

We Didn't Start the Fire

Capitalism and Its Critics, Then and Now

Sheri Berman

The Mind and the Market: Capitalism in Modern European Thought. BY JERRY Z. MULLER. New York: Alfred A. Knopf, 2002, 487 pp. \$30.00.

Thanks to globalization, it is often said, the world is at the dawn of a new era. The spread of markets across the globe and the deepening and quickening of economic interconnections have narrowed the choices open to leaders and publics. You can either opt out of the system and languish or put on what Thomas Friedman calls neoliberalism's "golden straitjacket"—after which "your economy grows and your politics shrinks." The new order's boosters tout its productivity and efficiency, but critics bemoan its hollowing out of democracy and communal solidarity. From blue-collar autoworkers and turtle-suited environmentalists in the United

States to angry farmers in France and frustrated strongmen in Malaysia, calls ring out to reclaim some areas of life from the ever-tightening grip of the market.

The controversy has emerged so quickly that it seems new and strange—although in fact it is anything but, as Jerry Z. Muller demonstrates in his wonderful new book *The Mind and the Market*. A historian at Catholic University, Muller has written a lively and accessible survey of what dozens of major European thinkers have thought about capitalism. The value of the book lies less in its contribution to the literature on any particular individual than in its gathering together in one place of a wealth of information on figures from Burke, Smith, and Voltaire to Schumpeter, Keynes, and Hayek. Muller's masterful sketches of intellectuals from across the political

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spectrum help put today's battles over globalization in proper historical perspective. He reminds us just how venerable many of the current antiglobalization movement's concerns actually are, and thus how they need to be understood and addressed not as the consequences of recent policies or conditions but rather as inherent in the dynamics of capitalism itself. What becomes painfully clear in the process is how far the level of debate has fallen in recent decades and how impoverished and narrow contemporary thought about the market has become.

GREED AND GOODNESS

Because Americans take capitalism for granted, they often fail to appreciate what a historically recent and revolutionary phenomenon it is. Trade and commerce have been features of human society from the beginning, but it was really only in the eighteenth century that economies began to emerge in which markets were the primary force in the production and distribution of goods. And as soon as such economies did emerge, they began transforming not only economic relationships but social and political ones as well. These transformations were so radical and so destabilizing, in fact, that they prompted an almost immediate backlash.

Some of the critics' concerns related to the harmful effects that the glorification of moneymaking had on individual character. Throughout Western history, Muller notes, the pursuit of material gain had generally been frowned upon, if not actively discouraged, since it was seen as incompatible with a virtuous life. Thus Plato had Socrates say in *The Republic* that "the more men value money the less they value virtue," while the Apostle Paul

argued that "the love of money is the root of all evils." Critics of capitalism could draw on this tradition, and did. In the mid-nineteenth century, for example, Marx's collaborator Friedrich Engels stressed the new system's "morally scandalous" foundations. Self-interest was really nothing more than greed, he claimed, and greed stood in direct conflict with morality and the larger needs of humanity. He and Marx were convinced that the market's exaltation of self-interest would ultimately erode all restraints on behavior and thus increase social conflict and disorder—a development they were ready to welcome, since it would pave the way for the rise of socialism.

The critics argued, moreover, that in addition to encouraging avarice, market-based societies distracted people from the common purposes and higher ends to which life should be devoted. Advocates might claim that capitalism's greatest accomplishment was freeing individuals to pursue their own self-interest, but the critics replied that in practice this often translated into an obsession with trivial choices about consumption rather than anything deeper and more noble.

Such concerns were voiced with increasing vehemence and regularity during the surge of globalization that began toward the end of the nineteenth century and led a surprisingly large number of intellectuals to reject the liberal, capitalist system completely. Muller illustrates this dynamic by contrasting the careers of the Hungarian revolutionary and literary critic Georg Lukács and the German sociologist and political ideologist Hans Freyer. Born in 1885, Lukács gradually became obsessed by the "spiritual emptiness and moral inadequacy of capitalism" and

became convinced that the system was not worth saving. Longing to replace it with an entirely new type of civilization, one that promised a fresh start and an opportunity to lead a meaningful and purposeful life, he eventually turned to communism. For Lukács, Muller notes, it seemed to provide precisely “what capitalism could not: a cause to which one could devote one’s whole life, rather than just part of oneself; a source of discipline worth accepting; and an all-encompassing community.”

Born in 1887, meanwhile, Freyer took a similar journey but ended up at a different destination. He too grew increasingly disillusioned with the spiritual emptiness and personal alienation that characterized modern society and searched for a radical alternative to the “moral dead-end of capitalism.” But whereas Lukács found his salvation in communism, Freyer found his in National Socialism. Neither a racist nor an antisemite, Freyer, like many intellectuals, was attracted to the Nazis because they seemed to offer what capitalism lacked: an opportunity to sacrifice for the larger good and participate in a world historical project.

