

**Daniel Bell's Dilemma:  
Financialization, Family Values, and their Discontents**

FINAL VERSION

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I.

Amassing a mountain of etymological conjectures and anthropological reports that ranged from Iroquois family structures to the communal land ownership of archaic Russian villages, in the last years of his life Karl Marx discovered the familial household. The family, he explained in his ethnological notebooks from the early 1880s, “contains in itself *in miniature* all the antagonisms that later develop widely in society and its state.”<sup>1</sup> Indeed, the modern patriarchal family had developed historically on the back of slavery. “In its primary meaning,” Marx excerpted from the American anthropologist Lewis Henry Morgan’s *Ancient Society* (1877), “family had no relation to the married pair or their children, but to the body of slaves and servants.”<sup>2</sup> As Marx observed, Charles Fourier had been right after all. The status of civilization was mirrored by its family structures and the rise of capitalism had gone hand in hand with a patriarchal revolution against matriarchy and common ownership. This meant inversely, as Fourier too had

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<sup>1</sup> Karl Marx, *The Ethnological Notebooks of Karl Marx*, ed. Lawrence Krader (Van Gorcum, 1972), 119-20; Heather A. Brown, *Marx on Gender and the Family. A Critical Study* (Brill, 2012), 156.

<sup>2</sup> Marx, *Ethnological Notebooks*, 119-20.

concluded, that the surest and most rapid path to social progress was the march of women toward their liberty.

Four years before excerpts from Marx's late ethnological notes were first published in 1972, Daniel Bell also turned to Fourier and the familial household. Like Marx, Bell acknowledged Fourier's prophetic quality. But referring to the sexual revolution sweeping through American campuses and bedrooms, Bell worried about what he dubbed the "psychological utopia of individual release."<sup>3</sup> Fourier had been the prophet of such "orgiastic chiasm," Bell declared in the *American Scholar* in the fall of 1968. "Family life, the key social institution of the civilized state," Bell explained, "was Fourier's most compelling example of an unnatural institution, holding men in its iron grip, bringing misery to all its members."<sup>4</sup> As the journal announced, Bell's next, long-awaited monograph would be a dissection of Fourier's utopia of sexual liberation.

Bell was far from alone in his concern about the state of American sexual mores and family structures. In 1965, Daniel Patrick Moynihan's report on "The Negro Family" had caused a stir by reframing black urban poverty around "the deterioration of the Negro family."<sup>5</sup> Moynihan, a sociologist then serving in the Johnson administration as Assistant Undersecretary of Labor, argued in the report that "the Negro community has been forced into a matriarchal structure which, because it is out of line with the rest of the American society, seriously retards the progress of the group as a whole, and imposes a crushing burden on the Negro male and, in consequence, on a great many Negro women

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<sup>3</sup> Daniel Bell, "Charles Fourier: Prophet of Eupsychia," *The American Scholar* 38/1 (Winter, 1968-69), 41-58. Reprinted as Daniel Bell, "Charles Fourier: Prophet of Eupsychia [1968]," in *The Winding Passage. Essays in Sociological Journeys, 1960-1980* (Abt Books, 1980), 91-104.

<sup>4</sup> Bell, "Charles Fourier," 93.

<sup>5</sup> Daniel Patrick Moynihan, "The Negro Family: The Case For National Action [1965]," in *The Moynihan Report and the Politics of Controversy*, ed. Lee Rainwater and William L. Yancey (MIT Press, 1967), 39-132, at 51.

as well.”<sup>6</sup> By the early 1970s anxieties about the counter-cultural sexual liberation directly echoed Moynihan’s account of black family breakdown. It was also during these years that the economist Gary Becker, Bell’s colleague at Columbia during the 1960s, began to extend his account of human capital from education to reproduction by developing an “economic theory of marriage.”<sup>7</sup> Disturbed by the student protests and the sexual revolution they had witnessed on Morningside Heights in the spring of 1968, both Bell and Becker ended up turning their back on Columbia. Bell moved on to the sociology department at Harvard, while Becker returned to the University of Chicago. In his celebrated economic papers Becker largely refrained from spelling out the political motivations and implications of his theory of family economics, but when he collected the papers in his unifying *Treatise on the Family* (1981) he made clear that his work over the previous decade had been driven by contemporary anxieties about divorce rates and single mothers. “The family in the Western world,” Becker declared in the book’s opening line, “has been radically altered, some claim almost destroyed, by the events of the last three decades.”<sup>8</sup> The household had become destabilized as a basic institution of the economy.

