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Director: ROBIN HARRIS CBE

RH/CR

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Dear John,

ARTICLE BY MICHAEL NOVAK

... This is a further article from another edition of 'Commentary' which the Prime Minister might like to read. Novak is, as you may know, a Catholic - and indeed a theologian - who writes on the relationship between capitalism and Christianity. He gives another angle on the Fukuyama heresy.

I am copying this letter and the article to Brian Griffiths, in case he may not have read it.

Yours,
Robin

ROBIN HARRIS

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Boredom, Virtue, and Democratic Capitalism

Michael Novak

LATE IN May of this anniversary year of the French Revolution of 1789, Chinese students in Shanghai, openly defying a Communist regime, carried before them a white plaster replica of the Statue of Liberty. During this same spring, both the Soviet Union and Poland were experiencing their first relatively free elections under Communist domination. In Hungary, moves toward democracy and capitalism were proceeding both in public argument and in tentative, practical action. Symbolically, at least, the institutions and ideals of the liberal society were gaining adherents rather rapidly.

No wonder, then, that so many people have begun saying that these institutions and ideals are now sweeping everything before them. For it does indeed appear that of the three great systemic ideas of the 20th century—Communism, fascism, and democratic capitalism—only the last is still vigorous and growing. Just as fascism collapsed in the ashes of its cataclysmic defeat in 1945, so also, not quite forty-five years later, Communism seems to have died, even in the minds of party elites. I want to emphasize: has died *as an idea*; in other words, not necessarily as a residual reality—a militarily dangerous reality, at that.

In a stimulating essay published in the Summer 1989 issue of the *National Interest*, Francis Fukuyama even goes so far as to draw the conclusion that "history," in Hegel's sense, has arrived at its appointed end. By this he means that the entire world is being driven by trial and error away from faulty ideas about the future shape of human life ("The Thousand Year Reich," "The Workers' Paradise") and toward their antithesis: a society based on a democratic polity and a capitalist economy.

So far so good, says Fukuyama. But he also sees a downside:

The end of history will be a very sad time. The struggle for recognition, the willingness to risk one's life for a purely abstract goal, the worldwide ideological struggle that called forth daring, courage, imagination, and idealism, will

be replaced by economic calculation, the endless solving of technical problems, environmental concerns, and the satisfaction of sophisticated consumer demands. In the post-historical period there will be neither art nor philosophy, just the perpetual caretaking of the museum of human history. I can feel in myself, and see in others around me, a powerful nostalgia for the time when history existed. Such nostalgia, in fact, will continue to fuel competition and conflict even in the post-historical world for some time to come. Even though I recognize its inevitability, I have the most ambivalent feelings for the civilization that has been created in Europe since 1945, with its North Atlantic and Asian offshoots. Perhaps this very prospect of centuries of boredom at the end of history will serve to get history started once again.

In this lament, Fukuyama echoes the single most persistent criticism of democratic capitalism, even among its friends: that it is spiritually deficient. It may work, they say. It may produce abundance. It may put an end to famine, curb disease, enable the average age of mortality to jump from eighteen in the year 1800 to seventy-five in 1986. It may even generate unprecedented liberties. *But*, they say, all this is for naught, since under democratic capitalism human beings live vacuous and empty lives.

SUCH a judgment springs from what logicians call a category mistake—and a horrific one. A democratic capitalist regime is not the kingdom of God. It is not a church, or even a philosophy, and it is only in an outward sense "a way of life." A democratic capitalist regime promises three liberations by institutional means—liberation from tyranny and torture; liberation from the oppression of conscience, information, and ideas; and liberation from poverty. The construction of a social order that achieves these is not designed to fill the soul, or to teach a philosophy, or to give instruction in how to live. It is designed to create space, within which the soul may make its own choices, and within which spiritual leaders and spiritual associations may do their own necessary and creative work.

