bankers for being bailed out after the financial crisis, etc. So I thought that was the first time ever, since I've been covering American politics and economics—which is a long time now—that we'd had a constellation in which critics on the left and the right were both criticizing the system.

Obviously, there'd always been critics on one side or the other, but the fact that they were coming from two sides, and very successful critiques politically, I thought, you know, this was a sort of historical crisis of legitimacy of the system, and there must be a book there somewhere, and that gave me the original idea. It went through several iterations, but that was the original spark.

Michael Klein:

Your book is about the critiques of capitalism. But how do you define capitalism? It can be a vague term.

John Cassidy:

Yeah, exactly. Well, I tried not to get into...there's obviously huge debates and a huge academic literature on that very question. I just took an arbitrary beginning and an arbitrary definition. I basically defined it as industrial capitalism—large-scale production for profit in the environment of secure property rights. And I dated it back to about 1770 in Britain, when the first steam-powered factory was built in Derbyshire. Sorry—water-powered factory in Derbyshire. Now, there were pre-existing forms of capitalism, of course—mercantile capitalism most notably. And the first chapter of the book is about William Bolts, as you said, who was a critic of mercantile capitalism, but also an active participant in it as an employee of the East India Company. So that's where I started. But as I said, I tried not to get too bogged down in academic disputes about what exactly capitalism is.

Michael Klein:

Well, in fact, there are many variants of capitalism over time and across countries, right?

John Cassidy:

Exactly, and the term has been disputed ever since it was first used in the early 19th century. Capitalism itself has evolved through many different mutations, and the critiques of capitalism have evolved through many different mutations. But the one thing I try to emphasize in this book is through all these changes, there are some consistent features of capitalism and some consistent features of the critiques of the system.

Michael Klein:

So one theme that goes through the book is the ongoing predictions of capitalism's demise. Is this like the case of Mark Twain, who read his obituary and wrote to the newspaper that word of his demise was greatly exaggerated?

John Cassidy:

Yeah, I was going to use that phrase, but I think it's been used a little too often.

Michael Klein:

Oh, sorry, I used it today.

John Cassidy:

It's great for a podcast. But I thought if I use it in a book, one of the critics will use it to hit me over the head with it. But it's certainly apposite for the book. I mean, the theme of crisis of

capitalism runs through the book. There have been crises since the very early days, and as each crisis comes about, there have been critics, mostly on the left, who've said, "Well, this is the final crisis," beginning with Marx and Engels themselves in 1857, when there was a big financial crisis, which started in New York and then spread across the Atlantic to Britain and Germany. And they thought this might be the final global crisis of capitalism. They'd been disappointed 10 years earlier in the 1848 revolution, that that didn't bring the system down. But there's a great correspondence, which I draw from, between them, in which one of them says, you know, "This might be our chance." So it's always been there—that thesis that capitalism is on its last legs—but it's proved a very protean system, and a system with great powers of self-recovery. And not just self-recovery—that's a bit misleading. The government has often stepped in to save capitalism when it's on its last legs, as happened in 2008–2009.

Michael Klein:

One of the things that struck me as I read the book is the relevance of controversies from the past that are part of today's debates. For example, the Luddites, who protested—sometimes violently—against the introduction of technologies that would displace and impoverish them. "Luddite" is often used as a pejorative term today for someone who rejects technology, but you write that they well understood how they were adversely affected by the changes taking place around them, and they were acting quite rationally.

John Cassidy:

Yeah. I mean, the chapter I have on the Luddites, I quite provocatively titled it *The Logic of the Luddites*, because when I was growing up—and I'm sure the same with you, as you said, "Luddite" was a term of abuse. I'm from Northern England, where the Luddites originally came from, and even there, it was a term of abuse for somebody who was antiquarian and outdated and sort of opposed to the future. Of course, the Luddites weren't necessarily opposed to any of those things. They were just opposed to capitalism taking away their jobs and their livelihoods. The Luddites were skilled artisans who mostly worked with hand tools, and the advent of water power first and then steam power basically dispossessed them of their jobs en masse. And there are these amazing reports from parliamentary inquiries in the 1830s and before then, of inspectors going into the villages where the handloom weavers lived and seeing people virtually starving. They also appealed to the political system. They sent a petition to Westminster asking for help, and Parliament ignored them. And it was only then that they turned to violence, in the form of trying to break the machines that were taking their jobs. So, as I said, I think for a long time the Luddites have been seen as a curiosity of history. But in my last chapter, I draw the parallel with AI, and I raise the suggestion that perhaps, if the predictions of AI's impact on employment—some of the more dire ones—prove correct, a lot of middle-class professionals may turn into Luddites.