## II.

Becker’s hyperbolic assessment forms the opening epigraph of Melinda Cooper’s brilliant and magisterial *Family Values* (Zone Books, 2017). As Cooper shows in her important revisionist account, financialization and neoliberal depoliticization were never opposed to family values but instead frequently sought to restore forms of economic

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<sup>6</sup> Moynihan, “The Negro Family,” 29.

<sup>7</sup> Gary S. Becker, “A Theory of the Allocation of Time,” *Economic Journal* 75 (1965), 493-515; Gary S. Becker, “A Theory of Marriage: Part I,” *Journal of Political Economy* 81/4 (1973), 813-46.

<sup>8</sup> Gary S. Becker, *A Treatise on the Family* (Harvard University Press, 1981), 1.

discipline that aligned with “traditional” conceptions of the family. As such, Cooper argues, the neoliberal stealth revolution constituted a form of backlash not only against the postwar welfare state but also against the perceived counter-cultural erosion of a Protestant work ethic tied to traditional familial relations and a sexual division of labor.<sup>9</sup> Cooper’s study here provides a much-needed historical narrative that supports and extends Wendy Brown’s argument in *Undoing the Demos* (2015) that *homo oeconomicus* has always been accompanied by a *femina domestica*.<sup>10</sup> The return of “familialism,” as Brown calls it, was not merely an incidental response to the privatization and erosion of public goods but an essential requirement for the re-introduction of economic discipline.<sup>11</sup> Cooper concurs. The effective agent of neoliberalism was never the disembodied individual, but instead the reproductive family unit.

Cooper’s argument refreshingly challenges us to think about neoliberalism in terms that combine insights from intellectual, cultural, economic, and political history. Her sweeping historical narrative thereby accounts for an otherwise rather odd and seemingly eclectic strategic coalition between neoliberals, neoconservatives, and the religious right since the 1980s. While each of these groups disagreed radically about the sources of America’s malaise, each placed at the heart of their respective diagnoses the erosion of the traditional family household as the right unit of economic and social life. As a result, the sexual revolution was widely seen to have perverted the logic of the welfare state, effectively “turning it into an amoral machine that broke the family.”<sup>12</sup>

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<sup>9</sup> See also Robert O. Self, *All in the Family: The Realignment of American Democracy Since the 1960s* (Hill and Wang, 2012).

<sup>10</sup> Wendy Brown, *Undoing the Demos: Neoliberalism’s Stealth Revolution* (MIT Press, 2015), 99.

<sup>11</sup> Brown, *Undoing the Demos*, 105-6.

<sup>12</sup> Andrea Muehlebach, “Review,” *H-Diplo Roundtable Review on Family Values*, Vol. XIX, No. 38 (June 2018), 12.

From an emergent neoliberal perspective, the traditional household was instead both the site of economic discipline and a substitute for public welfare. Where state-sponsored welfare produced “overinsurance” and “moral hazard” in the form of fiscally irresponsible behavior, individuals should either pay for insurance in the market or pool risks privately within the family household. As a result, Cooper’s coalition of neoliberals and neo-conservatives sought to re-establish the private household as the center of moral and economic gravity.

Crucially, as Cooper shows, this romanticization of the nuclear family – an odd Cold War epithet that was itself only coined at the dawn of the nuclear age in the 1940s – was never restricted to the new right or to neoliberals. Most postwar liberals and progressives shared an appreciation for the normative model of the patriarchal household. Cooper perceptively understands this unspoken centrality of the family and unfolds its manifold layers. This is particularly forcefully brought to the fore in her recovery of perceptions of inflation as first and foremost a moral crisis that revolved around the family. Inflation was seen as indicative of a broader breakdown of moral values. Having long associated welfarism with the defense of family values, in the course of the 1970s many progressives came to affirm the diagnosis that welfarist deficit spending combined with hedonistic sexual liberation inevitably produced inflation. Even Cooper herself seems at times to share this assessment of a trilemma of welfarism, counter-cultural liberation, and price stability. “The calculus of postwar deficit spending,” she explains, “was premised on the normative assumption of the family wage and therefore contained within limits that were simultaneously sexual and economic.”<sup>13</sup> Without such sexual (and,

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<sup>13</sup> Cooper, *Family Values*, 55.