Indeed, one of the chief differences between a

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democratic capitalist society and a fascist or Communist society is that the first is in no sense a religion. Fascism and Communism are pseudo-religions; they aim to shape and to invigorate the whole soul; they attempt to merge the individual into a movement and a common purpose as a drop is merged in the ocean. Such societies are collectivist and totalitarian by design, for the sake of the inner unity of all, an inner unity that can be (for a while) very satisfying. No one who has watched on film Hitler's Nuremberg rallies can doubt the willingness of many hearts and minds to be inflamed with one common purpose.

By contrast, the institutions of democratic capitalism do not cause those who live under them to merge their own identities in a common sea; rather, they encourage each individual in his own, individually charted, "pursuit of happiness."

Nonetheless, there are, for all that, two fields of spiritual value and moral virtue associated with democratic and capitalist institutions (two, that is, in addition to the higher values and virtues that such institutions cannot themselves supply, but for whose practice they leave space and provide indirect support). The first consists of those spiritual values and moral virtues called forth by democratic capitalist institutions, and the second is made up of those without which its institutions could not possibly survive.

IT IS, of course, broadly agreed that traditional societies (pre-capitalist, pre-democratic, pre-pluralist) had their own distinctive virtues. In ancient Greece and Rome, as well as in medieval and Renaissance Europe, the cardinal virtues were temperance, fortitude, justice, and prudence (practical wisdom). Whole lists of other virtues praised by Aristotle and Cicero were for centuries also widely celebrated.

With the invention of democratic capitalism in America, new demands were made upon the citizens, for which new virtues were required. The school for learning these virtues was long, but as Tocqueville noted, the American people learned them during the many years between the founding of Plymouth Colony in 1620 and the Revolution of 1776.

In the absence of direct rules from Great Britain, the American colonists had first to develop the habits of self-reliance, community-building, and self-government that may be summarized under the heading of civic responsibility. When they left behind the comfortable hostels and taverns of Leiden, the first boatloads of "pilgrims" (so they styled themselves, although their pilgrimage was to no known sacred place) recognized that there would be no homes, shelters, barns, or warm hearths waiting for them: all these they would have to build. At first, they tried a form of communism—ownership and labor in common. That soon failing, they turned to a regime of private property.

For a people often accused by sociologists of

"excessive individualism," their primal task, repeated again and again across a vast continent, was the building of new communities where no such communities had existed before. They depended very much upon the ambition of their most imaginative and able members, but they also depended upon the capacities of all for freely given cooperation and coordination. Civic responsibility required individual initiative and a spirit of cooperation in equal parts.

The second new virtue called forth by this new type of society was personal economic enterprise. It is the function of enterprise to break from received ways of doing, making, and distributing goods and services. In this respect, enterprise seems to be a peculiarly capitalist virtue. Not unknown in previous history, in a capitalist system it becomes, so to speak, the red-hot center, the dynamo, the ignition system, of development. It is the very principle of economic progress.

Enterprise is, to deepen the notion, both an intellectual and a moral virtue. Its intellectual moment consists in a discovery heretofore neglected and in some sense original, usually concerning either a new need of the community which might be served, or a new method for doing so. Its moral moment consists in the effort, ingenuity, and persistence required to bring that insight into reality. Enterprise consists, in other words, of noticing possibilities that others fail to see and, second, of practicing the skills and aptitudes necessary to their realization.

Related to enterprise is the more general virtue of creativity. For personal economic enterprise is not socially sustainable unless would-be entrepreneurs are supported by a social intelligence covering many areas—law, banking and finance, governmental administration, the arts, journalism, education, scientific and industrial research, and even religion and philosophy.

In fact, the virtue of creativity is so central to the capitalist society that, contrary to most of our dictionaries and economic textbooks, which tend to take their definitions of capitalism from Marx (of all sources), I define it as the economic system whose institutions are designed to nourish creativity in every sphere of life. As every virtue is accompanied by characteristic vices, so capitalist societies are often swept by a lust for novelty for its own sake; but such vices help to define the contours of the virtue. Perhaps Jean-Jacques Servan-Schreiber in *The American Challenge* might be credited with calling public attention in recent years to this aspect of capitalist development, noting, for example, that half the business of U.S. chemical companies in 1967 was based on products that had not even existed ten years earlier. But Ludwig von Mises and Friedrich von Hayek had long been making the same point.

