

Plutocracy and Pluto-democracy: The Pervasive Power of Wealth in Modern Society as  
Polemics and Social Science

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Abstract:

In the late nineteenth century the word 'pluto-democracy' was minted in several European languages as a polemical term with strong negative connotations. Its use, as well as the revival of the classical 'plutocracy', did not remain confined to journalistic invective: it found its way into the terminology of many social and political theorists. The terms were intended to describe a specifically modern phenomenon: the state of affairs they stigmatized was the outcome of the age's experiment with participatory politics in mass society, coupled with the extreme wealth inequalities wrought by the second industrial revolution. The perceived failure of popular sovereignty to produce radical change for the working class was matched by a more general reappraisal of the watchdog role of public opinion in upholding the general interest. The present study retraces the theoretical and political contexts associated with the notion of pluto-democracy and plutocracy, with a view to reconstructing the potentially unorthodox alliances afforded by such a conceptualization of the social space, in its ambiguity, as well as the decisive inflection in usage occasioned by its adoption in wartime propaganda, which internationalized (and ethnicised) the term in ways subsequently appropriated by fascism in the interwar years.

Keywords: Europe -- 1870-1945, Mass Society, Democratization, Class Struggle, Ideology, World War I -- Propaganda, Fascism.

Neologisms exert a powerful attraction on historians of political thought. They suggest the possibility that new social factors underlying political discourse have appeared. They may be read as symptoms of potentially new political cleavages. Although by no means leading to automatic conclusions, an argument can be made that a neologism signals the emergence of new forms of political confrontation. As a consequence, a neologism can be taken as an invitation to investigate the novel configurations of alliances and collective identities it may have been coined to define.

The present paper attempts to pursue such an investigation, with reference to the terms 'plutocracy' and 'pluto-democracy', which experienced a period of great popularity across Western Europe in the late nineteenth and early twentieth century. The argument proceeds as follows. Having discussed the archaeology and birth of the terms, an attempt is made to situate them in the context of the European societies of the time, by mentioning a few general social and political trends. Subsequently, an ideal-typical sketch of the content of the concept is presented, by means of an analysis of the types and modes of plutocracy most discussed in the usage of the time. In parallel, the concept's vagueness is stressed, particularly with relation to the identity of the actors it targets. Such vagueness is explored with reference

to the contrasting uses of the terms in turn-of-the-century polemics and social theory. Finally, a turning point is identified with their appropriation for propaganda purposes in wartime, and, later, with their inclusion in the political vocabulary of the dictatorships in the interwar era. A few general reflections on the relationship of plutocracy and political modernity appear in lieu of a conclusion.

### 1. *Etymology, definition, diffusion*

The family of words with which this article will concern itself centres on plutocracy, and includes such variations and constructs as demo-plutocracy, pluto-democracy, demagogic plutocracy, democratic plutocracy, and so forth. The etymological source is, evidently, Greek. The word *πλουτοκρατία* makes a brief appearance in Xenophon's *Memorabilia*,<sup>1</sup> but otherwise does not enjoy much attention in the classical period, occurring only in Menander Rhetor in the third century AD.<sup>2</sup> Terms such as timocracy, oligarchy, or even aristocracy appear *prima facie* to cover the semantic sphere of plutocracy in classical political thought, but, as will be argued, the differences run somewhat deeper. In any case, in the modern languages of western Europe plutocracy is a nineteenth century coin: in French it is first attested in the 1840s, thence borrowed by German, and found in Italian at a similar time.<sup>3</sup> The exception is English, where the term makes its first appearance in the interregnum, in 1652, only to be abandoned for nearly two centuries, and resurrected in line with the continental languages.<sup>4</sup>

The usage of plutocracy and of its cognates spreads in the last decades of the century and the years leading up to the Great War, then shifts markedly in pragmatic intent in wartime propaganda, and again in interwar polemic, reaching an apogee of sorts in the first years of World War II. The present study will attempt to give a broad, while necessarily imperfect and vague, first account of these shifts in meaning and use of the term, by focusing roughly on the period running from the 1880s to World War II.<sup>5</sup>

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<sup>1</sup> X. *Mem.* 4.6.12.

<sup>2</sup> Spengel 1856, p. 359. Cf. Liddell-Scott *Greek-English Lexicon*, entry for '*πλουτοκρατία*'.

<sup>3</sup> The Robert dictionary (1986) credits Michelet with the term '*ploutocratie*' (in 1842), and Proudhon with '*ploutocrate*' (1865). Cf. the Duden German dictionary (1993) entry for '*Plutokratie*', and the UTET Italian dictionary (1984) entry for '*plutocrazia*'.

<sup>4</sup> Oxford English Dictionary (1989), entry for 'plutocracy'.

<sup>5</sup> Among the aspects that this article will not be able to cover, the most regrettable perhaps is the peculiar evolution in the use of the terms in U.S. politics during the period, from the populist polemics of Senator Richard Pettigrew (1922) to the socialist pamphlets of Scott Nearing (1917), to quote only two notable authors.

