

**“When virtue loses all her loveliness”  
—some reflections on  
capitalism  
and “the free society”**

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HEN we lack the will to see things as they really are, there is nothing so mystifying as the obvious. This is the case, I think, with the new upsurge of radicalism that is now shaking much of Western society to its foundations. We have constructed the most ingenious sociological and psychological theories—as well as a few disingenuously naive ones—to explain this phenomenon. But there is in truth no mystery here. Our youthful rebels are anything but inarticulate; and though they utter a great deal of nonsense, the import of what they are saying is clear enough. What they are saying is that they dislike—to put it mildly—the liberal, individualist, capitalist civilization that stands ready to receive them as citizens. They are rejecting this offer of citizenship and are declaring their desire to see some other kind of civilization replace it.

That most of them do not always put the matter as explicitly or as candidly as this is beside the point. Some of them do, of course; we try to dismiss them as “the lunatic fringe.” But the mass of dissident young are not, after all, sufficiently educated to understand the implications of everything they say. Besides, it is so much easier for the less bold among them to insist that what they find outrageous are the defects and shortcomings of the present system. Such shortcomings undeniably exist and are easy polemical marks. And, at the other

end, it is so much easier for the adult generations to accept such polemics as representing the sum and substance of their dissatisfaction. It is consoling to think that the turmoil among them is provoked by the extent to which our society falls short of realizing its ideals. But the plain truth is that it is these ideals themselves that are being rejected. Our young radicals are far less dismayed at America's failure to become what it ought to be than they are contemptuous of what it thinks it ought to be. For them, as for Oscar Wilde, it is not the average American who is disgusting; it is the ideal American.

This is why one can make so little impression on them with arguments about how much progress has been made in the past decades, or is being made today, toward racial equality, or abolishing poverty, or fighting pollution, or whatever it is that we conventionally take as a sign of "progress." The obstinacy with which they remain deaf to such "liberal" arguments is not all perverse or irrational, as some would like to think. It arises, rather, out of a perfectly sincere, if often inchoate, animus against the American system itself. This animus stands for a commitment—to what, remains to be seen, but *against* what is already only too evident.

### Capitalism's three promises

Dissatisfaction with the liberal-capitalist ideal, as distinct from indignation at failures to realize this ideal, are coterminous with the history of capitalism itself. Indeed, the cultural history of the capitalist epoch is not much more than a record of the varying ways such dissatisfaction could be expressed—in poetry, in the novel, in the drama, in painting, and today even in the movies. Nor, again, is there any great mystery why, from the first stirrings of the romantic movement, poets and philosophers have never had much regard for the capitalist civilization in which they lived and worked. But to understand this fully, one must be able to step outside the "progressive" ideology which makes us assume that liberal capitalism is the "natural" state of man toward which humanity has always aspired. There is nothing more natural about capitalist civilization than about many others that have had, or will have, their day. Capitalism represents a sum of human choices about the good life and the good society. These choices inevitably have their associated costs, and after two hundred years the conviction seems to be spreading that the costs have got out of line.

What did capitalism promise? First of all, it promised continued improvement in the material conditions of all its citizens, a promise

without precedent in human history. Secondly, it promised an equally unprecedented measure of individual freedom for all of these same citizens. And lastly, it held out the promise that, amidst this prosperity and liberty, the individual could satisfy his instinct for self-perfection—for leading a virtuous life that satisfied the demands of his spirit (or, as one used to say, his soul)—and that the free exercise of such individual virtue would aggregate into a just society.

