

The Dynamics and Dialectics of Capitalism*

by Robert G. Perrin

Department of Sociology, University of Tennessee

Free societies (whatever the fine points in defining “free”) are not necessarily self-perpetuating. An understanding of this has underlain many of the attempts – past and present – to clarify the nature of a capitalist economy – both its dynamics in furthering what has been called the free or even “permissive” society¹ and its dialectics in apparently creating a social milieu inhospitable to its continued existence. The role of competitive capitalism (or a market-based private enterprise system) in supporting and extending personal liberty (“freedom to” as well as “freedom from”) is little known among the lay public compared to, say, the intended roles of public education, constitutional government, or a free press. Indeed, the workings of capitalism are usually more subtle, and its effects on the range of human choice have generally been unintended by those bringing them about. That is, they often occur as by-products of actions motivated by quite other ends-in-view (e.g., making a profit).

I

As a general rule, the range of human choice is expanded when consumers (and not governments) are sovereign in the marketplace. New products and services, indeed, innovations of all kinds, cater to consumer demands, while new demands may be cultivated by the creation of products and services that are expected to meet with consumers’ desires and tastes. Less conspicuously, competitive capitalism erodes constraints of tradition and convention to the extent the “cash nexus” becomes dominant in social interaction. The theory behind capitalism, one that alienates so many humanists, includes a not-so-lofty view of human nature: namely, that man is reward- (profit) seeking and pain- (loss) avoiding. Capitalism is thus pre-eminently based on an *exchange* relation where motivational dynamics are clearly those of self-interest and expected personal gratification. In this sense, a heavy premium

* This essay began in 1979 as a brief comment on what are commonly taken as self-destructive aspects and circumstances of contemporary capitalism. I am grateful to Robert Nisbet for having originally suggested an essay on the place of capitalism in modern society.

is put on the ability for calculation and for a rational and methodical weighing of alternative lines of action so as to maximize the gratification or reward.

This stands in some contrast to the *normative* (or moral) relation, where behavior is based on conceptions of "proper" and "right" in the sense of some ultimate value standard that may well jeopardize or sacrifice personal interest. Historically, in fact, exchange relations often encroach upon and undermine normative systems, including, of course, systems of *authority*, which, simply put, represent power *legitimized*: that is, obedience or conformity is made morally appropriate or normative, even where personal sacrifice is imminent. Put another way, behavior that seems economically (materially) imperative will often modify, take precedence over, or even pre-empt altogether patterns of behavior that seem compelled for normative (or moral) reasons. Economic rewards and moral concerns, including the requisites of authority, are not, for most people most of the time, equally weighted incentives to human action. Quite often the material opportunities afforded by exchange in a free marketplace compromise political loyalties and allegiances and gravely erode the efficacy of moral injunctions of all kinds. The spirit of rationalism and the habits of calculation very frequently come into conflict with traditional loyalties and precepts. The marketplace, as a kind of human institution, is blind to personal honor and the trappings of rank, the virtue of pure hearts and noble intentions, the prestige inherent in family line, or the authority of social class, estate, or occupation outside the marketplace. In the abstract or *pure* type (as distinguished from particular historical examples we might name), all nonmarket spheres of status (or ranking) disappear before an impersonal single standard whereby human worth is a quantifiable phenomenon that can be indexed by material worth, a proposition Marx understood only too well.

None of this means, of course, that the exchange relation and the spirit of calculation accompanying it do not operate *within* a larger moral and politico-legal order: indeed, there is no moral sanction or legal market for contract murder or white slavery; and exchange relations, objectified in contractual agreements, are largely supported by community values and are enforceable in courts of law. Beyond this, "markets" are created by governments according to the criteria of both morality and political expediency. Governments, for example, have created (through subsidies and supports of various kinds) sometimes almost instant markets for Ph.D.'s, artists, political assassins, and various kinds of medical and technological researchers. What the preceding lines about the dynamics of capitalism do mean is that the competitive capitalism of a market economy constitutes, on the one hand, a force against *barriers* to free human interaction, whether found in sharp class lines, elitist prerogatives, or traditional constraints of whatever description, and, on the other hand, a *new* order of status or ranking whereby "worth" can be quantified in terms of market media. Capitalism

thus creates a new order of achieved merit while considerably widening the boundaries of free choice. In the political arena, for instance, Peter L. Berger has recently observed that "there is not a single noncapitalist democracy in the world today."² The connection is historical and substantive: that is, capitalist beginnings in the West "opened up" the political system with demands for freedom to trade, establish enterprises, and retain and utilize derived earnings; and capitalism today continues as a force against restraints on human activity because demands for freedom of choice cannot, in actual practice, be localized or contained in the marketplace. They spill over and affect other areas of life as well so that, for instance, free communication and association in commerce must be part of freedom of communication and association *in general*. In sum, the exchange relation, as represented in trade, production, etc., drives a wedge into and subsequently widens the jaws of restrictive normative codes (as in the slow but steady erosion of strict caste lines in India under the imperatives of increased industrial efficiency) and political oppression (as with the increased autonomy and capitalist-type "incentives" being given [if often grudgingly] to industrial managers in the Soviet Union under continuing pressure to improve output).³ Competitive capitalism is a liberating force.

II

A number of social and economic thinkers (e.g., Max Weber, Hayek, Friedman, and Brittan, among others) have recognized the "liberating" effects of capitalism (viz., its dynamics in reshaping traditional social orders and multiplying the number of choices open to a population). A major problem facing free societies today, however, is that the causal relationship between competitive capitalism and high degrees of personal freedom is not widely recognized (or, where nominally recognized, fully understood). This factor of ignorance is particularly significant in light of the oft-repeated proposition that capitalism tends to produce an *anti-capitalist* milieu. Not only, then, does competitive capitalism fail to be self-perpetuating in the sense that institutions (including economic institutions), once in existence, tend to continue over time as they become organically linked to habits and thoughtways; worse, it produces positive threats, overt and covert, to its own continued existence as a distinctive pattern of economic behavior. This *dialectical* feature of capitalism makes it all the more imperative (for its defenders) that its *actual* (not spurious) effects on the larger sociopolitical order, as well as everyday life, be both understood and publicized.

Over the past century, many social analysts have described what appear to be the dialectical or self-destructive features of competitive capitalism, as well as other circumstances pertinent to the question of its long-term survival in the West.⁴ Of the somewhat familiar factors and circumstances, there are five that seem particularly salient.⁵ First, capitalism's contribution

of extending freedom, stimulating innovation (which increases both total and average wealth), and progressively substituting merit criteria (testable abilities) for class and status perquisites and prerogatives as a basis for resource allocation, is not immediately and directly given in ordinary experience and thus is not sufficiently apprehended by the lay public. Its workings are complex and often subtle. Second, capitalism tends to *alienate* large segments of those best equipped to make a reasoned (or convincing) case for it, namely, the intellectual classes (who are vital in opinion moulding). Third, those who succeed in a capitalist system have trouble establishing the *legitimacy* of their disproportionately higher rewards (income) and, consequently, experience difficulty in maintaining them against growing forces which favor redistributing wealth. Fourth, capitalism indirectly promotes the growth of a kind of *hedonism* that seems irreconcilable with the political and social conditions necessary for its optimum functioning and growth. And fifth, capitalist societies today exist in a state of tension between demands for more equality-of-result through a social welfare state and demands for a return of broad liberties and renewed autonomy from ever expanding regulation of the once private sector, where it is argued that high taxes and minute regulations are progressively destroying incentives to productivity.⁶

There have been scores of studies of capitalism. Many of them (especially the more familiar—e.g., those by Marx, Schumpeter, and Harrington) conclude that it will inevitably fail, sometimes because of its successes, sometimes because of its shortcomings of one sort or another. A few of the more sanguine estimates suggest that human agency *now*, not inexorable historical law, holds the key. Brittan, to take one example, begins his larger conclusion by drawing some ominous parallels between Western society today and a moribund Roman society (of the late Empire period). He cites, for instance, an ever deepening penetration of government into the once private recesses of life, hedonism, and a “levelling-down egalitarianism.”⁷ The specter of the decline and collapse of a once powerful civilization—ancient or modern—is both awesome and chilling. But as Brittan ultimately concludes, “the comparison with the late Roman Empire shows only one of several roads along which we might travel.”⁸

