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Capitalism as the Bride of Liberalism: How Philosophy Impacted Economic Thought

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Abstract

This paper seeks to analyze the immediate historical connections between classical liberalism, classical capitalism and modern capitalism. Using an extended metaphor of Capitalism as the Bride of Liberalism, it is argued that capitalist thought necessarily followed from the liberal philosophical scheme. By highlighting the continuity between classical and modern capitalism, the legitimacy of the liberal framework is brought into question, especially in light of widespread economic inequality. The central claim of the paper is that the unfortunate connection between the historical philosophic framework of classical Liberalism and the actualized economic consequences of modern Capitalism harms the legitimacy of the Liberal structure as a functioning political model from which to elevate the human person from subject to citizen and the State from limiting freedom, equality and fairness to uplifting these essential realities. The thought of political theorist C.B. Macpherson is employed to highlight internal contradictions in the writings of Locke, especially his *Second Treatise of Government*. Further, the thought of 20th century American prelate Bishop Fulton Sheen is used to support the argument that liberalism and capitalism are inseparably connected. Finally, the criteria of legitimacy laid out by Rawls is used to analyze the legitimacy of the liberal framework. It is questioned whether liberalism advances the political virtues of freedom, equality and fairness which it so publicly values, at least on a theoretical basis.

Keywords: History, Philosophy, Theology/Religion, Liberalism, Economics

The correlative and complementary relationship between man and woman indicate an inherent familiarity between the two. The archetypal man realizes his masculinity through his spontaneous nature and, respectively, the archetypal woman realizes her femininity through her receptive nature. The same relationship seems to exist, in a broader metaphorical sense, when considering Liberalism as a functioning mode of political thought and Capitalism as a functioning mode of economic thought. The emergence of Liberalism during the Enlightenment led to an effective restructuring of the notion of freedom, liberty and citizenship from the perspective of both those within the formal political structure and those without it. A similar restructuring took place concurrently for producers and consumers with the emergence of Capitalism. The unfortunate connection between the historical philosophic framework of classical Liberalism and the actualized economic consequences of modern Capitalism harms the legitimacy of the Liberal structure as a functioning political model from which to elevate the human person from subject to citizen. At the same time, this relation harms the identity of the liberal State as an institution that protects freedom, equality and fairness.

Observers of these cultural phenomena in the 21st century can evaluate these political and economic changes from a historical perspective. It can now be clearly seen that the application of Capitalism, as it is understood in the modern context, has contributed to economic inequality, by virtue of what modern Capitalism entails. The definition of modern Capitalism will be investigated with more detail later, but it is primarily essential to consider the inseparable link between Capitalism in its nascent and contemporary forms. To better understand the roots of modern Capitalism, it should be considered what the Father of Liberalism thought about the

position of private property for citizens and the consequences of this position for the government. Because a conception of the nature and utility of private property is one of the fundamental bases of economic thought, an understanding of how a thinker perceives private property opens many intellectual doors to that thinker's understanding of other essential economic realities. According to John Locke, man may properly acquire and retain property under three conditions: man must put his labor into the property to make it his own, he must leave "enough and as good in common for the others," and he must "make use of to any advantage of life before it spoils" (Locke, V. 27, 31). All of these qualifications cogently set the general mode of thinking for the incipient wave of Capitalistic thought. However, further clarifications which Locke makes in his Second Treatise about the topic of property serve as a source of confusion for these initial fundamental principles when given a charitable interpretation and a statement of contradiction when this charity is neglected.

C.B. Macpherson, a prominent 20th century political theorist, noticed these divergent viewpoints within the work and pointed them out using the words of Locke. With regard to the first and primary necessity that man labor for his property, Macpherson is right to indicate that Locke himself said that "the turfs my servant has cut...become my property" (Locke V. 28). Expanding the definition of the necessary labor to include that on which servants have labored suggests that man can justly acquire property through the assignment of labor to others. Regarding the second requirement, which Macpherson defines as the sufficiency restriction, private property through itself yields "enough and as good" for others by nature of its own development. Locke compares the significant value of ten acres of well-cultivated land in Devonshire as opposed to a thousand acres of uninhabited American land in the 17th century. He suggests that those mere ten acres "yield [more for] the needy and wretched inhabitants [the]

