Rival Interpretations of Market Society: Civilizing, Destructive, or Feeble?

By ALBERT O. HIRSCHMAN

The Institute for Advanced Study
Princeton

This paper was originally written for presentation as the fourth annual Marc Bloch Lecture, under the auspices of the Ecole des Hautes Etudes en Sciences Sociales on May 27, 1982 in Paris. I am grateful to François Furet, the Ecole's President, for his invitation and hospitality, to Clifford Geertz, Mark Granovetter, Michael McPherson, Theda Skocpol, and Michael Walzer for helpful comments, and to Irwin L. Collier for able research assistance. Translations are mine, unless otherwise noted.

Introduction

ONCE UPON A TIME, not all that long ago, the social, political and economic order under which men and women were living was taken for granted. Among the people of those idyllic times many of course were poor, sick, or oppressed, and consequently unhappy; no doubt, others managed to feel unhappy for seemingly less cogent reasons; but most tended to attribute their unhappiness either to concrete and fortuitous happenings—ill luck, ill health, the machinations of enemies, an unjust master, lord or ruler—or to remote, general and unchangeable causes, such as human nature or the will of God. The idea that the social order—intermediate between the fortuitous and the unchangeable—may be an important cause of human unhappiness became widespread only in the modern age, particularly in the eighteenth century. Hence Saint-Just’s famous phrase: “The idea of happiness is new in Europe”—it was then novel to think that happiness could be engineered by changing the social order, a task he and his Jacobin companions had so confidently undertaken.

Let us note in passing that the idea of a perfectible social order arose at about the same time as that of the unintended effects of human actions and decisions. The latter idea was in principle tailor-made to neutralize the former: it permitted one to argue that the best intentioned institutional changes might lead, via those unforeseen consequences or “perverse effects,” to all kinds of disastrous results. But the two ideas were not immediately matched up for this purpose. In the first
place, the idea of the perfectibility of the social order arose primarily in the course of the French Enlightenment while that of the unintended consequences was a principal contribution of the contemporary Scottish moralists. Also, the form which the latter idea took initially was to stress the happy and socially desirable outcome of self-serving individual behavior that was traditionally thought to be reprehensible, rather than to uncover the unfortunate consequences of well-intentioned social reforms. In any event, the idea of a perfectible society was not to be nipped in the bud; to the contrary, it experienced a most vigorous development, and, soon after the French Revolution, reappeared in the guise of powerful critiques of the social and economic order—capitalism—emerging at the beginning of the nineteenth century.

In the present essay I shall be concerned with several such critiques and their interrelations. First I shall show the close relationship and direct contradiction between an early argument in favor of market society and a subsequent principal critique of capitalism. Next, I shall point to the contradictions between this critique and another diagnosis of the ills from which much of modern capitalist society is said to suffer. And finally the tables will be turned on this second critique by yet another set of ideas. In all three cases, there was an almost total lack of communication between the conflicting theses. Intimately related intellectual formations unfolded at great length, without ever taking cognizance of each other. Such ignoring of close kin is no doubt the price paid by ideology for the self-confidence it likes to parade.

I. The Doux-commerce Thesis

To begin, let me briefly evoke the complex of ideas and expectations which accompanied the expansion of commerce and the development of the market from the sixteenth to the eighteenth centuries. Here I must return to a principal theme of The Passions and the Interests (Hirschman, 1977), with the hope of placating at least partially those of my readers who complained that, with the book tracing ideological developments in some detail only up to Adam Smith, they were left guessing what happened next, in the age—our own—that really mattered to them. My book dwelt on the favorable side effects that the emerging economic system was imaginatively but confidently expected to have, with respect to both the character of citizens and the characteristics of statecraft. I stressed particularly the latter—the expectation, entertained by Montesquieu and Sir James Steuart, that the expansion of the market would restrain the arbitrary actions and excessive power plays of the sovereign, both in domestic and in international politics. Here I shall emphasize instead the expected effects of commerce on the citizen and civil society. At mid-eighteenth century it became the conventional wisdom—Rousseau of course rebelled against it—that commerce was a civilizing agent of considerable power and range. Let me again cite Montesquieu's key sentence, which he placed at the very beginning of his discussion of economic matters in the Spirit of the Laws:

it is almost a general rule that wherever manners are gentle (moeurs douces) there is commerce; and wherever there is commerce, manners are gentle [1749, 1961, Vol. 2, p. 8].

Here the relationship between “gentle manners” and commerce is presented as mutually reinforcing, but a few sentences later Montesquieu leaves no doubt about the predominant direction of the causal link:

Commerce . . . polishes and softens (adoucit) barbaric ways as we can see every day [p. 81].

This way of viewing the influence of expanding commerce on society was widely
accepted throughout most of the eighteenth century. It is stressed in two outstanding histories of progress—then a popular genre—, William Robertson’s *View of the Progress of Society in Europe* (1769) and Condorcet’s *Esquisse d’un tableau historique du progrès de l’esprit humain* (1793–1794). Robertson repeats Montesquieu almost word by word:

*Commerce . . . softens and polishes the manners of men* [p. 67].

and Condorcet, while elsewhere critical of Montesquieu’s political ideas (Keith M. Baker, 1975, p. 260), also followed his lead in this area quite closely:

Manners (*moeurs*) have become more gentle (*se sont adoucies*) . . . through the influence of the spirit of commerce and industry, those enemies of the violence and turmoil which cause wealth to flee . . . [Condorcet, 1795, p. 238].

One of the strongest statements comes from Thomas Paine, in *The Rights of Man* (1792):

[Commerce] is a pacific system, operating to cordialise mankind, by rendering Nations, as well as individuals, useful to each other . . . The invention of commerce . . . is the greatest approach towards universal civilization that has yet been made by any means not immediately flowing from moral principles [p. 215].

What was the concrete meaning of all this *douceur*, polish, gentleness, and even cordiality? Through what precise mechanisms was expanding commerce going to have such happy effects? The eighteenth-century literature is not very communicative in this regard, perhaps because it all seemed so obvious to contemporaries. The most detailed account I have been able to find appears in a technical book on commerce first published in 1704 that must have been highly successful as it was reedited repeatedly through the next eighty years.

Commerce attaches [men] one to another through mutual utility. Through commerce the moral and physical passions are superseded by interest . . . Commerce has a special character which distinguishes it from all other professions. It affects the feelings of men so strongly that it makes him who was proud and haughty suddenly turn supple, bending and serviceable. Through commerce, man learns to deliberate, to be honest, to acquire manners, to be prudent and reserved in both talk and action. Sensing the necessity to be wise and honest in order to succeed, he flees vice, or at least his demeanor exhibits decency and seriousness so as not to arouse any adverse judgement on the part of present and future acquaintances; he would not dare make a spectacle of himself for fear of damaging his credit standing and thus society may well avoid a scandal which it might otherwise have to deplore [Samuel Ricard, 1781, p. 463].

Commerce is here seen as a powerful moralizing agent which brings many non-material improvements to society even though a bit of hypocrisy may have to be accepted into the bargain. Similar modifications of human behavior and perhaps even of human nature are later credited to the spread of commerce and industry by David Hume and Adam Smith: the virtues they specifically mention as being enhanced or brought into the world by commerce and manufacturing are industriousness and assiduity (the opposite of indolence), frugality, punctuality, and, most important perhaps for the functioning of market society, probity (Nathan Rosenberg, 1964, pp. 59–77).

