

The ideological context of business: capital

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A Klee painting named "Angelus Novus" shows an angel looking as though he is about to move away from something he is fixedly contemplating. His eyes are staring, his mouth is open, his wings are spread. This is how one pictures the angel of history. His face is turned towards the past. Where we perceive a chain of events, he sees one single catastrophe which keeps piling wreckage upon wreckage and hurls it in front of his feet. The angel would like to stay, awaken the dead, and make whole what has been smashed. But a storm is blowing from Paradise; it has got caught in his wings with such violence that the angel can no longer close them. The storm irresistibly propels him into the future to which his back is turned, while the pile of debris before him grows skyward. This storm is what we call progress. (Walter Benjamin, "Theses on the Philosophy of History")

Introduction

This chapter focuses on the major social ruptures and developments that are most significant in the historical emergence and development of Capital and, more precisely, on those ruptures that highlight the most significant ethical issues upon which Capital, as a form of social organisation, is premised. Capital is most often viewed as a system of relationships between “things”, like land, labour, machinery, money, and so on. But this is to obscure the human relationships within which Capital flourishes.

As a system, Capital is distinguished by the way wealth is generated; by the way labour power is harnessed; and by the system of relationships, rights, and responsibilities, which are peculiar to its operation. It appears as a “new” system in history with the emergence of private property. Capital is the system in which private property is deployed to generate increased wealth for its owner(s). It relies, at least in the first instance, on the legal right to buy labour for wages paid in money, with labour having no further claims upon the wealth generated in the production process. It also relies on an international system of contractual obligations in law, property, and money relations, including an established and legally recognised credit system. These are all discussed more fully below.

A history of Capital is marked by a series of technological, economic, philosophical, and political “revolutions”, the results of which are quite taken for granted in most areas of the world today. None of these are simple or singular stories. The central *ethical* problems that Capital raises, though, are simultaneously its most broadly defining features. These are: the question of property rights; the tension between private and public ownership and accumulation of property and wealth; the distribution and legal expression of that wealth; and, therefore, the distribution and deployment of resources and power within society. There are many excellent histories of the various aspects that which Capital as we know it today (*e.g.* Hobsbawm 1962; Saul, 1992; Thompson, 1980; Thurow 1996; Weber, 1932/1992), and we will draw from just a few of these to highlight the relationship between Capital and business ethics. This chapter looks at the emergence of Capital in Britain.¹ From the 1850s, and more particularly after World War I, Capital developed in the most robust manner in the United States (US). It is here that we will focus our attention later. But first, to pre-capitalist Britain and its European environs to investigate the emergence of private property.

¹ Note that I say “dominate” here. The earliest form of Capital emerged in Italy. But after some rather bloody social upheavals and the emergence of a world market in the fifteenth century, the country soon reverted to an unusual mixture of rural agrarianism and feudalism (Marx, 1976, p. 876).

Feudalism, sheep, and mechanical propaganda machines: The emergence of Capital

The Capital form of social organisation is, today, generally distinguished from the ‘feudal’ form that preceded it (Hobsbawm, 1998, p. 130).² The first generally recognised upheaval that heralded the decline of feudalism and the emergence of Capital was the ‘enclosures’ movement which, in Britain, began in the late fifteenth to early sixteenth centuries, reaching its first peak around the year 1489 (Bacon 1601). At that time, the Roman Catholic Church and the monarchy (hereafter the Crown) ruled by dint of divine right and privilege of birth –war, plague, and weak parliaments notwithstanding.

The enclosures movement continued, albeit at differing rates, until most public and common land was enclosed by the middle of the eighteenth century (Hobsbawm 1962, p. 46). But under feudal systems, all land was owned by the Crown. This was the organisational expression of the term “Commonwealth”, or “common weal”. The land was locally administered on behalf of the Crown by feudal lords, a Teutonic form of administration that was established in Britain following the Norman conquest of 1066. In this system, while each lord had reciprocal rights and obligations, both to the Crown, and to the peasants, or serfs, who worked on his land, we ‘must never forget that even the serf was not only the owner of the piece of land attached to his house, although admittedly he was merely a tribute-paying owner, but also a co-proprietor of the common land’ (Marx, 1976, p. 879). Indeed, each peasant, in addition to working their land for their subsistence, and to pay tithes to their lord, ‘... enjoyed the right to exploit the common land, which gave pasture to their cattle, and furnished them with timber, fire-wood, turf, etc.’ (p. 879). In short, although feudalism was undoubtedly and unashamedly based upon ongoing, unequal relationships of power and privilege, its peasantry was born into conditions that guaranteed housing, access to common land, nominal lifetime ownership of a meagre amount of land, and a duty of fealty both to and from the lord of the estate, and, through the lord, to and from the king.

In the mid- to late-fifteenth century, following the economic and political exhaustion widely felt towards the end of the Hundred Years War with France, a “new nobility” emerged in England. The focus for this cohort was trade, especially trade in wool. Demand for wool in Flanders led to the lords seeing the lands inhabited by peasants as a hindrance to generating wealth for them, since the tithes paid by the peasant were meagre in comparison to the wealth that could be generated for the lords by running sheep on their land. Thus, ‘[i]nclosures at that time [1489 PG] began to be more frequent, whereby arable land ... was turned into pastures’ (Bacon, 1601). The lords’ estates were “depopulated” to make way for sheep runs, a violent process whereby the peasants who formerly inhabited these lands by right of birth were turned out of their homes, which were then burned down or otherwise destroyed.

The social degradation and resultant uproar that the original round of enclosures caused provoked an Act of Parliament introduced by Henry VII (1489). He wished to stop such actions on the part of the lords

by making farms and houses of husbandry of a standard; that is, maintained with such a proportion of land unto them as may breed a subject to live in convenient plenty and no servile condition, and to keep the plough in the hands of owners and not mere hirelings. (Bacon, 1601)

In other words, the peasantry were, by an Act of Parliament (formerly an unnecessary requisite), guaranteed their right to inhabit and work an amount land sufficient to maintain their subsistence. This was to be a hotly contested piece of legislation that was rolled back over the following 250 years as the lords sought to maximise their wealth by ‘privatising’ their land for the purpose of economic gain.

At around the same time, dual innovations elsewhere in Europe were to hasten the spread of Capitalist ideas. These were the sixteenth century Protestant Reformation, originally sparked by the demands of Martin Luther (dates) for reform of the Rome-based Catholic Church and Johannes Gutenberg’s printing press, upon which he printed the first mechanically produced Bible in 1456, simultaneously sending himself bankrupt (Postman, 1993, pp. 13-15). Gutenberg’s press was the first piece of truly industrial machinery. It was most influential in its ability to simultaneously produce, on a large scale, goods *and* ideas (Postman, 1993, pp. 15-16). Luther, who thought it improper that the Catholic Church should maintain a monopoly on the reading and interpretation of The Bible, approved of Gutenberg’s invention, noting that the printing press was ‘God’s highest act of grace, whereby the business of the Gospel is driven forward’ (Gutenberg, 1455, in Postman, 1993, p. 15):

² The “feudal” system was a name given to this system *after* its demise, most probably by 17th and 18th century Scottish economists like Adam Smith and Adam Ferguson (Hobsbawm, 1998, pp. 130-131).