as we will see, racial) limits, welfarism broke out of the constraints of the family wage. Inflation thus reflected the erosion of naturalized value systems, be they economic or familial. Paradoxically, sexual liberation itself was at the time widely seen as an indirect unintended consequence of welfarism. In connecting the dots from welfarism via hedonism to inflation, the welfare state thus came to be seen as undermining its own preconditions. By recovering this hidden argument, Cooper brilliantly resituates the birth of neoconservatism as the attempt to formulate “a coherent politics of reaction from *within* the left.”<sup>14</sup>

Bell, one of the side characters of Cooper’s account, never completed his book on the Fourier he had sketched in 1968. Instead, like Becker and many others, he too became interested in the counter-culture’s effect on the future of capitalism. This line of enquiry eventually culminated in *The Cultural Contradictions of Capitalism* (Basic Books, 1976), a book that exercised a tight hold on the intellectual imaginary of the late 1970s and has recently resurfaced as a surprising guide to the neoliberal politics of depoliticization. According to Bell, advanced Western capitalism had become entangled in a fateful cultural contradiction. The postwar boom and the counter-culture of the 1960s had entrenched a consumerist ethic of immediate gratification and self-realization that then undermined the Protestant virtues of frugality and modesty, which Bell – following Max Weber – considered the pillars of capitalism’s historical success.

As Bell had put it already in October 1970 in a *New York Times* piece, simply entitled “The Cultural Contradiction,” all social systems rely on the acceptance of a “moral justification of authority” by the population. But the new capitalism of abundance

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<sup>14</sup> Cooper, *Family Values*, 50.

increasingly lacked any such moral grounding.<sup>15</sup> Instead, its character was oddly split between traditionalist Protestant values of restraint and a consumerist celebration of self-realization. The former emphasized a “Protestant sanctification of work” based on norms of efficiency and functional rationality. The latter engendered “apocalyptic moods,” “antirational modes of behavior,” and an all-encompassing hedonism. As a result, Bell concluded, “liberalism today is in trouble. . . . It is this disjunction which is the historic crisis of Western society.”<sup>16</sup>

Like his two previous books, *The Cultural Contradictions of Capitalism* (originally entitled *The Divided Society*) quickly became a key prism for understanding the spirit of the times, in this case the political and cultural crisis of the 1970s. The book rapidly acquired the status of, in Daniel Rodgers’s words, “one of the mid-1970s’ most important books of social theory.”<sup>17</sup> Its influential reception ranged widely from neo-conservatives to critical theorists. In the late 1970s, Jürgen Habermas repeatedly stressed the convergence between Bell’s account and his own diagnosis of an entwined legitimation and cultural crisis.<sup>18</sup> When the *Times Literary Supplement* compiled the 100 most influential books since World War II in 1995, Bell’s book featured prominently. But while *The Cultural Contradictions of Capitalism* came to be seen as capturing the spirit of crisis of the 1970s, the crisis Bell originally had in mind was the paradox of material abundance, not economic slump. The kernel of the book even originated to a large extent during a sabbatical year in 1969-70, when Bell was fellow in residence at the Russell

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<sup>15</sup> Daniel Bell, “The Cultural Contradiction,” *The New York Times* (Tuesday, October 27, 1970), L45.

<sup>16</sup> Bell, “The Cultural Contradiction,” L45.

<sup>17</sup> Daniel T. Rodgers, *Age of Fracture* (Harvard, 2011), 75.

<sup>18</sup> Jürgen Habermas, “Ideologies and Society in the Post-war World: interview with Gad Freudenthal, Jerusalem, 16 December 1977,” in Peter Dews (eds.), *Autonomy and Solidarity. Interviews with Jürgen Habermas* (Verso, 1992), 51.

Sage Foundation in New York. Marking his move from Columbia to Harvard, this was the year he had originally meant to write his book on Fourier.

Born in May 1919, Bell had grown up in the Jewish slums of New York's Lower East Side. During the Great Depression, in 1932, he joined the Young People's Socialist League at age 13.<sup>19</sup> After majoring in classics at City College – a young communist instructor named Moses Finkelstein (later Finley) successfully made the case that only classics afforded the study of entire cultures that had collapsed under their own contradictions –, Bell moved on to graduate study in sociology at Columbia. Though he briefly taught at the University of Chicago, for the better part of two decades Bell worked as a journalist. He was first managing editor of the *New Leader*, a socialist, anti-communist magazine published by the International Ladies' Garment Workers' Union, before becoming the Labor Editor of *Fortune* magazine in 1948, in an age when a major business newspaper was still in need of a labor correspondent. Only in the late 1950s did Bell decide to pursue an academic career. When Henry Luce, the owner of *Fortune* magazine, tried to retain him, Bell is said to have given three incontrovertible reasons for his return to the academy: June, July, and August. Having been appointed as associate professor of sociology at Columbia in 1959, the university awarded him a PhD in 1960 based on *The End of Ideology*, published the same year. It was at Columbia that Bell would witness from up close the student protests of 1968.

