

**THE ANTI-  
CAPITALIST  
MENTALITY:  
POST-MORTEM FOR  
AN IDEOLOGY**

**R. M. Hartwell**

**The John Bonython Lectures**

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**Post-Mortem for an Ideology**



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R.M. Hartwell

The Second John Bonython Lecture  
Delivered at the Victorian Arts Centre, Melbourne  
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# Opening Remarks

Hugh M. Morgan  
Chairman, CIS Board of Trustees

## The John Bonython Lecture

The Centre for Independent Studies has established the annual John Bonython Lecture to examine the relationship between individuals and the economic, social and political factors that make up a free society. The Lecture was named in honour of Mr John Bonython, AO, the first Chairman of the Board of Trustees of the Centre. The Lecture will be given annually by a man or woman, not necessarily a professional scholar, selected because of the valuable insight he or she has developed in support of the fundamental objectives for which the Centre for Independent Studies has been established. Each Lecture will be published as a special issue in the Centre's series of Occasional Papers.

To ensure the annual presentation of the Lecture, a special fund to be known as the John Bonython Lecture and Scholarship Fund is being established. The income from the fund will be used to provide a stipend for the lecturer and to cover many of the costs associated with the Lecture's presentation.

John Bonython, whom we are privileged to have here with us tonight, is a distinguished Australian whose life has been primarily concerned with the fortunes of his native city and State, Adelaide and South Australia, but whose visions have always extended beyond provincial boundaries. This lecture will move from State to State and as the occasion arises we will visit each of the major centres of the States of Australia. Last year, appropriately, the Inaugural Lecture was in Adelaide; this year it is in Melbourne.

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To give further balance to tonight's proceedings we not only have a lecturer who commenced his academic career in Sydney, but I am also able to call on another distinguished professor, Ken Minogue, who began his economic career at the University of Sydney. Ken Minogue was born in New Zealand and came to Australia as a small boy. He studied philosophy in Sydney and then went to England, where he obtained a teaching post at the London School of Economics and studied under Michael Oakeshott. He is now an eminent political philosopher and it is with great pleasure that I now call on him to introduce our lecturer. Professor Ken Minogue.



## Introduction

# **R.M. Hartwell**

Professor Kenneth R. Minogue  
London School of Economics

It is a great pleasure to introduce Max Hartwell. He is a very distinguished economic historian whose career goes back to Sydney in the late 1940s — as indeed does mine. I can remember the first occasion when I saw Max Hartwell. I attended a lecture he gave in economic history. It is an odd fact that what I can remember, what I retained from that time is simply the visual image of him coming up on to the podium. What he said about the economic history of Europe has become part of that subsoil of the mind that makes us all what we are.

Max then went on to what became the University of New South Wales, and then moved in 1956 to Nuffield College, Oxford, a college notorious for bringing people as much into contact with the modern world as is possible for anybody who lives amidst the dreaming spires. More recently he has been teaching at the University of Chicago, which is one of the great academic centres, particularly for economics as it is the home of Milton Friedman among others, and also at the University of Virginia.

At Oxford Max Hartwell spent a certain amount of time being curator of the University library and editing economic journals, but above all what he did was continue his work in economic history. He had begun with the study of the economic history of Van Diemen's Land, but then he moved into a rather different tack and concentrated upon the Industrial Revolution.

The Industrial Revolution is one of the wonders of economic history. One generation of economic historians invented it; and

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then the new sceptical generation came along and said No, nothing remarkable happened in 1760, it was all happening from 1485 onwards, or even from 1066; and then the next generation came along and said No, no, no there was a genuine revolution. It goes up and down. But what Max did was something far more striking. He took on a legend — the legend that the Industrial Revolution was nothing but one long century of dismal misery for the working population of Britain. It is, after all, remarkable that a country should go into the Industrial Revolution relatively undeveloped and traditional, and emerge as the greatest power in the world. The notion that this involved nothing but massive suffering could only be the distorted emphasis of dangerous radicals like Karl Marx and Charles Dickens.

Max disproved this legend with a style that is perhaps hard to characterise, but the word 'abrasive' floats in the mind like a Jamesian phantom rejected. There is a certain directness about Max's way of getting to grips with the realities of the situation which I find wholly admirable, and not merely wholly admirable but also wholly Australian. If there is anything characteristic and special about the Australian style in the academic world, it would have to begin with a sort of folk utterance like 'Let's cut out the crap and get down to reality'.

