

Eastern Civilisation
and the Breakthrough to Modernity in the West
A Review Essay in World History

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Reviewing

John M. HOBSON: *The Eastern Origins of Western Civilisation*,
Cambridge (Cambridge University Press) 2004

Michael MITTERAUER: *Warum Europa? Mittelalterliche*
Grundlagen eines Sonderwegs, Munich (Verlag C.H. Beck), 2nd
edition, 2003; 1st ed. 2003

Konrad SEITZ: *China – eine Weltmacht kehrt zurück*, 2nd edition,
Berlin (Berliner Taschenbuch-Verlag) 2003; 1st edition 2003

Commenting on

William S. HAAS (1956): *The Destiny of the Mind – East and West*.
London (Faber and Faber)

Karl JASPERS (1955): *Vom Ursprung und Ziel der Geschichte*.
3rd edition, Frankfurt a. M. and Hamburg (Fischer Bücherei);
1st ed. Munich (Piper) 1949

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Preface and acknowledgements

A first draft of this essay was written in summer 2006. Originally, the intention was to write a joint review of Hobson (2004), Mitterauer (2003) and Seitz (2003). The basis for this undertaking should have been a more or less strong critique of Eurocentrism set forth in these books. Indeed, the works of Hobson and Seitz are explicitly non-eurocentric, and, contrary to the conventional view, Mitterauer argues that Europe's specific way started in the early Middle Ages, but does not make any claim as to European superiority. Very soon, however, the project of a joint review appeared impracticable. In fact, the three books deal with widely differing themes, and this would have meant writing three largely separate reviews, linked together only by a more or less pronounced anti-eurocentric stance. Immediately, the idea to only criticise Eurocentrism based on the arguments of the authors of the books to review was found to be highly unsatisfactory. Something positive, that is an alternative to Eurocentrism, had to be established. This required no less than *Rethinking World History* (Marshall G.S. Hodgson) in view of attempting to set up a very broad world historical sketch. Such an outline would, however, necessarily contain a very great number of white spots, mainly due to the limited capacities of a single author dealing with a very complex problem, the lack of capacities being aggravated by the fact that the writer of these lines is not a historian, but eventually relieved somewhat through his being a political economist, since, indeed, political economy had emerged and

has remained the key social science of the modern era. In any case, the three books to be reviewed had to provide the colours and the subjects to paint over some of the numerous white spots, each becoming thus a part of a great world historical picture. The same is true of the books commented on, that is Haas (1956) and Jaspers (1955/1949), and in fact of all the works quoted in this essay. Hence the role of the literature put to use here is not to strengthen an argument developed by the author of these lines; in fact, the works reviewed, commented on and quoted in this essay *make up* the argument, the role of the author being, more modestly, to put, on the basis of a specific vision of history, the various parts of argument at their approximately right place, to elaborate and to establish links between them. In fact, the role of the literature put to use in this essay is to cover spheres of reality the author is not familiar with, thus filling large gaps in the argument, and to set up connections with wide fields of knowledge, to finally get a reasonably complete picture. Given all this, the authors quoted in this essay, specifically those reviewed and commented on should, in a way, be considered *co-authors*. To be sure, this is an unusual procedure, but is perhaps the only possible way to deal with a very complex phenomenon in a limited period of time.

A very complex problem can only be tackled on the basis of a vision, and we may already mention here that the Creationist vision underlies this essay, not the presently dominating evolutionary view, which, incidentally, inevitably leads to Eurocentrism. The basic role plaid by the vision implies that the argument set forth in this essay, necessarily, cannot be conclusive. Scientific proof is, in a Keynesian vein,

impossible if the phenomenon considered is very complex; indeed, in this case, one can only attempt to convince. This is associated with a specific theory of knowledge which is Aristotelian realism to which Maynard Keynes has given a new impetus through his logic of probability. On the basis of a comprehensive metaphysical, theoretical and historical-empirical argument the human mind may establish what is *probably essential or constitutive* to a phenomenon, even to a complex phenomenon. The degree of probability will depend upon the extent and the quality of the evidence considered.

