

Economics And Nationalist Theory

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Some believe that economics is a social science, having few roots in the humanities. Actually, of course, economics developed out of the humanities through Smith and Ricardo, not to mention Marx, but, as the discipline stands today, it is purely a quantitative affair. Such is economics' most noticeable trait and greatest difficulty. Put simply, economics — outside of its unfortunate treatment in the universities — is tied to the nature of our association: community, ethnos, morality, culture, history and custom. It cannot be, without gross distortion, removed from this.

The stress, to the point of obsession, of the social sciences on quantitative data is a distortion of social life. It is a distortion because no single human being acts in society purely on the basis of a “rational” (as defined by social science) and quantitative analysis. Social life is not amenable, in its fullness, to quantification, to being reduced to a series of measures, numbers or reference points. Human beings, rather, utilize a store of sentiment, emotion, feeling, and much else along with purely disembodied “rational” thought in their daily life. Much of these “emotions,” ideally speaking, come in the form of tradition or custom.

It is, however, a sophomoric error to claim that tradition is merely a sentimental attachment, though this is precisely what mainstream social science holds. Tradition, rather, concerns itself with moral and social stability in that the rationality of the ages is crystallized and reduced to the level of the masses for their internalization. In short, the internalization of moral ideas through tradition is the only way a moral life can be led by anyone; both for the sake of communal solidarity as well as the simple fact that an ordinary human being cannot be expected to commit to a rational and logical ethical analysis for each and every moral decision.¹ Certainly, one notes, the academic is little different.

In general, the revolutionary origins of the social sciences² is precisely in that contingency is eliminated as either arational, subrational or irrational. Tradition is unquantifiable, although, in an incomplete sense, it is formalizable. A national way of life is not capable of being reduced to numeric representation, though certain specific aspects of it might. A numeric representation is a mere abbreviation of a national and social tradition;³ it does not exist in itself but is an epiphenomenon of an earlier way of life embodied in individuals.

The social sciences are revolutionary in that they have a revolutionary purpose. The social scientific mentality is that rational is identical with the formal quantification of all aspects of social force, power, authority or decision making. Due to methodological constraints, the social scientific mind can only understand, or communicate, that which is reducible to some quantitative idea, model or formal thesis.

Given our present mode of social life, the above condition certainly makes sense. Highly valued social goods are often of a purely quantitative sort: money, votes, office, market share and much else. Family life, nation and attachment to the ethnos are often dismissed — at best — as

“sentiment,” that is, purely emotional and thus of minimal social value. Alternatively, the “rational choice” school of the social sciences goes further, and reduces such attachments to “cost/benefit” analyses. At worst, such attachments are considered harmful and need to be eradicated. It is certain that a society bent on the purely formal aspects of social life — and dependent on their continued domination — has every reason to belittle and despise those forms of life at odds with it.

It is clear, given the dynamics of the post Cold War political and economic situation that the drive to a purely global market demands the destruction of local social conditions. Where family and ties to the ethnos are strong, happiness is not thereby found in consumption or novel entertainments. The twenty first century is showing that the capitalist class and the social traditionalists are fighting a vehemently fought battle against one another. The demands of consumption are social alienation and family breakdown. Only then can commodity producing capital force the social dependency on itself it needs to maintain increasing levels of profit.

The present sort of social life imposed on the West during the last several generations is precisely what is necessary to mirror the bureaucratic life of the regime itself. That sort of life is marked by a rationalized bureaucratic apparatus, dollars and cents, marginal utility and value, vote counts, party strength and much else purely formal and contentless. As this sort of regime consolidated itself, social life was soon to follow, and institutions and tradition that is not so amenable to formalization has been relegated to, at best, sentiment, and, at worst, oppression.

Economics, specifically, is no different than, and, in fact, might be the very highest expression of, this sort of mindset. Now, of course, some things have changed, and many in the discipline are now questioning the relevance of a purely quantitative approach to human society and decision making as it concerns the day to day life of individuals and social groups. However, the quantitative analysis is still the dominant approach to things social from political science, sociology, psychology, public administration and, especially, economics.