Luther understood, as Gutenberg had not, that the mass-produced book, by placing the Word of God on every kitchen table, makes each Christian his *[sic]* own theologian –one might even say his own priest, or, better, from Luther’s point of view, his own Pope. (p. 15)

What Postman identifies here is the earliest *intellectual* movement towards the primacy of the individual, an assumption which very much characterised the tension of the period, and most certainly a precondition for fully-fledged Capital. Indeed the printing press was the first industrial weapon in a war of words and ideas between Protestant and Catholic; between Religion and Science; and between Feudalism and Liberalism, the philosophy of private property and the ‘natural rights’ of the individual upon which Capital is largely premised (Hobsbawm, 1962, pp. 13-15).

Despite Henry VII’s anti-enclosure legislation, the land enclosures movement advanced at varying rates during the next 400 years, and was fairly well completed by 1830. At its various peaks, whole counties of peasants were systematically driven from their land, which the lords privatised to run sheep and deer on, into the cities where they had only their ‘own hide’ to sell, and so could expect nothing else but ‘a tanning’ (Marx, 1976, p. 280). They became day labourers, wage slaves, beggars, or worse. The massive social upheaval that the enclosures caused cannot be understated. According to Hobsbawm some 5,000 ‘enclosures’ under the private and general Enclosures Act broke up some six million acres of common lands from 1760 onwards, transformed them into private holdings, and numerous less formal arrangements supplemented them. The English *Poor Law* of 1834 was designed to make life so intolerable for the rural paupers as to force them to migrate to any jobs offered. And indeed they soon began to do so. In the 1840s several counties were already on the verge of an absolute loss of population, and from 1850 land-flight became general (Hobsbawm, 1962, p. 188).

Science and the Enlightenment: the rise of mercantilism and the death of God

By the seventeenth century, thanks to the then ‘heretical’ advances in scientific techniques, rapid improvements in navigation, weaponry, trade, and therefore colonisation, were made possible by technological improvements, especially in chronometric and optical instruments. England, France, Spain, Holland, and Germany set up ‘monopolia’ (Langholm, 1998, pp. 94-99) –corporations licenced to the Crown with exclusive rights to conduct trade in the colonies. Holland was the first to implement this model (Thurow, 1996, pp. 220-222). Its most immediate and spectacular result was ‘tulipmania’. By 1624, one tulip bulb imported from ‘the orient’ could buy three houses in the middle of Amsterdam (p. 222). Seeing such successes, England set up its own mercantile system of trade monopolies, doing their best to drive Holland and other competitors out by instigating the Navigation Acts of 1651 and 1660 (Roll, 1938/1973, p. 85). The mercantile monopolies focused mainly on trading tea, molasses, slaves, fish, and, most importantly, silver and gold.

Mercantilism generated its own legitimising economic theorists, and their lasting legacy is the Balance of Trade theory which states, simply, that a country must export more than it imports if it is to prosper and grow. The measurement of such trade, for the mercantilist theorists, was gold. Money thus became world money, and was considered the only measure of wealth and success. With the emergence of mercantilism, the comparatively sluggish and moribund remnants of agrarian feudalism were swept into English history. Industry, finance, and trade became the focus of the British ruling class. This had profound effects upon the relationships within which people lived, and upon the way they perceived themselves and their place in society. Opportunity beckoned in the form of private property, and the possibility of transcending class relationships became a very real possibility for the first time in English history. Mercantile successes were seen as the direct and irrefutable result of technological innovation, rational thought, and organised trade (Hobsbawm, 1962, p. 35).

Science, technology, and trade thus abolished the ultimate and divine authorities of Church and Crown upon which feudal relations in England were premised (although these remained well-entrenched elsewhere in Europe until at least 1780). The ‘Enlightenment’ became a reality. As an intellectual, social, and *revolutionary* movement,

the ‘Enlightenment’ drew its strength primarily from the evident progress of production, trade, and the economic and scientific rationality believed to be associated inevitably with both. And its greatest champions were the economically most progressive classes, those most directly involved in the tangible advances of the time: the mercantile circles and economically minded landlords, financiers, scientifically-minded economic and social administrators, the educated middle class, manufacturers and entrepreneurs. (Hobsbawm, 1962, p. 34)

Of course, it is no surprise to find those most benefiting from a movement being most supportive of it, and indeed, many of the enlightenment’s supporters had benefited, to a substantial degree, from feudalism itself. But, at least in theory, the objective of the enlightenment ‘was to set all human beings free’ by abolishing the feudal class

system, religious superstition, publicly owned property, and arbitrarily imposed authority once and for all (pp. 35-38).

Revolutions, stock-jobbing swindles, and the the rise of social capital

1789 was the year of, what Hobsbawm (1962) calls, the ‘dual revolutions’: the industrial revolution in England, and the first French revolution which historically institutionalised the enlightenment’s slogan: “liberty, equality, and fraternity”.³ I have no time for an investigation of the French Revolution here. But it should be noted for its historically significant impact upon the development of Capital and Capitalist thought, because it ushered in the age of *institutionalised* classical liberalism, the social philosophy of the enlightenment which was worked out in the 17th and 18th centuries and which is still felt forcefully to this day.

In brief, for classical liberalism the human world consisted of self-contained individual atoms with certain built-in passions and drives, each seeking above all to maximise his [*sic*] satisfactions and minimise his dissatisfactions, equal in this to all others, and ‘naturally’ recognizing no limits or rights of interference with his urges. In other words, each man was ‘naturally’ possessed of ‘life, liberty, and the pursuit of happiness’, as the American Declaration of Independence put it ... (Hobsbawm, 1962, p. 287).

A central tenet of classical liberalism is, of course, the ‘natural right’ to private property (pp. 286-288). If we are to take the widespread acceptance of liberalism’s emphasis on private property rights as an historical fact, then the emergence, or at least the continuation, of a vigorous stockmarket trade becomes somewhat mysterious. This is because, in essence, joint stock companies are ‘social capital ... in contrast to private capital, and its enterprises appear as social enterprises as opposed to private ones’ (Marx, 1981, p. 567). This is anathema to liberalism’s distaste for property owned in common.

To see how this paradox developed, we must return to 1720 when the South Sea Bubble burst, to look at the emergence of what were then called ‘joint stock companies’. This event properly heralded the end of Mercantilism and the subsequent predominance of liberalism’s theoretical counterpart in political economy: neo-classic economics. Its most famous founder, Adam Smith (1723-1790), saw some somewhat self-evident flaws inherent in mercantilism (Ortmann, 1999). Its incursionary, imperialistic nature made it necessary for Britain not only to finance and underwrite international trade with all its expensive trappings, such as merchant fleets, sailors, accountants, warehouses, supply chains, and so forth; it also required substantial armed forces, solely because the mercantile practices weighed extortionately upon ‘the natives’ in the colonies who thus required constant, heavy-handed suppression (Ortmann, 1999, p. 298). As Smith observed, the ultimate fate of mercantile capitalism by the late seventeenth century was to burden Britain with an enormous, unmanageable national debt. In 1711, certain elements within the government proposed to solve the problem by privatising, or “floating”, the national debt. They implemented the plan in 1719.