Indeed, very little in the social world is inevitable. And quite often, even the “inevitable”—*once it is known*—yields to human will and its choice-making facility. In what follows, I wish to address myself to the immediately preceding five themes in the larger context of suggesting that there is nothing historically inevitable about a demise of such competitive capitalism as remains in Western society. To assume, as so many do, an irreversible atrophy for an economic institution the effects of which have been, on balance, indispensable for promoting the political and social liberties that distinguish the West today, contributes only to a self-fulfilling prophecy of defeat. It does not contribute to the kind of counter-offensive that can be

beneficial to the survival and even rejuvenation of competitive capitalism. A failure of faith at this critical juncture would suggest insufficient understanding of the *social* nature of "knowledge" and its "production." Without such an understanding, history may well *seem* to have an irreversible course or at least partly predetermined direction. Quite the contrary, however, is actually the case. Persuasion is critical. Indeed, the most important battles taking place today are battles among idea systems (or ideologies). They are locked in almost ceaseless competition for human allegiance. Each idea system is a *version* of reality, of what is "really real." Each is a "sense making" instrument. Each aims for hegemony in the marketplace of ideas.

Among the dialectics and circumstances of capitalism, then, five are deserving of special attention: namely, the factor of ignorance in culture; the nature and function of intellectualism in capitalist society; the problem of legitimizing the greater wealth (rewards) of those who are successful in a free enterprise oriented market economy; the cyclical (and thus temporary) nature of hedonism; and the rather profound implications of a basic value antinomy (equality versus liberty) that is stalemating modern capitalist societies.

The Factor of Ignorance. Ignorance is a major factor or feature of any culture, including sophisticated modern cultures. There is no *logically* necessary relationship between what the empirical disciplines may, in principle, be able to demonstrate—that is, show as valid—and what is held to be true by a people. In terms of *actual* influence or impact on ways of behavior and habits of mind, invalid ideas—for example, misplaced causes and effects, which may take specific form in enduring myths—have no *intrinsic* disadvantage when compared to valid ones, where, let us say, effects are correctly assigned to their causes and something approaching "explanation" is achieved. The poet who said "Truth, crushed to earth, shall rise again; . . . / But Error, wounded, writhes in pain, / And dies among his worshippers" was an optimist. He certainly wasn't an historian of ideas. What actually emerges as "truth" or an explanation for some course of events or current state of affairs (e.g., war, depression, prosperity, etc.) in the social world for any given epoch is quite often *more* a matter of the contingencies of the struggles among interest groups, each with a competing (and generally self-serving) version of social reality (what "really happened," "really is," and "why"), and *less* a matter of correctness in the sense of faithful correspondence to the factual or empirical order. History thus seems perpetually reconstructed and rewritten, with ever new and not-so-new perspectives, interpretations, and "answers" being brought to bear to both describe and account for (explain) "what really happened." As has been frequently observed, the "causes" of the American Civil War seem to change nearly every generation. Retrospect is reconstruction, often along lines dictated by purposes existing in the *present*.

It is not that an actual or valid historical explanation is not possible: it is that *achieving* it is one thing; *establishing* it as true or valid is quite another, as Galileo found out in the physical sciences. Scientific investigation—the method of science—is requisite for the first undertaking, but social and promotional skills (salesmanship) are quite often not merely requisite but *vital* for the second undertaking. Establishing the validity of an explanation of “how things have come to be as they are” (as the historian F. J. Teggart liked to phrase it) is particularly difficult when the *implications* of the explanation or larger interpretation are not in accord with the current prejudices and preconceptions of important interest groups, each of which routinely promotes its own version of what actually happened and why things are as they are (and consequently, what *should* happen next). Contrariwise, explanations or larger interpretations (e.g., world views or metahistories) that “fit” in with the interests and prejudices of important and persuasive groups have better opportunities of becoming orthodoxy. Hence, joining sheer ignorance as a factor is the crucial relationship between what is to be proposed as a valid explanation (of some social phenomenon or set of circumstances) and the interests, material or ideological, of powerful social strata or influential groups. The economist-sociologist Max Weber has been most outstanding at describing the relationship between what is taken as truth and the interests such truth would promote or hinder. His famous concept of “elective affinity” suggests that ideas which happen to further (usually) material interests of certain social groups are “elected” or selected from the marketplace of ideas.⁹ That successful nineteenth-century American entrepreneurs “elected” Herbert Spencer’s concept of “survival of the fittest” (which was developed only in the context of *biology*) for application to the social world was less an attempt at disinterested (or detached) scientific generalization than an attempt at self-justification through the then highly *legitimizing* context of science. The same principle operated when James A. Coleman recently questioned his earlier and much acclaimed pronouncements on the sure benefits of racial integration. He said many of his conclusions from the original 1966 study were based on “wishful thinking.” A great number of sociologists and other intellectuals, whose interest it is to defend the integrity and effectiveness of the idea of social engineering, were incensed at Coleman’s candor and seeming illiberalism. The then reigning president of the American Sociological Association, Alfred M. Lee, used that position, Coleman was later to charge in an open letter to the association,¹⁰ to intimidate and persecute Coleman. That Coleman’s equivocation about his initial conclusions had considerable support from the facts at hand did not particularly matter. Truth was not the issue.

This may seem overly cynical. But it is important to stress that there are *social* as well as logical dimensions to what constitutes a valid explanation or sound element of knowledge. The consensus actually reached goes far beyond, in most cases, the so-called “facts of the matters” and rests with

strictly social processes. Consensus is not a mere reflection of facts; but a reconstruction and negotiation of history. (The role of the intellectual is vital in this process, as we shall see later in the discussion.) The "explanation" of the "Crash of 1929" is a case in point. As every school boy is supposed to know, the crash, which began the Great Depression, was supposed to have resulted from greedy speculators bidding stock prices up to such unsupportable levels that they could only tumble. In the 1930's classical economic theory fell into disrepute and Keynesianism and monetarism emerged. Government management was the answer. The problem had been predicted by Marx: overproduction or oversupply of commodities. Keynes suggested managing demand, i.e., stimulating consumptive appetites. Only by the 1960's did the "efficient markets theory" emerge at the University of Chicago and suggest the incredible ability of markets to react almost *instantaneously* (by adjusting prices) to new information, including both actual and prospective political events. In a detailed analysis, Jude Wanniski has persuasively argued that the market that crashed in 1929 was first politically assaulted.¹¹ The market reacted by lowering prices with each increment of news on the increased prospects for the passage of the Smoot-Hawley Tariff Act, a major "tax" on international trade and thus a depressant of stock value. The market, Wanniski points out, reacted in accordance with Say's "law of markets," which is the key ingredient of classical economic theory. After New York, stock markets crashed all around the world as the United States was integrated into the world economy. Protectionism and "beggar thy neighbor" policies followed. (And to this, of course, can be added Milton Friedman's argument that, after the crash, government began shrinking the supply of money so that, in the end, the depression years stand as perhaps the greatest monument to government [mis]planning.¹²)

Still the myth was born that somehow the excesses of capitalism caused the Great Depression. Government regulation and superintendency, it followed, was needful in hitherto unthought of ways. Only now, in the face of economic "stagflation" and an increasingly obvious growth of disincentives to produce and incentives to consume is concern being voiced about the "supply" side of the supply-and-demand principle. Wanniski cogently argues that the causes of the Great Depression can be adequately handled within the framework of classical economic theory.

