



The Mind and the Market: Capitalism in Western Thought

Jerry Z. Muller

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Capitalism has never been a subject for economists alone. Philosophers, politicians, poets and social scientists have debated the cultural, moral, and political effects of capitalism for centuries, and their claims have been many and diverse. **The Mind and the Market** is a remarkable history of how the idea of capitalism has developed in Western thought.

Ranging across an ideological spectrum that includes Hobbes, Voltaire, Adam Smith, Edmund Burke, Hegel, Marx, and Matthew Arnold, as well as twentieth-century communist, fascist, and neoliberal intellectuals, historian Jerry Muller examines a fascinating thread of ideas about the ramifications of capitalism and its future implications. This is an engaging and accessible history of ideas that reverberate throughout everyday life.

The Mind and the Market: Capitalism in Western Thought Details

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Mostafa says

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Emma Sea says

The content was 5-star, but the presentation could have been more engaging.

The format was strictly chronological, discussing each economist/economic concept in turn. This made it pretty dry going until the 19th century, when the disparate ideas started coming together to explain the basis of contemporary capitalism. All the sections on the 20th century were quite riveting.

It was fascinating to see how the economic theories of Hegel, Marcuse, Lukacs etc fit within their broader writing on critical theory.

As the authors note:

Much of the story we have told falls outside the boundaries of modern academic disciplines and their respective histories. Contemporary economics focuses on issues of efficiency in allocation, political science on the institutions of governmental power, political theory on questions of justice, sociology on social groups as defined by interactions outside the market.

This makes the book a great read for sociologists/cultural theorists who lack a basic knowledge of economics. Like me. Who failed high school economics by one point and never bothered to try it at college.

I'm very glad I read it, and I'm quite inspired to try some more economic theory.

Hashem says

James says

good for the intellectual tradition of capitalism, even if the author seemed a little bit right-wing (in an intelligent sort of way). Also, he spends too much time talking about Marx's anti-Judaism, and seems to paint Schumpeter as a celebrity. Otherwise, good for background knowledge of the philosophical debates around the market and capitalism.

Elliot Kaufman says

Workmanlike. Exactly what I was looking for.

Tristan says

Muller does for capitalism what Ferris did for cosmology (in “Coming of Age in the Milky Way”), showing how views around markets, commerce, trade, etc. have evolved throughout the ages. It helped me organize my own views around capitalism (but they still are—and will likely remain—a jumbled mess).

The book is dense (Muller provides in-depth histories of each character's background) but in case anyone is curious, here's a summary:

Chapter 1 – History:

Way back, the church didn't like trade, and most people figured that if someone gained wealth somewhere then someone must have lost wealth elsewhere. So basically, the accumulation of wealth was viewed as a bad thing (unless you were a nobleman and took it from others). However, as human wealth increased there came an economic need for money-lending and trade. So the Jews stepped in, and in return for being hated by all, they carried out the important function of lending money and acting as middlemen.

As time passed, Grotius, Hobbes, Locke, Spinoza (1600's) and others tried to separate church and state,

envisioning a state that protected the rights of citizens to do as they please (as opposed to a state that imposed morality on citizens from above). As the conception of the state changed, more people came to defend the market as a means to freedom.

Chapter 2 – Voltaire:

Voltaire (1700's) defended the pursuit of wealth through markets, and morally legitimized the consumption of wealth. Before Voltaire, luxury had been frowned upon for blurring class lines and corrupting civic virtue. Voltaire didn't think that market activity was the supreme goal of life, but he thought it was a good diversion from religious zealotry, which had caused so many deaths. Voltaire liked merchants and disliked the church. To Voltaire, self-interest was more likely to promote peace than fervent ideological commitment:

“Compared to the altruistic crusade of forcibly saving one’s neighbor’s soul, even if it leaves his body in ruins, the pursuit of wealth is a potentially more peaceable pursuit, and one that leaves one’s neighbor content.”

Voltaire got rich through England's growing financial industry, but did so through shady dealings that led people to hate him. He tried to save face by slandering the Jews:

“According to Voltaire, Abraham was so avaricious that he prostituted his wife for money; David slew Goliath not to protect his people but for economic gain; Herod did not complete the rebuilding of the temple because the Jews, though they loved their sanctuary, loved their money more.”

Chapter 3 – Adam Smith:

Adam Smith wrote *The Wealth of Nations* in 1776, arguing that worldly happiness was a good thing, a free market economy (both nationally and internationally) is the best way to improve everyone's standard of living, and that through markets, self-interest can be steered towards the common good. If you're thinking of reading this book, I assume you already know all about Smith. He said some stuff about pins, some other stuff about emotions, and thought that specialization—though it wouldn't make us happier on the job—would make us more prosperous. This was at a time when many people worried that rising wages and standards of living would lead to laziness, and expensive goods would make Britain uncompetitive in the international economy.

