On the Ethics of Capitalism

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In this chapter we focus on the problems of ethical values of capitalism from the point of view of one's own and of social life. Such a point of view is being taken by every autonomous individual. Individual autonomy is of special interest to us. It has developed to a ripe form with respect to conditions of the capitalist society, although it is not excluded that the process of reaching ripeness was considerably influenced by earlier social traditions. The main issue being discussed in this chapter will be the problem of the ethical dimension of individualism and individual autonomy in capitalism.

1. Phenomenon of individual autonomy and genesis of psycho-social conception of individual autonomy

The culture of the middle class (also called bourgeoisie) not only interceded for every individual supplying them with modern rights but also imposed on them a new individual discipline that enabled them to function in the society correctly and effectively. It should be noticed

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1 The relations between ethics (defined as a part of science dealing with moral order of life) and capitalism (defined as an economic system having the following features. First means of production – labor, capital – are in private hands. Second means of production are free in the sense that they can easily be allocated between various tasks. Third there exists a free market where there are no obstacles to entry and exit) are complex ones. There are various aspects of these relations – for example: individual and society; rich vs. poor; sustained balanced growth or “greedy” not responsible development; role of the state; uniformity or diversity.

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here that such social functioning is possible only in the case when the
considered individual was socialized to a sufficiently high degree. Such
socialization results in enabling individuals to be permanently and
actively interested in solving problems of their lives and her immediate
community and society at large. The question arises as to what extent
the individual engaging in the development of a capitalist society favors
the development of the engaging individual himself. We will return to
the question later in this chapter.

Referring to the development of economic thought one may state
that Adam Smith was already a supporter of the idea of freedom of the
individual. Therefore he was already a supporter of capitalism because
of the supposition of the need for restoring freedom or sanctioning
that. A completely opposite view on this subject was given by Karl
Marx who had treated individualism as the source of all causes leading
each individual to immoral behavior. According to Marx, capitalism
was source of all causes leading to lack of freedom in the domain of
the forms occurring in the historical process of forming the freedom
domain. Another opponent of capitalism was Joseph de Maistre who
thought that individualism weakens authorities⁴.

Western individualism is esteemed for two reasons: firstly, it is
being perceived as egoism. In appreciating western individualism in this
way, it is stressed that individualism results from cutting connections with
community. Secondly, western individualism is regarded as ‘liberation’
of a people from oppression as well as from unnecessary limitations and
community constraints. In what then does individualism really mean?
Berger answers this question by considering an example of a Hindu
being a member of an American community. According to Berger,
every Hindu living in America is regarded only in individual categories
independently of his family, caste, nationality, language, social origins

⁴ Berger, 1986, p.93.
etc. Hence, every person living in a capitalist society "is discovering himself" as an individual who is not only a part of a family or caste. Moreover, "individualism", even if only aspects of individualism are of interest, is not just a problem revealing a new aspect of the complexity of human personality but it is also an essential part of truth about human nature. It is of normative value. This means that there exists some moral consequences of human being, namely that each human person as an individual has some rights which are not only independent of the society but also are in opposition to the society's interests.

In western civilization putting stress on personal autonomy seems to be a characteristic feature of life in a capitalist society which has a long tradition and history. Analysing the influence of modernity on forming the standards of social behavior lead us to the conclusion that capitalist culture, especially of Protestant societies, created a type of personality with strong consciousness of individual autonomy, which is being perceived as both a value and a psychic reality. As far as individualism is concerned, the term "individualism" usually denotes being interested in individual subjectivity, i.e. in perceiving each individual with depth as an entity of great complexity and of non-disposable value. The so-called aspect of becoming subjective (by Arnold Gehlen), which is meant as the appearance of the individual autonomy as both an ideal and psychico-social reality, has its origins in the middle-class culture.

2. Influence of capitalism on individual's self-consciousness of own autonomy

In Berger's description, individual autonomy and personal liberation from society's constraints (which is implied by individual

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6 Berger, 1986, pp.103.
autonomy) create at least a three-level reality and leave traces on the levels of idea, identity, and institution. The complexity of the problem brings us to the conclusion that individual liberation requires a liberating culture. Therefore the question arises, in what way is individual autonomy realized in capitalism. In this context, there exist different opinions concerning some aspects of the process which are presented by supporters and opponents of capitalism and which seem to contradict each other. Berger writes that “proponents of capitalism almost always refer to its alleged linkage with individual liberty not just in the sense of political democracy (...) but precisely in the sense of allowing and fostering the free unfolding of the individual”. Contrary to that, the opponents of capitalism are trying in this context to focus our attention on selfishness and acquisitiveness, disintegration of communities, and even on vexing social excesses accompanying immoral debauchery.