The term plutocracy, and to an even greater extent pluto-democracy, demagogic plutocracy, and so forth, is almost universally used with a negative connotation, so much so in fact that one even finds instances of its utilization as sarcastic appropriation<sup>6</sup> (“we, the plutocrats”, on the model of “we, the cannibals”). Although one encounters some forms of cooptation and neutralization of the term into the jargon of the nascent social sciences in the *fin de siècle*, its most characteristic ground remains that of partisan political polemics. Within this semantic context, however, plutocracy was not at first monopolized and transformed into an identity marker of a single ideological worldview or constellation of interests (in the way in which, for instance, ‘proletariat’ was). If one takes the French case, one finds mention of ‘*ploutocratie*’ (with far from homogeneous referents) in the staid *Journal des Débats* and in the tabloid *La Presse*, in the mainstream conservative *Le Figaro* and in the reactionary broadsheet *L’Action Française*, in the Catholic *La Croix* and the Socialist (later, Communist) *L’Humanité*, and so forth:<sup>7</sup> it seemed that everyone had a plutocratic demon to exorcize.

What is denoted by plutocracy, is, evidently and literally, the power of wealth in society, and indeed, as is common with constructs of this kind (on the model of ‘aristocracy’), one can generally distinguish between two senses of the expression, one narrowly identifying the holders of such power (the plutocrats) as a group, the other more broadly characterizing a country or socio-institutional configuration *de jure* or *de facto* under the sway of such power. However, such a preliminary statement does not suffice to capture the core of the concept. Typically, at least in the period and with reference to the empirical evidence under consideration, the rule of wealth that the term plutocracy stigmatizes is not an open, declared, and accepted one, like the *suffrage censitaire* of the July Monarchy: whether implicitly, or *apertis verbis* in the case of pluto-democracy, it is a regime that dares not speak its name, or show its face. It is the inconvenient and inadmissible truth that stands behind the theatre of politics, which, in the modern world of mass society, is most characteristically a democratic politics. When the term plutocracy is employed, it is most often to designate the rule of wealth *under cover of* the rule of the people, cover which effectively shields it from any form of accountability.

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<sup>6</sup> E.g., “A House in the Square”, *The Observer*, Apr 7, 1940: 13.

<sup>7</sup> For instance, *Journal des Débats*, Jul 17, 1883, Jul 9, 1898, Aug 7, 1901; *La Presse*, Mar 20, 1881, Sep 24, 1894, Aug 19, 1911; *Le Figaro*, Oct 31, 1896, Sep 25, 1904, Aug 27, 1910; *L’Action Française*, Jul 1, 1906, Mar 1, 1907, May 15, 1907; *La Croix*, Sep 2, 1895, Dec 20, 1898, Jun 21, 1900; *L’Humanité*, Apr 10, 1907, Feb 23, 1910, Nov 26, 1926.

On this basis, one may begin to discern why the term is essentially modern, that is to say, essentially tied to the development of the industrial revolution and the massification of political life, and why on the other hand it may be of interest to investigate in the context of reflection on the theoretical status of democracy. However, it might preliminarily be useful to spell out, in the broadest and most succinct terms, some select social characteristics of the age that felt the need to coin and employ the term plutocracy, inasmuch as they have a bearing on our topic. The brief considerations in the following section make no claims to originality, and as such will not be extensively discussed or grounded (a pursuit that would take us far afield), but rather stated as very general macro trends whose presence can, I believe, be seen to recur to a varying extent in several different European States during this period. These processes, which admittedly abstract from several levels of complexity, transcending the diversity of individual cases, should nonetheless help render the mechanisms of plutocracy (which, after all, was a term with pan-European diffusion) and the controversies surrounding it somewhat more intelligible.<sup>8</sup>

## 2. *Context*

In particular, three contextual elements of late nineteenth- and early twentieth-century Europe appear salient for the purposes of the argument: a crisis of inclusion in the political sphere, an evolution of industrial organization in the economic one, and a shift in basic class identity in the social one.

In political terms, the turn of the century generation was the first in most of Western Europe to participate in representative democratic politics.<sup>9</sup> For many, though, especially in the working class, the process was marked by the evaporating of the romantic hopes for radical social change through the ballot box, characteristic of the democrats of 1848.<sup>10</sup> On the contrary, the age saw the development of mass political parties (and, to a certain extent, mass State bureaucracies), leading to a rising complexity and professionalization of the political process. Such a development was most often perceived as a check on the process of

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<sup>8</sup> An overview of these topics at the same level of generality can be found in the contributions of Charles Wilson and Theodor Schieder to Hinsley (ed.) 1967 (chaps. 2 and 9, respectively).

<sup>9</sup> The French Republic and the German Empire enjoyed universal male suffrage after the Franco-Prussian war; in Britain, after the 1884 Reform Bill over half the adult male population had the vote; Italy gradually extended the franchise between 1882 and 1912.