Smith was a nicer man than Voltaire. He gave most of his money to charity (in secret), and did not blame the Jews for the bad things in life. Contrary to what many believe, Smith was a big fan of altruism—he just didn't think that it was sufficient to run our economy, given that it involves dealings with strangers who are unlikely to stir our empathy. Also, Smith saw a big role for the state, and figured that as economies grew, the state would grow as well, enforcing laws, providing for defence, maintaining infrastructure, and even offering schooling.

Chapter 4 – Justus Möser:

Möser (1700's) saw that a market economy would erode his ideal traditional culture, by imposing universal laws (as opposed to local norms) and allowing for a more egalitarian society (as opposed to the more “virtuous” one, in which a hierarchy allows people to know their place). Where Smith saw that markets could liberate the poor from poverty, Möser thought that liberation from poverty was not desirable, as poverty produced virtue.

Möser was an anti-Enlightenment conservative, and made no bones about it—in his mind, intellectual rationalism could not provide knowledge of the “deeper rationality of local, historical experience”. Möser romanticized artisans and peasants, and demonized shopkeepers and peddlers (often Jews).

In his view, people needed government policy to protect them from the temptation of buying products that they really didn’t need. However, even to Möser, a limited market was desirable because a bit of competition would keep prices in check.

Chapter 5 – Edmund Burke:

Burke was the granddaddy of modern conservatism. He agreed with Smith on most things, but was more conservative and more opposed to government intervention.

Burke worried that we were coming to rely too heavily on rational thought to organize our affairs. He recognized that many human institutions grow organically, serving important purposes which may not be apparent to rationally-minded, hard-nosed inquiry. Therefore, we must use reason with humility and recognize that the wisdom in established institutions may be hidden to us (Thomas Sowell, anyone?). Where we reform society, we must do so cautiously.

Burke saw government intervention in the market, which was often blind to unintended consequences, as an example of the “overreaching of abstract reason.” In Burke’s view, the role of the intellectual was to convince politicians and the public of “the long-term beneficent effects of acquisitiveness channelled through the competitive market”. The people didn’t understand how they benefit from a competitive market, so needed to be explicitly taught.

Chapter 6 – Hegel:

Hegel (early 1800’s) knew that unless his fellow citizens could understand the rationale behind society’s institutions, they would feel alienated and unhappy. Therefore, he tried to rationally justify why institutions, including the market, were good for society. By understanding the ethic of institutions, individuals could feel more at home within them.

Hegel thought that institutions don’t constrain humans, but instead liberate them from base drives so that they can pursue the drives of a higher, more rational, ethical self. The market is an ethical thing, because it causes us to bend our own wills to the requirement of others. Hegel thought that government should do everything Smith thought, but that it should also intervene to level out boom and bust cycles, and should inspect food/medicine/etc.

Chapter 7 – Marx:

Marx (1800’s) saw the poverty of the working class as an inevitable, irreversible outcome of the market. He felt that intellectuals had a duty to encourage the working class to revolt, and figured that the oppressive nature of capitalism would eventually lead to a communist revolution. However, he founded his ideas on faulty economic assumptions (which both he and Engels later contradicted), and neglected to note the improvements to working class life that took place as he was writing *Das Kapital*.

Marx viewed capitalism as exploitation and recast many of the old, Christian critiques of the market. As he saw it, “money is fundamentally unproductive, … only those who live by the sweat of their brow truly produce, and … therefore not only interest, but profit itself, is always ill-gotten.” In his view, competition

isolated people from each-other, self-interested motives could not give rise to genuinely moral behaviour, and profits were essentially theft.

As the industrial revolution disrupted the economy, Marx looked around and interpreted the “agony of a declining preindustrial order as the birth pangs of a postcapitalist future”, which he hoped to usher in. Marx—and his comrade Engels—wanted to ditch the unplanned economy in favour of socialism, whereby everything would be rationally planned and centrally organized. However, Marx didn’t say much about how to actually organize this socialist economy. Marx capitalized on anti-Jewish sentiment, bashing the Jews as a way to drive home his demonization of capitalism (arguing that the negative characteristics of Jews—worshipping money, etc.—were actually characteristics of a market-oriented society).

Chapter 8 – Matthew Arnold:

Like Marx, Arnold (1800’s) saw problems with capitalism, but unlike Marx, Arnold didn’t seek to abolish it. Instead, he tried to convince politicians and the public that the virtues and gains of capitalism were not ends in themselves, but were simply means to a higher, more enriching existence. He thought that the education system was the place to get this message across.