There is at least one person in this room tonight for whom reading Max Hartwell on the Industrial Revolution was a major step on the road to recognising the legends of the past and the virtues of freedom and liberty of the market. Bacon said that truth comes more easily from error than confusion, and Max has a great capacity both for clearing the confusion and for dealing with the errors.

His concern with history is of course a straightforward academic's concern, but it is not merely academic because the history of the last 200 years is also, in a way, the reflection of the sentiments we have towards the world we see around us. And it is in fact impossible to take up certain political stands unless you also readjust certain pictures or legends of the past relating to things like the nature of the First World War, perhaps the nature of the Second World War, the end of empire, and the nature of colonialism — but above all, the nature of the Industrial Revolution.

Max comes to speak to us this evening not only as a great destroyer of nonsense but also as the remover of legends that sometimes operate like an incubus upon practical life. He also comes, it might be said, as a custodian of memory, because the

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custodianship of memory, the classical function of historians, seems to become more and more important with every passing decade in which we are bombarded with such constant, instant stimuli that we forget what it was really like more than 10 or 20 years ago except in terms of the superficialities of the nostalgia industry.

But I am not here to praise history, I am here simply to introduce Max Hartwell. His interests, he declares, are wine, women and economic history, and that means he has four daughters and a good wine cellar. He is going to talk to us tonight on *The Anti-Capitalist Mentality: Post-Mortem for an Ideology*. He is a very distinguished historian but he is a complete amateur on the subject of ideology and I can only wonder if his sense of direction was lost when he stumbled into my particular area. I am sure, however, that he will extricate himself with enormous grace and I therefore see no reason for standing any longer between you and him. Max Hartwell.

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R. M. Hartwell

**Max Hartwell** received his BA from the University of Sydney and in 1948 his MA. From 1950 to 1955 he was Foundation Professor in the newly founded NSW University of Technology in Sydney. He completed his DPhil at Oxford and in 1956 was appointed Reader in Recent Social and Economic History in the University of Oxford and Professorial Fellow of Nuffield College, positions he held for the next 20 years. In 1977 he became the Social Science Director of the Centre of Socio-Legal Studies in Wolfson College, Oxford. Since retiring from his Oxford positions in 1981, he has taught in the Economics Department of the University of Virginia and in the Graduate School of Business of the University of Chicago. From 1957 to 1971 he was an editor of *The Economic History Review*, and for much of his career in Oxford was a Curator of the Bodleian Library. He is a member of the Council of Advisers of the Centre for Independent Studies and has been Vice-President of the Mont Pelerin Society, whose history he is writing. Since, for most of his active life he has been surrounded by non-liberals, he is an uncompromising optimist.

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**R.M. Hartwell**

### **Introduction**

It is a great honour, a great pleasure and a great responsibility to give the Second John Bonython Lecture. The honour and responsibility are obvious, especially as I follow such a distinguished predecessor, Israel Kirzner, whose lecture was so original, so informative and so apt in terms of the ideals for which the lecture was established. The pleasure is that of the prodigal son returning home after a long exile, to a welcome he did not expect and an honour he does not deserve. But let me assure you that I am a faithful son, who in 30 years abroad has carried only one passport, an Australian, and who still becomes offensively chauvinistic whenever England plays Australia at cricket.

These are not the qualifications for the honour of giving this lecture. My claims for that rest more tenuously on my qualifications as a professional historian, and my long association with liberal causes and institutions. Also on the fact that much of my scholarly work has been on the methodology of history, especially on the influence of ideology and doctrine in the perversion of history for political purposes. And so, when Greg Lindsay first invited me to give this lecture, I suggested a topic to which I have given much thought and effort: Why, in spite of its obvious advantages, do so many intellectuals, particularly historians, attack capitalism and express preference for socialism? The actual title I suggested was 'The Anti-Capitalist Mentality: The Anatomy of an Ideology'. Greg Lindsay suggested that I should not just anatomise the anti-capitalist

ideology but bury it as well. Hence the existing title. I am not sure whether Greg thought that the anti-capitalist mentality was already in a terminal illness or whether my surgical skill would kill it, but what I now present is an anatomy which is intended also to be an obituary.