CAPITALISM, then, is the economic system whose central animating dynamic is invention, discovery, enterprise—in

short, creative mind. Such a system *uses* private property, markets, and the incentive of profits, of course, but these ancient institutions alone do not define it. For traditional, pre-capitalist societies (such as biblical Jerusalem) also had private property, markets, and profits, as do the pre-capitalist societies of contemporary Latin America and Africa, and parts of Asia. Thus, the recognition of intellectual property, as in the patent and copyright clause of the U.S. Constitution of 1787 (Article 1, Section 8), was a decisive moment in the history of modern capitalism. As the prime analogue of property, it supplanted land with the inventions of the mind. It thereby helped to set in motion not only an immense transformation in the productive capacities of the human race, but also the process which today, through computers, electronics, and miniaturization, is placing the irradiations of the human mind in more and more of the things we produce and use: in our cameras, our autos, our communications, our financial methods, etc. Under capitalism, the material world is becoming, so to speak, more and more *mind*.

A fourth, and often overlooked, virtue of the democratic capitalist regime is a special kind of *communitarian* living. It is often said that socialist societies strengthen bonds of community, whereas capitalist societies engender "excessive individualism." Empirically, however, existing socialist societies often appear to place the quiet of the graveyard over most of the forms of genuine community that humans have known. By contrast, capitalist societies abound in many varieties of frank and friendly association, in a great deal of teamwork, in habits of openness and easy companionship that are marvelous to see and to experience.

It is true that community in the sociologist's sense, *Gemeinschaft*—that long and close binding of village life over many generations with persons of the same faith and interests and family connections—is less possible in dynamic and mobile societies. Nonetheless, the ancient dictum that humans are social animals is clearly validated in capitalist societies. There is said to be much loneliness in such societies, but, granting that a certain loneliness is inherent in personal liberty, most economic activities under contemporary capitalism—with their committees and their meetings and their consultations—are nothing if not associational.

Finally, there is *competitiveness*, which is universally recognized as a quality called forth by capitalist societies, but is almost always treated as a vice. Yet competitiveness is both a sentinel of economic fairness and a defense against monopolistic collusion, not only in the economic sphere but also in the realms of morality and religion, not to mention politics. As a famous passage in *The Federalist Papers* puts it:

The great security against a gradual concentration of the several powers in the same depart-

ment consists in giving to those who administer each department the necessary constitutional means *and personal motives* to resist encroachments of the others. The provision for defense must in this, as in all other cases, be made commensurate to the danger of attack. Ambition must be made to counteract ambition. *The interest of the man* must be connected with the constitutional rights of the place. It may be a reflection on human nature that such devices should be necessary to control the abuses of government. But what is government itself but the greatest of all reflections on human nature? If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary. [Emphasis added]

APART from calling forth these (and other) new virtues, democratic capitalist societies are rooted in certain spiritual values without which they could scarcely have been imagined, let alone have come into existence.

From the beginning the claim was made of democratic capitalist societies that they were built to the pattern of "the system of natural liberty." The implication was that such a system would belong to all humans, wherever they might be. It would be adaptable to local customs, histories, traditions, and cultures, provided only that these opened the institutional ways to universal human capacities for reflection and choice—in politics, economics, and the realm of conscience and culture. The system was not designed for Jews or Christians only, for Anglo-Saxons or Frenchmen; it was designed for all human beings.

This claim is not forfeited by the historical fact that the insights and practices which originally led to the development of the necessary institutions arose first in lands deeply shaped by the teachings of Judaism and Christianity. That democratic capitalism was embryonically realized first in such lands was, of course, "no accident." Judaism and Christianity are, in an important way, religions of history and, consequently, religions of liberty. Although no one sees God, and no one can form an idea of God commensurate with His reality, humans are led by the Bible to imagine that He sees, chooses, acts. And humans, according to the Bible as well, are made in His image. In their capacity to reflect and to choose—and to create, in the sense appropriate to their limits—they are made like unto Him. Time itself is imagined as revealing the narrative of His compact with them—a compact into which they have freely entered. History is the story of how humans live out their end of this bargain.