<sup>10</sup> Cf. the detailed analysis of the French case in Pierre Rosanvallon's classic trilogy, *Le sacré du citoyen*, *Le peuple introuvable*, and *La démocratie inachevée* (Rosanvallon, 1992, 1998, 2000).

democratic development, as traditionally envisaged: not incongruously, one began to talk of iron laws and iron cages.<sup>11</sup>

In the economic realm, the *fin de siècle* witnessed a shift in the dynamic of capitalist development. While the technological advances of the second industrial revolution proceeded unabated, the social organization of capital notably changed,<sup>12</sup> with the cartelisation of major industries, the closing of the heroic age of the innovating entrepreneur, and a growing contestation of the theory and practice of *laissez faire*, especially in international trade. In parallel, the financialisation of the leading economies accelerated (significantly, the most important socialist theorizing of those years is Hilferding's),<sup>13</sup> and financial interests penetrated an ever-expanding area, following, or brandishing, the flag of imperialism.

In terms of social status and the perception of stratification, finally, the age witnessed the progressive merging (political, behavioural, matrimonial) of the old aristocratic elite with the new bourgeoisie into a unified ruling class.<sup>14</sup> This is, after all, a recurring theme in the silver age of the novel, from Maupassant to Proust. In parallel, the long depression of 1873-96 saw the rise of the *rentier* (as Eugen Weber has described),<sup>15</sup> and the breaking of what Eric Hobsbawm has called the old, progressive political alliance of producers, which had dominated during the liberal apogee of the mid-Victorian years.<sup>16</sup>

### 3. *Wealth and the democratic process*

These considerations about *fin-de-siècle* European society suggest certain promising lines of inquiry in reconstructing the processes and workings of plutocracy as a political concept. In particular, they direct attention to what many perceived as the perversion of the institutions of popular sovereignty and the democratic ideals they were meant to embody; furthermore, they point towards the issue of the undue influence exercised by a tightly-knit oligarchy, itself increasingly freed from the discipline of market competition and reliant on

<sup>11</sup> These translations of *ebernes Gesetz* and *stalbartes Gehäuse* are coeval (1915 for the Eden & Cedar Paul translation of Michels' 1911 book, 1930 for Talcott Parsons' translation of Weber's 1905 work [reprinted in Weber, 1921-47, vol. I]); they have become standard in the English-language secondary literature. See Baehr 2001 for reasons why 'iron cage' may be considered a less than literal rendition.

<sup>12</sup> For an overview, cf. Prochasson 1991.

<sup>13</sup> Hilferding 1981.

<sup>14</sup> Cf. Mayer 1981, chap. II.

<sup>15</sup> Weber 1982.

<sup>16</sup> Hobsbawm 1987, pp. 126-7; "Plutocracy [...] the visible obliteration of the conventional distinction between the aristocracies of birth and money" (p. 181).

connections and cronyism. This indeed was the context in which accusations of plutocracy were most often levelled.

The influence of wealth on democratic politics was visible both in parliamentary and extra-parliamentary contexts. In the former, the main question revolved around the issue of the loyalty of representatives to their constituency and to their alleged ideological/party affiliation. The theme of defection of the parliamentary members of working class parties, for instance, is a common one in all of Europe in the decades before World War I;<sup>17</sup> the most egregious cases occurred in France and Italy, whose political life showcased many a career of ambitious social climbers originating in the socialist movement. Indeed, in the context of the Second International, the ability to maintain cohesion and discipline when faced with the individual temptations of public office was a significant marker of status in the international workers' movement, the paradigm being the famed incorruptibility of the SPD within the *Reich's* 'negative integration' system.<sup>18</sup>

Naturally, the power of wealth did not need to assume so blatant a form as the wholesale purchase of individual lawmakers. Smaller favours could be made to special interests within the byzantine recesses of the legislative process, especially in conjunction with the new involvement of the State with production and trade heralded by the crisis of *laissez faire*. In general, a greater complexity of public life and political economy corresponded to a greater opacity to public scrutiny, and thus the possibility, actual, potential, or suspected, of plutocratic manoeuvring.<sup>19</sup>

Parliamentary corridors and smoky backrooms, however, were not the only places where the influence of wealth in politics could be felt –and was denounced– in the *fin de siècle* and the *belle époque*. The forms of mass mobilization, from elections to rallies, demonstrations, press campaigns, public scandals and the like, demanded organizational skills and resources, and the possibility of manipulation implied by this nexus was increasingly understood and deplored. A signal example of such a conjunction of moneyed interests, popular passions,

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<sup>17</sup> Cf. for instance Bouthillon 2005 on the French case and the recurrent centripetal trajectory of left-wing political careers under the Third Republic.

<sup>18</sup> Cf. Roth 1963, pp. 8-10, 315-7: 'negative integration', as defined by Roth, is a method of including the working class in an imperfectly representative political system, whereby toleration of unionization and party organization is coupled with consistent exclusion from any participation in government. Such an arrangement, while favouring the development of a dominated counter-culture among the workers, emphasizing a separate and antagonistic class identity, *de facto* forestalls any truly revolutionary activity, by holding the organizational structure, whose development it encourages, hostage to potential State repression.