There is here then the insistent thought that a society where the market assumes a central position for the satisfaction of human wants will produce not only considerable new wealth because of the division of labor and consequent technical progress, but would generate as a by-product, or external economy, a more “polished” human type—more honest, reliable, orderly, and disciplined, as well as more friendly and helpful, ever ready to find solutions to conflicts and a middle ground for opposed opinions. Such a type will in turn greatly facilitate the smooth
functioning of the market. In sum, according to this line of reasoning, capitalism which in its early phases led a rather shaky existence, having to contend with a host of pre-capitalist mentalities left behind by the feudal and other "rude and barbarous" epochs, would create, in the course of time and through the very practice of trade and industry, a set of compatible psychological attitudes and moral dispositions, that are both desirable in themselves and conducive to the further expansion of the system. And at certain epochs, the speed and vigor displayed by that expansion lent considerable plausibility to the conjecture.

II. The Self-Destruction Thesis

Whatever became of this brave eighteenth-century vision? I shall reserve this topic for later and turn now to a body of thought which is far more familiar to us than the *doux-commerce* thesis—and happens to be its obverse. According to that view which first became prominent in the nineteenth century, capitalist society, far from fostering *douceur* and other fine attitudes, exhibits a pronounced proclivity toward undermining the moral foundations on which any society, including the capitalist variety, must rest. I shall call this the self-destruction thesis.

This thesis has a fairly numerous ancestry, among both Marxist and conservative thinkers. Moreover, a political economist who was neither has just recently given it renewed prominence and sophisticated treatment. So I shall first present his point of view and then go back to the earlier exponents. In his influential book, *Social Limits to Growth* (1976), Fred Hirsch dealt at length with what he called "The Depleting Moral Legacy" of capitalism.\(^1\) He argues that the market undermines the moral values that are its own essential underpinnings, values that are now said to have been inherited from preceding socioeconomic regimes, such as the feudal order. The idea that capitalism depletes or "erodes" the moral foundation needed for its functioning is put forward in the following terms:

The social morality that has served as an understructure for economic individualism has been a legacy of the precapitalist and preindustrial past. This legacy has diminished with time and with the corrosive contact of the active capitalist values—and more generally with the greater anonymity and greater mobility of industrial society. The system has thereby lost outside support that was previously taken for granted by the individual. As individual behavior has been increasingly directed to individual advantage, habits and instincts based on communal attitudes and objectives have lost out. The weakening of traditional social values has made predominantly capitalist economies more difficult to manage [pp. 117-18].

Once again, one would like to know in more detail how the market acts on values, this time in the direction of "depletion" or "erosion," rather than *douceur*. In developing his argument Hirsch makes the following principal points:

1. The emphasis on self-interest typical of capitalism makes it more difficult to secure the collective goods and cooperation increasingly needed for the proper functioning of the system in its later stages [Chapter 11].

2. With macromanagement, Keynesian or otherwise, assuming an important role in the functioning of the system, the macromangers must be motivated by 'the general interest' rather than by their self-interest, and the system, being based on self-interest, has no way of generating the proper motivation; to the extent such motivation does exist, it is a residue of previous value systems that are likely to 'erode' [p. 128].

3. Social virtues such as 'truth, trust, acceptance, restraint, obligation,' needed for the functioning of an 'individualistic, contractual economy' [p. 141] are grounded to a considerable extent, in religious belief, but 'the individualistic, rationalistic base of the market undermines religious support' [p. 145].

The last point stands in particularly stark contrast to the earlier conception of

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\(^1\) This is the general heading of Chapters 8 to 11.
commerce and of its beneficial side effects. In the first place, thinkers of the 17th and 18th centuries took it for granted that they have to make do with “man as he really is” and that meant to them with someone who has been proven to be largely impervious to religious and moralistic precepts. With this realistic-pessimistic appraisal of human nature, those thinkers proceeded to discover in “interest” a principle that could replace “love” and “charity” as the basis for a well-ordered society. Secondly, and most important in the present context, to the extent that society is in need of moral values such as “truth, trust, etc.” for its functioning, these values were confidently expected to be generated, rather than eroded, by the market, its practices and incentives.

As already noted, Hirsch is only the latest representative of the idea that the market and capitalism harbor self-destructive propensities. Let us now trace it back, if only to find out whether contact was ever made between the two opposite views about the moral effects of commerce and capitalism that have been spelled out.

The idea that capitalism as a socio-economic order somehow carries within itself “the seed of its own destruction” is of course a cornerstone of Marxian thought. But for Marx, this familiar metaphor related to the social and economic working of the system: some of its properties, such as the tendency to concentration of capital, the falling rate of profit, the periodic crises of overproduction, would bring about, with the help of an ever-more-numerous and more class-conscious and combative proletariat, the socialist revolution. Thus Marx had little need to discover a more indirect and insidious mechanism that would operate as a sort of fifth column, by undermining the moral foundations of the capitalist system from within. Marx did, however, help in forging one key link in the chain of reasoning that would eventually lead to that conception: in the Communist Manifesto and other early writings, Marx and Engels make much of the way in which capitalism corrodes all traditional values and institutions such as love, family, and patriotism. Everything was passing into commerce, all social bonds were dissolved through money. This perception is by no means original with Marx. Over a century earlier it was the essence of the conservative reaction to the advance of market society, voiced during the 1730s in England by the opponents of Walpole and Whig rule, such as Bolingbroke and his circle (Hirschman, 1977, pp. 55–56). The theme was taken up again, from the early nineteenth century on, by the romantic and conservative critics of the Industrial Revolution. Coleridge, for example, wrote in 1817 that the “true seat and sources” of the “existing distress” are to be found in the “Overbalance of the Commercial Spirit” in relation to “natural counter-forces” such as the “ancient feelings of rank and ancestry” (1972, pp. 169–70).

This ability of capitalism to “overbalance” all traditional and “higher” values was not taken as a threat to capitalism itself, at least not right away. The opposite is the case: even though the world shaped by it was often thought to be spiritually and culturally much impoverished, capitalism was viewed as an all-conquering, irresistible force. Its rise was widely expected to lead to a thorough remaking of society: custom was to be replaced by contract, gemeinschaft by gesellschaft, the traditional by the modern. All spheres of social life, from the family to the state, from traditional hierarchy to longtime cooperative arrangements, were to be vitally affected: metaphors often used to describe this action of capitalism on ancient social forms ranged from the outright “dissolving” to “erosion,” “corrosion,” “contamination,” “penetration,” and “invasion” by the “juggernaut market.”
But once capitalism was thus perceived as an unbridled force, terrifyingly successful in its relentless forward drive, the thought arose naturally enough that, like all great conquerors, it just might break its neck. Being a blind force (recall the expression the “blind market forces”) as well as a wild one, capitalism might corrode, not only traditional society and its moral values, but even those essential to its own success and survival. In this manner, to credit capitalism with extraordinary powers of expansion, penetration and disintegration may in fact have been an adroit ideological maneuver for intimating that it was headed for disaster. The maneuver was especially effective in an age which had turned away from the idea of progress as a leading myth and was on the contrary much taken with various myths of self-destruction, from the Nibelungen to Oedipus.²

The simplest model for the self-destruction of capitalism might be called, in contrast to the self-reinforcing model of doux-commerce, the dolce vita scenario. The advance of capitalism requires, so this story begins, that capitalists save and lead a frugal life so that accumulation can proceed apace. However, at some ill-defined point, increases in wealth resulting from successful accumulation will tend to energize the spirit of frugality. Demands will be made for dolce vita, that is for instant, rather than delayed, gratification and when that happens capitalist progress will grind to a halt.