Whether such an explanation—with its very negative implications for governmental manipulation of markets—can be "sold" (any actual research findings notwithstanding) is quite a different question.¹³ The classical economists of the 1930's apparently supposed the marketplace too autonomous—insulated from political news—and were not well versed in the social phenomenon of self-fulfilling anticipations or predictions. They were unable to respond to the basic question: "why?" Many years have passed, and the question that emerges now is whether a free-market type explanation (with associated implications for political policy) could be "packaged"

and "sold" to a society now long accustomed to redistribution of wealth through "transfer payments" and various kinds of "cushions" (e.g., minimum wage, subsidies, "make work" schemes, etc.) from the effects of a strict market evaluation of worth (i.e., marketable skills), as well as to the current politics of subsidies-for-votes. What remains crucial in the battles for ideological hegemony is the activity of the modern day reality-makers, namely, the intellectuals.¹⁴ It is they who fight ignorance; it is they who provide much of the politico-social cognitive mapping of the modern world, Western and Eastern. We may now turn to intellectualism as an enterprise and see how it relates to the capitalist enterprise.

Intellectualism. It is perhaps only a slight exaggeration to say that competitive capitalism can be either talked to death or revived by the same means. The person whose stock and trade is ideas and polemics is the intellectual. I prefer in this discussion to retain Joseph A. Schumpeter's sense of the term: "Intellectuals are in fact people who wield the power of the spoken and the written word, and one of the touches that distinguish [*sic*] them from other people who do the same is the absence of direct responsibility for practical affairs."¹⁵ As Schumpeter well points out, competitive capitalism seems, almost in the nature of things, to *alienate* large numbers of the intellectual groups. This is crucial to his larger theory of the inevitable decline of capitalism. He points out effectively that the "mass of people never develops definite opinions on its own into consistent attitudes and actions."¹⁶ Like Marx, Schumpeter believed the role of the intellectual in articulating opposition to capitalism to be a critical mediating link between capitalist society and socialist society.

Thus, while the conditions and circumstances of competitive capitalism may indeed alienate a sizable portion of intellectual groups (as compared, say, to any other group or social category), it is not *these* conditions and circumstances *per se* that alienate others, but instead it is the interpretation of reality and the message of alienation carried by intellectuals to their publics or audiences. Given these thoughts, one may first wish to understand the reason for the alienation (loss or lack of allegiance) from capitalism of intellectuals and then consider whether this alienation is mutable.

Many of the likely causes behind the intellectual's alienation are probably familiar to most. First, the "levelling" mechanism of the market — providing for "mass tastes" — is often thought too vulgar for the "refined" or more "sophisticated" tastes of the intelligentsia. Second, to a large (but certainly not exclusive) extent the intellectual depends not on free markets but on "command" markets. As a *category* of individuals, they would face difficulty in surviving an absolutely free-market system, one that does not appreciate the "value" of either their performances (skills and word-products often on abstract subjects) or "personages" as highly learned individuals. Without overreaching the limits of dependable data, it could be suggested that the fact that governments provide (in one form or another)

so much of the support for intellectuals (through command markets, for example) may go some distance in explaining the loyalties often noted of intellectuals for massive state power and its "reasoned" extension into virgin areas of social life. More generally, as Robert Nisbet has shown,¹⁷ the opportunities to be close to power, as it is centralized and made public (as opposed to private spheres of authority), is intrinsically attractive to what are called "liberal intellectuals."¹⁸ Third, the concept of man upon which capitalism is based (self-interest seeking, profit-motivated, egoistic, and even greedy) is not generally appealing to intellectualism for two related reasons. (1) Such traits are thought (by capitalist theory) to reside in "human nature" and "nature" implies difficulty of *basic* change or remaking the institutions that spring therefrom. This dampens any hope for great success of fundamental reform schemes and basic (re)education, including, for example, the "new man" plan of communism. Indeed, the "new man" (only possible even as a *concept* because of a belief in the mutability of individual nature) is neither greedy nor simply egoistic; he is, rather, altruistic and socially responsible. (2) The capitalist concept of man is disagreeable *intrinsically*. With many of its assumptions drawn straight from behavioral psychology, it links man closer to the "lower" animal world (where the difference is *quantitative*) than to a "higher" and unique world of "being human" (where the difference is *qualitative*), where man can be enlightened by high principle and noble calling.

There is, however, a fourth and final factor that is, though related in some respects to the preceding three, the most important but least familiar. Namely, the fundamental natures of the two enterprises, the intellectualist and the capitalist, are in conflict. It requires a quantum jump to get from one to the other. Intellectualism (as a generic activity) believes that *reason* can be employed to create and maintain the "good" or "just society." This article of faith is as old as Plato and as recent as John Rawls. In a phrase, *the ethically good or morally desirable society is an intellectually planned and guided society*. This is precisely the nub of communist social theory where, as Charles E. Lindblom has shown, intellectualism—complete faith in the power of reason to grasp and effective planning to implement—has reached its fullest development.¹⁹

In a manner of speaking, market forces are "blind." Competitive capitalism is, in ideal (or pure) form, decentralized; its effects on other institutions and society in general are neither designed in advance nor part of an overarching, well-reasoned blueprint of the "ideal society." The manipulator and articulator of ideas (of things both real and imagined) puts great store by planning and directing and, in particular, shaping things in the future after the image of ideals (including absolute, transhistorical [and often impracticable] standards) held in the present. The Burkean or Bonaldian concept of the slow, unconscious growth of institutions, functional and adaptive in their effects, Bagehot's "cake of custom" or Sumner's folkways, mores, and customary law, the "self-regulation" of the marketplace, and the

like, have always been anathemas to pure intellectualism precisely because they tend to obviate it. Such processes seem to require little or no guidance. But they are rejected at base because only advanced, self-conscious *individualistic* reason is to be trusted. This was exactly the attitude of the *philosophes*. They loathed traditional institutions and practices precisely because they *were* products of tradition (and superstition) and not “reason” as it was understood by the mind of a Rousseau or Voltaire. These institutions were thought to corrupt (rather than fulfil) individual nature and thus prevent men and women from becoming what was the intellectual’s ideal of an appropriate humanity. Surely, the *philosophes* supposed, better institutions could be designed. Institution-making of the French Revolutionary era elevated reason as centralized, directed, and infallible; likewise did it attack tradition in all its blind processes.

In similar ways, capitalism is blind. Its practitioners do not plan or often understand its ends; “blind” market forces seem to operate outside the realm of human will and sometimes control. All this challenges the intellectualist enterprise and gives little quarter to the use of power—in the name of reason—to make things “better.” Nisbet has ably discussed the lasting affinity between liberal intellectualism and the use of public (state) power for carefully reasoned moral ends—usually to alleviate what have been called “suffering situations.”²⁰ In many learned quarters, competitive capitalism has, for decades now, been seen as preventing the full realization of the truly “good” society.

The market economy, then, challenges, by the principles of its successful operation (*laissez faire*, deregulation, decentralization, etc.), the intellectual’s inherent desire to understand, to conquer, and then to control by reason. Now, there is no gainsaying the point that reason is indeed appropriate in all matters of conscious decision-making. The real issue is that reason, as discussed here, is not the same thing as logic. A reasoned out or *rational* solution (as opposed to a traditional, intuitive, or mystical one) simply means that the mind and its resources have been put to the task of problem-solving, that actual “reasons” presumedly based on knowledge of the empirical order can be cited for solutions proposed. All of this demonstrates the application of the intellect to the problems and circumstances and needs at hand. The *intellect* has been employed as opposed to other possible *means*. None of this means the *outcome* will necessarily be superior (however this is to be measured) to outcomes possible by reliance upon tradition, mysticism, intuition, faith in immutable authority, or some other variety of human cognition. What it does mean is that there is *faith* that the use of reason will most of the time (if not all of the time) produce superior outcomes.