<sup>19</sup> Cf. Hobsbawm, *cit.*: 87-8, on the dawn of the age of political hypocrisy and mystification.

and organizational power was the series of movements of opinion in favour of militarism, rearmament, and colonial expansion so typical of European countries in the last two decades before the Great War (and incidentally, not just of Europe: witness for instance the role of the yellow press in the run-up to the Spanish-American war).<sup>20</sup> What was called into question at the broadest level of political generality was the function of the public sphere in moderating and controlling the operations of the administration, by providing a correct representation of the opinions and values of the polity as a whole.<sup>21</sup> It is not surprising that this re-evaluation of a mainstay of classical liberal theory could produce an intellectual and political climate favourable to the development of social-psychological doctrines (of which perhaps those of Gustave Le Bon and Vilfredo Pareto are the best known)<sup>22</sup> that cast doubts upon the rationality of collective action,<sup>23</sup> and speculated freely on the methods and tactics of the manufacture of beliefs.

Even more troubling, for those who decried plutocracy, than the capture of the traditional mechanisms for the formation and expression of public opinion, though, was a key ambiguity related to the purposes of the entire endeavour. The question, in short, was whether the tactics of plutocracy here described were in the service of a basic transfer of wealth into political power, as a fungible resource, or on the contrary whether they were meant simply to further the logic of reproduction of capital in a context of greater political intrusion into the economic sphere (as in a “highest stage of capitalism” theory),<sup>24</sup> without any broader interest in political power as such.

#### 4. *The mysterious plutocrat*

This problem brings us to a fundamental issue in the debate: the identity of the actors, the plutocrats. Inasmuch as the discourse surrounding plutocracy shares the formal shape of

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<sup>20</sup> On the historiographical debate regarding these events, see Pérez 1989, and the more nuanced position of Spencer 2007, chap. 6.

<sup>21</sup> A pivotal theme in these debates was the process of concentration in the publishing industry (cf. Kalifa 2001, and Renouvin 1955, on governments’ attempts to shape public opinion on foreign policy).

<sup>22</sup> The reference, of course, is to Le Bon 2003 and Pareto 1964. On Le Bon see esp. Barrows 1981 and Nye 1975. On Pareto, see esp. Busino 1967 and La Ferla 1954.

<sup>23</sup> Or, to be more precise, upon the ability of large strata of the population to perceive their objective interests, and act upon them.

<sup>24</sup> Hobson 1965, Lenin 1939.

a “hermeneutics of suspicion”, a common trait of the intellectual leading lights of the age (from Marx to Nietzsche to Freud), the plutocrat is the villain of the play, the author of the cloaked and inevitably malevolent conspiracy to be exposed. Therein lies the trouble: it is comparatively easy to identify the very wealthy in *fin-de-siècle* European society; however, the strategy for unmasking plutocracy, in order to be felicitous, must explain the ties to political power the very wealthy entertain, and specifically explain their aims as a group, beyond their competition with each other and their proximate goal of furthering their own individual fortunes.<sup>25</sup>

In particular, denunciations of plutocracy could not be pragmatically effective unless the liberal belief in a separation between a competitive market and the regulatory functions of the State was called into question. Such a separation was under attack in the closing decades of the nineteenth century, as classical political economy, both at the descriptive level (as a theory of individual and collective behaviour) and at the normative level (as a standard for the judgment of policy), entered a historic crisis.<sup>26</sup> As mentioned above, several concurrent elements contributed to the passing of classical political economy’s cultural hegemony, from the political crisis of *laissez faire*, to the economic process of industrial cartelisation, to the intellectual critique of the *homo aconomicus* paradigm. In this sense, it is possible to understand why a condemnation of plutocracy in the *fin de siècle* did not automatically imply an attack on wealth or on capitalism: old-school liberals could be forced by the novel political and economic climate to enter into ‘unnatural’ alliances, both on the Right and on the Left, in order to defend free competition against the subversion of the market by cartelised business interests and their political cronies. Significantly, the concept of plutocracy was most often associated with the notion of trusts and of monopolies (in the same way representative democracy was associated with corruption).

Consequently, it was in cases related to large-scale public expenditures, and in particular to what one could anachronistically label the military-industrial complex (where limitations to competition motivated by the need for productivity and for the development of ‘national champions’ were most easily defended), that accusations of plutocracy could most fruitfully

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<sup>25</sup> In other words, what is required is an organic account of the solidarity and self-perpetuation mechanisms of the group as a whole, such as was developed, for instance, by Mills 1956 for postwar America.

<sup>26</sup> For an example of a coeval perception of the crisis, see Norkus 2004 on Max Weber.



be brought to bear.<sup>27</sup> At the same time, the case of the intertwining of politics, large-scale industry, and war was also somewhat problematic for the plutocratic explanation of modern politics. The captains of industry such as Krupp and Agnelli most definitely wielded disproportionate influence in the world of politics. They were, however, very public figures. At times, they did not shrink from accepting directly political responsibilities. They might sit in parliament, or advise the government. In short, they entered the political world, and shifted their power into it. They behaved, in many ways, as a traditional ruling class, a patriciate, and accepted the attendant responsibilities.