The idea that successful attainment of wealth will undermine the process of wealth-generation is present throughout the eighteenth century from John Wesley (Weber, 1958, p. 175) to Montesquieu (1961, Vol. 1, p. 52) and Adam Smith (1937, p. 579). With Max Weber’s essay on The Protestant Ethic, reasoning along such lines became fashionable once again: any evidence that the repressive ethic, alleged to be essential for the development of capitalism, may be faltering was then interpreted as a serious threat to the system’s survival. Observers as diverse as Herbert Marcuse (1965) and Daniel Bell (1976, p. 21) have written in this vein, unaware, it would appear, that they were merely refurbishing a well-known, much older morality tale: how the republican virtues of sobriety, civic pride, and bravery—in ancient Rome—led to victory and conquest which brought opulence and luxury, which in turn undermined those earlier virtues and destroyed the republic and eventually the empire.

While appealing in its simple dialectic, that tale has long been discredited as an explanation of Rome’s decline and fall. The attempt to account for or to predict the present or future demise of capitalism in almost identical terms richly deserves a similar fate, and that for a number of reasons. Let me just point out one: the key role in this alleged process of capitalism’s rise and decline is attributed first to the generation and then to the decline of personal savings so that changes in much more strategic variables, such as corporate savings, technical innovation and entrepreneurial skill, not to speak of cultural and institutional factors, are totally left out of account.

There are less mechanical, more sophisticated forms of the self-destruction thesis. The best known is probably the one put forward by Joseph Schumpeter in Capitalism, Socialism, and Democracy (1942), whose second part is entitled Can Capitalism Survive? Schumpeter’s answer to that question was rather negative, not so much, he argued, because of insuperable economic problems encountered or generated by capitalism as because of the growing hostility capitalism meets with on the part of many strata, particularly

² On the important place the theme of self-destruction held in Richard Wagner’s political and economic thought, see L. J. Rather, 1979 and Erik Eugène, 1973.
among the intellectuals. It is in the course of arguing along these lines that Schumpeter writes:

... capitalism creates a critical frame of mind which, after having destroyed the moral authority of so many other institutions, in the end turns against its own; the bourgeois finds to his amazement that the rationalist attitude does not stop at the credentials of kings and popes but goes on to attack private property and the whole scheme of bourgeois values [p. 143].

In comparison to the dolce vita scenario, this is a much more general argument on self-destruction. But is it more persuasive? Capitalism is here cast in the role of the sorcerer-apprentice who does not know how to stop a mechanism once set in motion—so it demolishes itself along with its enemies. This sort of vision may have appealed to Schumpeter who, after all, came right out of the Viennese fin-de-siècle culture for which self-destruction had become something totally familiar, unquestioned, selbstverständ- lich. Those not steeped in that tradition might not find the argument so compelling and might timidly raise the objection that, in addition to the mechanism of self-destruction, elementary forces of reproduction and self-preservation also ought to be taken into account. Such forces have certainly appeared repeatedly in the history of capitalism, from the first enactments of factory legislation to the introduction of social security schemes and the experimentation with counter-cyclical macroeconomic policies.

Schumpeter's point is made more persuasive if it can be argued that the ideological currents unleashed by capitalism are corroding the moral foundations of capitalism inadvertently. In other words, if the capitalist order is somehow beholden to previous social and ideological formations to a much greater extent than is realized by the conquering bourgeoisie and their ideologues, then their demolition work will have the incidental result of weakening the foundation on which they themselves are sitting. This idea was developed at about the time Schumpeter wrote by a very different group of European intellectuals who had also come to the United States during the thirties: the Frankfurt School of critical theory which, while working in the Marxist tradition, paid considerable attention to ideology as a crucial factor in historical development. In fact, a purely idealistic account of the disasters through which Western civilization was passing at the time is given by Max Horkheimer, a leading member of the group, in wartime lectures subsequently published under the title Eclipse of Reason (1947).

According to Horkheimer (1947), the commanding position of self-interest in capitalist society and the resulting agnostic view of the ultimate values downgraded reason to a mere instrument that would decide about the means to be used for reaching arbitrarily given ends, but would have nothing to say about those ends. Previously, reason and revelation had been called upon to define the ends as well as the means of human action and reason was credited with being able to shape such guiding concepts as liberty or equality or justice. But with utilitarian philosophy and self-interest-oriented capitalist practice in the saddle, reason came to lose this power, and thus...

... the progress of subjective reason destroyed the theoretical basis of mythological, religious, and rationalistic ideas [and yet] civilized society has up until now been living on the residue of these ideas [p. 34].

And Horkheimer speaks movingly of "all these cherished ideas" and values, from freedom and humanity, to "enjoyment of a flower or of the atmosphere of a room ... that, in addition to physical force and material interest, hold society together ... but have been undermined by the formalization of reason" (1947 p. 36, my emphases).

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Here, then, are some early versions of Hirsch's thesis on the "depleting moral legacy" of capitalism. It is no mystery why the idea was almost forgotten in the thirty-year interval between Schumpeter-Horkheimer and Hirsch: during that era the Western world passed through a remarkably long period of sustained growth and comparative political stability. Capitalist market society, suitably modified by Keynesianism, planning, and welfare state reforms, seemed to have escaped from its self-destructive proclivities and to generate, once again, if not *douceur*, at least considerable confidence in its ability to solve the problems which it would encounter along its way. But the sense of pervasive crisis which had characterized the thirties and forties reappeared in the seventies, in part as an after-effect of the still poorly understood mass movements of the late sixties and in part as an immediate reaction to contemporary shocks and disarray.

Moreover, the analytical exploration of social interaction along the logic of self-interest had by then uncovered situations, such as the prisoners' dilemma, in which strict allegiance to self-interest was shown to bring far-from-optimal results unless some exogenous norms of cooperative behavior were adhered to by the actors. Now, since human behavior, allegedly guided by self-interest, had not yet had clearly disastrous effects, it was tempting to conclude: (a) that such norms, in effect, have been adhered to tacitly; (b) that they must somehow predate the market society in which self-interest alone rules; and (c) that the survival of such norms is now threatened. In the circumstances, the idea that capitalism lived on time (and morals) borrowed from earlier ages surfaced naturally enough once again.

What is surprising, then, is not that these somber ideas about self-destruction arose at the more difficult and somber moments of our century, but that there was a failure to connect them with earlier, more hopeful expectations of a market society bringing forth its own moral foundation, via the generation of *douceur*, probity, trust and so on. One reason for this lack of contact is the low profile of the *doux-commerce* thesis in the nineteenth century, after its period of self-confidence in the preceding century. Another is the transfiguration of that thesis into one in which it was hard to recognize. The story of that low profile and that transfiguration must now be told.

III. Eclipse of the Doux-commerce Thesis After the Eighteenth Century

The most plausible explanation for the eclipse of the *doux-commerce* thesis in the nineteenth-century is that it became a victim of the Industrial Revolution. The commercial expansion of the preceding centuries had of course often been violent and had created a great deal of social and human havoc, but this violence and havoc primarily affected the societies that were the objects of European penetration in Africa, Asia, and America. With the Industrial Revolution, the havoc came home. As traditional products were subjected to competitive pressure from ever new "trinkets and baubles," as large groups of laborers were displaced and as their skills became obsolete and as all classes of society were seized by a sudden passion for enrichment, it was widely felt that a new revolutionary force had arisen in the very center of capitalist expansion.