The directors of the South Sea company, a mercantile monopoly with exclusive rights to trade in South America and throughout ‘all the south seas’, made a proposal, sweetened with bribes for the appropriate officials, to assume the entire national debt in return for the right to sell shares in the company to the public (The Bubble Project [TBP], 1996). A recognisable phenomenon emerged:

The Company immediately starts to drive up the price through artificial means; these largely take the form of new subscriptions [i.e. new sub-companies PG] combined with the circulation of pro-trade-with-Spain stories⁴ designed to give the impression that the stock could only go higher. (TBP, 1996)

Public hysteria and gullibility, fuelled by the prospects of fast money, rose to an enormous and absurd pitch. Mackay (TBP, 1996) gives an excellent example of the blinding levels of absurdity that speculation reached upon the issue of an enterprise with an especially vague purpose statement. It was announced, namelessly, as ‘A

³ The three elements of this famous slogan are most probably incompatible with one another, as historical evidence suggests.

⁴ The venture was all the more ludicrous because Britain was at war with Spain who effectively controlled gold and the trade thereof in South America. The speculative interests in the South Sea company were based entirely upon ‘future prospects’, much like the “dot com” bubble which is bursting as I write (Fin rev Aug 99**).

company for carrying on an undertaking of great advantage, but nobody to know what it is' (TBP, 1996). The prospectus for the company stated that

the required capital was half a million, in five thousand shares of 100 pounds each, deposit 2 pounds per share. Each subscriber, paying his [or her] desposit, was entitled to 100 pounds per annum per share. How this immense profit was to be obtained, [the proposer] did not condescend to inform [the buyers] at that time, but promised that in a month full particulars should be duly announced, and a call made for the remaining 98 pounds of the subscription. Next morning, at nine o'clock, this great man opened an office in Cornhill. Crowds of people beset his door, and when he shut up at three o'clock, he found that no less than one thousand shares had been subscribed for, and the deposits paid. He was thus, in five hours, the winner of 2000 pounds. He was philosophical enough to be contented with his venture, and set off the same evening for the Continent. He was never heard of again. (Mackay, in TBP, 1996)

A none too surprising pandemonium ensued throughout the British establishment and the ideas of mercantilist economists were eventually supplanted by those of Adam Smith and David Ricardo. Smith, in his *Wealth of Nations* (1776), laid out the liberal manifesto of political economy, later augmented and refined by Ricardo (1772-1823), to highlight the absurdity of monopoly capitalism in the form of mercantilism and joint-stock companies alike (cf. Ortmann, 1999). Despite Smith's triumph of influence, which was firstly a function of his critique striking a chord with disgruntled would-be mercantilists denied the opportunity to have access to colonial markets, enlightened, rational, liberal self-interest gave way time and again to the stock-jobbing swindles first perpetrated in England and France in 1719-1720. These have been frequently - if irregularly - repeated on the most spectacular scale, as is apparent in the railroad stocks crash of 1859, the world depression in 1929, and the more recent series of "crashes" since the early 1970s.⁵ I will return to these later when dealing with our current (1999) period.

Aristotle, Smith, Scholasticism, and debt: Arguments of interest, historical and otherwise

The historical period during which Mercantilist economic thought and policy fell into disrepute is a noteworthy historical juncture in political economy. It serves to highlight some quite significant common elements in the development of Western economic thought. Whether one looks to the systems of Smith (1776), Marx (1976, 1978, 1981), Locke (1696), or Keynes (1964); the scholastics (Langholm, 1998); or either of the major schools in neoclassical economics predominant today (e.g. Friedman & Freidman, 1980; Hayek, 1980), one invariably encounters the strong, explicit centrality of Aristotle's thought (esp. 1953/1976, 1962/1981). The range, strength, and subtlety of Aristotle's influence on economic thought throughout Western history is too vast an undertaking to address here, but we will focus on the issue of usury - interest charged upon money lent - to see how significant Aristotle's impact has been.

Attitudes to money lending for profit are far from consistent throughout history. It is a practice that has fallen in and out of legal and moral favour since at least the sixth century B.C. (Graham 1998; Saul, 1992, p. 401):

The Eupatridae [Athens' aristocratic class PG] acted as bankers. When the farmers were unable to meet the interest repayments on their debts, they were reduced to the state of serfs on their own land. Some were sold into slavery. A serf or a slave was, needless to say, no longer an Athenian citizen. This debt situation spun further and further out of control. (Saul, 1992, p. 401)

When things got bad enough, Solon was appointed to public office and given full powers. He immediately abolished all debt, thus instigating the first, but by no means the last, large-scale default on debts, simultaneously freeing the expropriated population (1992, p. 402).

Throughout the Dark Ages in England, France, Spain, and Italy, from roughly 500 AD through to the middle of the fifteenth century, a system of economic thought developed among the Christian 'schoolmen', who were basically church-educated scholars (cf. Langholm 1998; Roll, 1938/1973, p. 40). Their economic thought was influenced by Roman law; Christian scriptures; the teachings of the ancient Greeks, especially Aristotle; and an ever-increasing demand by the Crown for rights to international trade (Roll, 1938/1973, pp. 44-45). The close, interdependent relationship between the Church and Crown, and the intellectual traditions of the Catholic

⁵ See Saul (1997) for an excellent discussion of this subject. He argues that there has been a global depression since the early 1970s.

Church, which had long since adapted itself to providing the Crown with what would be called today “think-tank” functions, became strained when the issue of interest-bearing loans once again became problematic. Loans were needed to fund trade ventures. Usury was considered to be a mortal sin, initially on the part of the *lender* (Langholm, 1998, p. 59). St Ambrose: ‘If someone takes usury [*ie* collects interest PG], he commits robbery, he shall not live’ (in Langholm, 1998, p. 59). Christ’s “Sermon on the Mount” (Luke 6:35) was considered to be the church scholars’ ‘supreme weapon’ against money-lending for profit (Langholm, 1998, p. 59; Roll, 1938/1973, p. 49).

However, the practicalities of international trade, and its associated demands upon the Crown throughout Europe, plus the fact that the reformation was seriously impinging on the Church’s authority, eventually broke down the scholastic doctrine (Langholm, 1998, pp. 74-75). Interestingly, it was Aristotle’s concept of ‘free will’ - today called “rational choice” theory - that was firstly decisive in bringing the scholastic prohibitions against usury to the status of a lesser sin (p. 74). More importantly, the scholastics first shifted the burden of sin, by a dubious twist of one of Aristotle’s comments (‘Forced will is will’), to the person who *borrowed* money: ‘One who pays usury does so voluntarily in the same sense in which one jettisons cargo when in peril at sea can be said to act voluntarily, namely, in the sense that he prefers to lose his property rather than his life’ (p. 74). Thus, a newly distorted conception of “free will”, and thus of “free” choice, became currency for mainstream economic thought.⁶

At first, the stigma of sin attached to lending money held fast in mainstream Christian morality. This, however, was not the case where the poor were concerned. The church was in the habit of giving non-interest bearing loans to ‘needy persons for purposes of consumption’, thus making the concept of interest seem even more extortionate (Roll, 1938/1973, p. 48). But, when ‘kings and princes had to borrow money, they were able to have recourse to Jews’ in Western Europe, who had no qualms about charging interest, nor many other ways to make a living in Christendom, at least according to Roll (p. 48).⁷ A growing trade in money-lending by Jews throughout Europe caused more tensions between them and the dominant Christians who, during much of the Dark Ages, subjected the Jews to pogroms, much like those of Hitler. And, since the money-lending business appeared to be increasingly lucrative because of expansionist trade policies, the Christian establishment tended to push for sophisticated argumentation that favoured lending and borrowing money for interest.