## **The Anti-Capitalist Mentality**

The anti-capitalist mentality is that attitude of mind which sees very little good in capitalism, and even less in capitalists. It takes a negative view of capitalism, emphasising its faults and ignoring its virtues, concentrating on its mistakes and denigrating its achievements. It takes the view that, because of capitalism, the world has deteriorated in significant ways: on the one hand, capitalism has destroyed or impaired the great cultural traditions of Europe; on the other, it has produced an unequal and unjust society in which the mass of the people are alienated and discontented. It looks cynically at the two great reforming forces of modern history — economic liberalism, which made possible industrialisation and modern economic growth, and political freedom, which gave rise to representative government and democracy — because neither satisfies the utopian ideal of a society of plenty, happiness, equality and justice. The thesis of a cultural breakdown is in the gloomy tradition of a long line of 19th century social critics typified by Thomas Southey and Matthew Arnold, and is echoed in much 20th century writing like that of R.H. Tawney. The most strongly expressed and most widely used criticism of the 20th century, however, is that capitalism is fundamentally and irremediably immoral and unjust, because, by its very nature, it results in unequal income distribution. A third major criticism, that the anarchy of the market place and of private enterprise makes for a less efficient economic system than the rationality and order of the planned economy, is now difficult to take seriously.

What have been the consequences of the anti-capitalist mentality? A central problem of the history of ideas is not only to analyse the content of a set of ideas, but to measure its prevalence and its influence on values, motivation and action. Has the anti-capitalist mentality affected the actions of a significantly large number of people, and has that mentality been translated into rules, customs, habits, regulations and laws that constrain action? My conclusions can be summarised as follows. First: the anti-capitalist mentality has been the

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ideology of an influential minority — the intellectuals — and has never had the general support of the mass of the people. Second: because of their strategic role in the manufacture of ideas, the intellectuals have been able to influence the policies and actions of people like bureaucrats and politicians, and social institutions like trade unions, in an anti-capitalist and pro-socialist direction. Third: that influence, starting in the 19th century, had much to do with the growth of government for social purposes, and also for the increasing regulation of the market as an allocation mechanism. Fourth: the anti-capitalist mentality has been weakened in recent years by three factors: (a) the unescapable recognition of the superior economic performance of capitalism over socialism, (b) the increasing difficulty of governments in the democracies to plan successfully, to manage efficiently, and generally to achieve what they set out to achieve, and (c) the declining prestige and influence of the intellectuals.

By capitalism I mean that socio-economic system characterised by the market and private property, both protected by the rule of law. In such a system economic decision making is decentralised and impersonal; consumers and producers react to the price signals of the market; entrepreneurs and capitalists in this system, as Israel Kirzner pointed out last year, coordinate and mobilise market information beneficially for society. Capitalism fits that ideal of the good society in which decision making is depoliticised, and in which the freedom of the individual and economic efficiency have 'wide scope and strong defense'. The anti-capitalist mentality, because it condemns capitalism as both inefficient and immoral, seeks either to reform capitalism or to replace it. In either case, it is associated with a pro-socialist mentality, a mentality that views an economic system characterised either by comprehensive regulatory intervention, or by central planning and the social ownership of property, as more acceptable than capitalism. When criticism of capitalism is translated into reform, which is the most usual result of the anti-capitalist mentality, it undermines those very characteristics that make capitalism liberal and efficient: private property and the market.

Who are the anti-capitalist critics? To enumerate fully the individuals, the institutions, the classes and the groups who criticise capitalism, would be an enormous task. A comprehensive list of the modern critics of capitalism and the market order would be very long, and would include literary figures, clergymen, academics, teachers and politicians, and a host of

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other dissenters. An historical tour would be equally exhausting, and in the case of England would also include a formidable list of distinguished literary figures; for example, Charles Dickens. It is an historical tour, however, which I propose to take, and one which concentrates on the history of industrial capitalism, especially as it evolved in England. I do this for two reasons: first, because I am an historian whose major interest has been in the Industrial Revolution in England and its effects on the lives of everyday people; second, because England was the home of industrial capitalism, the originator and the example, and it was the history of English industrial capitalism that inspired the work of Marx, from whom so much of the anti-capitalist mentality stems. Although I will discuss the content of the anti-capitalist mentality in general terms, I will be particularly concerned with the role of the historian in sustaining hostile attitudes towards capitalism.