The most characteristic nuance of the term plutocracy, on the contrary, differed from a simple reformulation of aristocracy or meritocracy for the industrial age. Although thinkers such as Simmel or Weber did occasionally use it in this non-evaluative sense,<sup>28</sup> the meaning most commonly encountered was distinctly conspiratorial. It signified much more a secret society than a meritocracy, much more an indirect and illegitimate power than an explicit and accepted pre-eminence.<sup>29</sup> Therefore, the term was more readily applicable to a form of wealth which, because of its immateriality, is much less visible, much worse understood, more mysterious, but no less powerful: financial wealth. Naturally, high finance was not uninterested in international relations, armaments, and war, but its position, even at the height of the Age of Empire, was more transnational and ambivalent. Bankers of the Great Powers, the financiers remained cosmopolitan by vocation. The model plutocrat of the *fin de siècle*, therefore, was not Krupp, but Rothschild – and of course the ethno-racial identifications followed.<sup>30</sup>

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<sup>27</sup> It is in the context of the critique of militarism and the State that the plutocrat earned his canonical iconography, with spats, cigar, large belly and top hat, in the ‘unholy trinity’ (with the general and the priest) of anarchist polemics and early Bolshevik propaganda. Perhaps its artistically finest representation was reached in certain drawings by George Grosz in the 1920s (Grosz 1980). On obesity as a class marker in this period, see Dyrenfurth & Quartly 2007.

<sup>28</sup> For instance, Simmel 2004, p. 220, Weber 1978, p. 225. That in these same years Bernard Bosanquet could see fit to utilize the word ‘plutocracy’ to describe one of Plato’s social formations attests to the term’s broader diffusion (Bosanquet, Bryant, & Ross 1908-9, p. 62).

<sup>29</sup> On the paradigmatic case of nineteenth-century conspiracy theory, see Rather 1986.

<sup>30</sup> The absence, in the case of finance, of an obviously and immediately antagonistic social class (such as factory workers protesting over their exploitation at the hands of industrial entrepreneurs) objectively favoured the identification of bankers as the target of a type of political discourse, such as the one that utilized the term ‘plutocracy’, that remained under-theorized, non-denominational, and prone to conspiracy paranoia. On this, more *infra*. On the House of Rothschild, cf. the classic Ferguson 2000<sup>2</sup>.

### 5. *Controversies*

So far, plutocracy has been discussed as a concept referring to a fairly unitary and straightforward view of the world, or, in other words, as an ideal-type. Nonetheless, as has been mentioned, the term did not fall within the exclusive purview of any single ideological orientation, at least in the *fin de siècle*: it was a battleground of contestation. The usage was widespread, and different political viewpoints identified different plutocratic foes.

The controversies engendered by the plutocracy polemics can be narrowed analytically to three main issues of theoretical significance: did plutocracy describe a pathology or a physiology? What was the relationship between plutocracy and socialist theory (especially in its Marxist variant)? Finally, was the tie between plutocracy and war structural and constitutive?

Near the beginning of the period under consideration, ‘plutocracy’ was most enthusiastically used in Britain, but in a sense rather distinct from the continent. An early instance occurred in the title of an 1883 speech by William Morris,<sup>31</sup> in which it appears to represent little more than a synonym of modern, commercial society.<sup>32</sup> A few decades later, ‘plutocracy’ was notably part of the war of words of the Edwardian era, surrounding the constitutional crisis of the People’s Budget, and intended mostly as a warning against potential dangers arising from a gradual distortion and degeneration of parliamentary government.<sup>33</sup> A party of plutocrats could spell disaster for the future of the Empire, but the publicists who employed the term did not imply that Britain already was, irretrievably, a plutocracy, or that any democratic regime was condemned to be one.<sup>34</sup> Such a stance, on the contrary, was precisely the one taken by Pareto, at the other end of the ideological spectrum. *Ploutocratie démagogique* is a leitmotiv that resonates throughout the *Traité de sociologie générale*,<sup>35</sup> and his theory of elites is built around the concept of wealth bending the functioning of

<sup>31</sup> “Art Under Plutocracy”, reprinted in Morris 1910-5, vol. 23.

<sup>32</sup> The feeling that the term is being used rather loosely is reinforced by the appearance in the final lines of the text of the notion, rather paradoxical on its face, of ‘anarchical Plutocracy’, which would seem to suggest an impersonal, unstructured type of constraint, rather than a conspiratorial group with centralized agency.

<sup>33</sup> E.g. “Canon Hicks on the Contest”, *The Manchester Guardian*, Jan 8, 1910: 5.

<sup>34</sup> It is interesting to note, however, that in these English polemics on the Lords’ veto, the usage of ‘plutocracy’ appears to dovetail with that of ‘leisure class’, thus seemingly referring to a social group of *rentiers* or to the gentry, unproductive and privileged, and therefore not specifically linked (as in Morris’ usage) to the conditions of production of modern industrial society.