Michael Klein:

Well, even before that, there has been a prevalence of automation replacing factory workers. And as you mentioned, this could happen with AI to white-collar workers as well. What do you see as the parallels, beyond just the obvious of job displacement? Do you see disruptive political actions the way the Luddites did?

John Cassidy:

Yeah, well, I think it's certainly a possibility. One difference, of course, is that we now have democracies. The Luddites basically existed in Britain...it was a parliamentary system, but the franchise was very limited. So most of the northern towns where the Industrial Revolution took place didn't have any MPs at all, so they couldn't express their opinions directly at the ballot box. Now, of course, in most Western countries, we have democracies. So I think there's definitely a possibility of a political movement to control AI and make sure that it doesn't have too dire an impact on unemployment. In fact, you already see that a bit, on the left and the right joining together to say we need stricter controls on the technology companies and on AI. It hasn't really gone mainstream yet, but I could easily see one of the presidential candidates in 2028, for example, taking it up as a cause.

Michael Klein:

The displacement of today's workers and the possible displacement of workers in the future through AI could create what Marx called an unemployed reserve army of workers. Marx thought this would keep wages low and contribute to ever-worsening conditions for workers. But that's not what happened, is it?

John Cassidy:

No, no. I mean, the Marxian theory was basically based on immiseration, and looking back, it obviously was mistaken. And that was, in my opinion, the basic reason why the Marxian predictions of social revolution didn't come to pass in places like Germany and England and France. It did come to pass in Russia, but that wasn't an industrial society. The difference was in Western Europe, which was industrialized, wages did eventually grow in line with productivity. That didn't happen for the first 50 years of the Industrial Revolution in Britain. The economic historians refer to this now as "Engels' Pause"—productivity rose, but wages didn't rise. There's academic debate about whether they rose a bit or didn't rise at all, but there's consensus that they didn't rise in line with productivity. So when Marx and Engels were writing in the 1840s and 1850s and 1860s for *Capital*, they were basing their arguments on some reality. Later on, as unions were formed and as demand for labor increased even more, wages did rise.

Michael Klein:

When you think about that, is that another example of capitalism reinventing itself, by the government allowing unions to arise and changing the environment for workers such that capitalism could survive?

John Cassidy:

Well, yes. I mean, if you ask why did the predictions of demise not come to pass, rising wages is one of the obvious answers. But there were also big social movements and political movements to improve the conditions of workers. In Britain, there were a series of Factory Acts. Some of the original Factory Acts actually were introduced by conservative Tory paternalists who had a sort of feudal view of things and thought that the upper classes had some sort of social obligations to the lower orders. But then labor itself started to exert itself through labor movements across Europe, in Germany and Britain. And that had a massive political impact. In fact in Germany, it led to the first sort of proto-welfare state, which was introduced by Bismarck—a very conservative figure—as a way to steal the clothing of the Socialist Party, which was growing

very quickly. It was an explicitly anti-revolutionary move to give the workers some stake in the system by giving them at least some social insurance—unemployment insurance, health insurance, etc. So you see there the beginnings of a social compact, which I think is what ultimately saved the system.

Michael Klein:

And so this speaks to what you mentioned earlier—the protean quality of capitalism, evolving to survive, in this case through greater inclusion.

John Cassidy:

Yeah, exactly. And I see the climax of that [inaudible] as the postwar social-democratic Keynesian state, which is the one I grew up in in the UK. There was a different version of it in the US, and an even more left-wing version than Britain in Scandinavia etc. But this idea of Keynesian macro policies to keep unemployment low, which gives workers bargaining strength, and a big social insurance system to protect the people who fall by the wayside, plus strong education policies, and strong investments in public infrastructure—health, housing, etc.—that, I think...the mixed economy as it used to be called in the UK when I was growing up, that was the high point of this sort of social bargain.

Michael Klein:

Going back to the 19th century—you point out that a prominent view among those commenting on economics then was quite distinct from that of Marx. You cite a widely used textbook by an economics professor from Williams College who wrote that “capital is just as dependent on labor as labor is dependent on capital; that each is equally interested in the prosperity of the other; and thus a deep and admirable harmony subsists.” But a very influential book, *Progress and Poverty*, by a newspaper man named Henry George, took a very different view at that time. Can you explain who Henry George was, and his analysis of persistent poverty amidst plenty?