As already noted, that force was often characterized as wild, blind, relentless, unbridled—hence anything but *doux* (gentle and soft). Only with regard to international trade was it still asserted from time to time, usually as an after-thought, that expanding transactions will bring, not only mutual material gains, but also some fine by-products in the cultural and moral realms, such as intellectual cross-fertiliza-
tion and mutual understanding and peace. Within the boundaries of the nation, the expansion of industry and commerce was widely viewed as contributing to the breakdown of traditional communities and to the loosening and disintegration of social and affective ties, rather than to their consolidation.

To be sure, here and there one can still find echoes of the older idea that civil society is largely held together by the dense network of mutual relations and obligations arising from the market and from its expansion which in turn is fueled by an increasingly fine division of labor. In fact, as soon as the matter is put this way one's thoughts travel to Emile Durkheim and his Division of Labor in Society (1902). Here it was argued, at least in part, that the advanced division of labor of modern society functions as a substitute for the "common consciousness" that so effectively bonded more primitive societies: "it is principally [the division of labor] which holds together social aggregates of the higher type" (p. 148). But in Durkheim's subtle thought, the transactions arising from the division of labor were not by themselves capable of this substitution. The decisive role was played by the many, often unintended ties that people take on or fall into in the wake of market transactions and contractual commitments. Here are some formulations of this thought which recur throughout the book:

We cooperate because we wanted to do so, but our voluntary cooperation creates duties which we did not intend to assume [p. 192].

The members [of societies with a fine division of labor] are united by ties that go well beyond the ever so brief moments during which exchange actually takes place . . . Because we exercise this or that domestic or social function, we are caught in a network of obligations which we do not have the right to forsake [p. 207].

If the division of labor produces solidarity, this is not only because it makes of each person an exchanger (échangeur) to speak the language of the economists; it is because the division of labor creates among men a comprehensive system of rights and duties which tie them to one another in a durable fashion [pp. 402-03].

So Durkheim's construction is a great deal more complex and roundabout than Montesquieu's (or Sir James Steuart's): society is not held together directly nor is it made peaceful and doux by the network of self-interested market transactions alone; for that sort of doctrine Durkheim has some harsh words that contrast sharply with the seventeenth and eighteenth centuries' doctrine about interest:

While interest brings people closer together, this is a matter of a few moments only; it can only create an external tie among them . . . The consciences are only in superficial contact; they do not penetrate one another . . . every harmony of interest contains a latent or delayed conflict . . . for interest is what is least constant in the world [pp. 180-81].

Durkheim was thus caught between the older view that interest-oriented action provides a basis for social integration and the more contemporary critique of market society as atomistic and corrosive of social cohesion. He never spelled out in concrete detail how he conceived a "solidary" society to emerge from the division of labor and eventually moved on to a more activist view that no longer counted on this mechanism to achieve social cohe-

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3 For example, John Stuart Mill writes in Principles of Political Economy (1848): "It is hardly possible to overrate the value, in the present low state of human improvement, of placing human beings in contact with persons dissimilar to themselves, and with modes of thought and action unlike those with which they are familiar . . . Such communication has always been, and is peculiarly in the present age, one of the primary sources of progress" (1965, Vol. 3, p. 594).

4 Compare this text with the exactly opposite seventeenth- and eighteenth-century statements on the constancy and predictability of interest which I reported in The Passions and the Interests (1977, pp. 48-55).
sion and instead stressed moral education and political action (Steven Lukes, 1972, p. 178). But, as shall be argued later, there may be considerable virtue in his ambivalent stance; and the idea that social bonds can be grafted onto economic transactions if conditions are favorable, remains to be explored in depth.

An ambivalence similar to that of Durkheim characterizes the work of his German contemporary, Georg Simmel. While no one has written more powerfully on the alienating properties of money, Simmel stressed in other writings the integrating functions of various conflicts in modern society. In this connection he gave high marks to competition as an institution that fosters empathy and the building of strong social ties, not of course among the competitors but between them and an important and often overlooked third party—the customer:

The aim for which competition occurs within a society is presumably always the favor of one or more third persons. Each of the competing parties therefore tries to come as close to that third one as possible. Usually, the poisonous, divisive, destructive effects of competition are stressed and, in exchange, it is merely pointed out that it improves economic welfare. But in addition, it has, after all, this immense sociating effect. Competition compels the wooer . . . to go out to the woed, come close to him, establish ties with him, find his strengths and weaknesses and adjust to them . . .

Innumerable times [competition] achieves what usually only love can do: the divination of the innermost wishes of the other, even before he himself becomes aware of them. Antagonistic tension with his competitor sharpens the businessman's sensitivity to the tendencies of the public, even to the point of clairvoyance, in respect to future changes in the public's tastes, fashion, interests . . . Modern competition is described as the fight of all against all, but at the same time it is the fight for all . . .

. . . In short, [competition] is a web of a thousand sociological threads by means of conscious concentration on the will and feeling and thinking of fellowmen . . . Once the narrow and naive solidarity of primitive social conditions yielded to decentralization . . . man's effort toward man, his adaptation to the other seems possible only at the price of competition, that is, of the simultaneous fight against a fellowman for a third one . . . [1955, pp. 61–63].

Simmel's thought here comes close to that of Durkheim's, in that he also uncovers in the structure and institutions of capitalist society a functional equivalent for the simple bonds of custom and religion that (allegedly) held traditional society together. Elsewhere he shows that the advanced division of labor in modern society, and the importance of credit for the functioning of the economy rests on, and promotes, a high degree of truthfulness in social relations (1923, pp. 260–61). With his effusiveness and vivid imagery, Simmel is perhaps more successful than the austere Durkheim in convincing the reader that some features of market society make for social integration rather than the opposite.

Such was, nevertheless, a minority position affirmed, moreover, by eminent and somewhat protean figures whose major contribution to social thought—through such concepts as anomie in the case of Durkheim, for example—definitely strengthened the majority view. For some counterpoint to the generally somber analysis of capitalism's social impact by European sociologists it is tempting to look at the American scene. Here we find indeed an important group of late-nineteenth and early twentieth-century sociologists—from George Herbert Mead, Charles Cooley, and Edward Ross to the young John Dewey—who, less haunted than their European colleagues by the problems of social disintegration, were simply seeking to understand how and why society coheres as well as it does. But in explaining what they called "social control" they attributed key roles to small-scale, face-to-face relationships, as well as to the ability of various social groups to make norms and rules effective (Silver,
1980). Significantly, economic relationships are hardly ever mentioned as sources of socially integrative behavior in this literature.

This also holds true for the sociological system that was built up later by Talcott Parsons. In his thought, the rules of conduct keeping fraudulent behavior at bay in the marketplace derive from what he calls “collectivity-orientation” that must somehow be present in every society; he does not see such rules as arising in any way out of the market itself. Given the rigid dichotomies within which the Parsonsian system is conceived there could not be much communication between market transactions, classified as “universalistic,” and such “particularistic” and “diffuse” phenomena as friendship and social ties in general (Parsons, 1951, pp. 98, 125–27).