<sup>35</sup> Pareto, *cit.*: §2180, §2227n, §2257, §2268, §2381...

governmental institutions to fit its ends. Similarly, Oswald Spengler could assert an identity *tout court* between democracy and plutocracy in *The Decline of the West*.<sup>36</sup>

While an unattached radical libertarian like Pareto could denounce plutocracy wholeheartedly, in the name of the efficiency of the open market it distorted, the situation was considerably more complex within the socialist camp. Even as unorthodox a Marxist as Sorel perceived the dangers lurking in an interpretation of society that resolved class dynamics into a simple confrontation of rich and poor, behind the veils of democratic institutions and rhetoric. Consequently, he repudiated such a basis for analysis in an article of 1898.<sup>37</sup> His late use of the term, in the introduction to the *Matériaux d'une théorie du prolétariat*,<sup>38</sup> which mirrors the Paretian usage, already belongs to the post-war evolution (on which, more *infra*). As far as the Communist camp is concerned, 1917 did not make much of a difference for the fortunes of the term. Two incidental occurrences are to be found, in Lenin's *Imperialism, The Highest Stage of Capitalism*<sup>39</sup> and Trotsky's *History of the Russian Revolution*,<sup>40</sup> but by and large, as far as I have been able to ascertain, the term is never used systematically by the leaders of the Third International, at least on the plane of theory. The case of Gramsci is an instructive one. He uses the term very sparingly, but in the three instances where 'plutocracy' is mentioned in the *Prison Notebooks* it is with reference to the socialist party's relations with capital, the secret backers of the fascist movement at its outset, and the corporatist State.<sup>41</sup> In all three cases the focus is on Italian events, on financial power, and on forms of political deception and insincerity – not on Marxist social theory.

In general, the sociological and economic simplifications implied by a plutocratic analysis of democracy were ultimately more appealing to radical right-wing thinkers, from Barrès and Maurras onward, who were not under any particular compulsion to dilute the populist thrust of their conspiracy theories with over-refined structural analyses. All in all, the worldview of plutocracy appeared suitable to support, *inter alia*, a facile non-Marxist anti-capitalism, a view

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<sup>36</sup> Spengler 1923, p. 1001, 1061.

<sup>37</sup> Georges Sorel, "La crise du socialisme", originally published in the *Revue politique et parlementaire*, now reprinted in Sorel 1982, pp. 77-92.

<sup>38</sup> Sorel 1981.

<sup>39</sup> Lenin, *cit.*, chap. III.

<sup>40</sup> Trotsky 1932, volume I, chapter 5.

<sup>41</sup> Gramsci 1975, notebook 3, §43, notebook 19, §5, and notebook 22, §14.

not unappealing to the *rentier* and petty bourgeois social strata targeted by the *droite révolutionnaire*.<sup>42</sup>

The final point of contestation relates to the bellicose tendencies of plutocracy, which itself can be subsumed into the broader question of the relationship between capitalism and imperialism, a debate which profoundly affected the early years of the twentieth century. In this context, one encounters the work that is perhaps most indicative of the series of concerns encapsulated by the term ‘plutocracy’: John Hobson’s *Imperialism*. Under the pen of a writer who can hardly be qualified as an extremist<sup>43</sup> are to be found all the principal characteristics of the worldview that has progressively been illustrated above: the subversion of the institutions both of representative government and of the market on the part of a determined minority for personal gain; the instrumental use of the mass media to manipulate crowd psychology and steer public opinion; the noxious proximity between the armed forces, the colonial bureaucracy, and the military procurement industry; the hypocritical and secretive *modus operandi* of the parasitic class; the dominant role of finance. Chapter VI of Part I, “The Economic Taproot of Imperialism”, exhibits in a compressed form all the salient elements of the anti-plutocratic mindset.

The issues raised by Hobson’s tract became much more dramatic in the following decade: if the Boer War had succeeded in shocking the sensibilities of a sector of Liberal opinion, the First World War was a catastrophe of a wholly different magnitude, universally decried. In this case, the ideological cleavages were somewhat different, since the issue was the fundamental stability of the power structure of plutocracy,<sup>44</sup> and, in the aftermath of the Great War, the possibility of disentangling the role of wealth from the various other factors, bureaucratic, dynastic, militarist, diplomatic, which had precipitated the conflagration. The intellectual and ideological operation of thinkers such as Joseph Schumpeter can be read in this light as an attempt to salvage a workable, that is to say, peaceable, plutocracy from the wreckage of the interwar years. The operation proceeded along two parallel tracks. On the one hand, a new model of democracy was proposed, in order to resolve the ambiguities arising from traditional democratic views (some of whose central doctrines, such as the

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<sup>42</sup> The term was coined by Zeev Sternhell 2000<sup>2</sup>.

<sup>43</sup> After all, the main argument Hobson deployed against Britain’s colonial expansion after 1880 turned on the unsuitability, for practical reasons, of the newly conquered territories as outlets for migration with a view to developing a white majority, on the model of Canada and Australia (Hobson, *cit.*, part I, chap. III).

<sup>44</sup> Which had not been called into question by Hobson: he believed the outcome of imperialism to be (some stable version of) militarism, not general war among the Great Powers (*ibid.*, part II, chap. I, sec. II, pp. 127ff).

Common Good and the Will of the People, were necessarily to be sacrificed).<sup>45</sup> Within this new adversarial theory, modelled on market competition, the possibility for the wealthy to use their resources and social capital to win office and impose their views was considered absolutely compatible with the democratic nature of the system, as long as the formal pluralist mechanisms of selection, in the political and economic markets, were not tampered with.<sup>46</sup> On the other hand, the responsibility for the outbreak of the Great War was attributed squarely to the imperfect functioning of this political mechanism: the atavistic remnants of the *ancien régime*, the militaristic aristocracy, or in other words the non-plutocratic sector of the ruling class, were considered the chief culprits of the war spiral.<sup>47</sup>

The redefinition of categories Schumpeter strove towards aimed to close the gap between the naïve and romantic expectations of normative democratic thought and the actually achievable standard of operation of the representative and democratic institutions in the real-world context of modern industrial society. Thereby, the theoretical space on which plutocracy had grown was to be decisively negated.