### **An Australian Education**

Let me begin biographically. I was born, reared and educated on the northern tablelands of New South Wales, attending public schools in Glen Innes, and the Teachers' College and the University College in Armidale. Later I studied in the Universities of Sydney and Oxford. My primary education was excellent, and I remember my school days with affection and satisfaction. My family lived in a small village near Glen Innes — Red Range — although I went to school in Glen Innes. What I realised later was that I grew up in a village community in which there was little envy and a great deal of self-help, no feelings of 'relative deprivation', few feelings of inferiority, and a great deal of respect for individual effort and achievement, whether sporting, educational or economic. The village community was self-reliant. The only public servants in the village were the school teacher and the woman who ran the small post office. I never remember seeing a policeman or a social worker in the village.

In those innocent days primary education was highly valued as a training for life, and its content was severely practical — reading, writing and arithmetic, along with history and geography. I remember clearly the wall map of the world, which seemed to be largely coloured red, in those days the colour for the British Empire, not for anything sinister. Each Monday morning the whole school, pupils and teachers, assembled before the flags of Australia and Great Britain, sang



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'God Save the King' and 'Advance Australia Fair', and pledged allegiance to Australia, the King and the British Empire, and God. In the classroom we studied Australian and British history, Australian and British literature, and geography in such a fashion that the whole of Asia was 'the Far East', as though Australia, during geography lessons at least, was moored off Cornwall to give us the proper British geographical orientation. Our heroes were the Anzacs and the Australian cricketers, but soldiers and cricketers **became great** only in the imperial context — fighting beside, or playing against, the British.

The history lessons were the most important we had in forming political beliefs and values. The facts of history, and the lessons derived from history, seemed quite clear. Australia had been colonised by Britishers who carried with them British customs, British law and British concepts of politics and government. Australian history was obviously part of British history. The general theme of that history was 'the growth of an empire based on political freedom'. British history was the history of freedom; 1215 was the first important date to be learned. Australia shared that freedom, and Australian history was one in which there was progress from colonial dependency to self-government in little more than half a century. Australian history was depicted as a splendid success story of a rugged and adventurous people subduing a strange and hostile environment, and making a nation to be proud of, which we were. It was a nation, moreover, in the context of an empire. The 19th century was pictured as the British century, when the British economy dominated the world economy and Britain acquired a mighty world-wide empire, which we were taught to admire and respect. We were part of that empire and gained strength from association within the larger political body.

There was, however, a disturbing paradox in this story. The settling of Australia coincided with the Industrial Revolution in Britain, and when our history lessons reached the Industrial Revolution, admiration for the growth of political freedoms (which continued unabated with the great Reform Acts of the 19th century) was coupled with a critical and almost completely gloomy picture of industrial capitalism. Political achievement was matched with economic misery with no resolution as to which was the more significant. We were treated to a picture of Britain during the Industrial Revolution which created a vivid impression of a soot-covered landscape inhabited by a dependent and exploited working class living

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and working in appalling conditions. And, to complicate the picture in our young minds, it was from this working class that Australia was mainly peopled. Australia was colonised by convicts and the free poor, both of whom could be considered to be victims of industrial capitalism. And so there was another version of Australian history, that of a prison farm that became a dependent colony in which a servile population continued to be exploited by British capitalists and imperial authorities. As I was to learn later, one image, that for example of Brian Fitzpatrick, was of Australia as the victim of British imperialism, and the other, that for example of Edward Shann, was of Australia as an inspiring example of progress in the context of laissez-faire individualism.

Why was I not confused by these contrary images? Like most of my contemporaries I was more impressed with freedom and individualism — qualities I could easily recognise in the world in which I lived — than with exploitation, which I did not recognise in my world. Personally, I felt extraordinarily free, at home, at school, at play. I found it impossible to see my father as an exploited worker, or myself as the victim of colonialism. The rhetoric did not match reality. Without conscious rationalisation I rejected the part of history that did not convincingly portray the world in which I grew up. It was only later, at a maturer age, that I realised the significance of the two images of Australia I had been presented with, and that the real conflict between the two interpretations of Australian history exactly mirrored the two interpretations of industrial capitalism.