The modest idea of writing an essay such as this is to suggest some specifically non-quantitative concepts into the domain of economic analysis, and to show that economics is unintelligible without them. Economics is not immune from moral criticism, and its often repeated “amoralist” approach is a manifest failure given the strains, stresses, contradictions and absurd inequalities of the present economic system. Economics is in desperate need of normative critique, and indeed it has been the recipient of such in recent years.

Simply, put the first principle of such a critique has already been stated: economics is primarily a cultural and hence qualitative and normative enterprise, and should be approached as such. The concept of the economic man is not the primordial condition of man, but a nihilistic moral concept imposed upon western man from the bureaucratic regime itself. A few general principles follow which might summarize the critique.

Economics is an enterprise that concerns an individual’s skill, creativity and intellect. It is essentially a reasoning project. The idea of economics is something specifically human precisely because it is an enterprise of reason and the use of rationality in pursuit of socially useful (i.e. productive) projects. This alone places much of economics into the humanities, but such an understanding is often lost or ignored.

Instead of this, capitalist economics has become the pursuit of efficiency above all else; and efficiency is the highest good of capitalist utilitarianism. Painfully, it has been pursued in

callous disregard of humanity as a reasoning organism. Human rationality as a holistic reflection of society and its traditions is at odds with the use of workers as producers solely. Production according to the modern idea of it is the reduction of humanity to the level of a machine, that is, humanity reduced to quantitative figures and “values.”⁴ Economics is about the exercise of reason and creativity, not the mantra of maximal production at the lowest price and the resultant drive for consumption.

What is equally obvious is that man has an innate (or natural) drive for creation, or, as it were, the application of rationality to raw materials with an eye to aesthetics as well as functionality. It seems that only in recent generations has the aesthetic element been almost entirely dispossessed in favor of functional element; this is merely another invasion of the utilitarian pseudo-ethos upon modern man. The divide between function and aesthetic is a purely modern and utilitarian invention. Aesthetics was man’s specific imprint on nature apart from the remainder of the animal kingdom that has no concept of aesthetic creation (but, some might claim, the animal kingdom does have an inborn sense of efficiency). It is rationality’s love for proportion and contrast that forms the natural drive to the aesthetic. Mankind’s natural drive to create is never reducible to pure function, but advanced capitalism has forced this separation.

The emphasis on skill and reason that a critical economics draws attention to is an implicit condemnation of most modern visions of production. For the contemporary age, production exists for the sake of efficiency, with exists in turn for the sake of a (predetermined) volume of consumption. The result of this is that retail, advertising and manufacturing outlets must continually spur the drive, or the artificial need, for consumables.

The unfortunate fact about modern economics is that the demand curve does not exist in isolation. In modern postindustrial society, the creation of needs is central to the continuing profitability and expansion of commodity production. The most obvious reflection of this fact is the risky and uncontrolled extension of credit at the retail level. Commodity marketing is presently struggling with the demand for ever-increasing consumption on the one hand, and the unfortunate fact of default and bankruptcy, on the other. At the present moment, the pendulum has swung far to the former side. Such is the most serious contradiction in modern capitalist economics. The difficulty lies in the fact that it is questionable whether or not capitalist production has any incentive to recognize when the consuming public has overextended itself. Any major downturn in the economy will leave the consuming public under a mountain of debt far outstripping their gross worth, and capitalism with many unpaid accounts receivable. In a certain sense, the institutionalization and commodification of middle-class debt may well be capitalism’s undoing.

On the one hand, production is based upon efficiency, with the twentieth century idea of “mass production” (which, by definition, includes mass consumption, and both have developed a rather tense relationship) and assembly line production being some of the most violating and dehumanizing inventions of world history. On the other, advertising, necessary to sop up the massive level of production engendered by increases in productive efficiency, almost by its very nature, aims at the consumer as an object, not as a subject. In other words, the object of advertising is not rationality, but passion: fear, envy, hate, lust, greed, anger.