#### 6. *War changes everything*

Schumpeter could deem such an operation urgent in part because plutocracy had featured significantly in wartime propaganda, and had remained a trope of international public discourse following Versailles. The different characteristics of the phenomenon the term was meant to describe, and especially its mysterious, indirect workings, its redoubtable reach, its relation to democracy and to finance, its underspecified theoretical bases, and so forth, were admirably appropriate for expressing the angst of the Central Powers against an enemy that, unable –it seemed– to beat them in the field, appeared intent on outspending, boycotting, blockading, and starving them into submission.<sup>48</sup> Thus, the scope of the term was internationalized, and countries where the political dialectic between plutocrats and their

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<sup>45</sup> Schumpeter 1975, esp. chaps. XXI and XXII.

<sup>46</sup> With relation to the dilemma exposed above, Schumpeter thus naturalized the transfer of wealth into political power, as a fungible resource, in order better to stigmatize the reproduction of capital by means of political distortions of the market.

<sup>47</sup> *The Sociology of Imperialisms*, in Schumpeter 1951, pp. 3-130, esp. chap. 5.

<sup>48</sup> On wartime propaganda in the German case, see Gundula Bavendamm's contribution to Audoin-Rouzeau & Becker (eds.) 2007, vol. II, pp. 211ff, notably for the interplay of the themes of the plutocratic enemy and the cosmopolitan 'fifth column' operating on the home front (the origin of the *Dolchstoßlegende* in the interwar years).

adversaries had raged fiercely during the *belle époque* found themselves labelled as plutocratic in their entirety.<sup>49</sup>

Why were the Central Powers able to monopolize the polemical use of the term ‘plutocracy’? In all belligerent countries, the conflict produced a hiatus in domestic social conflict, if not complete industrial peace.<sup>50</sup> Nonetheless, German-speaking publicists could portray the *foreign* policy of the Entente as being characterised by an aggressive plutocracy, and place resistance to such aggression among their war aims. To this end, they could resort to traditional comparisons between constitutional systems, comparisons that extolled the independence of the executive from parliament as an acceptable limitation to democracy, for the purpose of stifling the corruption inseparable from liberal representative systems. This specificity dovetailed (in the case of the German Empire) with the persistence of an *ancien régime* elite (the *Junker*), the peculiarities of German industrialization,<sup>51</sup> and the broader cultural makeup of Germanic identity (*Kultur* v. *Zivilisation*) in the well-known *Sonderweg* thesis.<sup>52</sup> The negation of all the checks and balances by means of which Germany had negotiated its transition to political and economic modernity could thus be made to appear as the paradigmatic case of cosmopolitan plutocracy. By comparison, the Entente propaganda against German militarism, brutality, and disrespect for international law could hardly be reconciled with intimations of a supposedly plutocratic character of the German body politic.

Following the peace, the revisionist countries, including that honorary defeated country that fascist Italy made itself out to be, inherited the term for their propaganda against the French and British, who incidentally were also the main beneficiaries of the mandate system of the League of Nations (a fact which further emphasised the link between plutocracy and colonialism).

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<sup>49</sup> With respect to the two senses of the term discussed above, the war years saw the triumph of the one identifying plutocracy with a country under the sway of the power of wealth, over the one that equated it with the narrow group of the power wielders.

<sup>50</sup> At least in Europe, the fringe groups in public opinion opposed to the war (Christian pacifists, unorthodox socialists) had few if any relations with the discursive tradition to which the pre-war anti-plutocratic polemics belonged. Tellingly, even in Italy, where the socialist party officially refused to support the war effort, the faction that had been closest to the mindset of ‘plutocracy’, the revolutionary syndicalists, overwhelmingly sided with Mussolini, leaving the party for the interventionist camp.

<sup>51</sup> Paradoxically, the late industrial take-off of Germany required a blurring of the roles of the market and the State; nonetheless, an argument could be made, in line with the tradition of German cameralism, that in the *Reich* private economic gain was subordinated to the interests of the State, not vice versa. On the case of Adolf Wagner, cf. Barkin 1969.

<sup>52</sup> On these issues, see Stern 1970, Barkin 1972, Kocka 1999.