The use of reason, then, involves a sizable measure of faith in its capacity to intellectually *grasp* the infinite details, complexities, and essential principles of whatever it is that is under rational consideration, for instance, the working of a large-scale socioeconomic system. Of course science pre-

supposes faith in the power of reason and experience to understand how something operates.²¹ The theory behind capitalism, however, holds that observation and rational analysis—indeed, all intellectual powers, including their extension through the use of the best computers—are incompetent to *fully* grasp or comprehend and then substitute *for* market mechanisms. They can certainly be understood in important ways (e.g., through functional analysis), but the successes (e.g., efficiency pricing) of market mechanisms primarily left to themselves cannot be effectively duplicated and, moreover, considerable harm (e.g., resource disallocation) can result from any such attempt. In the nineteenth century this view was convincingly promoted by Herbert Spencer, who repeatedly illustrated (by pointing to government-created disasters, which almost always followed its incursions into the free-market system) how social complexity consistently outdistances intellectual capacity.²² And today, Brittan and others explain that the market routinely and smoothly makes millions of judgments each moment, and it alone can “co-ordinate the desires of millions of individuals, firms and households.”²³ This stands in complete contrast to the theory of communism, which, as observed before, may be considered to show the greatest faith in the powers of the intellect to effectively comprehend and guide society, economically and in other ways as well. It holds that rational or intellectual analysis coupled with central direction can (in principle) replace market mechanisms. A contrast, in sum, exists between the capitalist enterprise and the intellectualist enterprise (whether represented in more totalitarian forms, as with Plato or in communist theory, or in much more modest forms, such as the Keynesian approach or the [American] liberal version of “welfare capitalism”).

From an “applied” point of view, there is little that can be done about what is a generic incompatibility between the two enterprises. There are a few things to consider, however, in the larger context of Schumpeter’s analysis of the vital role of the intellectual for mobilizing opinion. First, we should not overgeneralize. As we know, not all intellectuals are antagonistic to competitive capitalism (though it is clear a disproportionately large number are). One question, then, is what accounts for the failure of some intellectuals to become alienated? What was (or is) different about them and their circumstances that somehow counteracted the intrinsically alienating effects Schumpeter presupposes for capitalism? Findings in this area of enquiry might constitute important contributions to the sociology of knowledge, both from pure and applied points of view.

Second, it might be observed that intellectuals (e.g., writers, lecturers, college professors, especially in the humanities and social sciences, political advisors recruited from academe, various governmental “intellectuals-in-residence,” etc.), like human beings in general, tend to develop allegiances and affections for whatever arrangements or social and institutional structure in which they *succeed*, either in actuality or in utopian constructions.

Plato proposed a republic where the philosopher was king, and Auguste Comte, the nominal founder of sociology, proposed a new (reconstructed) society where "sociologist-priests" sat at the apex of power. To a large (though certainly not exclusive) extent intellectuals depend on command markets. Most university and political advisory appointments, for example, depend on state created markets. Many would not fare well in a free-market economy, with its levelled tastes and appetites, though it is certainly clear that there is a steady (and perhaps growing) market for anticapitalist intellectualizing. One could respond to this ominous state of affairs by recommending the creation of a *market* for intellectuals who *are* (or who would *become*) sympathetic to the institution of capitalism. Theirs would be to grasp—through analysis and research—the whole *social system* of capitalism and its relations to and effects on other institutions, political, familial, scientific, educational, and so on, and the human condition generally, as seen, particularly, in historical and comparative perspective. This would call for much more than mere "public relations." The *actual* connections between competitive capitalism and the various facets of the human condition are such, I believe, that a clear understanding and publicizing of them will foster considerable support in Western societies. So doing is particularly important in view of the revival and spread of Marxist ideas across American colleges and universities.²⁴ A sizable portion of every corporate advertising budget might be diverted to employ intellectuals (full time or as consultants, which would be especially appropriate for college professors), to aid and establish foundations, and to subsidize publications, lectures, media appearances, and so on. To some extent this is (and has been) underway. The suggestion being offered here is for a quantum jump in support levels. As I noted earlier, in any sort of competition between idea systems promotional skills are vital. The "facts" do not speak for themselves: they require interpretation. The market that now exists for anticapitalist intellectualizing should be matched and exceeded by a market for legitimate research (as opposed to glib clichés and slick sloganeering) and strategic publicizing of the results. All of this is predicated on an abiding faith that results faithfully obtained are easily "salable" because their *implications*, political and social, are compatible with important Western values.

The Problem of Legitimacy. Part of an intellectualist effort to articulate and expound the circumstances and consequences of competitive capitalism will revolve about the problem of legitimacy. As Jürgen Habermas has correctly observed, the fundamental and increasingly important problem of "late" capitalist society is one of providing an adequate and convincing legitimation of the social order.²⁵ As Schumpeter has so well observed, business or bourgeois groups face special difficulty in legitimizing any differential wealth as they may enjoy.²⁶ They are neither heroic nor aristocratic. The wealth that accrues to the business classes somehow seems more *arbitrary* than the wealth of an aristocracy, where the sanctifying properties of time

and habit have worked their wonders and status gradation is abundantly clear because different styles of life have set them visibly apart from the general population; or military groups, where extraordinary actions and an aura of personal power seem to authenticate their claim to a disproportionate share of wealth. By comparison business groups are insipid indeed. While capitalism was couched in a class structure, while one's expectations were regulated by class norms, legitimacy was not especially problematic.

In contradistinction to much of what one finds in the social science literature today (e.g., neo-Marxism, Frankfurt School of "critical theory," and the like), capitalism faces no imminent, predetermined doom because its legitimizing beliefs and ideas will ultimately fail. The fact that capitalism has itself disintegrated the very structures and myths that once supported it does not in and of itself haringer eventual collapse. To understand this we must first understand the psychological root of legitimacy itself, that is, the belief or perception on the part of participants in a system of (differential) reward distribution (e.g., an economic institution or organized scholarship competition) that the *basis* (or determining criteria) for distribution of resources (however *unequal* the actual distribution may be) is *just* and therefore worthy of allegiance and defense against challenge.

There is nothing intrinsic to the human mind or emotions that begrudges unequal reward distribution among members of a social union. A demand for equality is not a part of human nature. What is inherently true is that dissatisfaction and discontent result when *observable* differences in reward distribution (material or nonmaterial) are not justified in some (apparently) nonarbitrary way.²⁷ Aristotle understood this point very well. What he called "distributive justice" requires equality of *proportion* between persons and rewards. Thus,

there will be the same equality between the shares [of something] as between the persons, since the ratio between the shares will be equal to the ratio between the persons; for if the persons are not equal, they will not have equal shares; it is when equals possess or are allotted unequal shares, or persons not equal equal shares, that quarrels and complaints arise.²⁸

In a society whose economic institution is fully legitimized, inequality is not *created* by unequal distribution ("shares") of resources; rather, an unequal distribution is predicated upon a pre-existing inequality among persons. Historically, there have been two principal ways of perceiving an inequality of persons (and thus a rationale or justification for the differential allocation of resources): (1) ascription or qualities and (2) achievement or performance. In the first, what matters is who the person *is* (his kinship or ethnic group, age, sex, etc.). In the second, it is what the person has achieved or *does* (e.g., his occupation, skill, education, or perseverance of some kind). People, then, may be thought to deserve more or less because of who they are or what they do. Either can serve as a viable rationale for

distribution policies or other kinds of inequalities, including those of opportunity. As we have seen, competitive capitalism has systematically been undermining the legitimacy of all claims to greater "shares" that are based on qualities or ascribed traits. The source of its own future legitimacy can be found only in claims based in performance: i.e., the legitimacy (believed justness, fairness, or morality) of a system of resource distribution will obtain only to the extent that participants perceive that rewards received are proportionate to the costs borne or investments made. For example, higher material rewards (as well as, perhaps, prestige and influence) are legitimate for those whose *performances* (e.g., occupations) require longer periods of training or preparation (e.g., apprenticeship or schooling), longer hours and harder work, with perhaps more personal sacrifices (e.g., of family life, privacy, safety, health, or leisure activities), or, finally, intrinsic talents (e.g., musical or athletic ability). As corollaries, one could add that there must be a perception of relatively equal access or opportunity to choose or select the kind of "performance" (e.g., achieved occupational role) one wishes to give and that, across the population of participants, the ratios between performance and outcome must be perceived as relatively equal. In sum, the legitimacy of the modern and future capitalist social order will have to reside in people's perceptions (which may or may not approximate the factual order) that, first, there exists equal freedom to choose a performance, second, a system exists whereby rewards received are a function of performances given, and third, there is in general an equality of ratios for societal members (i.e., the ratio of easier performance to lower rewards is *equal* to the ratio of harder performance to higher rewards). When fully developed, this kind of legitimation *individualizes* the responsibility for results.