During his transitional sabbatical the following year Bell began to bring together his impression of the counter-cultural developments with the changing industrial nature of advanced capitalism. Most centrally, what Bell detected was an increasing rejection of

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<sup>19</sup> Daniel Bell, "First Love and Early Sorrows," *Partisan Review* Vol. 48, No. 4 (1981), 532-51.

economic growth, “the secular religion of advancing industrial societies” (237-8).<sup>20</sup> But without economic growth, Bell asked, what was the *raison d’être* of capitalism?<sup>21</sup> When he first posed this question, Bell had in mind the conscious rejection of the imperative of growth by young Americans in the late 1960s. But soon that choice was itself out of reach. Whereas average GDP growth had been above four percent across Western Europe and the United States between 1950 and 1970, growth came to an abrupt halt in 1973 as the US economy settled into the worst recession since the 1930s.

Despite the malaise, Bell continued to assert confidently that the economic crisis could be managed. The deeper and more lasting crisis, he insisted, was a cultural one. What had been eroded was nothing less than the religious foundation of American capitalism that had grounded both its legitimation and the motivation of its participants. As Bell put it, “call it psychedelic or call it, as its own protagonists have, a ‘counter-culture.’ It announced a strident opposition to bourgeois values and to the traditional codes of American life.”<sup>22</sup> The 1960s had given rise to a deep cultural transformation that constituted a profound challenge to the very “moral temper” of society and its existing norms of reward. Bell’s conclusion was paradoxical yet oddly persuasive. Far from entrenching conservative values, the corporate capitalism of the postwar years had unwittingly produced a hedonistic consumer society. The corporate revolution was being devoured by its own children.

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<sup>20</sup> All page references in the main body of the text are to *The Cultural Contradictions of Capitalism* (Basic Books, 1976).

<sup>21</sup> Daniel Bell, “The Cultural Contradictions of Capitalism,” *Journal of Aesthetic Education* (1972), 36.

<sup>22</sup> Bell, “The Cultural Contradictions of Capitalism,” 35.

### III.

The 1980s seemed to prove Bell spectacularly wrong. Instead of a cultural contradiction between hedonism and discipline, the decade explosively fused the two. Instead of a capitalist identity crisis, what emerged was an intensified commodification of counter-culture, harnessed to the rhetoric of self-realization, a proliferating self-help industry, and strident human resources divisions within corporations. The hedonistic licentiousness and irrational exuberance that Bell had painted as antagonistic to capitalism instead became the driving forces of a new debt-fuelled financialized service economy, embodied symbolically by the figure of the yuppie bond market trader. Newly empowered financial markets internalized both the hedonism of counterculture and its identity-shifting fluidity. Instead of turning their back on the rat race, baby boomers worked longer hours than ever. Instead of “tune in, and drop out,” we got *Prozac Nation* and “Generation Adderall.”

If Bell’s prognosis of a cultural contradiction turned out to be wrong, in an ironic twist this was precisely because his diagnosis had been so acute. While failing to envisage what was to come, Bell had been extraordinarily prescient about the pressures that produced these unexpected developments. Alongside his account of cultural crisis, always eyed skeptically even by some of his closest friends who did not share his grim account of counter-culture, in the final chapter of *The Cultural Contradictions of Capitalism* Bell outlined the central political dilemma of advanced capitalism. Democratic capitalist politics after the boom, he argued, was stuck in a seemingly inescapable dilemma between the essential need for intervention and the devastating

effect that those very acts of intervention have on political legitimacy (243). This dilemma is still with us, painfully so.

According to Bell's diagnosis, the distinction between state and economy that had structured classical liberalism had become obsolete in the course of the twentieth century. While rhetorically opposed to planning, the modern capitalist economy nonetheless depended on constant measuring, managing, and steering. In upholding an empty idol of the market, advanced capitalism had in fact "begun to center the crucial decisions about the economy and the society in the political cockpit." (24) More and more economic outcomes were directly affected by the administrative state. This erosion of the classic liberal distinction between state and market raised profound questions of legitimacy.