As the scholastic doctrine against usury gave way to conceptual distortions of “free will”; to demands for access to venture capital by expansionist international monopolies; and to jealousy of the Jewish money traders, the *rate of interest* became the main issue, rather than the issue of usury itself. The question became: “What is the proper rate of interest?” (Langholm, 1998, chapt. 5). By the high-Mercantilist period, during the middle-late seventeenth century, the issue shifted again:

The first thing to be consider’d, is, Whether the Price of the Hire of Money can be regulated by *Law*. And to that I think, generally speaking, one may say, ‘tis manifest It cannot. For since it is impossible, to make a Law that shall hinder a Man from giving away his Money or Estate to whom he pleases, it will be impossible, by any contrivance of Law, to hinder Men, skill’d in the Power they have over their own Goods, and the ways of Conveying them to others, to purchase Money to be Lent them at what Rate soever their Occasions shall make it necessary for them to have it. (Locke, 1696, pp. 1-2)

Henceforth, with mercantilism in full swing and European States drawing heavily on loans to finance their colonial trade ventures, interest rates headed skywards courtesy of the scholastic dictum: ‘*Res tantum valet quantum vendi potest*’ (‘a thing is worth as much as it can be sold for’), an idea that persists in mainstream economic thought today (Langholm, 1998, p. 78; cf. also Hayek, 1980; Friedman & Friedman, 1980). Money, once again, became a “thing” which could be sold, itself a commodity, rather than a means of exchange, the

⁶ In fact it was not really a new twist. The later Roman despots used such a twist to privatise land via the burden of debt towards the end of the Roman empire.

⁷ This seems a somewhat implausible claim because one would have to impute where the money lenders’ money came from in the first place. Apparently, it came from either thin air or trade, most likely the latter. The Christian churches were really the only large organisations under feudalism who received money. All the rest, lords and so on, received labour and tithes in kind.

language of trade, if you like. The South Sea bubble was a direct result of this line of thought being operationalised. Its historical answer was Adam Smith (1776, 1997).

Smith is a paradoxical figure in economic history. His most enduring ideas, the role of self-interest in trade (rational choice), supply and demand (the “invisible hand” of the market), the division of labour, and *laissez faire* (deregulated) trade, persist today in the most diverse fields of economic thought, from the far right wing of libertarianism (e.g. Boaz, 1997), to the far left wing of anarchism (e.g. Chomsky, 1987).⁸ What is often ignored in Smith, though, is his careful philosophical treatment of “self-interest” in the *Theory of Moral Sentiments* (1997). One finds here, not the vicious Social Darwinist (“nature red in tooth and claw”) assumptions regarding self-interest apparent in later mainstream economics, including that of today, but far more Aristotlean assumptions about how self-interest might manifest itself: namely, in sympathy for one’s fellow humans with the basic assumption being that people ultimately act in their own interests with the best interests of their community at heart (Smith, 1997).⁹ But Smith, in emphasising the role of “natural” laws over human legal contrivances, laid the groundwork for some extraordinarily diverse, and perverse, understandings of his work, which persist with extraordinary strength today (cf. Graham, 1998; Saul, 1992, 1997; Thurow, 1996). But, as Roll (1938/1973) points out,

[w]e must not forget that the author of the *Wealth of Nations* was also the author of the *Theory of Moral Sentiments*; and we cannot understand the economic philosophy of the one without the philosophy of the other. Human conduct, according to Smith, was naturally actuated by six motives: self-love, sympathy, the desire to be free, a sense of propriety, a habit of labour, and the propensity to truck, barter, and exchange one thing for another. (p. 146-147)

These tenets can also be identified in Aristotle’s thought; they are clear, almost undistorted historical echoes of ancient Greek philosophy (1953/1976, 1962/1981). Smith is very much representative of his age. He marks out the tenets and methods of enlightened rationalism, liberalism, and industrial capitalism. But his work also represents the historical *continuity* of Aristotlean thought, inherited through the scholastics, and before them, through Roman law. Smith is paradoxical insofar as he represents a break with the past as much as he represents the continuation of thousands of years of thought about what people are and do. He laid the theoretical foundations for industrial Capital.

The industrial revolution

There is a folk-tendency to equate the beginnings of capitalism with the industrial revolution. However, the industrial revolution is probably best seen as a triumph of Capital rather than as its defining moment. As I hope to have shown above, the industrial revolution would not have been possible without the victory of enlightened liberalism over the authority of the Crown and Church; of rational science over religion; of democracy over hereditary autocracy; of theoretical equality over institutionalised subjugation; and of private property and profits over common ownership of land and produce. The ethical intractabilities raised in the long, bloody, and not altogether distinct transitions between two different forms of social organisation - feudalism and Capital - are quite apparent. In the broadest sense, they define the fundamental social conditions - the tensions - within which the industrial revolution could develop as it did.

The industrial revolution, again, focuses attention upon Britain, where it began. In fact, there is no date which is decisively agreed upon as the start of the industrial revolution, and such definitions depend on all sorts of nuances and theoretical quibbles (Hobsbawm, 1962, pp. 42-43). However, we will take Hobsbawm’s (pp. 42-25) distinctions into account and consider the revolution to be a function of the Enclosures Act having achieved the complete privatisation of property in Britain for around 50 years; that some expeditious interplay between the steam engine, spinning jenny, water frame, and power loom made the mechanisation of the textile industry possible; that the international slave trade was in full swing; that increasing international demand for textiles created a world market; and that, therefore, the 1780s is the decade which is most significant in defining the start

⁸ For all intents and purposes, these extremes are indecipherable in their design, if not their underpinning assumptions.

⁹ It is worth reading Rogers’s (1997) anthology which shows the vastly different understandings that people have had over the last few millenia regarding the nature and meaning of self-interest.

of the industrial revolution (pp. 47-49). Overall, though, the best evidence for dating the industrial revolution to this era is that Britain's economy exploded, and the explosion centred around international trade in the cotton and slavery industries.

Cheap entry costs and inordinately high returns made cotton mills a very attractive investment for entrepreneurs. The supply of cotton from the US, made possible by the booming slave trade, was cheap and plentiful. International trading companies were encouraged by the complementary possibilities of selling woven cotton from England into colonial markets, slaves from Africa into US cotton plantations, and raw cotton from these plantations into the English cotton manufacturing industries: throughout the early industrial revolution, 'slavery and cotton marched together' through the developing world market (1962, p. 49). As a result, traders' ships were never empty.

The transition to an industrialised economy was, again, not without its social costs. To put things mildly, it 'created misery and discontent' (1962, p. 56). As it flourished, the cotton industry not only thrived on and complemented the slave trade outside England, it also created slavery within England itself. After centuries of land enclosures, large areas of urban and rural Britain had developed into ghettos filled with the unemployed and dispossessed. The developing cotton industry demanded more and more labour in hitherto remote areas. The Poor Law Commission and their 'flesh-agents' saw to it that industry was supplied with sufficient, and sufficiently cheap, labour:

An office was set up in Manchester, to which lists were sent of those people in agricultural districts wanting employment, and their names were registered in books ... they were in effect as regularly sold to these manufacturers as slaves are sold to cotton growers in the United States ... The manufacturers again found they were short of hands ... They applied to the "flesh agents", as they are called. (Ferrand, 1863, in Marx, 1976, p. 378)

Unfortunately for the manufacturers, by this time the 'surplus population had been absorbed' (p. 378). The pressing imperatives of trade demanded that the vacant positions be filled. Thus, after the

"flesh agents and their sub-agents" had vainly combed through the agricultural districts "a deputation came up to London and waited on the right hon. gentlemen [the Poor Law Commissioners PG] with a view of obtaining poor children from certain union houses for the mills of Lancashire" (Villiers, 1863, in Marx, 1976, p. 379).