many conveniences of life” (Locke V. 37). Locke implicitly suggests that the many practical benefits which arise from the proper use of private property leads to the betterment of the common life, without explicit interference from the government. The third necessity for the attainment of property, which Macpherson identifies as the spoilage restriction, is clouded over near the end of Locke’s explanation of his thought on property when he identifies the reality and significance of money as a reasonable means of substituting “perishable supports of life” (Locke V. 47). Money, as a note of value which does not spoil, reduces the significance of his requirement that property, that upon which is labored and bettered, must be used by man before it is spoiled.

Through these subtle, yet significant, qualifications, Locke weakens the relevance of his original requirements for the proper acquisition of property. As these qualifications are further considered, it becomes evident that the distinctions themselves have been abused, yet faithfully observed on a technical basis, in the growth of the modern form of Capitalism. The first qualification faithfully observes that servants, or employees as we would understand them today, can be used to acquire property. The flourishing of modern Capitalism is dependent on the hands of many in order to gather a concentration of wealth for the few. The second qualification left an open door for the modern Capitalist to excuse his exploitation of the working class under the guise of bettering the condition of the community through the maximization of his own wealth. The third qualification, finally, allows for the unbridled rise of modern Capitalism through the preservation of money which does not necessarily recognize the worker as an essential reason for the acquisition of that wealth and as a being that is distinct from the mere ability to effectively produce capital and contribute to market maneuverings. All of the abuses of classical Capitalism found their end in the modern application of Capitalism and were allowed for, at least on a

theoretical level, by the few exceptions laid out by Locke. The writings of Locke do not suggest that these results were intentional and were, from a contemporary perspective, largely unforeseen. The lack of intentionality behind the exceptions does not excuse, however, the obvious consequences which arose most prevalently in the past century and which continue today.

The transformation from classical to modern Capitalism was an inconspicuous, yet impactful one. It was recognized, most acutely and observantly, by members of the Catholic Church through their genuine concern for the proper structure of the international order. The Church observed the impacts of the Industrial Revolution, one of the primary manifestations of modern Capitalism, and responded to them with unquestioned force. Archbishop Fulton Sheen, an influential 20th century American prelate and scholar, saw the consequences of modern Capitalism as directly tied to the ideological framework of Liberalism. He recognized, as this thesis does, that Liberal thought is heterogenous and varies with regard to the degree and character which it ascribes to pertinent political and economic responsibilities. It is fair, however, to state that the absolutism of private property which was defended by classical Liberals such as Adam Smith has proved to coincide with serious consequences with regard to economic equality in the contemporary context. While Sheen recognized the diversity of thought within the Liberal framework, he was consistent in his thought that, while Liberalism was steadfast and arguably successful in its elevation of political equality, it “produced tremendous economic inequalities and...glorified the inequalities of the industrial future” (Sheen 26). After looking past the hyperbolic language, it would be right to acknowledge the tacit consent of the industrial future which Liberalism granted to her Capitalist descendants.

It would be unreasonable to suggest that proponents of the classical Liberal scheme actively willed or desired the economic inequalities which are so prevalent today. There is a reasonable concern, however, on the emphasis, or lack thereof, which Liberalism places on the rights of workers as essential components of the acquisition of private property. Pope Pius XI noted in 1931, when referring to the political structures during the Industrial Revolution, that “in many nations those at the helm of State, plainly imbued with Liberalism, were showing little favor to workers’ associations” (Pius XI 30). There remains the inconvenient fact that many States which were functioning under the recommendations of a Liberal political structure neglected the essential rights of workers during the Industrial Revolution. This historical fact suggests that Liberal states did not place an emphasis on the proper treatment of workers as human persons, but rather sought their flourishing, at least on a theoretical level, by means of the proper use of wealth by the few who benefitted from their work. Consistent with the sufficiency restriction which Locke outlined, certain Liberal thought allowed for this circumvention of the protection of workers in lieu of explicitly defining their position as essential to the proper procurement of private property.