The general idea that (at least in large measure) rewards were proportionate to costs or investments (performances) and that *individual* effort could really matter, that personal initiative was an all-important component of character and ultimate success (recall the Horatio Alger stories), was probably fairly well diffused in the United States at least through the first quarter or so of the present century. The work ethic and the philosophy of individualism (whether "rugged" or a more modest variety) served (and to some considerable extent still do) as important legitimizing beliefs of the American social order. The work ethic, besides almost sacralizing the value of work *per se*, suggests in general that what one "gets out" of something is more or less a direct product of what he "puts in"; and individualism consecrates self-reliance and -responsibility and thus, in the end, *personalizes* success or failure. Successful people were thought to deserve their status as much as the unsuccessful deserved theirs. Obviously, too much emphasis (to say the least) was placed on the power of individual agency and aspiration and too little recognition was afforded historical, political, and socio-economic forces under which individuals live and which "stack the deck" in var-

ious ways for or against certain categories of people. Social science has become increasingly popular in the United States, especially since the Second World War, and much of its recent emphasis has been upon analyzing the myriads of larger and smaller social forces and circumstances that prejudice and unequally weight the wills, aspirations, and opportunities of different people. Thus, it was not hard work and initiative so much as it was unequal access to the opportunity structure (because of both ascribed and circumstantial factors such as age, ethnic or racial membership, national origin, sex, kind of family orientation, domicile, school, language, neighborhood, handicap, body type, shifts in political and economic forces, and so on, *ad infinitum*). Now, increasingly, poverty and failure are not the result of personal inadequacies nor riches and success the result of superior abilities. Neither is crime the responsibility of the criminal. The new determinant of one's fate was not individual agency but social causation—"the system."

Without denying or even softening the larger truth that socioeconomic and other circumstances bear *very* unequally on the different social groups and strata making up the social order and that, accordingly, what Max Weber called "life chances" are never uniform, it can still be suggested that in some quarters social or systemic causation has been exaggerated or pushed to the *same* extreme in attempting to account for differential success among people as was the individual agency in times past. To the extent this contention *is* true now or increasingly becomes true in coming years (if indeed it does), the problem of legitimacy *will* without question be a central issue in capitalist society, for a strong and well-diffused belief in social determinism (as against the efficacy of personal initiative and striving) makes inequality of outcomes an altogether *arbitrary* phenomenon. What is arbitrary might well be otherwise and thus cannot command allegiance. First propounded primarily by professor-intellectuals, then spilling over into the popular consciousness and view of reality (with the important aid of mass education and the mass media), this kind of social determinism rationalizes personal failure and undermines aspirations by a self-fulfilling prophecy of defeat. A full-blown social determinism might be the eventual outcome of a decades-long effort to explain unequal outcomes (e.g., wealth and occupational position) in terms of unequal circumstances beyond personal control. At end, neither individual failure nor individual success would be seen as an individual matter. (Redistribution schemes are not infrequently based on the assumption, however covert, that neither the better off nor the less well off really deserve their lot in life. Furthermore, there appears to be a close relationship between government's "equalizing" policies [e.g., transfer payments] and the intellectual community's commitment to a belief in social determinism and responsibility.)

Such a full-blown social determinism is, at this moment, only one possible outcome. At present, the American consciousness, if I may reify, is

doubtless fixed somewhere *between* the extremes of personal and social responsibility for life's outcomes. What is clear is that "movement" has been from the former to the latter view. There are two reasons why the intellectualist effort discussed earlier should be focused on *reasserting* the efficacy of personal agency and responsibility. The first reason has to do with maintaining such allegiance as now exists for the social system of capitalism and also broadening its base in the population. The second has to do with historical accuracy. It is a great irony that belief systems and historical realities have moved in opposite directions. The age when individualism and a belief in personal effort dominated was precisely the age in American history that afforded the least sway for personal agency.²⁹ And the age that is giving the most prodigious attention to unequal social circumstances and opportunities and the role of "qualities" (ascribed traits) in prejudicing outcomes is precisely the age witnessing the most complete institutionalization of achievement criteria (for reward distribution) the world has ever known. Thus, when social constraints hem the individual in on every side and allot him "life chances" largely according to numerous ascribed traits, he is believed to be bound only by the limits of his imagination. When these constraints of social class, ethnicity, place of birth, etc., are progressively removed or neutralized, he is believed the most bound by them.

The intellectualist effort, in conclusion, now needs to be directed to the newly emerging reality. The efficacy of personal causation needs again to be emphasized, not simply because so doing is vital to the legitimation of competitive capitalism, but because it is faithful to the factual order of things. Beyond this, the *visibility* of "performances" by successful capitalist groups needs to be improved. Some of the difficulty (*vis-à-vis* public impressions and images) faced by practitioners of competitive capitalism lies in the fact that outcomes (rewards received) are far more *visible*, conspicuous even (and, as such, often exploited by antagonist forces), than the complex, functional nature of their contributions. This can be changed.

The Cyclical Nature of Hedonism. It requires very little in the way of observational powers to see the strong presence of hedonism in the West today. In identifying what is meant by the term "hedonism," Brittan refers to "a great stress on personal sensual gratification and on giving full reign to instincts, emotions and feelings."³⁰ The emphasis on this kind of gratification, Brittan further observes, "has been associated with a revolt against rational thinking... in favour of 'thinking with the belly.'"³¹ To this orientation *discipline*, which suggests some form of restraint and long-range focus of attention (i.e., beyond the immediate present), is an anathema. Though some date hedonism from the 1950's, the decade of the 1970's in particular has aptly been called the "Me Decade."

Over the last decade or two, a great deal has been said about hedonism—whence it comes and what it portends, for example. In 1976 Daniel Bell's *The Cultural Contradictions of Capitalism*³² developed,

among many other notable themes, John Wesley's oft heard idea about how hard work and discipline can produce a level of material wealth that in turn undermines these values in favor of those of consumption and personal gratification. Bell sees an "abandonment of Puritanism and the Protestant ethic" which leaves "capitalism with no moral or transcendent ethic."³³ Much of course can be said about both the recent and distant historical roots of today's hedonism, for example, that it is (especially among younger groups) constantly aided, nurtured even, by advertising appeals to the sensual nature. Or, more remotely, it can be contended that the growth of hedonism in the West parallels in some important respects the decline of belief in personal responsibility and agency along with an overall sense of "doing" and "duty." The obverse, of course, is a rise of belief in collective responsibility and agency along with an overall sense of "receiving" and "rights." As subtle cognitive orientations, it could be suggested, "duty" seems to connote an active, productive sense of being and self-image, while "rights" a passive, consumptive sense of being and self-image. As such, the former frame of mind would seem more sensitive to what is actively "contributed" and likely to connect this to outcomes (what is expected): "I do; I get." The latter frame of mind would seem more likely to translate into a heightened sensitivity about outcomes (especially whether and to what extent they are equal) and to connect them to passive, ascriptive categories: "I am; I get"—or, more specifically, "As a human being [or perhaps citizen of some political collectivity] I have a right to some minimum share of the total resources," or, at an extreme, "as great a share as anyone else." A not infrequent result of an increasing incidence of the latter mental set, and one that can push demands for "minimum" shares to demands for "equal" shares, is the phenomenon of "rising expectations." Expectations can be constrained (i.e., operate within ascertainable limits) when outcomes or benefits received are *clearly* attached to known increments or qualities of productive behavior (the limiting conditions are thus one's believed capabilities). But when outcomes depend on other criteria (e.g., the simple fact of membership in some political community), each benefit received is potentially a stimulant of expectations for more, which, in the nature of things, recognize no *innate* limiting conditions: that is, without personalized constraints (performances-to-outcomes) or social constraints (ascribed status-to-outcomes)—for example, through class norms that regulate aspirations and consequently expectations—the appetite for "more" rises as fast as it is fed.