Unlike conservative critics, who saw this predicament as a fatal political choice to be overturned, for Bell the intermingling of state and market was an irreversible, constitutive feature of advanced capitalism. There was no going back. Instead, one had to learn how to live with the resulting dilemmas of legitimacy that the 1970s forced into the open. During the immediate postwar period, spectacular economic growth had largely disguised the extraordinary centrality of technocratic economic government. The "hiding hand" of the state, as Albert Hirschman put it, was either invisible or served to further prop up the output legitimacy of the state through the experience of unprecedented affluence. But according to Bell, two events altered this radically. First, the 1960s witnessed a new expansive commitment to "normative social policy" that ranged from civil rights to housing to health care. This meant that the government "made a commitment not only to create a substantial welfare state, but to redress the impact of all economic and social inequalities as well." (226) Bell saw these developments as "largely

irreversible” but he considered them an important “historical watershed.” (226) Secondly, the experience of inflation during the 1970s made the previously disguised reliance on political management all too explicit. In the context of crisis, governmental interventions and distributive political decisions became increasingly visible and thereby contestable.

“In effect,” Bell explained, “decision-making has become ‘politicalized’ and subject to all the multiple direct pressures of political decision making. ... When one ‘burdens’ the polity with more and more political issues, when housing, health, education, and the like become politicalized, strains are compounded.” (197) Necessary interventions would inevitably be based on contentious distributive judgments certain to provoke resentment from the respective losers, not to mention their lobby groups. The political system would struggle under the weight of these conflicting demands. Even worse, in the face of a faltering technocratic ability to produce prosperity, citizens reasonably directed their frustration about hardships at the administrative state that had failed them. Now they knew whom to blame.

This account of the central political dilemma of advanced capitalism has recently re-emerged as a productive theoretical frame in the historical literature on deregulation and financialization since the 1970s. As Greta Krippner has shown in *Capitalizing on Crisis* (Harvard University Press, 2011), an indispensable classic for understanding the politics of financialization, Bell perceptively put his finger on the central pressure point that eventually motivated the neoliberal turn toward a new politics of depoliticization. As Bell put it (in a line taken up by Krippner), where the administrative state concentrates decisions, makes the consequences visible, and exposes the legitimacy of the state, “the virtue of the market is that it disperses responsibility for decisions and effects.” (235)

This did not mean that markets dispersed power. On the contrary, they were shot through with coercion, as the political scientist Charles Lindblom had argued in his *Politics and Market*, another unlikely *New York Times* bestseller of the late 1970s.<sup>23</sup> Instead, what Bell had in mind was the market's ability to evade responsibility by dispersing *the appearance* of power and coercion.

Bell never endorsed such a turn to the market. But, without seemingly realizing the force of its attraction, he had unwittingly pointed to one possible political solution to his own dilemma. It is worth lingering on the fact that the neoliberal politics of depoliticization that followed took most observers by surprise. Bell, like many others, considered the welfare state and a mixed economy as not only historical achievements but structural necessities that reflected a widespread consensus. In the end, what Bell underestimated was the political creativity of the right, its Gramscian grasp of the need to shift the ideological pillars of discursive hegemony, as well as the emotional appeal of consumerism that endowed the market with theological significance. In the course of the 1970s, challenges of the "post-ideological" consensus gradually moved from the fringes into the American mainstream. By the 1980s a concerted politics of disinflation was accompanied by the dismantling of labor unions and an erosion of the welfare state.

Bell's own preferred solution to the dilemma had always been radically different. The only true answer, he argued in the closing section of *The Cultural Contradictions of Capitalism*, consisted in squarely confronting the dilemma as a supremely political challenge. Difficult distributive decisions could only avoid jeopardizing the legitimacy of the state if they were based on a public political philosophy that accepted the economy as

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<sup>23</sup> Charles E. Lindblom, *Politics and Markets: The World's Political-Economic Systems* (Basic Books, 1977).

a politically contested arena to be publically managed. Bell dubbed this “the public household.” While tracing the term back to Joseph Schumpeter’s sociology of taxation, for Bell this was also an attempt to make legible the public underpinnings of seemingly private economic decisions. In provocatively combining the fiscal budget and the private economy under the same term of the public household, Bell sought to take seriously the *political* in political economy. Contrary to the liberal separation between private economy and public politics, the modern state constantly made and unmade markets while being itself measured primarily by economic success. Its regulative decisions had moreover immediate distributive effects, allocating gains in some cases, singling out losers in other cases.