Legally, the Commission could not oblige –not immediately. Nevertheless, child slavery was already well entrenched in England and the trade in children quickly expanded, and the associated laws dealing with such matters were altered to reflect social mores. A nominal weekly payment was made to children, or sometimes to their parents, but this was usually just enough to pay for meagre food and lodgings which were almost always provided by employers (Langholm, 1998, pp. 118-127). This is what is meant by wage slavery. Working conditions during the early years of the industrial revolution were harsh, especially for children. This distasteful feature did not go unnoticed by the *Factories Enquiry Commission* (1833, in Marx, 1976, pp. 391-395), who immediately set to sorting the problem out in a recognisable manner:

The great evil of the factory system ... has appeared to us that it entails the necessity of continuing the labour of children to the utmost length of that of the adults [ie a minimum of 16½ hours per day PG]. The only remedy for this evil, short of the limitation of the labour of adults, which would, in our opinion, create an evil greater than that which is sought to be remedied, appears to be the plan of working double sets of children. (1833, in Marx, 1976, p. 391)

The argument that factory owners put up against legally limiting the working day, for children *or* adults, was that the state ought not do such a thing because it would be interfering with, and limiting, the labourers' "freedom" to work (Langholm 1998, pp. 120-121; Hobsbawm, 1975, pp. 255-261; Marx, 1981, pp. 998-999; Thompson, 1980, pp. 207-215). In other words, liberal notions of "freedom" were advanced as moral arguments against legislation to stop child wage slavery! (Marx, 1976, p. 391). Until the rise of the organised labour movement some years later, the factory owners succeeded, managing to bog down humanitarian advances in anti-child labour laws for years to come.¹⁰

¹⁰ Child labour, a function of extreme poverty, continued until well into the twentieth century. My grandfather laboured in the Mount Morgan coal mines from the age of eight. Today, despite 150 years of effort on the part of organised labour, child slavery is once again on the increase (Castells, 1998; ILO, 1998, 1999), not just in Third

By 1840, industrial capitalism had firmly established its influence throughout Europe, and in large parts of the United States. Its triumphs were seen as clear evidence of enlightened progress: the unmitigated triumph of science, technology, and democratic “freedom”. Profits were now multiplying logarithmically, and the establishment was pleased, even if the labour force was not.

Railways, gold rushes, robbers barons, and electric “news”: The golden age of capitalism

By 1850, a global industrial economy began to be recognisable (Hobsbawm, 1975, p. 88). The gold rushes in California and Australia sparked a massive exodus of people from their traditional homes, especially from Europe, in search of fast, new wealth (Hobsbawm, 1975, pp. 78-82). It was ‘the greatest migration of peoples in history’ (1975, p. 228). Much of the gold made its way back to Britain, due, in large part, to the international demand for railway materials. In the four years from 1846-1850, Britain’s exports of iron, steel, and machinery for the construction of railroads quadrupled (p. 54). Between 1845 and 1875, the total mileage of railway tracks, world-wide, increased from 4,500 miles to 228,400 miles (p. 70).¹¹ The amount of steel, iron, machinery, and labour demanded by such an enormous network of enterprises fuelled a massive industrial expansion in the areas of manufacturing and mining, especially in Britain and the US. Increases in the speed and volume of sea trade assisted international trade. Another highly visible and eventually disastrous round of speculation began. Its victims and perpetrators were ‘self-intoxicated rather than crooked’ financiers (p. 73):

In the 1850s, the railroad was widely expected to greatly increase the efficiency of communications and commerce. It did, but not enough to justify the prices of railroad stocks which grew to enormous speculative heights before collapsing on 24 August 1857. (iTulip, 1999)

This was an age seduced by ‘the romance of industry’, the age of the railway, the ‘iron dragon’ that literally consumed the lives of ‘armies of peasants’ and ‘coolies who left their bones along each mile of track’ (Hobsbawm, 1975, pp. 72-73). One celebrated railway magnate, Thomas Brassey (1805-1870), employed up to 80,000 men across five continents (pp. 72-73). His overseas ‘conquests’ were the equivalent of ‘battle honours and campaign medals of generals in less enlightened days’ (p. 73). It was also the age of the ‘robber barons’ in the United States (pp. 173-175). One of these, Commodore Cornelius Vanderbilt (1794-1877), generated a new piece of descriptive terminology for the English language: “multi-millionaire” (Hobsbawm, 1975, pp. 73-75).

The robber barons were a feature of the “wild west” in the US. They were, in fact, its commercial embodiment. They were ruthless and self-regulating, or, better, entirely unregulated, hence their analogous title. They relied entirely upon their own strength and wealth for their power because, following the US civil war, there was ‘a total absence of any kind of control over business dealings, however ruthless and crooked’ (Hobsbawm, 1975, p. 174).¹² The robber barons imposed their own justice, including 530 executions, and had the right to employ ‘as many armed policemen as [they] wished to act as they saw fit’ (p. 175). This was the age of the notorious ‘Pinkertons’, the army of private detectives and police who were deployed, ‘first in the fight against criminals, but increasingly against labour’ (p. 175).

Until this time, a distinguishing feature of the industrial entrepreneurs was that they seemed ‘obsessed’ with developing technological infrastructure and innovation (p. 175). The robber barons were different and focused on takeovers, mergers, and so on. They were the first of a new breed of entrepreneur which persists and flourishes today:

All they wanted was to maximise profits, though it happens that most of them met in and through the great money-maker of the age, railroads. Cornelius Vanderbilt had a mere 10-20 million dollars before he got into railroads, which brought him an extra 80-90 million in sixteen years. Small wonder, when men like the California crowd - Collis P. Huntington (1821-1900), Leland Stanford (1824-93), Charles

World countries, but also in the poorest parts of ‘World 1’, as the OECD (1999) now calls the wealthiest countries. This is because the West is suffering from a nasty bout of mass amnesia (Graham, 1999d ***HH; Saul, 1997).

¹¹ 7,200 kilometres to 365,440 kilometres, an increase of roughly 5000%!

¹² The American Civil War can be seen as the triumph of industrial over agrarian economies in the US (cf. Hobsbawm; Marx; Saul; de Toqueville; etc ***).