As a rule, then, it is far easier to recognize limitations in personal capabilities to achieve rewards (desired ends) than in societal capabilities to grant various kinds of benefits. Current demands in the United States for ever increasing social benefits—*independent of performance and based on conceptions of "rights" and/or "needs"*—suggest, for instance, a vision among many of modern capitalist society as a kind of cornucopia and its government a kind of distributive system. Expectations brought to bear on

a social collectivity under the banner of "rights," then, can far outstrip expectations brought to bear on oneself under the banner of personal responsibility.

Given these circumstances (however tentative and partial some of the inferred causal threads), it might follow, to round out this particular line of thought about a few factors in the rise of modern hedonism, that the re-establishment of a strong, *well-diffused* belief in the efficacy of the individual agency (in the context of legitimation, as discussed earlier) might help revive to some appreciable extent the spirit of both discipline and rationalism by making that spirit quite indispensable (or at least much more needful) in the attainment of desired outcomes, including various forms of personal gratification. But such a belief must be connected not only to a reassertion of the abstract, idealized connection between performance and outcome but also to *actual* governmental policies which go far beyond controversial attempts at "equalizing" opportunities by *levelling down* (through a series of handicaps on some, e.g., white males, and preferential treatment of others, e.g., women and members of minority groups); and it must include shoring up and strengthening of that connection at all levels (e.g., through taxing policies that encourage expanded earnings by reducing marginal tax rates), thus making *levelling up* a real possibility.

In some ways, the new hedonism is a "luxury" born of a perennial surplus. Scarcity, its natural enemy, does not promote "thinking with the belly," but instead necessitates, as a matter of survival, discipline, rational thinking, and even cunning in the struggle for limited supplies. If, as some prophesy, the next epoch will be the "Age of Scarcity," we can expect adaptive changes in individual thoughtways and life styles which restore many of the virtues Franklin applauded. Modern hedonism has been linked to the growth of the welfare state, as intimated earlier. The welfare state presents endless cushions and protective floors against every kind of unpleasant eventuality with which its citizens may meet. The "pure type" of welfare state reduces, by definition, the *need* for discipline and rational planning at the personal level, while the "pure type" of market economy places a premium on these qualities of mind and action. As Herbert Spencer argued over a century ago, citizens undergo characterological changes in adaptation to long-term governmental policies.³⁴ In a similar vein, Alexis de Tocqueville warned that paternalistic governments make perpetual children of their citizens.

The possibilities of analysis, forecasting, and plain speculating about capitalism and hedonism are of course as endless as positive conclusions seem scant. One, then, certainly should not overestimate the possible counter-effect (as against hedonistic culture) of a planned reassertion and across-the-board reinstitutionalization of the legitimacy of a system of reward distribution based on performances (which of course does not preclude the possibility of some "floor" beyond which one cannot sink, quality

of performances—or inability to yield any at all—notwithstanding).³⁵ But neither should he overestimate the corrosive (and what might *appear* to be permanent) effects of today's hedonism on the values and attitudes necessary to sustain what competitive capitalism as still exists in the West. Amidst all the discussion on this subject, one salient fact has not received the attention it deserves: the career of hedonism in a cultural system is cyclical rather than rectilinear. In simpler language, hedonistic times come and they go.

If the society in question survives (ancient Roman society, for example, did not), there seems to be an alternation between ages of morality, discipline, nonindulgence, restraint of the appetites, and prudence, and ages of immorality, excess, "looseness," release of the appetites, easy indulgence, and filling of the senses. In England, for example,

the very strait-laced Elizabeth I banished courtiers on the mere rumor of scandal; then the free and easy era of the Stuarts arrived, followed by the grim and severe period of Puritan ascendancy. After the Puritans, there was once again a relatively relaxed period during the eighteenth century, which produced Fielding's *Tom Jones*. The celebrated Age of Victoria followed through most of the nineteenth century. And then, almost predictably, there was a reversal during the reign of her successor, Edward VII.³⁶

Purported reasons for this cyclical pattern range from the more concrete to the more abstract. In the United States, for example, it has been suggested that a fifty-year depression cycle restores discipline, restraint, and appreciation for work for a generation or two, after which time indulgence and pleasure-seeking begin to move to center stage. More abstractly, the sociologist Pitirim A. Sorokin has argued that a "principle of limits" exists for cultural trends or developments.³⁷ When any one cultural view or picture of "reality" or "truth"—for instance, that it transcends the senses and thus requires faith and revelation for its comprehension, or that it is entirely sensory and thus utilitarian and hedonistic ethics are appropriate—is pushed to an extreme, reactions and counter-movements are inevitable. An extreme emphasis on cognitive mapping by faith and authority (as in the European Middle Ages) engenders a reaction and insistence on the validity of reason and observation (thus the Age of Reason), which, pushed to an extreme, bring a resurgence of faith and authority (note the current revival of faith in many parts of the Western world).

Whatever the fine details or ultimate source of such cyclical patterns, it is certain that the last few years have witnessed a reaction against the cult of Me, Myself, and I. A revival of conservative Christianity has given new emphasis to such old virtues as concern for others, self-denial, especially of "baser impulses," belief in work, personal honesty, and politeness. In the schools, we hear of "back to basics," with the emphasis on discipline and work at the expense of self-expression and play. In politics, we hear of the

“New Conservatism” and “Libertarianism” amid themes of self-reliance and personal accountability as against collective responsibility for individual welfare through an ever-enlarging and increasingly bureaucratized central state.

While hedonism has in important respects been nurtured by the growth of the welfare state (which substitutes social for personal accountability in numerous areas of life), it can unwittingly enlarge its scope by the ever strengthened habit of constant *expectancy*. In modern society, this translates to increasing “demands” made upon government for benefits and cushions from market forces and from the consequences of one’s own behavior (including performances freely selected). As politicians compete for votes and loyal constituencies, they attempt to out-promise and out-give one another. The hedonistic mentality of wanting to be gratified at the least personal inconvenience dovetails easily with a growing welfare state that raises expectations by satisfying them. The irony is that only competitive capitalism can afford extensive welfare, while extensive welfare can, if unchecked, destroy competitive capitalism by undermining the attitudes and values necessary to sustain it. What Brittan has aptly called “levelling down egalitarianism” can only go so far before it destroys a private enterprise oriented market economy.³⁸

The link between delegitimizing the ethic of self-reliance (individualism) and modern hedonism (including “rising expectations” *vis-à-vis* the public sector) carries over, then, to the subject of the welfare state, which is only possible, both as a political philosophy and historical actuality, when (1) individual responsibility has eroded in favor of social or state responsibility, (2) expectations and demands for “more” have soared, and (3) such pressures are brought to bear on political leaders, who exchange public benefits for loyal support. All such lines of individual action (direct and through interest groups and other intermediaries) aimed at unloading the wagon in favored ways converge in a protocol for distribution with little or no thought of loading the wagon (production).