In this philosophical-theological vision, every single human being has dignity, is in a way sacred, because of his capacity to reflect and to choose; a covenant freely entered into is the highest model to which human communities aspire. Civilization is imagined to be an ideal city in

which humans address one another, not through force or coercion, but through the conversation of reason.

It was out of such beliefs that the words of Thomas Jefferson in the Declaration of Independence ultimately flowed:

We hold these truths to be self-evident: That all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness; that to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed; that whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it, and to institute new government, laying its foundation on such principles, and organizing its powers in such form, as to them shall seem most likely to effect their safety and happiness.

To say, however, that a "system of natural liberty" seems to flow directly from the convictions of Jews and Christians about human nature and destiny, is to say neither that free societies are limited solely to those who hold such beliefs, nor that the details of such societies actually were or could have been worked out only by believing Jews and Christians. Indeed, many of the insights and many of the practical institutional experiments that were indispensable to the eventual development of democratic capitalist societies were first championed by the pagan cultures of Greece and Rome and, later, by some who had set their faces against Judaism and Christianity. Furthermore, in recent decades, the success of Japan and of other societies outside the Judeo-Christian orbit in emulating the democratic capitalist model of development has afforded conclusive proof of the American Founders' claims concerning natural liberty: that is, a liberty belonging and available not solely to Jews or Christians, but to all.

WHAT then of the future? In 1949 there were only 48 nations to sign the Universal Declaration of Human Rights of the United Nations, whereas today the list of nations has expanded to 166. Many experiments in ideology and system-building have been tried, and their dismal outcomes have been observed. In particular, the death of the socialist ideal—at least within socialist nations, if not among many intellectuals and clerics in the capitalist world—seems to have cleared the way for fresh assessments and for the firm establishment of a number of propositions:

1. Even under the power of states, secret police, and torturers, individual conscience exerts its

strength, and instills an awareness of inalienable rights in the soul.

2. Some form of democratic-republican governance is the most reliable protection for these rights, the best institutional means for "securing" them.

3. A free economy is a necessary, but not sufficient, condition for the successful practice of democracy.

4. A free moral and cultural life—freedom of conscience, information, and ideas—is indispensable both for democracy and for economic development.

5. A free economy, giving rightful place to personal economic initiative and human capacities for creativity, is the best systemic means for achieving some rapid liberation from poverty.

6. The cause of the wealth of nations is, most of all, the creative mind—invention, discovery, personal and associative enterprise—and the free institutions that support it.

That all this should be on the way to universal recognition and acceptance is wonderfully heartening, but too high a note of optimism is not yet to be sounded. Human beings always say they want liberty, Dostoevsky warned, but the first thing they do, once they obtain it, is hand it back. Moreover, much that is promising never comes to fruition; and horrible evils sometimes spring from what appears to the naked eye as a highly civilized and prosperous people—as from Germany in this century.

Even apart from such possible disasters, the essence of democratic capitalism, organized around the creative mind, is a precarious instability. The most stable societies on earth, liberal societies, are always changing. It would take only a generation of citizens who have forgotten their founding principles and all the lessons of experience to set in motion a precipitous and calamitous slide.

Thus, even on the highly dubious Hegelian assumption that history *can* come to an end, it is surely a little premature to announce that it has. Institutions that carry through the three liberations of politics, economics, and culture remain still to be erected over most of the earth's surface. And even where these institutions already exist, their future depends precisely on the capacity to replenish the spiritual abundance that gave them birth. But to this there is an upside. For far from facing the boredom and the vacuity that writers like Fukuyama fear, those who live under democratic capitalist regimes still have as much work before them—spiritual and spiritually nourishing work—as they and their forebears ever had to accomplish in the past.