Crocker (1822-88) and Mark Hopkins (1813-78) - could unblushingly charge three times the actual cost of building the Central Pacific Railroad, and racketeers like Fisk and Gould [well-known financiers of the day PG] could scoop up millions by rigged dealing and looting without actually organising the laying of a single sleeper or the departure of a single locomotive. (p. 175)

Many famous names - Carnegie, Rockefeller, Astor, and J.P. Morgan - came to prominence in the public mind during this period. On the backs of these financial giants, a new form of economic thought, championed by Herbert Spencer (Thurow, 1996, p. 249) - 'eugenics' - came to dominate public policy and opinion, just as it does today (Hobsbawm, 1975, p. 176; Thurow, 1996, p. 249). Eugenics is "Social Darwinism", or 'survival-of-the-fittest economics' (Thurow, 1996, p. 249). In fact, Darwin borrowed the phrase, 'survival of the fittest', from Spencer, and not vice versa as is often thought (p. 249). Because the robber barons were "self-made" men, eugenics became 'like a national theology in the late nineteenth century United States' (Hobsbawm, 1975, p. 176). In advanced industrialised societies, it seemed that anyone made of the "right stuff" could become a lord of the land, with all the powers of life, death, liberty, and wealth over their minions that such a position had always entailed. The robber barons 'felt themselves to represent America' and its ideals 'as nobody else did' (Hobsbawm, 1975, p. 177). Opportunities were 'colossal' for those willing 'to follow the logic of profit rather than living, and with sufficient competence, energy, ruthlessness and greed (p. 177). People had originally come to the US to escape the despotism of Europe. But, as the *National Labour Tribune* remarked in 1874, US immigrants falsely assumed that 'no one could or should become there masters ... [however] these dreams have not been realised ... The working people in this country ... suddenly find capital as rigid as an absolute monarchy' (in Hobsbawm, 1975, p. 177).

Speculation, communication, electricity, and *news* joined forces in the person of Julius Reuter (1816-990). Reuter thought that telegraphy would transform the *meaning* of news (Graham, 1999c; cf also Hobsbawm, 1975, p. 77). It did. Most significantly, the telegraph marked the point at which communication technologies exceeded the speed of the fastest means of transport (Graham, 1998, 1999a,b,c). The immediate result was, again, an enormous round of speculation on the basis of rumour at a distance, and expectations of future wealth - a pattern that has relentlessly repeated itself on the heels of advances in communication technologies ever since (Graham, 1999a,b,c). The telegraph also meant that the movements, reports, and opinions of people could be marshalled, disseminated, and coordinated - instantaneously - across vast areas of the world.

By 1897, the British Empire was at its peak and covered one quarter of the Earth (Morris, 1968/1998, pp. 21-23). Britain's sun was about to set as its queen, Victoria, who presided over the expansion of industrialisation and the British Empire, died. The globe constituted an interdependent, industrialised, (partially) electrified economy. The British Empire had had its Viet Nam (the Boer War) and lost. It was ready to crumble, and the western world prepared for the longest and most savage period of slaughter and destruction in human history.

The last hundred years: planes, rockets, and bombs: Ford, Keynes, and Communism

In some respects, it is disheartening to be writing any sort of history at the close of the twentieth century, mostly because, in many important aspects, it is ending almost precisely as it began (cf Graham, 1999c; Saul, 1992, 1997; Hobsbawm 1994, pp. 558-560). A defeated labour movement is again beginning to stir against increasingly oppressive conditions. Speculation constitutes most of what now passes for economic growth. Technology is seen as an end in itself. Eugenics is the dominant mode of thought in economic and social policy. Even moreso, the current period is reminiscent of the late-1920s and early-1930s, when radio finally allowed the most intimate intrusion of power - the very voice of the US President, the British Prime Minister, or *Der Führer* - directly into the home. Following the numbing horror, and the extraordinary advances in technology, of the first World War, the West was in party mode, abandoning the confusions of a world in turmoil and turning inwards to its own hedonistic instincts. The characteristic features of this period, and our own, include a

communications revolution; rampant idealism; a global recession; historically unprecedented levels of inequality; nationalist backlashes throughout the world as a result of multinational corporate extortion and inequitable multilateral treaties; the push throughout the developed world for a consensual Third Way between Socialism and Neo-Classic Liberalism; and ... a blind, optimistic faith in speculative economic activity and managerialist values. (Graham, 1999d)

The extraordinary excesses of 20th century Capital have, in part, been obscured by the same technological advances that have facilitated its most destructive aspects: namely, nuclear science; electronics; aeronautics; rocket technologies; computer technologies; communication technologies; petro-chemical industries; and the assembly line, which was first used by the Winchester rifle company during the American Civil War to provide armaments for the North (in ghastly but fitting irony, the first Winchester factory was a mechanically modified

abattoir) (Castells, 1996, chapt. 1; Hobsbawm, 1975, pp. 60-63). I have arranged these technologies in no particular order, for the very reason that each has been dependent on all the others for their advancement at one stage or another (Graham, 1999a). The thorough development of these would all have been impossible without electricity, and all were hastened by the two world wars of this century (Castells, 1996, pp. 38-39; Saul, 1992; Graham, 1999a,d).

The dual technologies that most propelled early 20th century Capital are personified in its two most famous industrial 'isms: Fordism and Taylorism. Fordism refers to the industrial technology of factory assembly lines with which Henry Ford (1863-1947) revolutionised the automobile industry (Hobsbawm, 1994, pp. 263-264). Taylorism refers to the management technology - scientific management - with which Frederick Winslow Taylor (1856-1915) revolutionised the techniques to manage the very movements of workers so that they might be more perfectly synchronised with the machinery that absorbed their labour (Dixon, 1996, chapt. 2; Hobsbawm, 1999, pp. 154-155). It is worth noting that Fordism, Taylorism, Capital, and Democratic government have very little to do in terms of defining each other (cf. Hobsbawm, 1998 pp. 314-315; Graham, 1999d; Saul 1997). The totalitarian regimes of Hitler, Stalin, Mussolini, and Hirohito all employed the production and management technologies of Ford and Taylor, as well as ostensibly "democratic" voting systems, in developing their economies and their systems of government (cf. Bullock, 1991; Hobsbawm, 1994, chapt. 13).¹³

By the end of WWII, Capital was well and truly entrenched throughout the world. Despite many orthodox arguments to the contrary, industrial development in the communist regimes of China, Russia, and Cuba (among others) advanced along basically the same lines as they did in the "West". It is merely the means of distribution (not the means of production *or* exchange, or the relations of power), and the way that leaders were and are chosen within these regimes, that defines them as being somehow different from our own.¹⁴

The much-touted "collapse" of Soviet communism between 1989-91, heralded by Fukuyama (1992) as *The End of History*, apparently left a 'Last Man [*sic*]' standing. This "last man", this indomitable individual is, according to Fukuyama, a liberal, enlightened, self-interested, democratic capitalist (1993, 1995). However, such triumphalist, eugenic nonsense begs far too many questions and is far too simplistic an assessment of our age, and this volume seeks to avoid such approaches. I prefer to describe what has emerged as *Hypercapitalism*, the system in which the most intimate aspects of human relationships are technologically and legally appropriated, or 'enclosed', as private property, and traded as commodities (Graham, 1999a,b,c).

However we view our current socio-economic and, therefore, political milieu, we cannot avoid the most pressing questions that insinuate themselves - however unconsciously - throughout our everyday lives. By some accounts (*e.g.* Mulgan, 1997; OECD, 1999), the future has never looked brighter, and we live in a Panglossian paradise which is 'the best of all possible worlds' (Voltaire, *); by others, we are living through, or at the very least approaching, the worst depression in 70 years (Graham, 1998, 1999c; Kennedy, 1998; Saul, 1992, 1997; Robins & Webster, 1999). Whichever is the case, we live in an age which is historically significant, both for its unequalled inequality, and for its technological advancement (Graham, 1999a; Posman, 1992). To conclude this chapter, I will give a brief outline of the developments of the the last 40 years which concludes the most violent, destructive, and technologically advanced century in human history.