John Cassidy:

Yeah. I mean, I think Henry George is a fascinating character, because in his own time—he basically wrote from 1870 to 1885—he was a massive figure. And his book *Progress and Poverty*, which was published in 1879, was the best-selling book, apart from The Bible, in the United States in the latter decades of the 19th century. He was a huge figure. He ran for mayor in New York City, a bit like Zohran Mamdani, except he lost narrowly instead of winning. He was a big figure. He went on tours of England, tours of Ireland. And what was his critique? He was basically a critic of large agglomerations of wealth, is what we'd call it now. He came out of California—he was born in Philadelphia, but he moved to California—so he saw the railroads coming west, and there was an enormous...the railroads got enormous land grants from the state after the Civil War, they accumulated massive amounts of capital and massive amounts of wealth. And he saw this as an infringement on the traditional American model, which was a family-farm system. And he put all this together—he wasn't a trained economist, although he did read widely—and he put all this together in *Progress and Poverty*, his book. And his basic argument was that wealth—and it sounds crazy now, but it made more sense in his time—that wealth essentially comes from the land. That's the basis of wealth. So that's what we should tax. And his political argument was for a single tax on land to replace the customs and excise taxes at the time, to finance the state. Now you think that sounds antediluvian, but actually since most

wealth was wrapped up in land at the time, it was basically a prototype of a call for a general wealth tax—or that's how I interpret it anyway. So I think George, if we look through 21st-century eyes, you can see him as an apostle of the doctrine of taxing wealth. He lived through the first Gilded Age, moved to New York for a while, saw the huge mansions on Fifth Avenue—the Vanderbilts, the Astors, etc—and he said this is going to lead to huge social dislocation and political trouble if it's not dealt with. And he was a big supporter of the labor unions in New York, who supported him in his mayoral bid. So he was a man of the left, but he wasn't a Marxist. In fact, Marx was very critical of him, and he was dismissive of Marx. It was really a sort of moral case against large agglomerations of wealth.

Michael Klein:

So do you hear echoes today of Henry George in things like, for example, Thomas Piketty's call for a wealth tax?

John Cassidy:

No, definitely. As I said, I think George-ism—as it's now called—there are still some Georgists out there...some of them just want a land tax. But it's become caught up in the broader movement to tax all sorts of wealth—financial wealth, real estate wealth, and physical wealth as well – commodities, etc. He, as I said, didn't go that far, because at the time joint-stock companies were only just coming into existence. Most of the large agglomerations of wealth—Vanderbilts etc—they were private fortunes. But he didn't go so far as to call for taxing them. He thought they could be captured through this tax on...seeing as they owned a lot of land...that they could be captured through a tax on wealth.

Michael Klein:

I guess also, it would have been a lot easier to tax land as a single tax than all the different ways wealth can take its form and people can avoid those taxes. So maybe the land tax in the 19th century made more sense than a wealth tax today, where the opportunity for avoiding the tax is much higher.

John Cassidy:

It's certainly more practical, I think, and easier to enact. And he wasn't the only one calling for it. In Britain, John Stuart Mill, the neo-classical economist, or classical economist, supported a land-value tax as well, toward the end of his life. The argument is very much the same as you hear now, in general wealth...that this was unearned wealth. You buy the land, and the landlords benefit from the appreciation of the land, which they don't do anything to create. So that was the argument he made. And some classical economists, Ricardo as well, obviously, his model of society was divided between landlords, capitalists, and workers. So George didn't just pull this off the west wall or whatever...the focus on land and landlords was a feature of classical economics, and he took it and developed it into a progressive critique of the entire system.

Michael Klein:

So there's so much in the book that would take us many, many hours of conversation to do justice to the wide scope of what you wrote. But I would like to bring up one other economist you wrote about who's not as well known as Adam Smith or John Maynard Keynes, but whose work seems to have been rediscovered recently. And that's Karl Polanyi, who was born in

Vienna in 1886 and grew up in Budapest. Polanyi wrote about what he called the ‘double movement’ of capitalism and the deep links between politics and economics. What did he mean by the ‘double movement,’ and why does that speak to analysts today?