Madison Avenue has been hiding behind that seventeenth century myth of the “rational man” since its inception, knowing full well that man does not live by reason, nor do they live primarily as individuals. That impulse and passion are the primary targets of advertising is beyond dispute, but what is of significance here is that the advertising industry (and by extension, commodity producing and marketing (retail) capital), understands and admits the

methods of manipulation while maintaining the myth of individual choice being some sort of utilitarian/rational calculation in the void. This represents another major contradiction in the present system.

Simply put, the development of reason and creativity is merely a means to an end, to the extent it has anything to do with modern economics at all. The assembly line and manipulative advertising are only the distant symptoms of the perversion of economics from the efficacious development of human facilities to the manipulation of passion for the sake of profitable overproduction.

Work is natural to man; man's work is rational given the natural constitution of men as rational creatures. Labor is merely the very practical application of reason; it is reason translated into social utility. This is the nature of labor and its primary principle. Thus, the organization of production must also follow such lines. The medieval guilds differ from modern unions in significant respects, but the most important is that the guilds dealt with labor as essentially a social and qualitative idea. They worried about the moral worth of their members as well as the organization and ranking of levels of skill and experience. This must be a part of any reformation in the organization of production.

A guild system of production operates according to the principle that work is the rational nature of man manifest in natural objects, that is, his desire to reason about his objective needs and desire to create aesthetically as well as for social utility. Thus, the medieval guild system of production was based around objective measures of skill and ability, with rewards being meted out accordingly. The tradition of the relevant discipline was the measure of poor or exemplary performance; that is, a discipline both useful and aesthetically pleasing is something that developed over centuries and is defined by that development.

Furthermore, the support of the skill itself, in terms of sufficient reward for labor, was the guild's main purpose in the quantitative realm, and they set prices as a result. Consumers paid for high levels of skill, which are objective ideas, not something that changes according to demand, which is purely subjective and, in the age of saturation advertising, ephemeral. Thus, the main distinction between modern unions and medieval guilds was that while the latter accept the modern assumptions about work, the guild system understood it as primarily a socio-rational affair, and its purpose was far more concerned with the quality of labor and skill rather than efficiency pursued in isolation.

Work, economics and production are social and cultural ideas. In this way are they also qualitative and normative. The application of rationality to the things of nature eventually results in determinate ways of life in terms of wants, aesthetic sensibilities, and the development of skills. Skills and abilities develop naturally from primitive to more advanced forms, with their normative structure also so developing. Such developments also form a major part of the traditional culture of a specific people and are a part of the medievalist guild-centered notion of production, marked by a total interpenetration of culture and work.

Modern economics holds both culture and tradition in contempt. Mass production understands only efficiency and market share. Traditionalists and nationalists hold that the individual is a composite of individual and social, manifesting all elements of cultural life and irreducible to any specific part of it. Modern economics views the individual as an isolated creature whose happiness lies in the ability to maintain or increase his present consumptive

patterns, and the ability to draw from it consistently.

Having to advertise within various ways of life and cultural norms is highly inefficient, for the marketers must “customize” each set of appeals to the consuming public, while manufacturing capital must tailor each product to fit the cultural sensibilities of the individuals involved. Furthermore, cultures and nations exist at differing levels of development, and have their own currencies, markets and social dynamics. It is obvious, then, that efficiency demands the creation of a one world market, a one world language and a one world currency regulated by a one world administrative body. Simply, then, if nations and cultures are to remain in existence and hold a moral authority over its people, then the modes of production themselves must change.

What has become a point of contention within nationalism is the moral status of the “free-market,” and the distinctions between the “free-market” and capitalism. Indeed, the two have little in common. The confusion between the two damages the public discourse in economic matters, and allows the captains of industry to steal the mantle of Smith and Locke, a mantle they do not deserve.