Italian fascism followed a peculiar path to the adoption of an anti-plutocratic worldview. In Italy, accusations of ‘plutocracy’ had been levelled in the campaigns of the Jesuit newspaper *Civiltà Cattolica* against supposed Jewish and Masonic conspiracies at the turn of the century.<sup>53</sup> The proximate origin of the fascist position, however, can be located in the ideological experiments of nationalist agitators in the run-up to the war against the Ottoman Empire for the conquest of Libya.<sup>54</sup> In particular, the notions of ‘proletarian nation’ and ‘proletarian imperialism’, popularised by Enrico Corradini,<sup>55</sup> and later by Giovanni Pascoli,<sup>56</sup> served to bridge the gap between class struggle and international relations pitting plutocratic against proletarian Powers. Following the war, ‘plutocracy’ became a staple of fascist discourse, both before and after the seizure of power. Indeed, the same phraseology can be found in the interwar political movements that, in other countries, consciously modelled themselves after the fascists: the most striking example, perhaps, is to be found in Georges Valois’ *Faisceau*.<sup>57</sup>

The acrimonious debates over the war debt, including the role of American finance in European diplomacy, consolidated this plutocratic worldview, as did the Great Depression. Examples of the usage of ‘plutocracy’ as a scientific term and as a *vox media* can still be found in the interwar years in democratic countries,<sup>58</sup> but overall the term acquired a totalitarian propaganda connotation.<sup>59</sup> In particular, pluto-democracy (or its Italian variant, demoplutocracy)<sup>60</sup> became the main plank of anti-western and anti-League fascist propaganda from the days of the invasion of Ethiopia.<sup>61</sup> Nazi Germany followed suit, especially in the period after the Molotov-Ribbentrop pact, when the main ideological adversary was the Anglo-French alliance.<sup>61</sup> In the early 1940s, pluto-democracy was recognizably a term of the political vocabulary with which the Axis demonized its Western foes.<sup>62</sup>

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<sup>53</sup> Cf. Gentile 1998.

<sup>54</sup> Cf. Giuseppe Parlato’s entry for ‘*plutocrazia*’ in De Grazia & Luzzatto (eds.) 2003.

<sup>55</sup> Corradini 1980, esp. pp. 163-75.

<sup>56</sup> Pascoli 1911.

<sup>57</sup> Cf. Levey 1973, Griffiths 1978, Mazgaj 1982.

<sup>58</sup> Cf. Lasswell & Sereno 1937, pp. 916, 919, 928, Russell 2004 [1938], pp. 28, 53, 100, and Gabriel Almond’s Ph.D. thesis, *Plutocracy and Politics in New York City* [1938]; more loosely, Benda 1938, p. 69.

<sup>59</sup> E.g. Laski 1923, p. 51.

<sup>60</sup> E.g., “Mussolini’s Comments On the League”, *The Manchester Guardian*, Nov 1, 1935: 11.

<sup>61</sup> Cf. for instance “Herr Hitler’s Speech of February 24”, *Bulletin of International News*, 17:5, Mar 9, 1940, pp. 295-6, and “Herr Hitler’s Speech of January 30”, *Bulletin of International News*, 18:3, Feb 8, 1941, pp. 138-9. Also see Koestler 1952, chaps. XXVII and XXX.

<sup>62</sup> E.g., “U.S. and the Altmark”, *The Times*, Feb 20, 1940: 8; Herbert L. Matthews, “Nazi Envoy’s Visit Held Fruitless So Far, as Coal Accord Ends Crisis”, *The New York Times*, Mar 11, 1940: 4; “Regimenting Europe”,

### 7. *Modern society, wealth, and political theory*

A closing remark: looking back on the career of this family of words, often utilized as markers for significantly under-theorized political concepts, it is nonetheless notable that what seems to be embodied in their polemical use are two very distant and separate critiques of the actual process of democracy, within a peculiarly modern configuration. On the one hand, the threat of plutocracy seems to derive from a fear of the irrationality, pliability, and venality of the masses: the poor cannot be trusted with politics, for they can be bought. On the other, the threat of plutocracy is the threat of a power whose reach is so pervasive that it does not even need to assume the traditional forms of domination and subordination of classical political thought. It can instead operate with the impersonality of the market, and escape any form of identification and responsibility.

In this sense, the fear of the plutocratic conspiracy already points to contemporary developments, where social power manifests itself free of the fetters of the territorial State. It is not irrelevant to note that, taking a longer view of the development of civilization, the wealth that forms the basis of the power of plutocracy is a very uncommon occurrence. It is the outcome of a social and economic revolution that upset traditional power equilibriums and hierarchies. Plutocrats are not simply wealthy – they are *nothing but* wealthy: they are *nouveaux riches*, *parvenus*. Plutocracy is a phenomenon of political modernity because the mechanisms of social deference and esteem, which ensured the functioning of pre-modern material constitutions by cementing the pre-eminence of the aristocratic elite in all fields, economic as much as political, legal, and military, cannot be mobilized to buttress the legitimacy of democratic and capitalist leaders.

Nonetheless, the heyday of ‘plutocracy’ as a political slogan came to a close with the end of World War II. Despite the fact that the contemporary world appears no less open to the influence of wealth in politics than the late nineteenth century, the term has been by and large evacuated from the mainstream of political reflection. At least so far, the neutralization proposed by theorists such as Schumpeter has indeed succeeded in making the world safe for a (more or less) peaceable (pluto-)democracy.

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*The Times*, Feb 9, 1942: 5. On fascist wartime rhetoric, see De Felice (ed.) 1978, pp. 486-9, 489-96, 570-5, 581-5. On the racialization of national socialist wartime propaganda, see Herf 2006, esp. chap. 4.



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