Chapter 9 – Weber, Simmel, and Sombart (late 1800’s – 1900’s):

Max Weber was a nationalist and a social Darwinist, who thought that successful competition in the world economy required the government to encourage capitalism. Weber realized that workers will often resent the economically powerful, but counselled that capitalism was in their best interests. Although capitalism leads people to pursue money at the expense of happiness, it has no desirable alternative (especially not socialism). Weber criticized Marxism as fantasy.

Simmel figured that markets produced tolerance, because when people are focused on their own means they become less judgmental of the ways in which others lead their lives. Plus, the competition of the marketplace aligns suppliers’ minds with the desires of third-parties (to win their business), so encourages social integration. A quote: “...Simmel reminded his readers that money allowed for the cooperation of individuals who would otherwise have nothing to do with one another.”

Sombart thought that capitalism might produce a higher material standard of living, but felt that it robbed people of culture, quality of life, inner peace, and their relationship to nature. Sombart drew upon anti-Semitism in his critiques of capitalism.

Chapter 10 – Lukács and Freyer:

Lukács thought capitalism alienated people by loosening social ties, separating producers from consumers, and degrading community. Lukács wanted to show workers that capitalism is not inevitable, and men need not succumb to it. Communism could replace it.

Freyer was basically Lukács, but thought that Nazism (rather than Communism) should replace capitalism. However, Freyer wasn’t a racist—he simply thought that Nazism could provide the sense of shared morality lacking in capitalism. After WWII, Freyer turned away from Nazism; although he remained anti-capitalist, he thought that people should look to their families, religions, and professional identities to provide meaning.

Chapter 11 – Schumpeter:

Like Marx, Joseph Schumpeter (1940's) thought capitalism would be superseded by socialism, but unlike Marx, Schumpeter thought this was a sad irony. According to Schumpeter, capitalism is a great economic arrangement, but inevitably breeds resentment because it is disruptive and produces inequality in society. Schumpeter feared that socialism "would be disastrous, alienating the most productive citizens, bringing about a decline in the standard of living, and leading to social conflict." The only way that socialism could work would be to incentivize those of superior abilities by way of differential reward—in other words, Schumpeter thought that successful socialism would need to ditch its egalitarian aspirations.

Chapter 12 – Keynes and Marcuse:

John Maynard Keynes thought government should stimulate economic activity during recessions/depressions, which would put people to work, who would then spend, which would create a demand for goods, which would lead to investment, which would create employment. Keynes was very influential from the 1930's through the 1970's.

Herbert Marcuse got critical theory going. He thought that social analysis must be based in prior political commitment, thought that people who claimed to be satisfied with life needed to be schooled in all the ways they are actually dissatisfied (in the hopes of bringing on a revolution), and thought that capitalism repressed pleasure to unacceptable levels. Basically, Marcuse was me when I was in undergrad. Marcuse thought that the fact that men and women feel happy was a problem, because their professed happiness blinds them to the bondage of living under totalitarian liberal democracies. He thought that capitalism made people slaves to their desires. Centralized control of the economy should replace capitalism, but Marcuse was uninterested in the specifics of how this would be done.

Chapter 12 – Hayek:

Friedrich August von Hayek (died in 1992) thought that government should step back, because where it held great power it would often cater to vested interests. Hayek thought that the long-term, widespread benefits of capitalism came at the expense of some established social groups, who would try to regain power through force and politics. All in all, Hayek loved capitalism.

Hayek argued that a planned economy cannot work, because the government cannot coordinate the decentralized information of a market (conveyed by prices), and government should not tell people what to value. In other words, socialism would be both inefficient and totalitarian. Hayek thought that the fact that the market lacked a higher moral purpose was a good thing, because it allowed for people with differing values to cooperate.

Contrary to what today's ideologues assert, Hayek saw a role for the welfare state and figured that it would grow as affluence increased. The government could play a role in social insurance, education, regulation of working conditions, buildings, etc.

Hayek criticized Keynesianism, arguing that it led to high inflation. And he didn't like egalitarianism, arguing that it would require intrusive measures and would destroy incentives. Hayek had an interesting bit to say about democracy: its greatest benefit comes not because it gives the people a voice, but because it allows for peaceful transitions of power. If democracy had too much power, economic interest groups would dominate the playing-field. Therefore, liberal democracy should "put limits on the range of questions that could be decided through the political process."

As he asked, "Is there really no other way for people to maintain a democratic government than by handing

over unlimited power to a group of elected representatives whose decisions must be guided by the exigencies of a bargaining process in which they bribe a sufficient number of voters to support an organized group of themselves numerous enough to outvote the rest?" Well said, FA Hayek.