THE GREAT TRANSFORMATION

Another set of criticisms focused on capitalism’s effects not on individuals but on society. Well into the nineteenth century, Muller points out, it was widely believed that societies could be held together only by “a shared vision of the public good,” and so many intellectuals worried that the growth and spread of markets would lead to the decay of social and political institutions. An early expression of such concerns came from one Justus Möser, a fascinating figure Muller rescues from obscurity. Born in 1720 in the

small west German town of Osnabrück, Möser watched with fear as the market began to destabilize the society in which he lived. He decried the fact that in the emerging capitalist world,

money and paid service decide all, and both have shamefully extinguished the economy of public honor which were the nonmonetary means by which patriots were rewarded. The economy of public honor led in a certain and orderly fashion to the commonweal; it functioned on the basis of duties rather than punishments, it created patriots willing to sacrifice for the sake of their fellow citizens and become involved in all undertakings for the sake of the state and renown. Now the rich in their gilded coaches trample the common citizen into the dust; and the paid servant laughs at the man who once sought as his reward for voluntary and grand service nothing but the honor of wearing the black coat of public office.

For Möser, in short, basing social relationships on material exchange and reward was not a historical necessity but rather a choice that the communities of his time were making, and a bad one.

Möser also bemoaned the way the emerging capitalist system led to a stifling homogenization. By insisting on the universality and primacy of a set of “simple principles” and by allowing the direction and nature of social relationships to be determined by economic needs, the spread of markets threatened to rob communities of their distinctive cultures and institutions. Capitalism thus departed, he declared, “from the true plan of nature, which reveals its wealth through its multiplicity, and would clear the path to despotism, which seeks to coerce all according to a few rules and so loses the richness that comes with variety.”

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Concerns similar to Möser's continued to be raised by European intellectuals as time passed, and became increasingly widespread and impassioned. In 1887, the German sociologist Ferdinand Tönnies published his path-breaking *Gemeinschaft und Gesellschaft* (Community and society), setting the terms of the debate for generations to come. Tönnies asserted that there were two basic forms of social life, that which existed before the spread of markets and that which existed after. In the precapitalist world, community reigned supreme. Commitment to the public good was the highest value, and citizens were bound together by common views and an instinctual, unquestioned sense of social solidarity. The dominance of markets, in contrast, created a type of social organization where self-interests rather than communal interests were paramount and the only bonds between citizens were temporary and shifting relationships of contract and exchange. Although Tönnies intended his analysis to be objective, he was clearly haunted by the sense that modern man had paid a terrible price for the advance of the market—the loss of communities united by shared ideals and the emergence in their place of meaningless and transitory societal groupings. As he famously noted, “In community people remain essentially united in spite of all separating factors, whereas in society they are essentially separated in spite of all uniting factors.”

A recurrent subtheme of Muller's book, interestingly, is how such ideas about capitalism intersected with antisemitism. He thus describes, for example, how Tönnies' categories were taken a step further by the German social scientist Werner Sombart, who placed the ultimate

responsibility for the shift on the shoulders of the Jews. Jews, Sombart argued, embodied all the traits valued most highly by the market—egoism, self-interest, and abstract thinking—and therefore had the most to gain from its spread. With Sombart, the triumph of capitalism was thus portrayed as “the replacement of a concrete, particularist, Christian *Gemeinschaft* by an abstract, universalized, Judaized *Gesellschaft*,” an ominous turn that gave the alienated and displaced someone handy to blame.

WHAT WOULD BURKE DO?

Muller makes clear that over the centuries even capitalism's most passionate defenders took both the individual-level and the societal-level criticisms seriously and felt obliged to address them forthrightly. Regarding the dangers of saying that greed was good, for example, he cites Edmund Burke, the great eighteenth-century British conservative statesman and political thinker who “championed capitalist economic development from his earliest published writing until his last days.” Nevertheless, Burke firmly believed that “among the greatest of men's needs was the need for society and government to provide a ‘sufficient restraint upon their passions.’” An important factor driving this conviction was Burke's experience with one of the great multinationals of his day, the British East India Company (EIC). He watched with horror as the company's leaders engaged in a “magnificent plan of plunder” in India. In addition to devastating a “great and venerable civilization,” Burke noted, the avarice of the EIC's leaders also corrupted the English political system, since they used their ill-gotten gains to buy political influence at home. Only an

active and interventionist state, he concluded, could restrain such behavior and ensure the “priority of human over commercial rights.”