¹³ Henry Ford was thoroughly anti-semitic and, in fact, a great admirer of Hitler. He financed Nazi Germany (Bullock, Eatwell, WFH), much to the embarrassment of his own family, but not the US government. The US government also endorsed Mussolini, Hirohito, and Hitler on many occasions, until they were bombed by Japan in 1941 (Chomsky, 1992).

¹⁴ This is a contentious point and may be argued to the contrary from many nuanced perspectives. However, I am focusing here on the way social relationships are organised to produce goods. Furthermore, any decent history of 19th century Russia shows that the transition between monarchy and so-called communism, which was really just another form of totalitarianism, was almost unidentifiable in its repressive, "police-state" nature, except in terms of the massive industrialisation driven by Stalin's 5-year plans, which were implemented along the principles of production and management specified by Fordism and Taylorism (cf. Bullock, 1991; Herzen, 1883; Saul, 1992).

The rise and fall of “world” systems and the “post-everything society”

John Maynard Keynes (1883-1946) wrote his *General Theory of Employment, Interest, and Money* (1944) with apocalyptic visions fixed firmly in mind (Yergin & Stanislaw, 1998, pp. 55-56). His worst fears were borne out in WWII, and his ideas about economic management were taken up in the Bretton-Woods agreement (Dormael, 1978, chaps. 1-2), which was set up to provide the developed and underdeveloped world with an international system of financial assistance based on the gold standard and Keynes's economic thought (Dormael, 1978). Keynes is attributed, these days more perjoratively than in years past, with developing what has become known as the “welfare state” (Yergin & Stanislaw, 1998, pp. 361-362). For many in the West, the period between 1945 and 1970 is often seen as “golden age” of sorts – a fairly stable, peaceful, and prosperous period (Hobsbawm, 1994, chapt. 9), despite it being dominated by the widespread fear of nuclear holocaust and an ongoing state of war throughout many parts of the world.

Thankfully, the nuclear holocaust has not happened.¹⁵ Nevertheless, between 1945 and 1991, 40 million people - mostly civilians - have been killed in 125 different wars (Saul, 1992, p. 599). The rates of civilian and military slaughter are rising (Saul, 1992, pp. 141-145, 1997, p. 11), despite claims by multilateral organisations of increasing ‘harmony’ throughout the world (OECD, 1999, pp. 1-3). From 1991-1997, the death toll has almost doubled: there has been a staggering 35 million *more* people killed in wars, not counting the massive amounts of recent bloodshed in East Timor, Eritrea, Kosovo, India and Pakistan, and scores of other “troublespots”. The reason that I am emphasising warfare here is that we ‘live in the midst of a permanent wartime economy’ (Saul, 1992, p. 141). As such, the ‘most important capital good produced in the West today is weaponry. The most important sector in international trade is not oil or automobiles or airplanes. It is armaments’ (p. 141). Absurd as this may seem, it is a fact. Apart from the massive amount of speculative activity - mergers, currency trade, stock market hyperactivity, and trade in absolute abstractions, like credit derivatives - which is currently fuelling illusions of economic growth, the arms industry is indeed the largest industry in the world (Graham, 1998, 1999a; Saul, 1992, 141-145, 1997, pp. 11-21; Hobsbawm, 1994, pp. 45-46).

In large part, these two phenomena explain the unusual situation in which the so-called “global economy” of hypercapitalism finds itself. It has a brief and nasty history that began in 1961 with the introduction of managerialist values into the defence department of the US in the person of Robert McNamara, former president of the Ford car company (Saul, 1992, pp. 81-89). From this point onwards, warfare came to be seen in the US as ‘a rational business’, just like the Ford car company (Saul, 1992, p. 81).

There is a general consensus among economic historians that *something* happened in the five years between 1968 and 1973 to change the human world, but various ideologically sanitised, skewed, or particularised versions of events (Hobsbawm, 1994, chapt. 16; Saul, 1992, pp. 360-361; Mulgan, 1997; Yergin & Stanislaw, 1998, pp. 64-66) obscure the causes, meaning, and substance of what, precisely, that world-changing “something” actually was. It seems that it had a lot to do with McNamara's plan to apply the principles of automobile production, in the first instance to the defence “industry”, and in the second, to the operation of the World Bank, and thus to international relations as a whole (Saul, 1992, pp. 81-99).¹⁶ The most I can do here is to briefly describe the main ruptures that occurred during this time, and the apparent relationships between them.

McNamara decided that the cold war between the US and USSR had, until 1961, been run very inefficiently, from a business perspective (Saul, 1992, pp. 81-83). To solve this, he ‘concluded that it would be rational to limit armament costs by producing larger runs of each weapon and selling the surplus abroad’ (Saul,

¹⁵ Although it may yet happen. India, Pakistan, and North Korea are currently flexing their nuclear “muscle”.

¹⁶ This is an unreasonable amount of blame to lay at the feet of one person. Therefore, McNamara ought to be considered more as an exemplary symptom of whatever madness now possesses the west than as a malignant and conscious force that drove these changes in a particular direction. His career path, from CEO of the Ford company, to Secretary of Defence under President John F. Kennedy, to the head of the World Bank, is excellent evidence of the assumption that a single set of “skills” qualifies one to run any sort of “enterprise”, or, rather, that any organisation can be characterised as naturally benefiting from the “entrepreneurial” approach, or that any organisation naturally qualifies as an enterprise merely by its existence.

1992, p. 82). This would - ideally - have a number of desirable effects: it would improve the balance of trade for the US; it would make the production of arms much less expensive; and it would ensure ‘a unity of material’ amongst allies of the US throughout the West should they need to fight a war together (p. 82). A simple enough, very rational plan came unravelled, firstly because massive amounts of US weapons were sold on credit to “developing” nations (p. 95). By the end of the 1960s, the Third *and* Second Worlds were flooded with debt in US dollars, mostly in the form of loans for weaponry (Saul, 1992, p. 406, 1997, pp. 11-21). The US, via the World Bank (by then run by McNamara), realised it didn’t have the gold reserves to guarantee its loans according to the tenets of the Bretton-Woods agreement. The gold standard was abandoned by the Nixon administration who floated the the US dollar. The dollar then became a world standard in itself by virtue of the enormous amounts of debt the US military commanded: virtually the entire non-Soviet World (and even a large part of this!) was deeply indebted to the US (Hobsbawm, 1994, pp. 473-474; Saul, 1992, pp. 407-409). The Bretton-Woods agreement collapsed as a direct result, and currency trade became a massively expensive form of international gambling thereafter. Currency and debt were, once again for the first time since the 1929-39 depression, suddenly treated as decisive commodities; as real “things” with an existence and trajectory apparently independent of people (Graham, 1998, 1999a; Saul, 1992, pp. 406-409).