Now, it is important to realize that, though these aims were in one sense more ambitious than any previously set forth by a political ideology, in another sense they were far more modest. Whereas, as Joseph Cropsey has pointed out, Adam Smith defined "prudence" democratically as "the care of the health, of the fortune, of the rank of the individual," Aristotle had defined that term aristocratically, to mean "the quality of mind concerned with things just and noble and good for man." By this standard, all pre-capitalist systems had been, to one degree or another, Aristotelian: they were interested in creating a high and memorable civilization even if this were shared only by a tiny minority. In contrast, capitalism lowered its sights, but offered its shares in bourgeois civilization to the entire citizenry. Tocqueville, as usual, astutely caught this difference between the aristocratic civilizations of the past and the new liberal capitalism he saw emerging in the United States:

In aristocratic societies the class that gives the tone to opinion and has the guidance of affairs, being permanently and hereditarily placed above the multitude, naturally conceives a lofty idea of itself and man. It loves to invent for him noble pleasures, to carve out splendid objects for his ambition. Aristocracies often commit very tyrannical and inhuman actions, but they rarely entertain groveling thoughts. . . .

[In democracies, in contrast] there is little energy of character but customs are mild and laws humane. If there are few instances of exalted heroism or of virtues of the highest, brightest, and purest temper, men's habits are regular, violence is rare, and cruelty almost unknown. . . . Genius becomes rare, information more diffused. . . . There is less perfection, but more abundance, in all the productions of the arts.

It is because "high culture" inevitably has an aristocratic bias—it would not be "high" if it did not—that, from the beginnings of the capitalist era, it has always felt contempt for the bourgeois mode of existence. That mode of existence purposively depreciated the very issues that were its *raison d'être*. It did so by making them, as no society had ever dared or desired to do, matters of personal taste, according to the prescription of Adam Smith in his *Theory of Moral Sentiments*:

Though you despise that picture, or that poem, or even that system of philosophy, which I admire, there is little danger of our quarreling upon that account. Neither of us can reasonably be much interested about them. They ought all of them to be matters of great indifference to us both; so that, though our opinions may be opposite, our affections shall be very nearly the same.

In short, an amiable philistinism was inherent in bourgeois society, and this was bound to place its artists and intellectuals in an antagonistic posture toward it. This antagonism was irrepressible—the bourgeois world could not suppress it without violating its own liberal creed; the artists could not refrain from expressing their hostility without denying their most authentic selves. But the conflict could, and was, contained so long as capitalist civilization delivered on its three basic promises. It was only when the third promise, of a virtuous life and a just society, was subverted by the dynamics of capitalism itself, as it strove to fulfill the other two—affluence and liberty—that the bourgeois order came, in the minds of the young especially, to possess a questionable legitimacy.

### **From bourgeois society to a “free society”**

I can think of no better way of indicating the distance that capitalism has travelled from its original ideological origins than by contrasting the most intelligent defender of capitalism today with his predecessors. I refer to Friederich von Hayek, who has as fine and as powerful a mind as is to be found anywhere, and whose *Constitution of Liberty* is one of the most thoughtful works of the last decades. In that book, he offers the following argument against viewing capitalism as a system that incarnates any idea of justice:

Most people will object not to the bare fact of inequality but to the fact that the differences in reward do not correspond to any recognizable differences in the merit of those who receive them. The answer commonly given to this is that a free society on the whole achieves this kind of justice. This, however, is an indefensible contention if by justice is meant proportionality of reward to moral merit. Any attempt to found the case for freedom on this argument is very damaging to it, since it concedes that material rewards ought to be made to correspond to recognizable merit and then opposes the conclusion that most people will draw from this by an assertion which is untrue. The proper answer is that in a free society it is neither desirable nor practicable that material rewards should be made generally to correspond to what men recognize as merit and that it is an essential characteristic of a free society that an individual's position should not necessarily depend on the views that his fellows hold about the merit he has acquired. . . . A society in which the position of the individual was made to correspond

to human ideas of moral merit would therefore be the exact opposite of a free society. It would be a society in which people were rewarded for duty performed instead of for success. . . . But if nobody's knowledge is sufficient to guide all human action, there is also no human being who is competent to reward all efforts according to merit.

This argument is admirable both for its utter candor and for its firm opposition to all those modern authoritarian ideologies, whether rationalist or irrationalist, which give a self-selected elite the right to shape men's lives and fix their destinies according to its preconceived notions of good and evil, merit and demerit. But it is interesting to note what Hayek is doing: he is opposing a *free* society to a *just* society—because, he says, while we know what freedom is, we have no generally accepted knowledge of what justice is. Elsewhere he writes:

Since they [i.e., differentials in wealth and income] are not the effect of anyone's design or intentions, it is meaningless to describe the manner in which the market distributed the good things of this world among particular people as just or unjust. . . . No test or criteria have been found or can be found by which such rules of "social justice" can be assessed. . . . They would have to be determined by the arbitrary will of the holders of power.