So much for sociology. What about the economists? After all, here was a group of social scientists that had a tradition of either outspokenly criticizing the capitalist system or of defending and praising it. Should not the praisers, at least, have had an interest in keeping alive the thought that the multiple acts of buying and selling characteristic of advanced market societies forge all sorts of social ties of trust, friendliness, sociability, and thus help hold society together? In actual fact, this sort of reasoning is conspicuously absent from the professional economics literature. The reasons are several. First, economists, in their attempt to emulate, in rigor and quantitative precision, the natural sciences, had little use for the necessarily imprecise (“fuzzy”) speculations about the effects of economic transactions on social cohesion. Second, those trained in the tradition of classical economics had only scorn for the concern of sociologists over the more disruptive and destructive aspects of capitalism. They saw in such phenomena a short-run cost necessary to achieve superior long-run gains and were not impelled by that sort of critique of capitalism to search for or invoke any compensating positive effects which the expansion of the market might have on social life and ties.

But the principal explanation is supplied by yet another point. Economists who wish the market well have been unable, or rather have tied their own hands and denied themselves the opportunity, to exploit the argument about the integrative effect of markets. This is so because the argument cannot be made for the ideal market with perfect competition. The economists’ claims of allocative efficiency and all-round welfare maximization are strictly valid only for this market. Involving large numbers of price-taking anonymous buyers and sellers supplied with perfect information, such markets function without any prolonged human or social contact among or between the parties. Under perfect competition there is no room for bargaining, negotiation, remonstration or mutual adjustment and the various operators that contract together need not enter into recurrent or continuing relationships as a result of which they would get to know each other well. Clearly this latter tie-forming effect of markets can be important only when there are substantial departures or “lapses” from the ideal competitive model. But the fact is that such lapses are exceedingly frequent and important. In the face of this situation pro-market economists have either singled out ties among suppliers and, like Adam Smith, have castigated them as “conspiracies against the public”; or, much more frequently, they have belittled the various lapses in an attempt to present the reality of imperfect competition as coming close to the ideal. In this manner, they endeavored to endow the market system with economic legitimacy. But, by the same token, they sacrificed the sociological legitimacy that could rightfully have been claimed for the way, so unlike the perfect-competition
model, most markets function in the real world.\textsuperscript{5}

Only in recent years have a number of approaches been developed by economists that do not look at departures from the competitive model as either sinful or negligible. To the contrary, with their stress on transaction costs, limited information and imperfect maximization, these approaches explain and justify the widespread existence of continuing relationships between buyers and sellers, the frequent establishment of hierarchies in preference to markets partly as a result of such “relational exchange,” the use of “voice” rather than “exit” to correct mutual dissatisfaction, and similar phenomena that make for meaningful tie-forming interaction between parties to transactions. The stage could thus be set for a partial rehabilitation of the \textit{doux-commerce} thesis.

IV. The Feudal-Shackles Thesis

With all due respect for these new developments, it remains a fact that the \textit{doux-commerce} thesis about the beneficial effects of expanding capitalism on social relations, so popular in the eighteenth century, all but disappeared from the intellectual stage during the protracted subsequent period which saw the full development of capitalist society and, concurrently, the deployment of a far more critical view about its social impact. But the ways of ideology are intricate: upon looking closely it appears that the optimistic \textit{doux-commerce} thesis does reemerge after all in the nineteenth and twentieth centuries, but as part and parcel of an important \textit{critical} view of capitalist development. It is as though the thesis, faced with the widespread critical attitude toward capitalism, managed to survive by changing camp.

So far we have become acquainted with one kind of critical analysis of capitalism’s impact on the social order. What I called the self-destruction thesis views capitalism as an extraordinarily powerful force that dissolves all previous social formations and ideologies and even chips away at capitalism’s own moral foundations. But a very different, almost opposite critique has also been prominently voiced: here the real grudge against capitalism and its standard bearer, the bourgeoisie, is their \textit{weakness} vis-à-vis traditional social forces, their unwillingness to stage a frontal attack, and often their submissiveness and “ spineless” subservience toward the well-entrenched aristocrats of the \textit{ancien régime}. As in the case of the self-destruction thesis, this is not a unified theory, but a series of contributions from different authors, for different purposes, and in different contexts. Nevertheless, there is a common theme: a number of societies that have been penetrated by capitalism are criticized and considered to be in trouble because this penetration has been too partial, timid, and half-hearted, with substantial elements of the previous social order being left intact. These elements are referred to variously as \textit{feudal overhang}, \textit{shackles}, \textit{remnants}, \textit{residues}, \textit{ballast}, or \textit{relics} and they turn out to retain considerable influence and power. Inasmuch as the societies in question are criticized for not having liquidated this feudal overhang, it has also often been said of them that they have “failed to complete the bourgeois revolution.” In short, this group of ideas can be referred to as the “feudal-shackles” or “unfinished-bourgeois-revolution” thesis.

While the feudal-shackles thesis is clearly opposed to the self-destruction thesis, it is but an inverted version of the \textit{doux-commerce} thesis. This is not hard to

\textsuperscript{5} I have made a similar point in \textit{Exit, Voice, and Loyalty}, (1970, p. 22). In the same vein, Oliver Williamson has recently written about the “inhospitality tradition” of economists with regard to organizational innovations of business enterprise: such innovations were always suspected of entailing departures from the competitive model (1981, p. 1540).
see. Things would have worked out famously, so the feudal-shackles thesis asserts implicitly, if only commerce, the market, capitalism had been able to unfold freely, if only they had not been reined in by pre-capitalist institutions and attitudes. The civilizing work of the market might be done either directly, according to the original script of the *doux-commerce* thesis, or indirectly, by opening the way to the proletarian revolution and to fraternal socialism, after the rapid sweep of capitalism. Here the *douceur* brought by the market would come at one remove. But, alas, neither one nor the other of these happy outcomes were to materialize as hostile forces of bygone social formations retained unexpected strength. The feudal-shackles thesis thus rests on the *doux-commerce* thesis—without, of course, acknowledging the affiliation. It is the *doux-commerce* thesis in negative guise, in critical garb, “stood on its head.”

We now have two major critiques of capitalism, the self-destruction and the feudal-shackles theses. Each points to some “contradictions” of capitalism, but it is already apparent that the two views also violently contradict one another.

There is here then a contradiction between contradictions, or, to borrow a mathematical term, a second-order contradiction of capitalism. The nature of this contradiction will become clearer as the historical development and the various shapes of the feudal-shackles thesis are reviewed briefly.

However contradictory, the two theses can both be traced—as might be expected: after all, they are both critiques of capitalism—to the writings of Karl Marx. That he prepared the ground for the self-destruction thesis because of his emphasis on the all-corrosive properties of capitalism has already been noted. Similarly, the feudal-shackles thesis is adumbrated in Marx when he writes in the Preface of *Capital* that in comparison to England the Germans suffer not only from all the modern ills of capitalist expansion, but from a “long series of inherited afflictions, resulting from the persistence of antiquated modes of production that have outlived their usefulness, with their sequel of adverse social and political relations” (1932, p. 7).

From this kind of observation it is not a big jump to assert that the persistence and unexpected strength of pre-capitalist forms, together with the correlative weakness of capitalist structures, could become a major problem in certain societies. In which ones? The German example suggests that it might be in those where capitalist development is delayed, the delay being precisely due to the resilience of pre-capitalist forms, to the fact that the feudal “cobwebs” have not been neatly “swept away” by a thorough-going “bourgeois revolution.” On the contrary, so the story goes, the indigenous bourgeoisie in such countries was not only weak, but servile, supine, craven, wishing to “make it” within the old order and submissive to its code and values. This results in the “distortion” or “stunting” of capitalist structures. In other words, the trouble with capitalism, suddenly, is not that it is so strong as to be self-destructing but that it is too weak to play the “progressive” role history has supposedly assigned to it.