Usually it is believed that the beginning of capitalism and the Industry Revolution was marked by medieval English structures of ownership and household. These structures are also the roots of English modern history of individual equality and freedom. Therefore, in western civilization, the tradition of practicing individual freedom in the society has a long history. Since the beginning of this tradition western civilization has been regarded as the civilization which duly appreciates the role and meaning of each individual in the society under consideration. One may refer here to Max Weber who identified the genesis of modernity in reformation and its Protestant ethics. He was also trying to find the genesis in the ancient and medieval social thought.

Therefore, it may be stated that development of individual autonomy does not follow capitalism but precedes it. The origins of individual autonomy in western culture reaches much further back than

8 Berger, 1986, p. 93.
modern capitalism. According to Berger, a modern businessman "stands in a long lineage going back to prophets and philosophers, hermits and heroes, none of whom would have shown the slightest interest in the capitalist enterprise (and, for that matter, in just about any other modern activity)". It can be said that the connection of pre-modern individualism and capitalism resulted in modern individualism.

As it may be presumed, capitalism and bourgeoisie culture played a key role in creating the modern conception of individual autonomy. Therefore, the question about the relation of individual autonomy to capitalism concerns at the first bourgeoisie, which is the social layer identified most strongly with capitalist social and economic system. It seems to be reasonable to focus our attention for a moment on values forming the basis of the bourgeoisie’s ethical system which first appeared in the bourgeoisie’s culture and later was also adopted by the remaining layers of capitalist society.

It should perhaps be stressed here that the rationality and rigor of life were the virtues (merits) most highly evaluated by bourgeoisie. For example, the way of life of Calvinists entrepreneurs was very disciplined and directed towards progress and dynamic self-development. Such defined individual development was of great value and was called the "asceticism inside the world" compared to the "world rejecting asceticism" of catholic monks. People belonging to the middle class in Protestant countries preferred hard work and modest consumption. They also put emphasis on rationality, discipline, self-development, education and hygiene. Another feature of middle class morality was the emphasis it placed on individual responsibility. In other words, the role of individual conscience became essential here. Contrary to that, aristocrats, in making ethical choices, confined themselves to such

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criteria as the voice of instinct, spontaneity and honor. Therefore, it seems that Berger is justified to write that the bourgeoisie created the conscience culture as a proposition opposite to the aristocratic honor culture\textsuperscript{11}. He stated that “bourgeoisie culture was individuating at the core of its moral worldview”\textsuperscript{12}.

Max Weber directs our attention towards another factor favoring the development of the individual autonomy, i.e. favoring the process of forming individual points of view on the world. These points of view are being based on the individual’s responsibility for personal development, particularly, the responsibility for development of purpose and direction. He argued that the Reformation strengthens the point of view that favors entrepreneurship. For example, Lutheranism transformed the religious concept of “vocation” into a secular one and in this way every profession became also a vocation: doing business was as good as becoming a monk. Weber also pointed to Calvin’s concept of predestination: God had already decided who should be saved and who should be redeemed but people wished to know what their fate would be. Therefore they assumed that those who worked hard and got God’s blessing would be saved\textsuperscript{13}. It seems that these statements point to the meaning of the ethical dimension of individualism and individual autonomy in capitalism.

However some authors highlight problems between capitalism, individualism and teaching of Jesus. In his teaching three thoughts could be found: first, as a child of God, the human—his personality—was of sacred worth; second, brotherhood was the primary and proper relation between man and man; and third the law for all social behavior was that of loving service. From these principles it was clear that Jesus perceived the Kingdom as organic unity: individual salvation or self-development alone was impossible. Personality could fulfill itself only

\textsuperscript{11} Berger, 1986, p. 98.
\textsuperscript{12} Berger, 1986, p. 99.
\textsuperscript{13} Berger, 1986, p. 100.
in a social setting, its values could be realized only in fellowship. When
the capitalist system was tested using three measures: personality,
brotherhood and service, it did not pass any of these tests. Through
irregular employment, inadequate wages, insufficient leisure, child labor
and long hours for women, the system destroyed personality. It violated
brotherhood through inviting and depending upon a spirit of division
and conflict-between capital and labor, within capital itself, within
labor itself, and within the general public. Finally with its emphasis
upon motives of self-interest the system violated the spirit of service.
However the critics make some distinctions: capitalism means on the
one hand certain technical arrangements, such as large-scale factory
production, the wage system and ownership of the means of production.
On the other hand it means certain moral and spiritual attitudes\textsuperscript{14}.