Boris says

This book is about the philosophical history of capitalism. It's interesting to see, for example, exactly how and why capitalism has come to be associated with liberal and also with conservative points of view. I recommend it very highly. In fact I think it's about time for me to re-read it.

Andrés says

A decent but not great book. The recycling of quotes in different parts of the book was annoying. The descriptions of different intellectuals' ideas was usually good, though I think he foundered on Hegel and was not clear with some of the others. The plethora of footnotes made me think he was trying to find cover for his own opinions rather than give me facts about the various intellectuals profiled.

Clif says

Too bad more stars aren't available as this book would deserve them all. My only complaint is nit-picking: sometimes the author repeats himself. But, since this is a fairly deep topic, some repetition for the reader is not a bad thing and the writing style is quite easy to follow.

Other authors have written along the same lines, such as Robert Heilbroner's "The Worldly Philosophers" but the depth and coverage of Muller's book ventures deeper and wider.

Capitalism has been revolutionary and as with any revolution, there have been those who see it only as a danger to the stability of the institutions that preceded it. They were right to worry because capitalism has been very destructive; completely eliminating the feudal society that preceded it. Yet so much has been gained for human freedom, individuality and well-being. As we read here, there were those such as Smith and Hegel who saw the positives early on.

Humans are generally fearful of change while capitalism requires it. The writer/philosophers that Muller covers took a variety of positions from the left to the right in praising or decrying this change. Their positions have, for the most part, aged well; we can still see the relevance of their arguments today. Voltaire unsurprisingly supported the tendency of capitalism to bring people of all kinds together in trade, causing them to set aside such absolutist thoughts as spiritual redemption and the will of God. But, to my surprise, he was at the same time quite a wheeler dealer in the markets. Not only do readers gain an understanding of philosophical views, they can form an impression of the kind of person each philosopher was.

We have all heard of Karl Marx, but how many know the background from which he came? By drawing the reader into a rich historical account, Muller weaves a rich tapestry within which one sees the remarkable lives he documents. Running throughout the book are the positions and attitudes toward the Jews who, banned from other occupations, eagerly moved into finance where they succeeded - a success that caused

others to target them as the cause of difficulties and threats inseparable from capitalism itself.

This innate threatening aspect of capitalism we see right up to the present day in attempts to prevent factory closings and layoffs. Long term success overall is always accompanied by short term losses for one locality or another. While an appreciation of the general wealth that capitalism can bring has greatly weakened the opposition to it that once brought rioting and violence, we will see in the current economic downturn if resentment will have a resurgence.

As Muller states in his conclusion, capitalism has been at the center of European thought for centuries. Most histories do not give it the central place that it deserves. *The Mind and The Market* gets a place on my bookshelf because I know that I'll refer back to it for the penetrating insights it offers into how both the psychological and physical worlds we live in came to be.

But the story is far from over. Capitalism is now facing its greatest challenge - can it be modified to a limited world where growth cannot continue forever? Muller mentions that such questions were asked during the Great Depression, with the implication that they were unfounded. But now we face them again on a warming planet that will not allow the question to be put off.

Phil says

As a new business student who spent his undergraduate years studying philosophy and political economy, I was very intrigued by the concept of *The Mind and the Market* when I saw it on the shelf at a Georgetown bookstore. The book is a survey of the views held by eminent philosophers, economists, political thinkers and others throughout the last four hundred or so years.

For those well initiated to some of the more picked-over names on the list (Smith, Burke, Marx, Hayek, etc.) some of the survey material will appear a bit repetitive. Even so, I found a number of the insights about the well-known economists and philosophers fascinating; Marx's over-reliance on the selective reports of British regulators whose findings led to improvements in working conditions to make the case for wholesale revolution, in particular, stuck out to me as a new find. Either way, there are minimal references from one chapter to the next, and most can be read independently of one another - the author says as much in the introduction. For those frustrated with a chapter, you can simply move on to the next one.

The best aspect of *The Mind and the Market*, however, is its author's keen ability to draw threads from highly obscure thinkers to the more well-known entities in the history of economic thought. Justus Möser probably doesn't stick out in the minds of many people, even those well-read in philosophy and economics; nonetheless, Muller does a remarkable job tracing the origins of market skepticism to Möser's pining for the preservation of small-town feudal culture in his region of western Germany. In other cases, the thinkers weren't obscure in their time but weren't known for their economic thought: I highly recommend the Voltaire chapter as an example.