My historical experience was typical in three ways: first, history was an important ingredient in my early and subsequent education; second, the history I was taught contained a strong respect for individual freedom along with a strong dose of anti-capitalism; third, the anti-capitalist ideology did not at the time affect me, nor my contemporaries. It was too unreal and did not match everyday experience. I was to learn later — at university — that this anti-capitalist mentality did not spring from everyday experiences; it was a cultural artefact manufactured and propagated by intellectuals. Neither in England nor in Australia has the mass of the population been anti-capitalist, in either the 19th or the 20th centuries. Those Australians of my generation who did not go to university, but who went off from school to be farmers, clerks, labourers, shop-assistants, taxi-drivers, etc., fortunately remained comparatively unaffected in themselves by the anti-capitalist ideology.

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Where it affected them was indirectly, through the influence of intellectuals on trade unions and public policies.

But even in public policy, the anti-capitalist ideology never completely prevailed. Neither in Australia nor in England, for example, have the major political parties set out to destroy capitalism as a conscious policy. And although labour parties in both countries have long had socialist planks in their political platforms, they have never displayed conscientious enthusiasm in carrying out that pledge. And enthusiasm for socialism has decreased, particularly in recent years. It would be difficult in either country to find today a major political figure who believes in socialism. Even the intellectuals have changed. Few of them now believe that capitalism is in a 'terminal condition'; few of them support policies to replace capitalism with socialism; many have ceased to be socialists. It is significant that the new Social Democratic Party in England is the party of the intellectuals, many of them ex-socialists whose god failed. But if enthusiasm for socialism has waned, many historians still propogate a critical account of the origins and development of capitalism. In particular, they still give a gloomy picture of England's industrialisation, and in so doing give continuing justification for the growth of government to correct 'the problems' of capitalism. The historians, therefore, play a strategic role in the perpetuation of an anti-capitalist ideology.

### **The Role of the Historian**

What is the social role of the historian? To write history or to make history? To be the academic or the actor? To some historians the objective analysis of the past is the main goal; to others the main goal is to influence the present and future course of events. Some historians are impartial spectators of the world of the past; others are active participants in the world of the present. Marx gave the lead to the modern activist historian. 'The philosophers', he wrote, 'have only interpreted the world in various ways; the point, however, is to change it'. I do not agree with Marx, but I do believe that, whatever the intentions of the historian, he will always have some influence on the ideas and actions of people, and therefore will always play some active role in making history. The influence may be involuntary, but it is nevertheless real. There is an important difference, however, between the historians who seek to interpret and understand the past, and those who seek to

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influence and change the events of today.

The ability of the historian to make history derives from four factors. First, there are obviously lessons to be learnt from history. Second, history is an important ingredient in education at every level, so everybody has some historical education. Third, history is the most popular of subjects in the general reading of adults, so that historical education is continued beyond school. Fourth, history obviously plays a role in attitude formation, especially in the formation of attitudes towards politics and society.

History, because of the above four characteristics, is consciously used by individuals, groups, organisations and governments to attempt to create particular attitudes and beliefs for particular political purposes. History used in this way becomes a tool of social engineering, a part of the machinery for social control, a weapon in ideological conflict, and hence a potentially powerful force for the making of history. The social engineering potential of history is recognised by all historians, but its active use for social engineering by governments is inversely proportional to the degree of political freedom allowed by the government that uses it. The less free the society, the greater the use of history for ideological purposes. In a recent book by the Polish historian Jerzy Topolski, the author concluded his book with a section entitled 'The Tasks of History', in which he made the following statements: 'The historian's task is to contribute to the integrated approach to his study of society.' 'The basic function is to contribute to the discovery of regularities in social life.' 'We can control social life only if we have grounds for predicting the effects of our intended actions.' 'The cognitive function of history is linked with its educational function.' 'Historical education is one of the main foundations of shaping a society's ideological and political consciousness. By discovering scientific truth, history should cooperate actively in the shaping of social consciousness.'

These sinister conclusions about the role of history in societies that are **not** free are also warnings about the misuse of history in societies that are free. It is **not** the prime role of the historian to be handmaiden to any ideology or to any government. It is **not** the role of the historian to propagate any particular ideology, to support any particular institution, political party, revolutionary group, religion or any other special interest. History, once it becomes the conscious medium for a particular message, ceases to be history and