Now, it may be that this is the best possible defense that can be made of a free society. But if this is the case, one can fairly say that "capitalism" is (or was) one thing, and a "free society" another. For capitalism, during the first hundred years or so of its existence, did lay claim to being a just social order, in the meaning later given to that concept by Paul Elmer More: ". . . Such a distribution of power and privilege, and of property as the symbol and instrument of these, as at once will satisfy the distinctions of reason among the superior, and will not outrage the feelings of the inferior." As a matter of fact, capitalism at its apogee saw itself as the most just social order the world has ever witnessed, because it replaced all arbitrary (e.g., inherited) distributions of power, privilege, and property with a distribution that was directly and intimately linked to personal merit—this latter term being inclusive of both personal abilities and personal virtues.

Writing shortly before the Civil War, George Fitzhugh, the most gifted of Southern apologists for slavery, attacked the capitalist North in these terms:

In a free society none but the selfish virtues are in repute, because none other help a man in the race of competition. In such a society virtue loses all her loveliness, because of her selfish aims. Good men and bad men have the same end in view—self-promotion and self-elevation. . . .

At the time, this accusation was a half-truth. The North was not yet “a free society,” in Hayek’s sense or Fitzhugh’s. It was still in good measure a bourgeois society in which the capitalist mode of existence involved moral self-discipline and had a visible aura of spiritual grace. It was a society in which “success” was indeed seen as having what Hayek has said it ought never to have: a firm connection with “duty performed.” It was a society in which Theodore Parker could write of a leading merchant: “He had no uncommon culture of the understanding or the imagination, and of the higher reason still less. But in respect of the *greater faculties*—in respect of conscience, affection, the religious element—he was well born, well bred.” In short, it was a society still permeated by the Puritan ethic, the Protestant ethic, the capitalist ethic—call it what you will. It was a society in which it was agreed that there was a strong correlation between certain personal virtues—frugality, industry, sobriety, reliability, piety—and the way in which power, privilege, and property were distributed. And this correlation was taken to be the sign of a just society, not merely of a free one. Samuel Smiles or Horatio Alger would have regarded Professor Hayek’s writings as slanderous of his fellow Christians, blasphemous of God, and ultimately subversive of the social order. I am not sure about the first two of these accusations, but I am fairly certain of the validity of the last.

This is not the place to recount the history and eventual degradation of the capitalist ethic in America.<sup>1</sup> Suffice it to say that, with every passing decade, Fitzhugh’s charge, that “virtue loses all her loveliness, because of her selfish aims,” became more valid. From having been a *capitalist, republican community*, with shared values and a quite unambiguous claim to the title of a just order, the United States became a *free, democratic society* where the will to success and privilege was severed from its moral moorings.

### Three current apologia

But can men live in a free society if they have no reason to believe it is also a just society? I do not think so. My reading of history is that, in the same way as men cannot for long tolerate a sense of spiritual meaninglessness in their individual lives, so they cannot for long accept a society in which power, privilege, and property are not distributed according to some morally meaningful criteria. Nor is equality itself any more acceptable than inequality—neither is more

<sup>1</sup>See Daniel Bell’s essay, “The Cultural Contradictions of Capitalism,” in this issue for a more detailed analysis of what happened and why.

"natural" than the other—if equality is merely a brute fact rather than a consequence of an ideology or social philosophy. This explains what otherwise seems paradoxical: that small inequalities in capitalist countries can become the source of intense controversy while relatively larger inequalities in socialist or communist countries are blandly overlooked. Thus, those same young radicals who are infuriated by trivial inequalities in the American economic system are quite blind to grosser inequalities in the Cuban system. This is usually taken as evidence of hypocrisy or self-deception. I would say it shows, rather, that people's notions of equality or inequality have extraordinarily little to do with arithmetic and almost everything to do with political philosophy.