I ding this a star because one of the folks I would have hoped to hear the author's take on was largely absent from the text: John Kenneth Galbraith. There's one (very) brief reference to *The Affluent Society* in the book, and it's essentially as a reference to a general sentiment at the time of its writing. Not only was Galbraith a major economic thinker of the 20th Century, he had the ear of some of its most influential leaders.

For enthusiasts of political economy, philosophy or both, this is a worthwhile read.

Brian says

Excellent book on economic philosophy and thought that is accessible to the non-professional/layman. Very engaging 'historical' read that still provides good insight onto the whys and hows of thought on the market from a Western perspective.

Jan Rice says

Done!

In 2010 I read this *New York Times* review of another of Jerry Muller's books, *Capitalism and the Jews*. Intrigued, I looked up the author and his books, including *The Mind and the Market*, but at first I thought they were books about, I don't know, capitalism and finance, so I gave them to my nephew because he is a Republican, and I thought these would be books that were compatible with his views. I had offended him by something I wrote on Facebook, something he took to mean I thought Republicans (or maybe conservatives) were prone to being "spun," that is, that they belonged to a class of manipulable people--anyway, something that had come across as derogatory, for which I was sorry. So I thought these were books that might lend support to his political and economic views and--yes--reflect broadmindedness on my part.

Then, a year or so later, I came across the first book in a library and picked it up. And it wasn't at all what I had thought. It's history, not finance or whatever, and it knocked my socks off. I reviewed it here.

That first book was a lot shorter, though.

Not everybody is as excited about Muller as I am. One of my friends with a background in finance said *Capitalism and the Jews* was "boring." Another friend, a retired economist, took a look at my behest, and abruptly told me to stop reading it and get *The Worldly Philosophers* instead. He took umbrage at "all the philosophy," which he thought had no place in learning about economics and would only be confusing. And then there's my Goodreads friend who acts like I've stepped in something dirty by reading this particular book, which to him is unremitting promotion of the capitalist agenda. Yet I found a professional review, a read from the Left that lauded this book. More on reviews at the end.

I read this book because of what I was hearing people say about capitalism. Now in the past that may not have been something I would have even noticed, but now I did, and I wondered why they said the things they did. These weren't poor people but generally upper middle-class, educated people who had done okay--often more than okay. That made them sound hypocritical, as though applying their morals to others but not to themselves, and it occurred to me they didn't know what they were talking about. And neither did I.

This Facebook note is the first thing I ever wrote on this subject.

In what follows I will lay out some of what I've learned and what so impressed me. I found this book to be an objective exploration of modern thinking about capitalism, set in history so I could tie it in with other

learning, and "telling it like it is"--always provocative. A Publishers Weekly review said he wrote clear but uninspiring prose. But for me the clarity and transparency *are* inspiring.

How to begin learning? What to read to learn about capitalism? Books about money and the economy, about who ruined what and who did what to whom, come out all the time. They are often tendentious, and the beginning learner would have to try and ferret out where they're coming from and why they're saying what they're saying, a seemingly endless and unrewarding task. So I welcomed the author's introductory assurances that ideas about capitalism had been the subject of discussion for three hundred years already and that many new commentators are hitting familiar themes and not starting from scratch, even when they think they are.

The book, then: Muller starts by sketching historical ideas about commerce. For both the early church and in classical Greek thinking commerce was bad. According to such thinking there was only so much wealth in the world, and people who bought something somewhere and sold it for a higher amount elsewhere were stealing, being leeches on the system. For early Christianity, only what one made, or grew with one's hands was acceptable. But there the similarity between the church and Greek antiquity breaks down. For the church, money itself (not only commerce) was evil; and thus it's easier for a camel to go through the eye of a needle than for a rich man to get God's kingdom. But for the Greeks, it was *poverty* that corrupts; one needed wealth, derived from war and pillage and also from slave labor that sounds like a permanent holocaust, to avoid corruption! The other major tradition of European antiquity, Rome, with its system of laws and its protection of private property, more nearly points forward.

The historical overview gets us up through Hobbes (*Leviathan*) and his precursors of 17th century vintage, who used argument and ridicule against religious claims to political power. They also saw the Greek civic tradition as pitting persons and nations against each other, instead of which, in their opinions, nations should establish secular sanctuaries for peaceful coexistence, intellectual advancement and the development of prosperity.