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becomes ideology or propaganda. There are certainly lessons to be learnt from history — for example, about the complexity and unpredictability of social processes — and history should impart a sense of scepticism about simple solutions to complex social problems. The great value of history is that it provides massive evidence — more than any social science can possibly provide — about human behaviour and human institutions. This evidence reveals timeless and universal human aspirations — and achievements — and should give warning to those who attempt to control or constrain individual effort. History demonstrates the wonderful variety of individuals and the rich tapestry of the human condition, again warning those who attempt to pigeonhole individuals into simple categories, like classes, and to treat them as homogeneous pawns to be manipulated at will. History, therefore, should impart understanding, wisdom and humility about social processes to those who aspire to public office or indeed to any position that involves the management of other people. In the 19th century the study of history, because of its qualities, was considered to be the appropriate training for men of affairs. Its replacement by the social sciences has not necessarily improved the wisdom of such men. Meantime, however, history has attracted the attention of historicists (those who believe history happened in a certain way) and ideologues (those who value history as propaganda and doctrine). Such historians have created the anti-capitalist mentality, but only, I will argue, by heroic misinterpretation of the facts. It is the evidence of history about capitalism, nevertheless, that justifies the anti-capitalist mentality.

### **The Evidence of History**

Let me argue, immediately, that the historical record of capitalism is crucial in any evaluation of capitalism. The evidence about modern capitalism is enormous in bulk and comprehensive in coverage, and it is a proper source for judging capitalism's achievements and failures. What does the mass of evidence reveal?

Whereas over most of history, indeed until two centuries ago in Europe, the majority of mankind's fate had been a painful combination of poverty, dirt, disease, ignorance, hunger and a short life, that fate changed dramatically with the onset of industrial capitalism and the rapid economic growth it achieved. In Europe, after centuries of slow and halting

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economic change, first in England and then in other European countries (and then in some economies outside of Europe), economies began to grow at the same time as their populations also began to increase rapidly. The achievement of the Industrial Revolution was to provide increasing populations with increasing living standards. High marks, therefore, must be given to industrial capitalism for its productivity. Judged by its capacity to produce goods and services and to sustain increasing populations, capitalism, with its massively impressive performance, is unique in history. Judged by its benefits measured by a wide range of criteria, capitalism appears to be endlessly bountiful compared with all previous economies, and with all non-capitalist economies today. Whereas in past societies a large proportion of the goods produced — whether material or cultural — were confined unequally to the few, the goods of modern capitalism are spread wide and deep, benefitting all of society.

Capitalist production in its origins was production for the masses, and mass consumption has remained its abiding characteristic. Whatever the beauty of the great buildings of the past, whatever the excellence of the artefacts of past civilisations — those beautiful objects that adorn our museums and art galleries — it is important to remember that when they were made, they were enjoyed by only a minute fragment of the population. Most people laboured long hours on the land, remote from monumental and other beauties, unseen and unnoticed, indeed largely unrecorded, as they lived out their short lives at degrading standards of living. The typical and most numerous members of past populations were slaves, serfs and agricultural labourers, with some soldiers and a few artisans; these poor people had few goods and limited life-choices, and were held hopelessly in a poverty trap that almost completely immobilised them at a subsistence standard of living.

What caused the great change in the material well-being of the masses? Many long-term factors were at work in Europe from the Middle Ages onwards — changes in science, religion, philosophy, political theory, law and government — but the crucial and determining change came when mercantilism gave way to laissez faire, and individuals were increasingly liberated from the controls of the state with stimulating effects on inventiveness and effort, and hence on production. Capitalist-entrepreneurs, their energies released, transformed economies and initiated a period of sustained economic growth known as

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‘The Industrial Revolution’.

However, capitalism turned out to be not only ‘economically productive’ but also ‘politically reforming’ and ‘culturally civilising’. Some have argued that capitalism and political freedom are interdependent, essentially linked in beneficial partnership. Historically it is possible to see this relationship in two ways: **either** the rise of European political liberalism gave populations increasing freedoms, including economic freedoms; **or** capitalism with its social mobility and wealth created new classes who eroded the privileged pre-industrial society to produce a more democratic society, especially by allowing all members of society, for the first time in history, to exercise both industrial and political power in their own interests. Both capitalism and democracy were systems in which the mass of individuals had freedoms and choices on a scale never before experienced. Life-choices were particularly enhanced by increasing education, as increasing wealth sustained more schooling and increasing democracy ensured education for the masses. Literacy, which used to be the preserve of the privileged few, now became a mass attribute.