I believe that what holds for equality also holds for liberty. People feel free when they subscribe to a prevailing social philosophy; they feel unfree when the prevailing social philosophy is unpersuasive; and the existence of constitutions or laws or judiciaries have precious little to do with these basic feelings. The average working man in nineteenth-century America had far fewer "rights" than his counterpart today; but he was far more likely to boast about his being a free man.

So I conclude, despite Professor Hayek's ingenious analysis, that men cannot accept the historical accidents of the marketplace—seen merely as accidents—as the basis for an enduring and legitimate entitlement to power, privilege, and property. And, in actual fact, Professor Hayek's rationale for modern capitalism is never used outside a small academic enclave; I even suspect it cannot be believed except by those whose minds have been shaped by overlong exposure to scholasticism. Instead, the arguments offered to justify the social structure of capitalism now fall into three main categories:

1) *The Protestant Ethic*—This, however, is now reserved for the lower socioeconomic levels. It is still believed, and it is still reasonable to believe, that worldly success among the working class, lower-middle class, and even middle class has a definite connection with personal virtues such as diligence, rectitude, sobriety, honest ambition, etc., etc. And, so far as I can see, the connection is not only credible but demonstrable. It does seem that the traditional bourgeois virtues are efficacious among these classes—at least, it is rare to find successful men emerging from these classes who do not to a significant degree exemplify them. But no one seriously claims that these traditional virtues will open the corridors of corporate power to anyone, or that the men who now occupy the executive suites are—or even aspire to be—models of bourgeois virtue.

2) *The Darwinian Ethic*—This is to be found mainly among small businessmen who are fond of thinking that their “making it” is to be explained as “the survival of the fittest.” They are frequently quite right, of course, in believing the metaphor appropriate to their condition and to the ways in which they achieved it. But it is preposterous to think that the mass of men will ever accept as legitimate a social order formed in accordance with the laws of the jungle. Men may be animals, but they are political animals—and, what comes to not such a different thing, moral animals too. The fact that for several decades after the Civil War, the Darwinian ethic, as popularized by Herbert Spencer, could be taken seriously by so many social theorists represents one of the most bizarre and sordid episodes in American intellectual history. It could not last; and did not.

3) *The Technocratic Ethic*—This is the most prevalent justification of corporate capitalism today, and finds expression in an insistence on “performance.” Those who occupy the seats of corporate power, and enjoy the prerogatives and privileges thereof, are said to acquire legitimacy by their superior ability to achieve superior “performance”—in economic growth, managerial efficiency, technological innovation. In a sense, what is claimed is that these men are accomplishing social tasks, and fulfilling social responsibilities, in an especially efficacious way.

There are, however, two fatal flaws in this argument. First, if one defines “performance” in a strictly limited and measurable sense, then one is applying a test that any ruling class is bound, on fairly frequent occasions, to fail. Life has its ups and downs; so do history and economics; and men who can only claim legitimacy *via* performance are going to have to spend an awful lot of time and energy explaining why things are not going as well as they ought to. Such repeated, defensive apologies, in the end, will be hollow and unconvincing. Indeed, the very concept of “legitimacy,” in its historical usages, is supposed to take account of and make allowances for all those rough passages a society will have to navigate. If the landed gentry of Britain during those centuries of its dominance, or the business class in the United States during the first century and a half of our national history, had insisted that it be judged by performance alone, it would have flunked out of history. So would every other ruling class that ever existed.

Secondly, if one tries to avoid this dilemma by giving the term “performance” a broader and larger meaning, then one inevitably finds oneself passing beyond the boundaries of bourgeois propriety.