What American society desperately lacked given this predicament, Bell diagnosed, was a distributive philosophy that could guide policy decisions and adjudicate between conflicting claims to resources and state support. This was not meant as a rebuke against liberalism. On the contrary, for Bell, only such a public political philosophy could ensure the preconditions necessary for the very possibility of a liberal society. “A new public philosophy will have to be created,” he concluded, “in order that something we recognize as a liberal society may survive.” (251) Failure to develop such a philosophy, Bell prophesized, would lead into a spiral of tax revolts, growing indebtedness, and increasingly extremist politics on the right that would put the entire system in question.<sup>24</sup>

Bell’s book thus ended not on a note of cultural or economic crisis, but instead a crisis of political thought. For political theorists and intellectual historians this might seem a paradoxical conclusion. After all, the 1970s have since often come to be seen as

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<sup>24</sup> Already shortly after the book’s publication the first signs of such a new political coalition began to take shape when in June 1978 nearly two-thirds of Californian voters enthusiastically passed Proposition 13 that slashed and capped property taxes.

the decade during which John Rawls's *Theory of Justice* (1971) revived American liberal political theory. Bell, by contrast, diagnosed by the end of the same decade a precarious lack of public philosophy. "We are groping for a new vocabulary," he despaired (xxix). Not only was Bell unconvinced by some of the details of Rawls's theory and judged several of its most fundamental concepts fatally ambiguous, but Rawls's self-conscious abstraction left his theory unable to provide specific guidance on the kinds of complex policy decisions that had been Bell's primary concern.<sup>25</sup> Most fundamentally, however, Bell thought Rawls was out of touch with the sensibilities of American society during the 1970s. Already in *The Coming of Post-Industrial Society* (1973), Bell had offered a critique of his then Harvard colleague in which his dissatisfaction had focused on Rawls's rejection of the idea of meritocracy.<sup>26</sup> Bell consequently dubbed Rawls's book as "the most comprehensive effort in modern philosophy to justify a socialist ethic."<sup>27</sup> While mockingly predicting that "in Sweden, Rawls's philosophy of 'fairness' is likely to become the quasi-official philosophy," Bell thought Rawls's rejection of meritocracy ill-suited for American mores.<sup>28</sup>

#### IV.

This left Bell in a complicated political position. While pointing out that American society continued to be built on faith in a meritocratic value system, he simultaneously insisted that advanced capitalism had rendered obsolete any notion of pre-

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<sup>25</sup> Who precisely were "the least advantaged," Bell asked for example. He similarly questioned whether people were really as risk-averse concerning consumption goods as Rawls suggested. (271)

<sup>26</sup> Daniel Bell, *The Coming of Post-Industrial Society. A Venture in Social Forecasting* (Basic Books, 1973), 443.

<sup>27</sup> Bell, *The Coming of Post-Industrial Society*, 444.

<sup>28</sup> Bell, *The Coming of Post-Industrial Society*, 456n111.

political, natural market desert. Bell hoped to address this problem through his notion of the public household. As Cooper's recovery of the importance of family values illustrates, to frame economics through the household was an intentionally symbolic and emotional endeavor. After all, Bell never abandoned his belief in the family as the key institution of the civilized state. As we saw above, it was the breakdown of family mores and their replacement by "hedonism" that he identified as the most important effect of the sexual revolution for liberal capitalism.<sup>29</sup>

But once sensitized by Cooper's pointer toward the importance of family values for Bell, Bell's account of the cultural crisis of capitalism begins to take on an additional dimension. To begin with, his choice of the term "public household" not only harked back to Schumpeter but also tied economics back to the household (oikos) by implicitly recasting economic policies as questions of state householding. The household was moreover not just any space of common living but also – at least since Aristotle – a place of necessary inequality and hierarchy. Bell made this dimension explicit by opening his chapter on the public household with Aristotle's discussion of household management. The turn to the public household must thus also be understood in the context of the tension Bell had detected between the asceticism and hedonism in capitalism. The public household was not a moral order in its own right. Instead, Bell hoped that it might be possible to guide capitalist decision-making in a way that would restrain the threat hedonism posed for the family.

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<sup>29</sup> Already in *The End of Ideology* (1960), he had based his analysis of capital on the social structure of the family. Inverting Engels's account of the bourgeois family as having arisen out of capitalism, Bell argued instead that the class system had formed out of the conjuncture of the reproductive unit of the family and the institution of property. Daniel Bell, *The End of Ideology. On the Exhaustion of Political Ideas in the Fifties* (Free Press, 1960), 39-46. The resulting familial hold on property, Bell explained, had only been weakened by the subsequent emergence of romantic love and women's ability to marry across class lines.