Hobbes' aim was no less than to turn the prior value system upside-down. Think the seven deadly sins. From the new perspective that was a view that had served to keep people in their place. The new paradigm was advancement via self-interest. Now greed and envy might be transmuted into motivation and desire and seeking, pride into self-esteem, and so on. It all worked something like this:

Thus Vice nursed Ingenuity,
Which join'd with Time; and Industry
Had carry'd Life's Conveniencies,
It's real Pleasures, Comforts, Ease,
To such a Height, the very Poor
Lived better than the Rich before

--From Mandeville's 1714 satirical poem *The Grumbling Hive*, also quoted in the book

Hobbes et al. were springboards to the 18th-20th century figures who are the book's main focus. First comes Voltaire, whom the author sees as more a transmitter than an originator of the new ideas. Voltaire was an early intellectual (*philosophe*) who operated in the marketplace of ideas and sought to influence that new entity "public opinion." People--still largely men--met in reading clubs and in lodges and gained understanding of government activities; intellectuals tried to influence them as well as monarchs. For Voltaire, peace, not wealth was the goal of the marketplace, with self-interest a lesser danger than religious

zealousy that had fueled the devastating European civil wars of recent centuries. I've used my review of *Candide* as opportunity to talk about Voltaire, so won't say more here, except that Voltaire was not the last to pursue his self-interest improperly, using new knowledge to which governments hadn't yet caught up to manipulate and defraud others.

And that leads to the proper role of governments according to Adam Smith. His reputation notwithstanding, the invisible hand was just one part of his vision. The visible hand of government in one of its roles was to keep individuals from manipulating the market to their own advantage. Naturally workers would try to raise wages higher than the market could bear and manufacturers would try to keep wages artificially low. Governments should keep either from happening and keep the marketplace humming along. But since employers had more power more effort was needed to make them behave. (See my quote from p. 64 below, to the effect that wage earners are the majority of any country, and "their welfare was the prime concern of economic policy," according to Smith.)

Adam Smith was from Scotland, a crucible of intellectual advance in the 18th century. Before centralized government reached the Gaelic-speaking Highlands, the default system there consisted of clans, each with a chieftain who wielded absolute political and military power at the top (which sounds pretty much like warlords), and in Smith's day the clans were "pacified," along with the suppression of the Jacobite rebellion. The Scotland of his day also was comprised of cosmopolitan lowlands areas as well as rural areas where the feudal system still held sway and where landlords still held dominion over their tenants. Smith could compare and contrast the lives of relatively free people in the economically more advanced areas with those who were still subjugated.

Adam Smith was a liberal in both modern senses of the word. He wanted the market to work its transformation on people and society, and his goals were progressive, maybe radical--to free people from subjugation and abject poverty. But his rhetoric, which sought to overturn much conventional thought of his day, was such that he still holds iconic sway for many as a Milton Friedman-type conservative. That's changing, though. Here's a great 2010 *New Yorker* piece by Adam Gopnik that's in the same vein as Muller's exposition.

Justus Möser, a contemporary of Adam Smith, lived and wrote in a little country called Osnabrück, east of Holland and surrounded on its other three sides by Prussia. The author includes Möser, who is little-known, as a prototypical conservative--one who was rooted in his country and loved it and so didn't seek radical solutions to its plight. Although Möser could see that exports would increase local wealth, products coming in from abroad were in his eyes spreading the virus of the encroaching new economy, whether through mom-and-pop shops in town or peddlers in the countryside. He wanted to forestall his society's dissolution--power and wealth becoming divorced from land ownership, honor and pride of place, from guild membership. For example there was pressure to allow men of illegitimate birth into guilds, but for Möser letting bastards in would collapse the rungs on which honor and status rested and destroy the caste-like levels supporting society, feudal society being mostly static with no rung-climbing allowed and strictures on holding onto one's current rung. Another change was that the locals began migrating across the Dutch border in the summer to pick crops for the more advanced and wealthier economy next door. Having more money as a result, they married earlier instead of having to wait until they inherited cottage and subsistence farm from their fathers. So now the population shot up, and a new class of poor people arose who existed outside the institutions of the old society.

So change was scary as hell, as were the intellectuals, merchants of change who were plying reform-minded monarchs with justification for it. This chapter and the next one on Edmund Burke made sense for me of the way modern conservatives like Thomas Sowell, for instance, rail at "intellectuals" when, after all, so it

seemed, that's what they themselves are! But change was coming.

Burke initially seems to cut across current conceptions of conservative and progressive.

Their historical circumstances can impact what it is conservatives want to conserve. Progressives (in America, "liberals"), in contrast, want change. Radicals, left or right--from the point of view of capitalism, of course--seek to upset the applecart.