Now that it has been shown, through the analysis of historical investigation of economic inequality, political standards of the proper acquisition of property and philosophic inquiry, that Liberalism begot classical Capitalism and classical Capitalism begot modern Capitalism, it must be considered whether the clear connection between the political and economic structures poses a problem for the assumptions made in the over-arching Liberal system. In order to answer this question regarding the connection between classical Liberalism and modern Capitalism, it would be beneficial to employ the modern Liberal notion of legitimacy which was explored by John Rawls.

Political liberalism, according to Rawls, suggested that the exercise of political power is legitimate only when free citizens “endorse [the exercise of political power] in light of principles and ideals acceptable to their common human reason” (Rawls 137). In order to fairly judge the legitimacy of the Liberal structure, the method of determining legitimacy by which Liberalism sought to govern the free exercise of civic and political power should appropriately be employed. First, it should be understood that Rawls limited the political conception of justice to that which is reasonable; everyone desires to live in a society with other reasonable individuals and desires a political society which is notably free, equal and fair (Rawls 5). It should be considered, in light of the observable fact of economic inequality and its unfortunate ideological roots to the Liberal scheme, whether the whole scheme itself tumbles on the basis that the assumptions made during the Enlightenment concerning the nature of these omnipresent political realities are unreasonable and do not further a political conception of that which is free, equal and fair.

It would make logical sense to consider each of the three political requirements of freedom, equality and fairness according to Rawls in their own right before questioning the broader inquiry of reasonableness. One of the definitions of freedom which Rawls suggests the majority in the politic would consider reasonable is that free citizens “have the moral power to form, revise and rationally pursue a conception of the good” (Rawls 72). This strict criterion stands as a roadblock for one who considers the Liberal structure to be one which furthers an individual pursuit of freedom, even while weighing the cost of economic inequality. Individual citizens are significantly hampered in their pursuit of this conception of the good when their freedom as workers is not recognized by the “possessive individualism,” as Macpherson would identify it, of those for whom they labor. The unlimited storage of imperishable money, along with the private possession of the turfs which their servants have cut and the human tendency to

fall into greed all led to a structure which does not explicitly encourage the common people to “rationally pursue a conception of the good.” At the very least, this Liberal structure is one which does not place a proper emphasis either on the theoretical ideals of a rightly ordered citizenship and the rational pursuit that is intrinsically rooted in that state, or in the lived application of the theory.

In addition to the requirement of freedom, the requirement of equality which Rawls lays out is especially problematic for the Liberal scheme. The description of man as a *homo oeconomicus*, that identity of man as a “self-interested, utility maximizing individual,” further elucidates the essence of following the Rawlsian understanding of equality, especially when attempting to grasp whether Liberalism itself follows his stringent requirements (Macaraan; Rawls 18). When discussing equality, Rawls clearly states that man, in order to be equal to his fellow man, must have “to the requisite minimum degree...the capacity for a sense of justice and for a conception of the good and...of judgement, thought and inference connected with these powers” (Rawls 19). The powers Rawls refers to are the two moral powers aforementioned. *Prima facie* these stringent requirements seem to weaken the Liberal structure, especially as one which attempts to provide a system of equality. The same reaction can be observed on a deeper level, especially when considering economic inequality and the observed political foundations of this inequality. When wealth is concentrated in the hands of the few and when this amassing of wealth is justified using the Liberal principles set out by Smith and the noted exceptions laid out by Locke, man cannot reasonably claim that he has met the same “requisite minimum degree” of recognizing the moral powers mentioned above as his fellow man. The laissez-faire Capitalism popularized by Smith, the Father of Modern Capitalism, a system which does not indicate

equality as a priority, is definitionally problematic for a successful search of consistency in the Liberal conception of equality.

Finally, the primary concern for Rawls, that of fairness, should be considered in order to achieve a comprehensive understanding of his Liberal doctrine. Rawls defines “justice as fairness” throughout his *Political Liberalism*, but at no point more strictly than at the beginning of his work. He defends the notion of economic inequality under the definition of justice as fairness, so long as it accords “the greatest benefit of the least advantaged members of society” (Rawls 6). It seems that very little has been done under the structure of modern Capitalism to allow for much to be done for the greatest benefit of the least of us. Alternatively, modern Capitalism neglects the importance of this norm in exchange for a market economy unconstrained by regulatory forces under the guide of the unwavering principle of unfettered market activity.