The connection Bell drew between the sexual revolution and capitalist crisis becomes more intelligible once we take into account the intermediary institution of the family, pivotal in Bell's account and yet often invisible. The concept of the family awkwardly troubled any neat separation into societal spheres. In the new foreword to the 1978 paperback edition of *The Cultural Contradictions of Capitalism*, Bell famously described himself as a "socialist in economics, a liberal in politics, and a conservative in culture" (xi), thereby insisting on the possibility of seemingly contradictory value-commitments in different social realms. But the family was the one place in which these three realms inextricably overlapped. The family was not only the primary site of cultural reproduction, it was also, according to Bell, the bedrock of class relations. Finally, it was in the realm of the family that the personal became political. Bell's notion of the public household implicitly evoked this conception of the family as an ambivalent site of both caring and discipline.

As Cooper shows in her revisionist account of financialization, Bell's framing also helps to make sense of other counter-intuitive political alliances. In what is perhaps the most ingenious aspect of her narrative, Cooper dramatically reframes the expansion of consumer credit since the 1980s as having been premised on the notion of household debt and a new form of economic discipline. When the disinflationary Volcker shock of the early 1980s intentionally pushed up unemployment and squeezed real wages, it was the new accessibility of private credit that was intended to muffle some of the intentionally inflicted economic pain. As Cooper puts it concisely, "fiscal austerity and credit abundance went hand in hand; the one could not exist without the other."<sup>30</sup> But far

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<sup>30</sup> Cooper, *Family Values*, 246.

from paving the way to an unbridled individualism and a disintegration of community, Cooper recovers the ways in which the brave new world of credit frequently reinstated family obligations through the concept of household debt. Her recovery of the sexual politics of debt here mirrors Thomas Piketty's stress on the intergenerational transmission of household wealth through inheritance or marriage. But as she shows, the debt-based temporal bind at the level of the family that has come to characterize our era of financialization was always a feature not a bug. Household debt was aimed to be both liberating and, crucially, disciplining. It was meant to provide households with a leash loose enough to absorb some of the blows of eroding public good provision and stagnating real wages, while firm enough to re-instate financial discipline. The resulting ambiguity between liberation (credit) and domination (debt) was thus a constitutive one.

The family, Cooper demonstrates, forms in this sense a missing link between neoliberal financialization and its fetish of human capital, both in its reproductive dimension and in the form of investment in oneself through education.<sup>31</sup> Turning the public good of higher education into a private investment consciously reinstated the economic obligations of the family against the perceived erosion of respect for authority and tradition. The result has been a spectacular rise of tuition fees and, relatedly, student debt.<sup>32</sup> Cloaked in the promise of converting its recipients from workers into (human) capitalists, educational debt is also the one form of debt completely exempt from personal bankruptcy in the United States. Most importantly, unlike other forms of debt, the burden

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<sup>31</sup> As Gary Becker put it in a passage cited by Cooper: "Where does human capital come from? ... One has to start with the family." Cooper, *Family Values*, 215.

<sup>32</sup> According to the Federal Reserve, the outstanding balance on student debt now exceeds \$1.5 trillion, a figure that tripled between 2004 and 2012 alone.

of student debt is almost always a family affair, shared between the recipients and their parents, as well as sometimes other family members.

Cooper's reading has a further crucial upshot. Recovering the shared neoliberal and neoconservative focus on the family not only brings back into view the sexual politics of capital, it also makes visible questions of race. As Cooper emphasizes, neoliberal and neoconservative complaints about a culture of entitlement were frequently explicitly racialized or disguised in an only very thinly veiled manner. Just as the Moynihan Report had linked black poverty to eroded family structures, in the course of the 1970s moral blame for the economic malaise was often tied to worries about changing family structures and the increased availability of welfare payments for minority and single-parent households.<sup>33</sup> What this reveals, as Cooper chronicles, is the way in which the mid-century welfare state was from the beginning tied to a form of white identity politics that limited social protection to married masculinity. As long as welfare spending was primarily directed at white patriarchal households it had enjoyed widespread support. But the moment such exclusions became untenable after the Civil Rights era and the Great Society, even modest attempts at extending welfare to non-traditional households provoked fierce backlash, even among progressives. Perversely, the blame for the crisis of welfare capitalism fell on the shoulders of black single mothers.