And regarding the concern about individuals being distracted from higher purposes, Muller notes how Matthew Arnold, the nineteenth-century British poet and critic, supported capitalism but worried that its advocates tended to confuse “the agglomeration of means with the ends of life, and the increase in material wealth with moral improvement. They treated political liberty as a good in itself, instead of asking what purpose that liberty served.” Arnold did not disparage either liberty or wealth, Muller writes, but he objected to the notion that “liberty was the last word in moral evaluation, and that the principles of free trade, industriousness, and self-interest, which fueled the market, ought to be applied to all other areas of life.” He decided such tendencies had to be counteracted by a variety of means, including the promotion of cultural and intellectual norms that would protect against the materialism and Philistinism capitalism encouraged.

The nineteenth-century German philosopher Georg Wilhelm Friedrich Hegel agreed. Hegel, Muller observes, saw the market as the “central and most distinctive feature of the modern world, a world he affirmed and sought to explain to his contemporaries.” But he also recognized the defects of market societies and came to the conclusion that the state had to step in to help remedy them. Like Arnold, Hegel believed that in order to lead a truly full and satisfying life, individuals needed a sense of identity, a feeling of being connected to some larger whole beyond themselves. In the

precapitalist world these connections were provided by things such as religion, tradition, and shared cultural norms, but in modern society Hegel thought they would have to come from institutions such as the state and the civil service.

Indeed, perhaps the only defender of capitalism whom Muller finds largely unmoved by the critiques is the twentieth-century Austrian liberal Friedrich Hayek (which undoubtedly explains a large part of his contemporary appeal). Hayek had little sympathy for talk of virtue or “higher ends” and was skeptical of any state role in controlling the market or in fostering so-called public goods. Instead, he praised precisely what was often criticized, the emergence of a society in which individuals were as free as possible to do as they pleased and states served merely as “pieces of utilitarian machinery intended to help individuals in the fullest development of their individual personality.” But Hayek is the exception that proves the rule, for he was honest enough to recognize that the libertarianism he championed would not necessarily be very popular because it would be too personally and socially destabilizing for many to handle. Rather than try to alleviate such concerns, however, he was content to suppress them and accept limitations on democracy in the process—an aspect of his thinking that receives little attention from his admirers today.

IGNORANT ARMIES CLASHING BY NIGHT

Many of the figures Muller discusses are little read today outside of graduate seminars in intellectual history, but all of this is, or should be, of far more than merely antiquarian interest. It represents the backstory of the antiglobalization

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movement and shows that contemporary worries about the downsides of capitalism cannot be dismissed as the rantings of ignorant fools or as simple adolescent acting-out. Similar concerns, Muller writes, have “been on the minds of intellectuals for a very long time, at least since the eighteenth century,” and contributed to the rise of both communism and fascism. These concerns should be taken very seriously indeed.

But today’s market boosters disagree. Pointing to the very real economic benefits that capitalism brings and the poor economic track record of non-market-based approaches to arranging economic affairs, globalization’s proponents find it hard to understand what all the fuss is about. If only the protesters could learn some math, they scoff, or learn to care about increasing the aggregate wealth of society rather than coddling a few special interests or worrying about quaint traditions and outmoded values, everything would be fine.

What they fail to understand is that such narrow economic attitudes miss the point. Yes, capitalism is far and away the best method ever discovered for producing growth. But for serious thinkers that has not been, and is not today, the only issue. Even its most die-hard critics have never doubted capitalism’s amazing capacity to generate wealth. In fact, Muller notes, for someone like Justus Möser it was “precisely the superior productivity of capitalism that was its most threatening aspect,” because that was what enabled it to so rapidly and efficiently undermine traditional forms of production and the lifestyles, cultures, and communities that went with them.

Now and in the past, the real debate about markets has focused not simply on their economic potential but also on the broader impact they have on the lives of individuals and societies. Critics have worried, and still worry, not about whether unleashing markets will lead to economic growth, but about whether markets themselves will unleash morally and socially irresponsible behavior while eviscerating long-standing communities, traditions, and cultures.

The great defenders of capitalism that Muller analyzes understood this well. They respected the concerns of their fellow citizens and took pains to address them, often by accepting the need for markets and market values to be countered by other forces such as state regulation, civil society activity, and social sanctions. Could they return now for a visit, they would be delighted to see the wealth capitalism has generated since their passing—and appalled to see how their rich and vibrant tradition of political economy has withered into the cramped equations and narrow materialist calculus of contemporary economics. They knew that allaying the fears and unease generated by the spread of markets would be one of the central tasks of politicians and intellectuals from the Industrial Revolution onward; they might wonder whether their successors have lost sight of the fact that markets were meant to serve people rather than the other way around. 🌍