It is one thing to say with Samuel Johnson that men honestly engaged in business are doing the least mischief that men are capable of; it is quite another thing to assert that they are doing the greatest good—this is only too patently untrue. For the achievement of the greatest good, more than successful performance in business is necessary. Witness how vulnerable our corporate managers are to accusations that they are befouling our environment. What these accusations really add up to is the statement that the business system in the United States does not create a beautiful, refined, gracious, and tranquil civilization. To which our corporate leaders are replying: "Oh, we can perform that mission too—just give us time." But there is no good reason to think they can accomplish this noncapitalist mission; nor is there any reason to believe that they have any proper entitlement even to try.

### **"Participation" or leadership?**

It is, I think, because of the decline of the bourgeois ethic, and the consequent drainage of legitimacy out of the business system, that the issue of "participation" has emerged with such urgency during these past years. It is a common error to take this word at its face value—to assume that, in our organized and bureaucratized society, the average person is more isolated, alienated, or powerless than ever before, and that the proper remedy is to open new avenues of "participation." We are then perplexed when, the avenues having been open, we find so little traffic passing through. We give college students the right to representation on all sorts of committees—and then discover they never bother to come to meetings. We create new popularly-elected "community" organizations in the ghettos—and then discover that ghetto residents won't come out to vote. We decentralize New York City's school system—only to discover that the populace is singularly uninterested in local school board elections.

I doubt very much that the average American is actually more isolated or powerless today than in the past. The few serious studies that have been made on this subject indicate that we have highly romanticized notions of the past—of the degree to which ordinary people were ever involved in community activities—and highly apocalyptic notions of the present. If one takes membership in civic-minded organizations as a criterion, people are unquestionably more "involved" today than ever before in our history. Maybe that's not such a good criterion; but it is a revealing aspect of this whole problem that those who make large statements on this matter rarely give us any workable or testable criteria at all.

But I would not deny that more people, even if more specifically "involved" than ever before, also feel more "alienated" in a general way. And this, I would suggest, is because the institutions of our society have lost their vital connection with the values which are supposed to govern the private lives of our citizenry. They no longer exemplify these values; they no longer magnify them; they no longer reassuringly sustain them. When it is said that the institutions of our society have become appallingly "impersonal," I take this to mean that they have lost any shape that is congruent with the private moral codes which presumably govern individual life. (That presumption, of course, may be factually weak; but it is nonetheless efficacious so long as people hold it.) The "outside" of our social life has ceased being harmonious with the "inside"—the mode of distribution of power, privilege, and property, and hence the very principle of authority, no longer "makes sense" to the bewildered citizen. And when institutions cease to "make sense" in this way, all the familiar criteria of success or failure become utterly irrelevant.

As I see it, then, the demand for "participation" is best appreciated as a demand for authority—for leadership that holds the promise of reconciling the inner and outer worlds of the citizen. So far from its being a hopeful reawakening of the democratic spirit, it signifies a hunger for authority that leads toward some kind of plebiscitary democracy at best, and is in any case not easy to reconcile with liberal democracy as we traditionally have known it. I find it instructive that such old-fashioned populists as Hubert Humphrey and Edmund Muskie, whose notions of "participation" are both liberal and traditional, fail to catch the imagination of our dissidents in the way that Robert Kennedy did. The late Senator Kennedy was very much a leader—one can imagine Humphrey or Muskie participating in an old-fashioned town meeting, one can only envision Kennedy dominating a town rally. One can also envision those who "participated" in such a rally feeling that they had achieved a kind of "representation" previously denied them.

### **A case of regression**

For a system of liberal, representative government to work, free elections are not enough. The results of the political process and of the exercise of individual freedom—the distribution of power, privilege, and property—must also be seen as in some profound sense expressive of the values that govern the lives of individuals. An idea of self-government, if it is to be viable, must encompass both

the private and the public sectors. If it does not—if the principles that organize public life seem to have little relation to those that shape private lives—you have "alienation," and *anomie*, and a melting away of established principles of authority.