The classic description of the free market, the one put forth by Smith specifically, is a series of small capital holders “freely” — that is, without state interference — contracting among customers and employees. The holders of capital can not be large enough to dominate others, for that would create a market that was not indeed free, but highly distorted. This is the market’s first element.

The concept of competition is the second element, and is the key idea for its semi-moral theory, for the market makes little sense without it. Competition ensures the market’s freedom and lack of distortion, in that poor performance by capital, under a game of complete (or at least sufficient) knowledge, leads to its transference to a higher standard, i.e. a new owner. The highest form of capital performance is the standard to which other holders of capital must adopt.

The third element is market equilibrium, where, on the one hand, holders of capital see a return on their capital, and, on the other, consumers are willing to contribute to that overage, that is, to contribute to the return over and above the gross worth of capital. Equilibrium is the stability of capital (supply) and demand in a community, with the community itself, according to its aggregate demand, setting the standard, or at least, responding positively to the standard that has been set. This theoretical picture, as if it needs to be said, is far from reality.

The status of capital in this current period of advanced economic development bears little resemblance to that envisioned by Locke or Smith (particularly the latter). Not only is the smallholder of capital an endangered species, but the moral standard by which capital was to behave — part of that taken for granted by classical liberalism and not related to the theory of the “invisible hand” — no longer exists; that is, that body of tradition that early capitalism took for granted and, unwittingly, undermined. For Smith, capital was not to depart too far from its owners, as small holdings of capital, of course, would not. If it did, it is easy to see how the invisible hand would fail, as layers of bureaucracy create barriers between capital and its target market. Such a situation, apparent today, takes the market and turns it into an oligarchy, an oligarchy “voted” into power by the market itself. Capital, that is, takes on a life of its own, a life separate from the market it is supposed to serve, and begins to set its own agenda. The free-market is, through centralization and bureaucratization, transformed into the rule of capital, or

“capitalism.” The argument in brief is that, keeping the moral theory of classical liberalism in mind, the concentration of capital, layers of bureaucracy, the limitation of the unspoken moral barriers intrinsic to classical liberal theory, the power of advertising, and the drive to capture market share all have invalidated the assumptions inherent in the “invisible hand” theory of Smith, and the legitimizing idea behind the “free market.”⁵

The perversion of capital has been severalfold: first, capital that has successfully defeated its competition tends to absorb it, that is, capital has an inherent tendency to centralize, limiting competition and market entry. Second, capital, through advertising, has found that it need not appeal to humanity as it is, in its objective state of needing things, but can create and recreate humanity to suit its own ends, that is, the interests capital has created for itself, by itself. Third, the European morality implicit within Locke and Smith, and which created a moral backdrop for the economic actions of citizens, no longer exists. Put simply, concentrated capital has found it easier to appeal to the base drives of consumers rather than their reason,⁶ a method ghastly effective because, when manipulating the passions of consumers, there is no intermediary, in that passions demand immediate satisfaction. The result has been the true engine of the modern moral revolution in western societies, namely, the conservative vision of classical liberal economics has been replaced by the suit-and-tie radical using the Sexual Revolution and its appeal to the basest elements of humanity to maintain consumer demand.

What is more, concentrated capital has itself, as James Burnham wrote several decades ago,⁷ taken on the appearance of a bureaucratized regime, a sort of mini-state in its own right. As capital leaves the venue of the market and grows to have interests intrinsic to itself, and, further, grows to the point at which an “owner” is an irrelevant term, capital, and the power it can marshal, is effectively run by managers, namely, those who are not susceptible to the “invisible hand,” (for, as salaried labor, they have no direct interest in the return of investment capital), while at the same time are not “workers” in the traditional sense, for they produce nothing. These managers, as Burnham and the late Christopher Latsch, in his famous *Revolt of the Elites*, have written, are the new local elite of western societies.