The reasonableness of these three abuses of Liberal thought must now be evaluated. Would the body politic find it reasonable to claim that this conception of Liberalism furthers a political conception of a well-ordered society, namely that which is free, equal and fair, through the lens of rampant economic inequality made possible by the modern Capitalistic structure? It seems that this is not the case. Modern Liberalism, as defined by Rawls, one of the most influential defenders of modern Liberalism, falls to the historic and contemporary reality that economic inequality is a direct result of the principles laid out in modern Capitalism. The slippery slope laid out by Locke, fulfilled and perfected by Smith and other modern Capitalists and actualized in the inequality which is most prevalent today confirms the adage which states that exceptions become the norm.

For the sake of transparency and self-awareness, this thesis would be fairly contested at its core by stating that these historical and contemporary realities might be connected on an anecdotal basis but are essentially distinct political and economic progressions. This thesis rationally admits that multiple factors played a role in the intellectual and practical emergence of classical Capitalism from the classical Liberal scheme and of modern Capitalism from the classical Capitalist scheme. The progression took place over centuries and is due to the thoughts, words and actions of actors within the State, cultural and religious forces and, most notably in the 20th century, the rapidly changing international milieu. It would be unreasonable, however, to detach the immediate connection between the philosophical claims made under the Liberal framework, the temporally proximate emergence of classical Capitalist thought in the 17th century, the development of modern Capitalist thought in the 18th century and the actualization of that thought starting in the Industrial Revolution and continuing today with the steady increase of economic inequality.

For the sake of clarity, it should also be mentioned that this thesis does not attempt to identify a direct causative relationship between the emergence of modern Capitalism and the inflated impact of the subsequent economic inequality; this sort of inequality will always be with the human family. It does claim, however, that the Capitalist scheme does not sincerely attempt to weaken the existence and effects of this inequality by means of tempering the severity of its economic claims. In the same way, the indifference of the classical Liberal scheme does not attempt to weaken the effects of this inequality because of the Liberal tendency to a radical individualism. The seemingly automatic response from many classical Liberals against the damaging collectivism that was so prevalent in the 20th century seems to simultaneously lead Liberal thought to disregard the ills of the collective in search of a more individually focused

betterment. The effects of this neglect, however, are certainly clear in light of the economic inequality that the Liberal and Capitalist programs have, at the very least, allowed for the past century.

This disregard does not seem to be the most pragmatic approach, however, especially considering the social weakening or collapse than can occur as a result of inequality. Recent studies have made it clear that an allowance of inequality within a certain neighborhood will almost certainly lead to more crime and violence (Sharkey). Perhaps the more recently recognized emphasis on specialization and the subsequent intellectual separation that is required for this focus clarifies this lack of awareness of the integration of social goods with economic goods. The social effect of inequality, namely crime and violence and the economic effects of this crime and violence should, in theory, motivate proponents of pure Liberalism and Capitalism to reconsider whether the purity of the ideology can be sacrificed for newly observed negative consequences of this unfailing intellectual allegiance.

As stated at the inception of this thesis, man is most naturally himself when he is exercising his spontaneous nature and woman is most naturally herself when she is exercising her receptive nature. This paradigmatic structure was extended into a metaphor regarding the emergence of Capitalism as the Bride of Liberalism. The political reality makes little sense when considered outside of the lens of the economic reality and vice versa; the two are inseparable. Classical Liberalism begot classical Capitalism, which begot modern Capitalism. Using the very criteria set forth in the modern Liberal ideals of John Rawls, it was concluded that this unfortunate connection between the historical philosophic framework of classical Liberalism and the actualized economic consequences of modern Capitalism harms the legitimacy of the Liberal structure as a functioning political model from which to elevate the human person from subject

to citizen and the State from limiting freedom, equality and fairness to uplifting these essential realities. Capitalism was made from the rib of Liberalism and the relation between the two should not be neglected, lest we suffer the consequences of anthropological ignorance.

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