At roughly the same time as all this was working itself out (in an embarrassingly uncontrolled manner) Henry Kissinger, the “Asbestos Man” of early 1970s US foreign policy, had taken McNamara’s legacy to its extremes and added to the problem in no insubstantial way. He encouraged the then Shah of Iran to fund the purchase of US arms by raising the price of oil, ‘[j]ust a bit’ (Saul, 1992, p. 98). Of course, the oil-producing nations of the middle-east were closely linked by the Oil Producing and Exporting Countries (OPEC) agreement in legalised collusion on oil prices (Hobsbawm, 1994, p. 473-474; Saul, 1992, p. 391). The price of oil - world-wide - quadrupled in 1973, and trebled again by the end of the decade, a 1,200% increase in just over half a decade (Hobsbawm, 1994, p. 473-474; Saul, 1992, p. 391). Needless to say, all of this has had an inconceivable effect upon *all* of humanity; firstly because the whole of humanity is (and was) dependent on oil to greater and lesser degrees; secondly, because arms expenditure is pure inflation unless the arms are “consumed”; thirdly, because, with the removal of the gold standard, currency and debt could again become commodities in themselves. Floating currencies in a global economy can be likened to an international system of elastic inches and centimetres, or kilos and ounces: currency speculators sell nation-based units of measurement in the hope that one will shortly measure more of the other. It would seem that the lessons of tulipmania and the South Sea bubble, which are much the same as those were learned by the end of Draco’s Athens, are yet to be learned (cf. Aristotle, Graham, 1998; iTulip, 1999; Saul, 1992, pp. 401-402; Saul, 1997, p. 153; TBP, 1999)¹⁷.

The levels of speculation that emerged by the early 1980s, and which led to the series of world-wide “crashes” in 1987, have increased logarithmically. The “collapse” of the USSR between 1989 and 1991 - a putative victory for the West, “Democracy”, and “Capitalism” - has led to the current global configuration of ideals and systems as being seen as some sort of triumph (Fukuyama, 1992 1995; Mulgan 1997; Yergin & Stanislaw, 1998), although ways of measuring the specifics of these successes appear to elude the brightest of minds (cf. Eckersley, 1998). Perhaps this is not so surprising considering that perceptions of systemic failure and collapse are much more widespread.

Since the start of the 1990s, the values of numerous currencies, beginning with the British pound in 1992, have been savaged by international currency speculators. One such example is Mexico. By 1994,

Mexico had done everything by the book –Balanced its budget, privatised more than 100 state companies, chopped government regulations, joined NAFTA, and agreed to dramatically cut its tariffs and quotas. Six months later its economy was in ruins (Thurow, 1996, p. 1).

There were, however, thirty new Mexican billionaires created during the same period. Inequities continue to grow in Mexico, and high levels of civil unrest continue to fester in its poorest regions (Saul, 1997, p. 96). Similar - in fact, almost identical - examples can be seen in the more recent, serial “collapses” of East-Asian and Eastern European countries since 1997 (Graham, 1998, 1999a). Throughout the world, relative economic inequality is at an all time high, and ‘access to the *most basic* social infrastructure remains highly restricted’

¹⁷ Aristotle (1962/1981, pp. 160-161; 1953/1976, p. 82, p. 290) makes numerous references to Solon who, in overthrowing Draco, released Athenians from unsustainable levels of debt to the Eupatridae which had socially crippled the Polis. The Draconian analogy is appropriate to the contemporary conditions of unsustainable levels of international debt and its societal effects throughout both developed and developing countries.

(Graham, 1999a). The world's richest 358 people own more than its poorest 2.3 billion (Bauman, 1998). If the world's population consisted of 1,000 people,

650 would lack a telephone at home. 500 would never have used a telephone. 500 would have to walk two hours to the nearest telephone. 335 would be illiterate. 333 would lack access to safe, clean drinking water. 330 would be children. 70 would own automobiles. Ten would have a college degree. Only one would own a computer (Irving, 1998).

As it has been throughout the history of Capital, so it remains at the close of the twentieth century: the victims of progressive evangelism are the disenfranchised. The ideals of Capital - personal freedom, the "natural right" to private property, equality of rights and responsibilities, and democratically elected governments - have turned out to be poor recruits for the people they were said to have been aimed at emancipating: the systemically disenfranchised. Consequently, words fail us, and we are left in the midst of the 'post-everything' society (Robinson & Richardson, 1999):

When people face what nothing in their past has prepared them for they grope for words to name the unknown, even when they can neither define nor understand it. Some time in the third quarter of the century we can see this process at work among intellectuals of the West. The key word was the small preposition 'after', generally used in its latinized form 'post' as a prefix to any of the numerous terms which had, for some generations, been used to mark out the mental territory of twentieth-century life. The world, or its relevant aspects, became post-industrial, post-imperial, post-modern, post-structuralist, post-Marxist, post-Gutenberg, or whatever. (Hobsbawm, 1994, p. 288)

Other post-isms spring easily to mind - post-Fordism, post-colonialism post-materialism, and so on. In this play of words, this intellectual groping for new descriptors, we can see evidence of a civilisation in crisis. It is not merely an economic crisis, it is *a crisis of understanding*. Even moreso, the hopelessly Orwellian intellectualism of "post-ness"¹⁸ signifies a crisis of public morality – it signals an intrinsically *ethical* crisis. Just as slavery and cotton marched together throughout the industrial revolution, information technology, neo-classical concepts of free trade, transnational corporatism, and the military industrial complex march together through the so-called "information revolution". Some insight to the dominant logic of this emergent "global" system can be seen in the attitudes expressed by Thomas L. Friedman (1999) in his *Manifesto for the Fast World*:

I believe globalization did us all a favor by melting down the economies of Thailand, Korea, Malaysia, Indonesia, Mexico, Russia and Brazil in the 1990's because it laid bare a lot of rotten practices in the countries that had prematurely globalized. People keep referring to what happened in countries like Indonesia as an economic "crisis". Well, excuse me, but I don't consider the downfall of the most corrupt, venal, greedy, ruling family in the world – the Suhartos – a crisis. (p. 61)

Notice that Friedman - apart from freely expressing a belief that "globalisation" is a active, virtuous, if not conscious agent - has reduced the sudden and violent deprivations of literally billions of people down to a "goodies versus baddies" *Disney* plot, the outcome of which can be shown to be a "good thing" because of its effect on a single despot's family, however unfortunate its side-effects for the many 'honest, hard-working folks who played by the rules' may be (p. 61). In the "post-everything" society, the answer to bothersome side-effects wrought by the purifying fires of globalisation is clear to Friedman –more of the same:

The hidden hand of the market will never work without a hidden fist – McDonald's cannot flourish without McDonnell Douglas, the builder of the F-15. And the hidden fist that keeps the world safe for Silicon Valley's technologies is called the United States Army, Air Force, Navy and Marine Corps. "Good ideas and technologies need a strong power that promotes those ideas by example and protects those ideas by winning on the battlefield," says the foreign policy historian Robert Kagan. "If a lesser power were promoting our ideas and technologies, they would not have the global currency that they have. And when a strong power, the Soviet Union, promoted its bad ideas, they had a lot of currency for more than half a century." (p. 84)

Of course, the good/bad binaries that Friedman lays out with the unctuous facility and zeal of an 18th century, counter-reformation sophist are not altogether easily dismissed as cynical ideology; neither could they be willingly swallowed whole by anybody with even a shard of critical potential. But looking back across the centuries of development that have led us to a point in history where such things can be said with the conviction of a true "believer", and seemingly without fear of public ridicule, the 'post-everything society' appears as little

¹⁸ See especially Orwell's appendix on the grammar of Newspeak.

more than an almost perfect historical mirror-image of mercantilism, albeit technologically retouched to suit the times. Once again, Friedman reminds us that liberty and equality, along with the other ideals upon which Capital is premised, may be at irreconcilable odds with each other.

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