This sort of development is significant to moral theory for several reasons. It is indeed a strong argument for natural law, in that, once an aspect of social organization (in this case, economics) departs from its original course, i.e. serving objective needs, it turns quickly into tyranny, alienation, and absurdity. Secondly, the managerial class has been largely the cause for the elimination of a vocabulary of a “civic virtue” in contemporary political cultures. This is a factor curiously missing from Michael Sandel’s recent work.⁸

As capital departs further away from the community it was originally designed to serve, its interests in it become more synthetic. The only interest that remains is one of abstract profit going to a group of owners (i.e. stockholders) who barely know the nature of the organization. As capital becomes transnational, it loses interest even in the country that gave it birth. Capital becomes alienated from the market, from the nation, and from its original purpose. It becomes a perversion of its former self, and, as a result, the idea of “economics” comes to its fullness, and with it, the “economic man.”

This sort of severe alienation brings with it a gradual decrease in the ideas of civic virtue. Within a specific community, small holders of capital are an organic part of it. People and institutions are of the most immediate interests of small concentrations of capital, for its profitability depends on their civic health. The destruction of the community means the destruction of business. Furthermore, the non-quantitative ties small businesses form within a certain community reinforces this interest, and creates a strong backbone for the moral health of

a community. Conversely, as capital grows larger, their increasing mobility, need for specialized personnel, and large geographic market force this interest out of the economic picture, leaving profit as an abstract relation to itself. As a result, communities suffer increasing moral and economic decay.

The holding of property is clearly a moral imperative for the strength of communal ties in that it forces the holder, all other things being equal, to take an active interest in the health of the community. Hilaire Belloc and G.K. Chesterton, among others, have attempted to maintain the moral features of private property while severing this from the evils of capitalism. Distributivism forms the vanguard of the Christian “third way” against both socialism and capitalism.

Both alternatives — Marxism and advanced capitalism — are markedly similar to one another. Both find their roots in the Enlightenment and its idea that increasing material production is a means whereby man can release himself from the bondage of nature. They are both materialist and measure success or failure in the level of production and (sometimes) its distribution. Further, they are both enemies of the natural law school, for they see man as the creator — or recreator — of all things. They both lead to tremendous concentrations of capital and social power. Socialism, is, at its root, and regardless of the more “humane” period of Marx’s early work, the supreme ideology of elite control, as only the social planners in a tightly organized, centralized state, decide upon the level and purpose of production. Eventually, though much more subtly, capitalism takes on the same character.

Notes

1 Of course, this is a very cursory summation of a lengthy and complex line of argument. Pursuing this further might well be necessary, and Michael Oakeshott’s famous essay: “The Tower of Babel” is likely the best place to start.

2 Friedrich Hayek’s (1952) famous book on the social sciences is important here: *The Counterrevolution of Science*.

3 cf. Michael Oakeshott’s famous essay: “Rationalism in Politics.”

4 The literature on this topic is so massive it defies bibliography. In this writer’s opinion, from a rightist point of view, the work of Hilaire Belloc stands out, from the left, that of Herbert Marcuse.

5 For an interesting counterpoint to this view, cf. Michael Novak’s celebrated *The Spirit of Democratic Capitalism*.

6 This author rejects the naive view that the “average” individual lives by “reason.” Nevertheless, the moral point remains: advanced capital has manipulated their subject publics by taking advantage of their main weakness, namely their default mode of living according to impulse, emotion and passion.

7 Cf. his *The Managerial Revolution*.

8 The literature on this is staggering. Recently, however, this author would recommend

consulting Anita Allen and Milton Regan's edited volume *Debating Democracy's Discontent: Essays on American Politics, Law and Public Philosophy*. Also, of course, Sandel's two main works (that say the same thing) *Debating Democracy's Discontent: American in Search of a Public Philosophy*; and *Liberalism and the Limits of Justice*.