Burke was brilliant as was Adam Smith, but the circumstances of his birth were different. Instead of being from up-and-coming Scotland, he was from Ireland, which had been exploited by England and kept down so as not to compete. To himself he was English but to everybody else he was an Irishman. He believed in the market economy--his words, in fact, often taking on a quasi-religious tone--but in his thinking he also relied on the existing institutions of society (including the aristocracy) to maintain order amidst the expanding freedom bestowed by the new economy. So he deplored the East India Company's ravaging of India, which today might sound "leftist." For Burke the issue was money men operating outside institutional control, eviscerating an ancient society for their own enrichment. (Here I learned the origin of the term "nabob"--remember that? These nouveau riche returned only to buy seats in parliament and spread corruption to the home nest.) Burke also was the first to predict the Terror that was to follow the French Revolution, on the basis that the intellectuals of the National Assembly had destroyed the societal institutions he thought were required to maintain order. Burke was less likely than Smith to approve of government intervention. He believed in "getting his hands dirty" by participation in government, and when taking on his political opponents he tended to employ drama and hyperbole that has stylistic echoes still audible today in conservative speech. ...And to balance Gopnik on Smith, here he is on Burke.

Despite their great faith in the benefits of ongoing economic change, the innovators from Adam Smith on realized education and guidance would be needed for the emerging industrial working class. But almost from the get-go there arose other intellectuals with Rousseau in the lead who saw the new system as making happiness impossible. Modern man was fragmented, reduced to a cog in the assembly line.

Alienation: cartoon of a man applying for a job. He's saying to the prospective employer, "*I'm looking for a position where I can slowly lose sight of what I originally set out to do with my life, with benefits.*" (*The New Yorker's* economic cartoons in *On the Money*)

Enter Hegel, the great reconciler. At fifty, by which time he had read, digested, and to some extent synthesized the great writers of the day on political economy, he published *The Philosophy of Right*, which the author says has subsequently been expanded by his students' lecture notes. For him the market economy was the way to modernity. For Smith "commercial society" (to use his terminology) had been the progenitor of positive character traits such as kindness, self-control, thrift and working hard; Hegel anticipated later thinkers in seeing what he called civil society as a reflection of the Protestant ethic. He emphasized the role of institutions such as the family and law, and thought people could rationally understand and embrace their beneficial effects. Freedom wasn't doing whatever you felt like; doing the good required guidance--and, unlike for Kant but perhaps foreshadowing today's cognitive psychology--must become habitual. He did not think duties were limitations imposed on the true self.

In his day the German-speaking peoples lived in 300 separate polities. His Lutheran family, fleeing religious persecution, had arrived in Stuttgart, capital of the duchy of Württemberg, in the 16th century. He was a member of the bureaucratic class incorporating clergymen and professors who were laboring to help the central monarch modernize. For him it was a calling. Their role was to care for the good of the state as a

whole at a time when only 5% of the populace was fully literate. In his work he stood up against the reactionary landed nobility ("Junkers") in whose interest it was to maintain the feudal system and those Romantic philosophers who were providing them with rhetorical cover, and under the pressure of Napoleonic victories progress toward a constitutional monarch was made.

Marx's father, too, was a bureaucrat and a respected member of the bourgeoisie. If not a religiously-tinged calling, his job may have been a life raft as he availed himself of society's new openness to leave traditional Jewish confines for civil society. But, after Waterloo, their city came under Prussian control with its laws excluding Jews from the civil service. The father appealed his case and was denied, so that's when he converted, eventually followed by the baptism of wife and children, including Karl. But, like Burke and his Irishness, the perception that Karl Marx was a Jew persisted. Reconciliation was not in the cards for Marx. After struggling with "dilettantism", always wanting to write about the last thing he'd read, he found *his* calling in the suffering of the working class. He coined the pejorative term "capitalism," the name that stuck. Marx went back to the concept of money as evil, and capitalism was the rule of money. When the status of workers changed, his views didn't. Playing on money-related anti-Jewish tropes present in Western thought since the church took the Jews off the land in the 13th century and made them the money-handlers that growing economies required, Marx portrayed the commercial society that he condemned as "Jewdom," according to which everyone had now become what he called Jews. But his rhetorical excesses made others react later by trying to "rescue" capitalism from Jewdom. And this underlying conflict about money--and about usury and Jews--does continue to resonate in society. More I must leave until I've read *The Communist Manifesto*. But let me just state Marx considered the unplanned aspect of capitalism irrational, so there's a continuing trope in economic thinking of the planned and unplanned aspect of the economy--one that also continues to resonate.

And now, running out of room, I can't go into the later thinkers in the detail I want to in the review proper: Arnold, *"the critical but non-alienated intellectual,"* who saw the energizing potential of the religious "dissenters" in England and worked to allow them into university. And I saw how far back goes people's suspicion of what their children may be taught in school. See below the Arnold quote from p. 227 that I love, on what "living by ideas" means--quite Platonic I think in the regard for openness to new ideas. See also my last status update from p. 287 on a sense in which the Communist Lukács and National Socialist Freyer paralleled each other. From the chapter on Schumpeter I gained a new perspective on FDR and on why efforts to address the great depression weren't working prior to WWII. I met Keynes. I got some understanding of his continuing impact. Anti-Jewish tropes came up again with him, as did the notion of elitism. Marcuse--maybe I'll say more below. It was stunning to realize that was the very air I breathed in my youth. I have something to say in connection with Hayek and will eventually put it in a comment. Also--he was a conservative liberal--is that Greek to Americans?