The fullest development of these ideas was to occur in our time with some neo-Marxist analyses of the countries of the capitalist periphery. But there are earlier important applications and Schumpeter’s well-known theory of imperialism is a case in point. As already noted, one of the fondest hopes expressed in the seedtime of capitalist development was that worldwide trade and investment consequent upon capitalist development would make war impossible and lay a solid foundation for peace and friendship among nations. When, around the beginning of the twentieth century, the illusory nature of this
hope became only too obvious, it was attractive to argue, along exactly opposite lines, that capitalism itself inevitably leads to great-power rivalry and war. This, with some variants, was indeed affirmed by the economic theories of imperialism proposed around that time by J. A. Hobson, Rosa Luxemburg, Rudolf Hilferding and Lenin. But Schumpeter, writing during World War I, came to the rescue of the earlier optimistic view by arguing that capitalism, in and of itself, could only lead to peace. To him, the rational, calculating spirit of capitalism was wholly incompatible with the reckless gambling characteristic of warmaking in the modern, or in any age. What had gone wrong? Precisely that capitalism had not proven vigorous enough, had not been able to alter decisively either the social structure or the mentality of the precapitalist age with its disaster-bound addiction to heroic antics (Schumpeter, 1951).

Strangely enough, Schumpeter therefore became an articulate spokesman—far more so than Marx—both for the feudal-shackles thesis, according to which the trouble with capitalism was its weakness (vis-à-vis precapitalist forms), and for the self-destruction thesis which emphasizes capitalism’s corrosive strength. To explain this apparent inconsistency it must first be pointed out that the texts which contain the two theses were written over twenty years apart from one another. Second, the two theses, in spite of their contradiction, have various characteristics in common: both underlie the importance of ideology and mentality and thereby are self-consciously critical of Marxism; and both take an obvious pleasure in stressing the key role of the irrational in human affairs, once again in line with the contemporary intellectual climate due to such figures as Freud, Bergson, Sorel and Pareto.

In the meantime, however, the Marxists were also picking up the hints dropped by the master. Naturally enough, when they criticized the experience of certain countries under capitalism for lack of dynamism they stressed structural rather than ideological factors. In Italy, for example, Antonio Gramsci (1949) and Emilio Sereni (1947) analyzed the Risorgimento as an “incomplete” or “failed” bourgeois revolution because political unification in the second half of the nineteenth century was not accompanied by agrarian reform or revolution. The weakness of the Italian bourgeoisie, its lack of Jacobin energies were thus proclaimed as the aboriginal flaw or vizio d’origine of modern Italian history, as the root cause of all subsequent woes, from weak economic development to the advent of Fascism.6

Some of this analysis at least was later controverted by economic historians who pointed out that the so-called “failure to complete the bourgeois revolution” by land reform in the South actually permitted capital accumulation to proceed in the North. So the alleged failure had its positive side in that it made possible the vigorous industrial push that did take place in the country’s North prior to World War I (Rosario Romeo, 1959; Alexander Gerschenkron, 1962, Chapter 5).

But to return to the failed or incomplete-revolution thesis: In Italy, the principal objective pursued by leaders of the Risorgimento was national unification and it was accomplished. To characterize that movement as a failed bourgeois revolution therefore amounted to inventing a failure by substituting some imaginary telos or historical geist for the real intentions of human agents. In nineteenth-century Germany, on the other hand, the failures of the political movements of 1848 were all too real and they did expose the political weakness of the German bourgeois liberals. These events lent themselves to a

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6 A collection of articles around the concept, fortunately critical for the most part, is in Il vizio d’origine, 1980.
straightforward interpretation, along feudal-remnants lines. "It is the tragedy of the bourgeoisie that it has not yet defeated its predecessor, that is, feudalism, when its new enemy, the proletariat, has already appeared on the stage of history." Clearly this elegant formulation of Georg Lukács (1968, p. 144) applied particularly to Germany and Central Europe (Walter Benjamin, 1962, p. 105) where the battle with the bourgeoisie's alleged historical "predecessors," the aristocratic and military powerholders, was never really joined. After some skirmishes, circa 1848, the bourgeoisie was ready for a compromise with the powerful "feudal remnants" and, according to numerous observers, it is this compromise which deserves much of the blame for the disasters of modern German history.

In spite of the historical importance of the Italian and German cases, the notion that the bourgeois class, which emerges with the rise of commerce and industry, does not necessarily sweep away all precapitalist formations had to be rediscovered, with great fanfare, again and again. This was so, for example, in Latin America. During the growth years following World War II, social scientists looking at the "periphery" generally set out with the unspoken assumption that capitalism was (and always has been) performing faultlessly in the center; hence, so they concluded, the difficulties of the periphery must be due to some deviation from the pattern the center had followed. Within this conceptual framework the feudal-shackles thesis—or close analogues—provided an appealing explanation once again. Coining an expressive and successful metaphor, a political scientist described the Latin American social and political scene as a "living museum in which all the forms of political authority of Western historic experience continue to exist and operate," implying that in the West these forms followed one another in an orderly sequence (Charles Anderson, 1967, p. 104).

Latin American societies, it was concluded, somehow did not manage to extirpate superannuated relations of production and this was why they were in trouble. Once more the culprit was the weakness of the indigenous bourgeoisie, ever ready to sell out to the old landowning elites or to foreign investors and preferably to both. Such was to be the essence of much neo-Marxist analysis which, this time, did not bother to blame the bourgeoisie for not playing its "historic role." Rather, it was now denied that, given the peripheral position of Latin American societies, their bourgeoisie could ever come to play any constructive developmental role at all; this congenital incapacity was meant to be conveyed by the coining of insulting terms such as "comprador bourgeoisie" (Paul Baran) and "lumpenbourgeoisie" (Andre Gunder Frank). Quite consistently with this position, what industrialization and capitalist development have taken place in Latin America and elsewhere in the periphery, was systematically belittled and berated.

This is not the place to discuss the truth value of these conceptions and assertions except to state that I have my doubts which are expressed elsewhere (Hirschman, 1981, Chs. 1 and 5). 7 I must go on and call attention to a strange turn taken quite recently by the feudal-shackles thesis. Until now it always served to explain why one particular backward or latecoming country's economic development was experiencing difficulties in comparison to a leading country or countries where development was thought to have proceeded smoothly and vigorously. Now, suddenly, a number of voices are telling us that, at least in Europe, no such blessed

7 I am not denying, of course, that industrialization in Latin America had characteristics of its own; in fact, I have tried to set them forth in some detail (Hirschman, 1971, Chapter 3).
country ever existed and that the bourgeoisie was weak, craven and spineless all over. The strongest assertion of this sort is made in *The Persistence of the Ancien Régime* by Arno Mayer (1981). According to this work, the situation in all of Europe was, at least until the First World War, very much like what it has been alleged to be today in the Latin American periphery: capitalist development was anything but dynamic and penetrative, the bourgeoisie was everywhere subservient to the established nobility, and the elites of the ancien régime retained not only economic and political power, but cultural hegemony as well. And, in a light variant of the Schumpeter thesis on imperialism, Mayer attributes the outbreak of World War I to the reaction of these traditional powerholders when they perceived for the first time some distant rumblings of troubles for their hitherto uncontested dominion.