John Cassidy:

Well, I think Polanyi is one of the great forgotten figures of economics. He’s been rediscovered now, as you said, to some extent. But when I studied economics—I came out of the British, [inaudible] Keynesian tradition—I studied economics at Oxford in the 1980s, and we never studied Polanyi. I didn’t really hear about him until much later, through journalism, really. He was a political economist. He wasn’t a formal mathematical economist. But he lived through fascism, both in Austria and in Hungary, and that very much colored his views of society. And he went from journalism to become an academic and studied the rise of the Industrial Revolution in Britain. And his argument, to get to your question, was that attempts to create a model free-market economy with very little government intervention—free labor markets, free capital markets, etc—he thought that was a disastrous venture, because it would create such social dislocation that it would inevitably produce a counter-reaction. So the first movement in his model is the move to create a sort of Friedrich Hayek-ian economy of a free market. But he says that inevitably produces a counter-reaction in the form of social and political movements—people trying to protect themselves against the rigors of capitalism. Very much like the Luddites, but on a much larger scale. And that is the double movement. In the 1920s and 30s, he thought that it gave rise to fascism. He thought that the great mistake of the interwar-era was an effort to recreate the laissez-faire system of 19th-century Britain on a global scale. And in the 30s, he thought the only inevitable outcome of that was either socialism or fascism. He then became a bit more optimistic after the New Deal. He was a big fan of Roosevelt and of the postwar Labour government in Britain. He became more hopeful about social democracy for a time. But it seems to me—to bring it up to date—why do I think he’s important now? Because I think we’ve had a very similar... I mean, I think the global situation now holds a lot of parallels with the 1930s, in that we’ve had this attempt, post-Cold War, to create a global free market, global free trade, financial liberalization, etc—and it’s produced a huge political backlash in the Western economies, both on the left but more novelly on the right. And a lot of working-class voters in places like England and America, France, now support far-right parties. I count the current Republican Party under the term “far right.” So that’s a classic double movement—a reaction to the excesses of the free market, in the Polanyian framework. And you don’t have to take it as complete gospel, but I think it’s a very useful framework for analyzing where we are now. And I think that’s why Polanyi has come to prominence.

Michael Klein:

Yeah, I guess he really started to come to prominence... I first heard about him through Dani Rodrik’s writings. And with hyper-globalization and so on, people started thinking, ‘well, this is similar to what Polanyi talked about.’ And I guess that was an impetus for the rediscovery of him.

John Cassidy:

Yeah, exactly. I mean, it’s just sort of blowback against globalization, which is what Dani Rodrik wrote about as far back as his famous book in 1997.

Michael Klein:

So John, to conclude, I'd like to go back to the introduction and ask you about Keynes's words about the influence and primacy of economic ideas. Have your views about the importance of these ideas evolved in the writing of your book?

John Cassidy:

Yeah, I think they have. I mean, I don't go as far as Keynes. Keynes was an academic, and he thought the world sort of revolved around academics. As you said—the famous quote about madmen and dictators being slaves to some defunct economist...I think that is over the top. I don't think economic ideas are the primary driving force in history. I think material conditions and broader economic conditions are more important. But I think that economic ideas do have enormous influence, especially in periods of crisis when people are looking around for a new model. That's what happened in the 1930s, and that's why Keynes was so influential. That's what happened in the 1970s, and it's why Milton Friedman and Hayek were so influential. In fact, I remember Milton Friedman saying this himself. He said the role of economists and thinkers is to keep ideas alive until there's a chance to put them into effect. The argument being that in most times, there isn't much plasticity in the political system, but in a crisis, there is. And I think that's where we are now. We're in a sort of interregnum period, where the old system has been discredited, but it's not clear what's going to replace it. There are various models out there—the right-wing economic nationalism of Trump and people like that, the state-capitalism model of the Chinese, the radical degrowth model on the far left. And I think there's a big gap on the center-left as to what the 21st-century version of Keynesianism—Keynesian social democracy. And that's what I'm particularly interested in.

Michael Klein:

Well, John, congratulations again on the publication of *Capitalism and Its Critics*. As I mentioned, I really enjoyed the book, and also I really enjoyed speaking with you today. So thank you for joining me on EconoFact Chats.

John Cassidy:

Thanks very much. I very much enjoyed it.

Michael Klein:

This has been EconoFact Chats. To learn more about EconoFact and to see the work on our site, you can log into www.econofact.org. EconoFact is a publication of The Fletcher School at Tufts University. Thanks for listening.