For links to other reviews see comment No. 6, below.

Now a summary statement about what I think about capitalism, now I've studied this book. It will have to be rounded out by later discussion. In Gilead a character says heaven is when old men and children can walk safely in the street. If so, this life is a little bit of heaven. I can't knock that or be unhappy if it's spreading.

Mohamad says

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Bertrand says

I feel that we are living through the nadir of Western conservatism: in the past five years, we have heard more from and about alleged conservative intellectuals than we ever did in my life-time, but most of those—from the increasingly shrill tone and mediocre content of the *Salisbury* or the *Criterion*, to the exotic non-sense of the alt-right, or the conspiracy rhetoric which permeates more and more of the critics of academic 'liberalism'—seems inchoate and opportunistic, bent on making the most of their new-found visibility, at the expense of precisely those virtues of precision and discipline on which conservatism has tended to rest its case.

I am sure there are many conservatives who find this landslide betrays their tradition's principled reflections on means and ends, but I am nowhere near knowledgeable (or patient) enough to go and unearth them from the repetitious morass of mainstream conservative discourse. Jerry Muller could act as a figurehead for those dissatisfied—if conservative leaders and followers had much interest in restoring their dignity: as it stands, it seems more likely that he will find his readership among the liberals, and the occasional leftist, seeking a nuanced understanding of the 'other side'.

Muller presents his project as a history of Western Thought about capitalism, understood in the broadest possible terms: less about the particulars or the varieties, than about the concept itself, its emergence and transformation. This would be very interesting, but Muller's book falls well short from providing it: it starts with XVIIIth century, and in fact look as much at the thought of economists themselves, as to that of modern critics of capitalism left and right.

The result is a highly selective picture, quite biased toward Muller's own brand of unorthodox conservatism (see his article 'Capitalism and Inequality' in *Foreign Affairs* of March 2013, for a primer.) After a short introduction, we discover the opinion of and interactions with the market of a list of famous and less famous thinkers: Voltaire, Adam Smith, Justus Möser, Edmund Burke, Hegel, Marx, Mathew Arnold, Weber, Simmel, Sombart, Lukács, Hans Freyer, Schumpeter, Keynes, Marcuse and Hayek.

Germans and Anglosaxons dominate the debate, but this focus allows a few less known names, like Freyer and Möser, to slip into the fold, and the books' main strength is probably to be sought in this insistence on including critics of the market from both the Left and the (far) right: the rightwing critique of capitalism is rarely examined in its own right, to the point that modern conservatism is so entrenched in free market fundamentalism that no-one (save a few Catholics) seems to remember this tradition. As a result, Muller

emphasises the overlap between Left and Right critics of capitalism, not in pursuit of some oxy-moronic reduction (i.e. Jonah Goldberg), not to subsume both under the evasive umbrella of 'romanticism' (i.e. Isaiah Berlin), but rather to show that the critics of capitalism spring from the same source as capitalism itself – in other words, that the market's own constitutive contradictions make their emergence and re-emergence inevitable.

While most of Muller's leftists seem to practice a blanket rejection of capitalism, Muller's conservatism also acknowledge the necessity of State intervention to curb and manage the inbuilt excesses of the market economy, and might offer tradition as a suitable counterpower to unbounded individualism.

To the question of 'Why the Left?' which young conservatives (hopefully!) sometimes ask themselves, Muller offers little of the usual canards of resentment, conformism and middle-class opportunism, but rather emphasise that those thinkers have something to offer, even to conservatives. Muller wrote a book on 'Capitalism and the Jews', so that he offers in his introduction a nuanced and interesting genealogy of the Jew's centrality to the critique of capitalism, both as author and as scape-goat. Unfortunately, this also warrants some of Muller's more dishonest asides, on Marx's jewish self-hatred, or on Keynes' alleged antisemitism.

On the whole the book falls short of delivering a convincing history of the concept of market or capitalism—instead, it offers a mosaic thinkers, from disparate political orientation, whose ideas are in themselves quite fascinating. Muller's prose is clear and concise, and I think does a great job of introducing and illustrating complex concepts for the lay person. It is a book with an agenda but in its scope and balanced approach it might prove useful even to those who disagree.