This near-universalization of the feudal-remnants thesis represented a particularly surprising and daring proposition for England and France, the two major countries where, so it had long been thought, total victories had been achieved by the bourgeoisie and capitalism as a result of political revolution in France and industrial revolution in England. Now, it must be noted that this questioning of the status of France and England as model countries occurred at a time when the golden "growth years" of the fifties and sixties were definitely behind us and new questions were being asked about the health of capitalist economy and society. In fact, Mayer’s book, with its generalization of the feudal-shackles thesis to countries hitherto outside of its reach, does not stand alone. A related volume on England tells us how that country’s industrial spirit had only the briefest flowering circa 1850 and from then on was in constant retreat as a successful counterrevolution of values was launched against it by middle-class intellectuals imbued with gentry ideals (Martin J. Wiener, 1981).8 Carrying this genre to extremes—and becoming a succès de scandale in the process—is a recent French book, *L’idéologie française* by Bernard-Henri Lévy (1981). According to this author, French social and political thought was dominated, from mid-nineteenth century to World War II and from one end to the other of the ideological spectrum, by a repulsive amalgam of racist and protofascist drivel!

Once again I shall refrain from evaluating these various works. My purpose at this point is to identify the Mayer type of proposition as an extension of the feudal-shackles thesis to countries, such as England and France, that had been almost by definition immune to this sort of critique. The reason is of course that the most advanced capitalist countries were generally thought to be suffering from contradictions that arose from capitalism’s strength, rather than from its weakness.

In sum, the generalization of the feudal-shackles thesis pulls out two rugs simultaneously: one from under certain widely entertained conceptions about the specific nature and problems of capitalism in the periphery (and among European latecomers); and the other from under the self-destruction thesis whose favorite terrain must surely be found, if anywhere, in the most advanced countries.

V. America, or the Perils of Not Having a Feudal Past

To get over our puzzlement and to complete our pageant of theories it will be helpful, at this point, to turn to the United States, a preeminent outpost of capitalism that has strangely remained unmentioned up to now. The reason is that this country

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8 An early argument on the historical weakness of the English bourgeoisie is in Perry Anderson, 1964.
alone has escaped from the generalization of the feudal remnants thesis. No one has yet argued that the United States is or has ever been in the grip of some ancien régime or that, except for the South and slavery, its capitalist development has been hampered and distorted by tenacious gentlemanly values or entrenched feudal institutions. Rather, the United States has generally been taken to be the confirmation a contrario of the feudal remnants thesis: its vigorous capitalist development, combined with sturdy political pluralism, has often been attributed precisely to the absence of a feudal background. This idea that the United States is uniquely blessed because, unlike old Europe, it is not weighed down by the shackles of the past was expressed as early as 1818 by Goethe in the poem “To the United States,” whose opening lines read:

Amerika, Du hast es besser
Als unser Kontinent, der Alte,
Hast keine verfallenen Schlösser . . .

Tocqueville, of course, gave this same comparative appraisal its classic expression, with the single, oft-quoted sentence: “The great advantage of the Americans is that they have come to democracy without having to endure democratic revolutions; and that they are born equal, instead of becoming so” (1961, Vol. 2, p. 108). Many American commentators have been eager and happy to make these flattering insights their own. Thus arose what has become known as the thesis of “American exceptionalism,” which holds that America is exceptionally fortunate among nations because of its peculiar historical background (plus a few other factors, such as abundant natural resources and size) and is therefore free from the unending internal conflicts of other Western countries.

But now comes a surprise, even a coup de théâtre. A major contributor to this literature is Louis Hartz with his classic, first published in 1955, The Liberal Tradition in America. Hartz fully accepts the idea that the United States is uniquely exempt from feudal relics. He duly cites Goethe’s poem and even uses the Tocquevillian sentence as his epigraph. Yet, upon reading the book with some attention, one notices something that he never tells you outright: namely, he is in intimate disagreement with both Goethe and Tocqueville! His book is in effect a long lament about the many evils that have befallen the United States because of the absence of feudal remnants, relics and the like. Throughout, this vaunted absence is shown to be a mixed blessing at best, and is most frequently depicted as a poisoned gift or a curse in disguise.

Hartz’ reasoning is basically very simple—this is why it is so powerful. Having been “born equal,” without any sustained struggle against the “father,” that is the feudal past, America is deprived of what Europe has in abundance: social and ideological diversity. But such diversity is one of the prime constituents of genuine liberty. According to Hartz, the lack of ideological diversity in America has meant the absence of an authentic conservative tradition, is responsible for the often noted weaknesses of socialist movements, and has even made for the protracted sterility of liberal political thought itself (pp. 140–42). What is still more serious, this lack of diversity stimulates the ever-present tendencies toward a “tyranny of the majority” inspired by America’s “irrational Lockianism” (p. 11) or its “colossal liberal absolutism” (p. 285).

This state of affairs is shown to have numerous implications, mostly deplorable, in
both domestic and international affairs. I shall cite only one observation, because of its relevance to present-day events. Analyzing the New Deal and its considerable departures from the traditional liberal credo, Hartz notes that Roosevelt put across his innovative reforms as an exercise in "pragmatism" and in "bold and persistent experimentation":

... the crucial thing was that, lacking the socialist challenge and of course the old corporate challenge on the right such as the European conservatisms still embodied, he did not need to spell out any real philosophy at all [p. 263].

According to Hartz, Roosevelt owed much of his success to this manner of presenting his policies as just a "sublimated 'Americanism.' " Today, of course, we can appreciate the high cost of the maneuver. The New Deal reforms, as well as the welfare state schemes that were added later, were never truly consolidated as an integral part of a new economic order or ideology. Unlike similar policies in other economically advanced countries, these reforms failed to achieve full legitimacy and remained vulnerable, as is currently evident, to attack from revivalist forces adhering strictly to the aboriginal "colossal liberal absolutism."

In sum, Hartz’ analysis achieved or permitted substantial insights by reversing the conventional lament about the presence and influence of feudal remnants in capitalist societies. Other, perhaps no less troublesome, kinds of difficulties can plague a nation, so he shows, just because it is in the "enviable," "exceptional" situation of not having a feudal past. Hartz’ position, I should add, has been strengthened and extended by recent macrosociological speculations which tend to view feudal society, with its complex institutional structure and built-in conflicts, as the indispensable seedbed of both Western democracy and capitalist development.11

Conversely, a recent essay on Latin America argues, very much in the spirit of Louis Hartz, that the lack of genuine feudal structures in that Continent’s historical experience accounts for its “centralist tradition” which in turn is held to be responsible for its principal troubles (Claudio Véliz, 1980).

VI. Toward a Tableau Idéologique

We have been on an extended tour d’horizon of interpretations of capitalist development. The focus of my inquiry has not been on what is right or wrong with capitalism (from the points of view of justice, efficiency, or growth), but on what goes right or wrong; that is, on ideas about the likely economic and non-economic (moral, social, political) dynamics of the system. In case the reader feels bewildered by the seeming jumble of theses that have been paraded I shall now demonstrate, by a two-by-two table, that the structure of my argument has really been quite simple as well as beautifully symmetrical.