Why is it, when the historical record of capitalism has been so clearly beneficial for mankind, that there even exists an anti-capitalist mentality? I have pointed out already that such a mentality has not been generally characteristic of the working classes, but rather the manufactured ideology of intellectuals. Of course, capitalism did not produce a perfect society and it had its unacceptable face. Constructive criticism in the past has often been the starting point for reform, but criticism has been, also, the starting point for advocating an alternative economic system — socialism. There was a time, before 1914, when capitalism was a reality and socialism an unrealised ideal, so that comparisons between the two contrasted the reality, with its revealed problems, and the ideal, with its promised rewards. But socialism is now as much a reality as capitalism, and questions can reasonably be asked about its achievements. It is quite clear that socialism does not produce as much wealth as capitalism, and that it is invariably associated with authoritarian regimes that restrict freedoms and life-choices; and it is certainly not obvious that socialism distributes wealth more equitably.

If this historical record seems clear, what is the basis of the anti-capitalist mentality? Why is it that an economic system that has raised living standards in the west to unprecedented levels has excited the criticism of so many intellectuals, who

have been able to persuade political parties and governments to adopt policies hostile to capitalism and to seek to modify or change it in a fashion inimical to a free society? Are there valid criticisms of capitalism that can justify the anti-capitalist mentality?

## The Criticisms of Capitalism

In one extreme view capitalism has been credited with every ill, every inefficiency and every injustice in the modern world. Another extreme view is that, because of its problems, capitalism is in a state of final crisis and breakdown. Those views, however, are **not** now popular, for obvious reasons. It is clear that no one culprit is responsible for the world's ills; and it is equally clear that if any system today is in a state of crisis it is socialism rather than capitalism. Socialism in the democracies, seen once as a viable alternative to capitalism, is seen now rather as a symbol, not as a reality, so that those who espouse it are espousing a moral criticism of capitalism rather than a firm allegiance to socialism.

There have been, and still are, nevertheless, two basic criticisms of capitalism that constitute the framework of the anti-capitalist mentality. These criticisms centre on efficiency and morality: capitalism, it is alleged, is economically inefficient and immoral. To most critics morality is the crucial test, especially as it has become increasingly obvious, by observing the revealed performance of capitalism and socialism, that capitalism, whatever its inefficiencies, is less inefficient than socialism.

The moral criticism, briefly, is that the economic rewards of capitalism are unevenly distributed and bear no certain or clear relationship with merit, effort or need. Without granting the truth of this assertion, it must be admitted, indeed emphasised, that the very nature of capitalism results in inequalities of distribution. The combination of incentives, opportunities and rewards made possible by the market system inevitably results in differential rewards. Indeed the greater the opportunities available, the more widely such opportunities are distributed, and the more certain it is that natural differences in ability will be developed and rewarded. Distributional inequality will be the result. The very nature of the market system of capitalism is to enlarge opportunities and life-choices; it encourages different individual development, and different rewards, and hence results in distributional inequality.



## THE ANTI-CAPITALIST MENTALITY

The dilemma in this for the critic of capitalism is obvious. The critic argues for more equal and greater opportunities for individual development, which is exactly what the market system provides. What it does not provide is equal rewards. But, again unfortunately for the critics, opportunities and rewards are interdependent. Rewards are necessary as the incentive to the effort required for individual development. Nowhere is the critic of capitalism more unrealistic, and nowhere is his knowledge of history more defective, than in his understanding of human motivation. History demonstrates, as does experience and experiment, that it is unrealistic to believe that individuals will strive to develop their talents, or even work effectively, without the prospect of recompense for effort, successful development and accomplished work.

The alternative incentive is coercion, which, even if it is efficient, which is not certain, is morally as unacceptable as inequality. And coercion obviously involves some people making decisions about what other people must do, on the grounds that it is in the interests of those people, individually or collectively, to do those things. But surely there are few assumptions about humans more elitist and arrogant and more dangerous in their implications than the idea that one person knows what another person needs more than that person does himself. The good society is one that makes it possible for the individual to have a variety of choices and to be able to develop his talents and interests; in other words, to have freedom. If individual ability is not encouraged, or if only certain privileged and powerful individuals are encouraged, as in socialist and other authoritarian systems, then both individuals and society are poorer.

### **The Critics of Capitalism**

If the critics of capitalism criticise in spite of the evidence, what motivates them? If, intellectually, the critics are curiously perverse, do their social characteristics make them behave as they do?