Milton Friedman, arguing in favor of Hayek's extreme libertarian position, has written that the free man "recognizes no national purpose except as it is the consensus of the purposes for which the citizens severally strive." If he is using the term "consensus" seriously, then he must be assuming that there is a strong homogeneity of values among the citizenry, and that these values give a certain corresponding shape to the various institutions of society, political and economic. Were that the case, then it is indeed true that a "national purpose" arises automatically and organically out of the social order itself. Something like this did happen when liberal capitalism was in its prime, vigorous and self-confident. But is that our condition today? I think not—just as I think Mr. Friedman doesn't really mean "consensus" but rather the mere aggregation of selfish aims. In such a blind and accidental arithmetic, the sum floats free from the addenda, and its legitimacy is infinitely questionable.

The inner spiritual chaos of the times, so powerfully created by the dynamics of capitalism itself, is such as to make nihilism an easy temptation. A "free society" in Hayek's sense gives birth in massive numbers to "free spirits"—emptied of moral substance but still driven by primordial moral aspirations. Such people are capable of the most irrational actions. Indeed, it is my impression that, under the strain of modern life, whole classes of our population—and the educated classes most of all—are entering what can only be called, in the strictly clinical sense, a phase of infantile regression. With every passing year, public discourse becomes sillier and more petulant, while human emotions become, apparently, more ungovernable. Some of our most intelligent university professors are now loudly saying things that, had they been uttered by one of their students twenty years ago, would have called forth gentle and urbane reproof.

### **The reforming spirit and the conservative ideal**

And yet, if the situation of liberal capitalism today seems so precarious, it is likely nevertheless to survive for a long while, if only because the modern era has failed to come up with any plausible alternatives. Socialism, communism, and fascism have all turned out to be either utopian illusions or sordid frauds. So we shall have time—though not an endless amount of it, for we have already wasted a

great deal. We are today in a situation not very different from that described by Herbert Croly in *The Promise of American Life* (1912):

The substance of our national Promise has consisted . . . of an improving popular economic condition, guaranteed by democratic political institutions, and resulting in moral and social amelioration. These manifold benefits were to be obtained merely by liberating the enlightened self-enterprise of the American people. . . . The fulfillment of the American Promise was considered inevitable because it was based upon a combination of self-interest and the natural goodness of human nature. On the other hand, if the fulfillment of our national Promise can no longer be considered inevitable, if it must be considered as equivalent to a conscious national purpose instead of an inexorable national destiny, the implication necessarily is that the trust reposed in individual self-interest has been in some measure betrayed. No pre-established harmony can then exist between the free and abundant satisfaction of private needs and the accomplishment of a morally and socially desirable result.

Croly is not much read these days. He was a liberal reformer with essentially conservative goals. So was Matthew Arnold, fifty years earlier—and he isn't much read these days, either. Neither of them can pass into the conventional anthologies of liberal or conservative thought. I think this is a sad commentary on the ideological barrenness of the liberal and conservative creeds. I also think it is a great pity. For if our private and public worlds are ever again, in our lifetimes, to have a congenial relationship—if virtue is to regain her lost loveliness—then some such combination of the reforming spirit with the conservative ideal seems to me to be what is most desperately wanted.

I use the word "conservative" advisedly. Though the discontents of our civilization express themselves in the rhetoric of "liberation" and "equality," one can detect beneath the surface an acute yearning for order and stability—but a legitimate order, of course, and a legitimized stability. In this connection, I find the increasing skepticism as to the benefits of economic growth and technological innovation most suggestive. Such skepticism has been characteristic of conservative critics of liberal capitalism since the beginning of the nineteenth century. One finds it in Coleridge, Carlyle, and Newman—in all those who found it impossible to acquiesce in a "progressive" notion of human history or social evolution. Our dissidents today may think they are exceedingly progressive; but no one who puts greater emphasis on "the quality of life" than on "mere" material enrichment can properly be placed in that category. For the idea of progress in the modern era has always sig-

nified that the quality of life would inevitably be improved by material enrichment. To doubt this is to doubt the political metaphysics of modernity and to start the long trek back to pre-modern political philosophy—Plato, Aristotle, Thomas Aquinas, Hooker, Calvin, etc. It seems to me that this trip is quite necessary. Perhaps there we shall discover some of those elements that are most desperately needed by the spiritually impoverished civilization that we have constructed on what once seemed to be sturdy bourgeois foundations.

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