The Problem of Value Antinomy. Western society today stands amid two powerful currents: one, towards increased collectivism and even less need for discipline, rationalism, and restraint at the individual level; the other, towards a kind of individualism and reinvigorated free-market system where all “problems” on the face of the planet are not automatically seen as falling within the government’s regulatory purview. The welfare state, both as an ideal and an emerging historical reality, stands, with its growing insistence on reducing inequalities of every imaginable variety, at the center of a profound value conflict: namely, equality versus liberty. Translated into politico-economic terms, the question is whether to stress regulation, consumption, and equality of condition *or* autonomy, productivity, and liberty *or* freedom to be different.³⁹

Many of the preceding lines of discussion point to this crucial value conflict that has as its central issue the subject of the welfare state. These include: (1) an ignorance of the conditions and circumstances necessary for the successful functioning and continued growth of competitive capitalism; (2) intellectualism's intrinsic distaste for and antagonism towards any idea of self-regulation in society or any of its institutions; (3) an increasing disbelief among a good number of people in the efficacy of the individual agency (in favor of social determinism) and consequent suspicion about the justice or legitimacy of inequalities in resource (reward) distribution; and (4) the affinity of hedonism with the welfare state (both as a contributing factor and partial by-product).

If we understand by values "relatively abstract and generalized standards or principles of what individuals [of a given society] consider good and desirable,"⁴⁰ then we may say there is today a major antinomy between the value of equality and the value of liberty. In practical terms, much of the debate is between those favoring the continued growth of the welfare state, with its insatiable appetite for "transfer payments" to promote equality of result, and those favoring a revival of the true liberal society, where individuals are not only free to select "performances" (career patterns, short- or long-term life "orientations," etc.) but are also free to enjoy (or suffer) the larger measure of the *consequences* of those performances. The Marxian vision of maximizing equality thus competes with the Spencerian vision of maximizing liberty.

Both values are deeply imbedded in the American consciousness, but there are problems of co-existence still only dimly recognized by many students of American society. In full-blown actuality, the abstract principle of equality does not recognize (nor do most egalitarians *in practice*, if sometimes they do in name) the legitimacy of either private property or private (nonpublic) spheres of authority, that is, the kind of pluralism one finds where *autonomous* spheres of authority exist (and are respected) for the family, profession, church, local school, association, enterprise or corporation, and so on. Either can stand in the way of or impede the ultimate goal of equality, which as suggested before, increasingly means not merely legal or political equality, or even equality of opportunity to achieve desired ends through "evening the odds" or "stacking the deck" by government for certain categories of persons, but, in addition to these things, *equality of result*.

Historically, the connection between private property and private spheres of authority is a salient one: they exist in tandem or they exist not at all. Liberal intellectualism, Robert Nisbet has ably shown,⁴¹ has a profound disregard for private authority; the wish seems to be to make all authority whatsoever *public* authority—that is, to bring it to the heel of the state. In a similar way, the implications for private property of the welfare state, both as it is now emerging and as its extensions are envisioned by its intellectual

architects, are unmistakably clear. At all cases, "socialism and the welfare state lead almost inevitably to a loss of freedom."⁴² This is nowhere better illustrated than in the continuing ideological and empirical attack of these forces on the private domain.

The true liberal (or libertarian) society, by considerable contrast, is founded upon private property and private spheres of authority, wherein "freedom" is said to consist. Without clear boundaries between "public" and "private" domains or spheres, the concept of freedom has little practical meaning. While the one vision of the "good society" sanctions ever increasing public regulation in order to achieve the goal of a uniform equality, the other vision sanctions equal freedom from public regulation in order to achieve diverse goals.

Science, including in particular social science, cannot resolve normative dilemmas: that is, it cannot select values for a population. It cannot, by any *scientific* criteria, tell people what they "ought" to value. This is the province of theology, moral philosophy, and the like. But science can, as Max Weber emphasized, tell people the *probable consequences* (for the larger society or specific institutions within it or modal personality) of different *kinds* of value commitment (e.g., egalitarian or libertarian or some hybrid) and of the lines of day-to-day actions they promote, either consciously or unconsciously. In this sense, knowledge of the likely practical consequences of various kinds of value commitments and normative orientations can prove useful with regard to whatever questions as may be raised (by political leaders, educators, modernizers, reformers, intellectuals, etc.) *vis-à-vis* their selection, retention, and/or promotion for a given population.

Several decades of both planned and unplanned drift towards the egalitarian ideal have engendered social and economic consequences (and harbingered others) that are now beginning to seize the attention of many and generate a reaction not only in the sense of harsh criticism, but also in the sense of a demand for a reversal of direction. These have been noted (in greater or lesser degrees of explicitness) throughout this essay but may be recapitulated here as part of my concluding remarks. First, the welfare state which capitalism initially bankrolls eventually leads to a loss of both individual and institutional freedoms. As early surpluses, intellectual myth-making, and political gamesmanship work their wonders, both the concepts and the realities of private property and private spheres of authority begin to fade. For all practical purposes, for instance, the once proud and autonomous private American university has been sterilized by distant federal policies pertaining to equality and rendered impotent by close quarters surveillance and direction of a myriad of once free actions.⁴³

Second, what is not produced cannot be redistributed in service of the egalitarian ideal. There is a point in the separation of rewards (income) from their earners (for redistribution to reduce "inequalities" and for other "social justice" programs) at which the incentives for productivity begin to

fail. From that point onwards, there is less and less to be redistributed so that the *conditions* in which people are equal become "levelled down." Any continuing talk of supplying *other* (noneconomic) incentives to productivity is for the most part either fanciful or impracticable on a large scale.

Third and related, without prospects for continued economic growth (where people can improve their conditions without doing so at the expense of other people, as in a "zero sum" game) a democratic social order is, in the nature of things, unstable. Irving Kristol has spoken to this point well. He recalls that for over two thousand years political philosophers largely rejected democracy "as an inherently unstable and therefore undesirable form of government."⁴⁴ This was because they believed that democratic majorities, being poor, would use their power to expropriate the wealth of the affluent minorities. This would lead to economic chaos, then political chaos followed by the restoration of order by dictatorship. Experience (especially that of the ancient Greek city-states) supported this line of thinking. What changed this consensus among political philosophers was the birth of modern capitalism and the promise of economic growth. As Kristol concludes:

It is because this promise of economic growth has been kept that democratic politics has survived in the United States, in Western Europe, [and] more recently in Japan. And it is only so long as economic growth remains a credible reality that democracy will remain an actuality. It is the expectation of tomorrow's bigger pie, from which everyone will receive a larger slice, that prevents people from fighting to the bitter end over the division of today's pie.⁴⁵

III

As we have seen, different kinds of value orientations can have widely varying kinds of *practical* consequences. The (causal) linkage between a given value orientation (e.g., the desire for greater and greater equality) and its set of practical consequences (e.g., diminishing everyday freedoms) often remains very obscure. *Liberty* needs to be conceptualized by Western peoples not as an eternal condition or state of affairs guaranteed by written document and spoken word, but as a historically specific, time and space bound "effect" (or cumulative result) of scientifically demonstrable antecedent and concomitant conditions, cultural, demographic, geographical, military, and, perhaps foremost, technologico-economic. As these conditions or variables change, so does the measure of freedom in a given population. Unlike other species of nature, man can gain knowledge of his total environment (whether physical, biological, or socio-historical) and its workings, and, to a not insignificant extent, shape that environment after his own wishes. But first its *workings* must be grasped. All the antecedent and concomitant conditions of "freedom" (if this is the ideal socio-historical

environment) need to be understood by publics. And perhaps the least understood of these is that foremost in importance: competitive capitalism. The future is secured not by iron historical law but by the ductile actions of men.