The typical critic is an intellectual, a university professor or a journalist for example, middle-class, well educated, economically comfortable, and, usually, culturally superior. The intellectuals consider themselves to be the cleverest people in society, but not the best rewarded. As the cleverest people, they believe they have two important social roles: first, to provide the ideas to society, especially political ideas for 'the working

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classes' and 'the governing classes'; second, to provide the expertise for the proper management of society, especially in a direction according to their ideals of 'the good society'. Their attitude to the working classes is particularly condescending because they see the mass of human beings as their inferiors, either incapable of generating ideas or prone to accepting the wrong ideas. Their perception of the working classes, however, is not only condescending but also insensitive and lacking in sympathy or understanding. The working classes, the critics argue, do not understand how society works, do not understand their role in society, and are easily misled.

The evidence of misunderstanding of the working classes by the intellectuals is massive, from Friedrich Engels onwards. I will take two examples, which clearly demonstrate the failure of the working classes to fulfil the role assigned to them by the anti-capitalist intellectuals. In the early 19th century, it is alleged, England was in a revolutionary condition because capitalist exploitation of the workers created misery of such intensity that revolution was inevitable. There was, however, no revolution; the workers of England preferred to better themselves economically than to be revolutionaries. Yet the idea of a revolution that **should** have occurred still dominates many historians' views of the origins of modern capitalism in England. The other example is 20th century. As Orwell pointed out in 1940, the inter-war England intellectuals were hostile to England and its institutions, as demonstrated by the famous Oxford Union debate on 'King and Country', and they believed that the working classes, who were suffering from real hardships, were similarly minded. The intellectuals, however, failed completely to understand 'the proletarian mind'; nor could they break down the patriotism of the working classes, whose conduct was in marked contrast to that of the many intellectuals who turned traitors in their enthusiasm for communism and their opposition to capitalism. Perhaps the workers were suffering from false-consciousness? It is difficult to take the concept of false-consciousness seriously, implying, as it does, that the working classes are too stupid to recognise their own interests.

The intellectuals' main influence has not been so much with the working classes as with politicians and bureaucrats, who accept the anti-capitalist ideology because it has electoral appeal and enlarges their role in society. Stigler has argued for 'a self-interest theory of the support for and opposition to private enterprise'. Those who defend or criticise capitalism do

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so for reasons of self-interest, as the supporters of capitalism freely admit. The critics, however, deny self-interest, and criticise in the name of morality or justice. But this criticism is compromised by motives and ideas that display a combination of naivety, rationalisation, and moral posturing. Most criticism is made in the hope of changing capitalism by some form of intervention, and it is plausible to argue that in the implementation of the intervention the expertise of the intellectual will be needed. Most intellectuals are already the beneficiaries of the system they criticise, but their power, prestige and income are likely to be increased by the growth of government. In any case they cannot lose. They have either the moral satisfaction of criticism, or an enlarged role in society. And, of course, their interests coincide with those of politicians and bureaucrats.

There may be in such people some genuine compassion, but, as revealed by actions rather than words, there is a great deal of hypocrisy. The intellectual critics, then, have been revealed to be elitist and self-interested, and, when in positions of power, to be no more capable than anyone else in running society. The decline in the prestige of intellectuals has gone along with a decline in the popularity of the ideology they propagated — the anti-capitalist mentality.

### Conclusion

Let me, in conclusion, summarise briefly why the anti-capitalist ideology has lost its appeal. First, most people do not accept rhetoric without looking at reality. The exaggerated criticism of capitalism has become even less convincing as the reality of life in socialist countries has become more widely known. Second, the failures of democratic governments to fulfil plans, to eliminate poverty, to control prices, to balance budgets and control public sector expenditure, and other failures, have made people sceptical of the ability of governments and their bureaucracies to manage economies and to achieve what they set out to achieve. Why should socialist governments be more efficient? Third, the pretensions, elitism and moral posturing of the intellectuals have lowered their prestige and influence. Their fondness for causes, for preaching and lecturing, and for power, has revealed them for what they are: ordinary, self-interested individuals with no particular claims to moral or intellectual superiority. The intellectuals who invented the anti-capitalist ideology have also discredited it. They have done an excellent job, and may their efforts be crowned with complete success — the demise of the anti-capitalist mentality.

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**R. M. Hartwell** has spent many years teaching at Oxford, the University of Chicago and the University of Virginia, but he clings steadfastly to his Australian origins. He describes his non-academic interests as family, wine and food, travel, and argument and discussion — especially with those who disagree with him.

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