Cooper recovers this racialized perspective not just as an important component of the perceived crisis of welfarism in the 1970s, she also identifies it as the political glue that helped to solidify new coalitions between neo-conservative and neo-liberal to reinstate "family values" against the welfare state. Furthermore, in turning to the

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<sup>33</sup> Patrick Moynihan, *The Negro Family: The Case For National Action* (1965).

subsequent explosion of private credit Cooper is able to show how the new politics of consumer credit ended up compounding and legitimizing racial inequalities, rather than correcting for them. If Bell had worried about how to base allocative decisions on ranked value judgments, credit markets removed these responsibilities from the state and seemingly objectified them in the form of private credit scores. Bad credit now justified forms of rejection and exclusion that would previously have been rightly perceived as contestable political choices. But credit ratings are of course far from neutral. Instead, they regressively favor those who already own capital. While removing the sting of explicit discrimination, credit ratings thus ended up perpetuating the racial wealth gap by whitewashing past injustices of racialized capital accumulation, especially the devastating long history of explicitly discriminatory access to credit and the exclusion of African-American households from federal mortgage programs during the postwar boom.<sup>34</sup>

## V.

If private credit had once held out a liberatory promise, the Financial Crisis of 2008 revealed it to be a poor and regressive substitute for public goods and rising wages. Private debt failed to constitute a solution to Bell's dilemma but was at best another instance of, what Wolfgang Streeck has dubbed, "buying time."<sup>35</sup> Indeed, private credit turned out to be vastly more fragile and unsustainable than public debt.<sup>36</sup> States were after all able to step in the breach thanks to the sovereign's ability to create its own reserves and raise taxes.

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<sup>34</sup> Mehrsa Baradaran, *The Color of Money: Black Banks and the Racial Wealth Gap* (Harvard, 2017).

<sup>35</sup> Wolfgang Streeck, *Buying Time: The Delayed Crisis of Democratic Capitalism* (Verso, 2014).

<sup>36</sup> Adam Tooze, *Crashed: How a Decade of Financial Crises Changed the World* (Viking, 2018).

But with states at least nominally back in charge, the basic outline of Bell's dilemma has reemerged. As a result, his plea for a public political philosophy to guide economic policy resonates once more. After all, one effect of the Federal Reserve's successful interventions to save financial markets from themselves during the Crisis has been to burden a supposedly technocratic agency with highly contentious distributive decisions. Central banks around the world today interfere directly in financial markets to an extent that would have been considered unimaginable during the 1990s and 2000s. But having been painted as formally independent agencies beyond politics, central banks at the same time lack both direct democratic accountability and a political philosophy that could guide their highly distributive interventions. Instead, they uncomfortably disavow their own political agency. But as Bell would have pointed out, the resulting dilemma cannot be evaded through obfuscation.

It is nonetheless far from clear whether Bell's call for a public philosophy of fair economic sacrifice will be heeded this time. One of the lessons of recent accounts of financialization and neoliberalism, Cooper's included, is that the neoliberal political imaginary was always vastly more malleable and creative than either Bell or most critics on the left could conceive. What marked off neoliberalism both from prior forms of liberal thought but also from socialist critics was, as Foucault grasped in the 1970s, its infinitely inventive "governmental rationality." Neoliberals, Quinn Slobodian recently showed, always already accepted Polanyi's dictum that *laissez faire* had to be planned.<sup>37</sup>

It would then be a mistake to begin from a misleading opposition between a

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<sup>37</sup> Cooper's observations here resonate with Slobodian's *Globalists: The End of Empire and the Birth of Neoliberalism* (Harvard, 2018) which spells out a longer history since the 1920s of the neoliberal uses of first sovereignty and then international institutions to "encase" markets against democracy and decolonization.

“disembedded” market and affective institutions like the family, community, or society. Instead, re-enchanting neoliberal markets turned out to be highly attuned to people’s affective and even spiritual desires. As Martijn Konings has recently argued, what both Bell and other progressive critics underestimated was the emotional logic of neoliberal consumerist capitalism.<sup>38</sup> Capitalism has proven far more resilient than critics anticipated not because of its superior efficiency or rationality – hardly terms any sober observer would want to apply to contemporary financial markets without qualification – but because of its affective promises. Far from being simply a disembedding agent, contemporary capitalism continuously re-constitutes our desires and even our subjectivities. As a result, capitalism cannot be moralized or criticized from the outside. Rather than treating the economy as a separate sphere of social life, external to the critic or the subject, a more persuasive analysis has to take seriously capitalism’s emotional and meaning-producing promises, while at the same time exposing its failures to live up to these promises.

Word count: 6,350 words (including notes)

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<sup>38</sup> Martijn Konings, *The Emotional Logic of Capitalism* (Stanford, 2015).