NOTES

1. See, for example, Samuel Brittan, *Capitalism and the Permissive Society* (Atlantic Highlands, N.J.: Humanities Press, 1973).
2. *The Wall Street Journal* (editorial section), August 1, 1977. In a recently published study, Kenneth A. Bollen has found that the "greater the state's control of the economic system, the lower the level of democracy in the political system" (*American Sociological Review* 44, no. 4 [August 1979]: 576).
3. None of this, of course, is to say that wealth (acquired through expanding exchange networks) does not (or cannot) in turn become an eventual source or means of power and authority, status, or new moral and legal precepts. The discussion here simply concerns the *historical* role of capitalism.
4. Joseph A. Schumpeter's *Capitalism, Socialism and Democracy*, 3rd ed. (1950; New York: Harper, 1976) is perhaps the best-known modern analysis. More recently, Daniel Bell (*The Cultural Contradictions of Capitalism* [New York: Harper, 1976]) has highlighted what he takes as the "cultural contradictions of capitalism," while Alan Wolfe (*The Limits of Legitimacy: Political Contradictions of Modern Capitalism* [New York: Free Press, 1977]) has discussed what he presumes are modern capitalism's "political contradictions."
5. My discussion is limited to strictly sociocultural factors. I will not discuss the various economic factors (a falling rate of profit, overproduction, spreading poverty, etc.) that have been argued to be detrimental to the persistence of capitalism.
6. See George Gilder, *Wealth and Poverty* (New York: Basic Books, 1980).
7. Brittan, *Capitalism and the Permissive Society*, pp. 32-35.
8. *Ibid.*, p. 35.
9. See Max Weber, *From Max Weber*, trans. and ed. H. H. Gerth and C. W. Mills (New York: Oxford University Press, 1946), pp. 62-63.
10. *Footnotes* (of the American Sociological Association), vol. 4, no. 8 (November 1976), p. 4.
11. See Jude Wanniski, *The Way the World Works: How Economies Fail and Succeed* (New York: Basic Books, 1978), chap. 7.
12. Milton and Rose Friedman, *Free to Choose: A Personal Statement* (New York: Harcourt Brace Jovanovich, 1980).
13. Incredible misconceptions can be held by those whose very profession it is to know better, as witness the *economist* Robert Heilbroner's preposterous statement on "the tendency of capitalism to create a great mass of squalor and poverty" (in *The New Yorker*, "Inflationary Capitalism," October 8, 1979). Heilbroner's contentions were handily disposed of by Herbert Stein in "Economics at *The New Yorker*" (*The Wall Street Journal* [editorial section], November 12, 1979).
14. I am here dealing with intellectualism as a "pure" or "constructed type"—a conceptual instrument to aid understanding by accentuating (even exaggerating at times) selected typical or distinctive factors. By no means, then, do I deny *individual* differences or the existence of "conservative" or *laissez-faire* intellectuals (though they have been relatively scarce for the last several decades). My remarks, as they pertain to historically specific intellectuals, are most appropriate to what Robert Nisbet calls "liberal intellectuals" and Friedrich A. Hayek "constructivists."
15. Schumpeter, *Capitalism, Socialism and Democracy*, p. 147. I should note, at least parenthetically, the emergence and multiplication of a new variety of "intellectual" who represents an increasingly serious threat to patterns of free choice in *everyday* areas of life. They make up what may be called "practical" or "technical knowledge elites"—with obvious emphasis on *applied* knowledge. With good intentions as well as the all-important badge of

scientific authority, they are, when attached to governmental bodies, becoming ever more influential in the ultimate substitution of technical "expertise" for informed free choice. The means employed are sometimes persuasive (e.g., public spending on large-scale anti-smoking campaigns) and sometimes coercive (e.g., the recent experiment with automobiles that will not start or drive unless government mandated safety gear is operational). While the intentions may be "good" in some ethical sense, the implication is ominous: technical knowledge based on scientific research indicates what is and what is not good for citizens and *therefore* the range of free choice can legitimately be restricted for the citizenry's own good.

16. Schumpeter, *Capitalism, Socialism and Democracy*, p. 145.
17. See, for example, Robert Nisbet, "Power and the Intellectual," in *Tradition and Revolt: Historical and Sociological Essays* (New York: Random House, 1968), chap. 9.
18. As implied in note 14 above, I believe "liberal" intellectuals to outnumber—perhaps many times over—all other kinds.
19. Charles E. Lindblom, *Politics and Markets: The World's Political-Economic Systems* (New York: Basic, 1977), esp. chap. 19.
20. The term was coined by K. R. Minogue: "The point of suffering-situations is that they convert politics into a crudely conceived moral battleground. On the one side we find oppressors and on the other a class of victims. Once the emotional disposition to see politics in this way is established, then we find people groping around to make the evidence fit" (quoted in Nisbet, *Tradition and Revolt*, p. 164).
21. This is the pre-eminent question of science. See Robert Nisbet and Robert G. Perrin, *The Social Bond*, 2nd ed. (New York: Knopf, 1977), chap. 1.
22. See especially Herbert Spencer, *The Man Versus the State* (1884; with "Introduction" by Donald Macrae, Baltimore: Penguin, 1969).
23. Brittan, *Capitalism and the Permissive Society*, p. 14.
24. See "Marxist Ideas Spread on U.S. Campuses," *U.S. News & World Report*, November 6, 1978, p. 6, where it is reported: "After years as an academic outcast, Marxism is finding a home on many college campuses. . . . Marxist scholars in economics, history, political science and other fields have become a significant minority since the 1950s. . . . In recent years, scores of left-wing academic periodicals have sprung up. Marxist texts have been published by prestigious university presses. Sales of Marxist literature are brisk in campus bookstores."
25. Jürgen Habermas, *Legitimation Crisis* (London: Heinemann, 1976).
26. Schumpeter, *Capitalism, Socialism and Democracy*.
27. The mobilization of such discontent as may exist into some kind of challenge or assault on the larger social order is, of course, an altogether different question. It is unlikely that *any* basis of resource distribution has ever been fully or absolutely legitimized. Societies can exist for entire centuries with sizable segments of the population believing their lot is wholly unjustified by any known normative criteria. Lack of viable opportunities for change or the presence of coercion leaves little option but to abide.
28. Aristotle, *Politics*, trans. H. Rackman (Cambridge, Mass.: Harvard University Press, 1967), p. 269.
29. For a brief but penetrating analysis of how "individualist" the American Age of Individualism really was, see Nisbet, *Tradition and Revolt*, pp. 173 ff.
30. Brittan, *Capitalism and the Permissive Society*, p. 30.
31. *Ibid.*
32. See note 4 above.
33. Bell, *The Cultural Contradictions*, p. 71.
34. See Spencer, *Social Statics* (New York: Appleton, 1877), and also the analysis in Perrin, "Herbert Spencer's Four Theories of Social Evolution," *American Journal of Sociology* 81, no. 6 (May 1976): esp. 1342-45.
35. Of course, "floors" and "minimums" have a way of becoming "self-aggrandizing." As they rise, more and more come to believe that it "pays" to be "poor." Martin Feldstein (of Harvard), for example, "has shown that in the U.S. unemployment compensation is a close enough substitute for the take-home pay of low-income earners that it has pulled

- something over a million of them out of the work force" (*The Wall Street Journal*, November 19, 1979).
36. Nisbet and Perrin, *The Social Bond*, p. 256. It should be noted that we often take too literally the images (or labels) of ages we have devised to categorize history. Frequently, the *actual* behavior in question (sexual activity, use of reason, faith, etc.) either remains somewhat constant or fluctuates within much narrower limits than our historical labels and categories would imply.
 37. See Pitirim A. Sorokin, *Social and Cultural Dynamics*, 4 vols. (New York: American Book Co., 1937-1941), esp. vol. 4.
 38. Brittan, *Capitalism and the Permissive Society*, p. 34.
 39. Lindblom (*Politics and Markets*, chap. 25) ably discusses this conflict as it is now taking place in the house of Western government.
 40. Nisbet and Perrin, *The Social Bond*, p. 192.
 41. See Nisbet, "Power and the Intellectual," in *Tradition and Revolt*.
 42. Editorial introduction to Friedrich A. Hayek, "The Errors of Constructivism," *Forbes*, December 10, 1979, p. 107.
 43. While the example may be peculiar to the American situation, the larger principle concerns the fate of liberties (to exercise authority in a *private*, voluntary organization and to control or use *private* resources—real property, market securities, privately granted endowments, etc.) where equality is a public goal under the larger ideal of the welfare state.
 44. See, for example, "The Worst Is Yet to Come," *The Wall Street Journal* (editorial section), November 26, 1979.
 45. *Ibid.*