I have essentially dealt with four types of theses or theories and they have been presented in a sequence such that each successive thesis is in some respect the negation of the preceding one. According to the doux-commerce thesis of the eighteenth century, with which I started out, the market and capitalism were going to create a moral environment in which a good society as well as the market itself were bound to flourish. But soon there was to arise, in counterpoint, the self-destruction thesis which asserts that, to the contrary, the market, with its vehement emphasis on individual self-interest, corrodes all traditional values including those on the basis of which the market itself is func-

11 For converging analyses along these lines, it is possible to cite the works of two authors with very different ideological positions: Les origines du capitalisme by Jean Baechler (1974), and Lineages of the Absolutist State by Perry Anderson (1974).
tions that are in fact closely related but have evolved in total isolation from one another. Rather wondrously, the various ideologies, even though secreted in such isolation, end up composing a complete pattern as shown in the chart; it is as though four blindfolded children did a perfect job coloring jointly a coloring book.

So far I have essentially been, or pretended to be, a spectator and chronicler of that considerable portion of the Human Comedy which is involved with the production of ideologies. Faced with the highly diverse views here outlined I confess, however, to a moderate interest in the question as to which one is right. And here the simple tableau idéologique I have presented can also be of use. First of all, it suggests that, however incompatible the various theories may be, each might still have its “hour of truth” and/or its “country of truth” as it applies in a given country or group of countries during some stretch of time. This is actually how these theses arose, for all of them

The schematic presentation or mapping of Chart 1 makes it easy to perceive the relationship between the various theses. It promotes a principal aim of this essay which has been to establish contact between a number of ideological forma-

<table>
<thead>
<tr>
<th>Dominance of Market</th>
<th>Influitive Persistence of Pre-capitalist Forms</th>
</tr>
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<tbody>
<tr>
<td><strong>POSITIVE EFFECTS</strong></td>
<td><strong>NEGATIVE EFFECTS</strong></td>
</tr>
<tr>
<td>doux-commerce thesis (DC)</td>
<td>self-destruction thesis (SD)</td>
</tr>
<tr>
<td>feudal-blessings thesis (FB)</td>
<td>feudal-shackles thesis (FS)</td>
</tr>
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</table>

Arrows indicate flow of argument in Sections I-V

**Hirschman: Rival Interpretations of Market Society**

**CHART 1**
Dominance of Market vs. Influential Persistence of Pre-capitalist Forms: Their Effects on Market Society
were fashioned with a specific country or group of countries in mind.

But the chart is especially useful if one wishes to pursue a more complex (and, I think, more adequate) way of giving each contending view its due. It is conceivable that, even at one and the same point in space and time, a simple thesis holds only a portion of the full truth and needs to be complemented by one or several of the others, however incompatible they may look at first sight. The chart then invites us to try out systematically the various possible combinations of the four theses. In the following, I shall limit this exercise to the three “contradictions” (DC-SD, SD-FS, FS-FB) with which we are already familiar.12 But now the task is to explore whether it is at all possible and useful to combine the theses that constitute those contradictions.

Clearly there are degrees of incompatibility between points of view or doctrines that are contradictory on the face of it.

12 Given the four theses, there are altogether six such pairwise combinations and we already know that four of them are “full of contradictions.” The remaining two, that is, the diagonal pairs DC-FS and SD-FB, should be nicely compatible as, say, the *doux-commerce* thesis is here coupled with the negation of its negation. This is indeed the case. It was pointed out in Section IV that the feudal-shackles thesis could be understood as the *doux-commerce* thesis in disguise. To combine these two theses therefore does not really yield new information or interpretation.

If we look at the other diagonal pair, the self-destruction and the feudal-blessings theses, a similar conclusion follows. In Louis Hartz’ argument about the dire consequences of the lack of a feudal past there is implicit a concern that a society wholly dominated by the market would face considerable dangers. The two theses are eminently compatible and to bring them together does not add much to either one or the other.

Finally I shall not deal in the text with the DC-FB pair. These two theses do add up to a real contradiction, for we have here two very different accounts of the reasons for capitalism’s health and strength. But, in this manner, the pair is little more than the mirror image of the pair SD-FS (the self-destruction and feudal-shackles theses) with its two contrasting accounts of the difficulties encountered by market society. It is this latter pair that is being discussed in the text along with the remaining two pairs, DC-SD and FS-FB.

As already noted, a highly irreconcilable contradiction is that between the self-destruction thesis and the feudal-shackles thesis. The former views capitalism as a wild, unbridled force which, having swept away everything in its path, finally does itself in by successfully attacking its own foundations. The feudal-shackles thesis, on the other hand, sees capitalists as weak and subservient and easily over-powered, distracted or distorted by pre-capitalist forms and values. In the face of this clash in conceptions, a determined eclectic or lover of reconciliations could still argue that capitalism has the knack of doing away with all in its “legacy” that is good and functional (that is, with such values as truth and honesty, not to speak of *gemütlichkeit*) while leaving intact, and utterly succumbing to, all in precapitalist society that is pernicious. But is it conceivable that any historical formation would have such an unerring, schlemiel-like instinct for going wrong?

Here then is our most genuine, most irreducible “second-order contradiction.” It remains possible, of course, for each of these accounts—the self-destruction and the feudal-remnants theses—to be valuable in explaining the difficulties capitalism is experiencing in different settings. In other words, I do not wish to intimate that these two theses checkmate each other, so that we can happily conclude that capitalism is wholly exempt from trouble on account of either of them.

By now, however, we know that these two accounts are contradicted not only by each other. They must also be confronted with points of view that see something *positive* in the very factors that are viewed negatively in the self-destruction and feudal-shackles theses. These are the *doux-commerce* and the feudal-blessings theses which will now be brought into play.

Take, first, the feudal-shackles and the feudal-blessings theses. As soon as we ex-
amine the likelihood that both may be true at the same time it becomes obvious that nothing stands in the way of that sort of amalgam which, on the contrary, seems immediately more probable than the eventuality that just one of the theses holds to the total exclusion of the other. Mixing the two theses means that precapitalist forms and values hamper the full development of capitalism while also bequeathing something precious to it. A mature appraisal surely needs to be aware of both lines of influence and the balance is likely to be different in each concrete historical situation.

This conclusion applies even more to our last remaining pair: the *doux-commerce* and the self-destruction theses. Once one inquires whether both these theses could hold at the same time it becomes obvious that this is not only possible, but overwhelmingly likely. For capitalism to be both self-reinforcing and self-undermining is not any more “contradictory” than for a business firm to have income and outgo at the same time! Insofar as social cohesion is concerned, for example, the constant practice of commercial transactions generates feelings of trust, empathy for others, and similar *doux* feelings; but on the other hand, as Montesquieu already knew, such practice permeates all spheres of life with the element of calculation and of instrumental reason. Once this view is adopted, the moral basis of capitalist society will be seen as being constantly depleted and replenished at the same time. An excess of depletion over replenishment and a consequent crisis of the system is then of course possible, but the special circumstances making for it would have to be noted, just as it might be possible to specify conditions under which the system would gain in cohesion and legitimacy.

It is now becoming clear why, in spite of our lip service to the dialectic, we find it so hard to acknowledge that contradictory processes might actually be at work in society. It is not just a question of difficulty of perception, but one of considerable psychological resistance and reluctance: to accept that the *doux-commerce* and the self-destruction theses (or the feudal-shackles and the feudal-blessing theses) might both be right would make it much more difficult for the social observer, critic, or “scientist” to impress the general public by proclaiming some inevitable outcome of current processes.

But after so many failed prophecies, is it not in the interest of social science to embrace complexity, be it at some sacrifice of its claim to predictive power?

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