3. Satisfaction of individual economic interests in a capitalistic society

One of the phenomena of capitalism is the possibility to satisfy
individual economic interests of consumers and producers in a free
market. The interest of consumers is to buy something as cheap as
possible whereas the interest of producers is to make profit. How can
this be achieved? Consumers choose the shops, producers etc. where
they can get the demanded goods as cheaply as possible. Entrepreneurs
have to accomplish the demands of consumers and provide goods
as cheaply as possible. If a producer would offer good X at a higher
price than another producer nobody would buy good X from him and
he would be forced out from the market. Therefore, consumers decide
what should be produced and in what quality and in what quantities,
whereas producers have their hands tied and have to comply with the
wishes of the consumers. However, through complying with the wishes
of consumers, producers increase their wealth and satisfy their interest

\textsuperscript{14} Meyer, 1961, p.21.
for profit. A graphic description of the free market can be given as follows: the consumer is the captain of a ship, whereas producers steer the ship. The producers receive an order from the consumer and then take appropriate direction. Another, more technical, description of the above mentioned problem is the idea of demand and supply curve. The first one shows the quantity of goods demanded by consumers at given price levels. It is downward sloping: the smaller the price the more quantity is demanded. The latter one depicts the quantity supplied by producers at given price levels. It is upward sloping: the higher the price the more quantity is supplied. There is only one point where both curves intersect giving the optimal amount of quantity and the optimal price. Any other point is not optimal: if the price is above the optimal level the producers supply more of a good than at the optimal point. However the consumers demand less quantity when the price is higher than at the optimal level. The problem of excess supply arises. Producers see that they can not sell their good and so they lower the price – this lowers the supply but also increases demand and the optimal point is reached. If the price is below the optimal level producers supply less goods than at the optimal point. But consumers demand more of those goods because of the smaller price. Hence the problem of excess demand arises. Producers see that they can supply more goods but are willing to do so only at a higher price level – this increases the supply and lowers the demand: the optimal point is reached.

Although capitalism seems to satisfy interests of consumers and producers it was criticized from its early beginnings as being an unfair system which exploits the poor and gives only to the rich ones (some critics are Simonde de Sismondi, Marx). It was also criticized for neglecting the interest of the majority and favoring the interest of a small group of profit seekers. A third point of criticism against capitalism was

the antagonism it produces between capitalists and working class. The system was called a “mad” and “evil” one.

As a magic solution to all the problems of capitalism a socialist society was invented. In this society all the problems of capitalism would vanish. Everybody would be equal, thereby resolving the problem of exploitation, the rich/poor divide and antagonism between the social classes which would disappear. The common good would rule supreme. Individualism would be abolished and perfect uniformity ("Gleichschaltung") would take its place. Free market would be substituted by a central planner – a person or group of persons who would decide what should be produced and how. It would also determine what each individual’s place in the system is and what she can consume. Private ownership of the means of production would disappear, there would be no buying and selling and no market prices. The central planner would cope with all the economic problems and solve them better than the “invisible hand of the market” which was associated with free market. Recalling the description of the demand and supply curve it was assumed that the central planner would know exactly what the optimal quantity was. However the concept of the central planner proved to be a weak point in the socialist idea. No human being or group of persons is capable of substituting for all the economic calculations and decisions which happen in the free market. It is not possible for them to establish the point where the demand and supply curve will intersect. It is not even possible for them to estimate exactly the demand and supply curve. Some socialist economists (e.g. Oscar Lange) proposed the concept of supporting the central planner with machines which would do all the calculations for the central planner and help her establish the optimal point. However this idea was wrong also – even machines or computers cannot substitute for the free market. As history has proved, the concept of the central planner is faulty. Only capitalism and the free market are capable of solving all economic problems.
Individual autonomy means individual responsibility for the development of one's personality. As has been shown in this chapter, capitalism favors the development of such awareness because of long freedom tradition in the political, economical and social aspects of life. In a capitalist society the awareness of one's responsibility of each individual is high. The shaping of a mature personality is important from an ethical point of view because only an individual with a mature personality has the ability to make ethical choices and to follow ethics in his/her life. What is more, ethics can be regarded as an instrument ensuring balance between individualism and social behavior. This allows, on the one hand, for the development of capitalism and on the other hand, for the enrichment of a person through its work for society.

Let us finish this paper by quoting Kierkegaard: "The one who would determine the task of his life ethically generally does not have such a considerable range of options; on the other hand, the act of choice has far more significance for him. If you want to understand me correctly, I would like to say that in choosing it does not so much depend on choosing what is right, as on the energy, the seriousness, the pathos with which one chooses. Therein the personality proclaims its internal infinity, and therewith, again, the personality is consolidated. Therefore, even if a man chooses what is wrong, still he will discover, precisely because of the energy with which he chose, that he chose the wrong"16.

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16 Kierkegaard, 1986, p. 177.
References