This review essay is structured through the attempt to approximately understand and to interpret two momentous world historical events: Karl Jaspers's *Achsenzeit* (*Axial Age*) and the *Breakthrough to Modernity in the West*. What is the world historical significance of *Achsenzeit*, which occurred, according to Jaspers, broadly between 800 and 200 B.C.? And why could the breakthrough to Modernity have come about in the West only, in spite of probable Eastern superiority in the economic-technical sphere in the centuries preceding the breakthrough?

The attempt to provide a very sketchy, but reasoned outline of world history starting from these questions is obviously a daunting task. And it is also an *essentially social* undertaking. The author of this essay is immensely indebted to all the great authors he was privileged to have become acquainted with during his academic life in more than four decades. However, his profound debts go also to his teachers on all levels of education and learning. In a representative vein, only one may be mentioned here: Basilio Mario Biucchi, originating from

Ticino (Switzerland), who lectured on political economy and on history of economic theories in the University of Fribourg/Switzerland for about three decades after the Second World War. Basilio Biucchi was really *the Scholar* in the sense proper, having an immense knowledge of the primary and first class secondary literature in the social and political sciences. He made generations of students familiar with the great socio-economic problems and the solutions proposed by the great authors. Dialectics, dealing with contradictions, was for Biucchi the great avenue to deeper knowledge. To know about alternative theories, of value, distribution and employment, for example, is, in a Keynesian vein, ‘emancipation of the mind’, he told his students, and this will prevent you from becoming ‘a slave of some defunct economist’, Keynes again. Biucchi’s complete openmindedness showed up most forcefully in his splendid lectures on Karl Marx in the midst of the Cold War. These lectures, always based on the original writings of Marx, the *Frühschriften* and *Das Kapital*, were unique and therefore attended by students from all over Europe; incidentally, Biucchi did not see any contradiction between Marx’s early writings and his later work, that is between Humanism, equal to Socialism, and structuralism/determinism, a basic characteristic of Capitalism. Indeed, while putting to the fore Marx’s profound critique of capitalism, Biucchi was relentlessly emphasizing Marx’s deeply humanist vision of Socialism and urged us to read Adam Schaff, and others. Biucchi’s endeavour was always to broaden and deepen the knowledge and to open the mind of his students: ‘If you want to understand Marx, you have to know something about Hegel.’ By

coincidence, in the 1960s, and beyond, the great Polish – Dominican – philosopher I.M. Bochénski delivered grandiose lectures on *Hegel, Marx and Lenin*, which, subsequently, were regularly attended by some of Biucchi's students.

This essay would never have been written, had there not been the profound intellectual influence Biucchi exercised on his students. And more: after a preliminary exam in summer 1965, at a time when the Soviet Union was at her *apogée* and Western capitalism boomed like never before, Basilio Biucchi told me, in a visionary vein, something like this: 'Soviet Communism is against human nature, betraying Marx's humanist project, and will, therefore, perish; and Capitalism will inevitably experience a deep crisis again. Given this, the day will come when a middle-way alternative will be needed. Therefore, you ought to get familiar with Keynes's original writings, and you should try to do some comprehensive and systematic work in the field of the intermediate way between capitalism and actually existing socialism.' With these remarks, Basilio Biucchi had set me an intellectual aim I was able to pursue for the whole of my academic life, the most precious gift an academic teacher can make to his pupil.

A second draft of this essay has been read by my economists colleagues Hans-Christoph Binswanger (Saint Gall) and Gaston Gaudard (Fribourg), by my students Faramarz Akrami, a graduate in management sciences now writing a thesis in political economy, Daniel Chable - a mathematician, retired from professional life in an insurance company, and now studying history and political economy – and Alex Gertschen, a history graduate; and by Grzegorz Sienkiewicz,

a theology graduate, now studying philosophical ethics. All reacted very positively to the overall content of the essay, and the approach chosen, and made many excellent remarks, also critical, on specific points. I should like to thank most warmly all of them, and add that, of course, all responsibility remains mine.

The first draft of this essay has been written without any interruption and subsequent drafts should, equally, be readable without a break. Therefore, no numbers have been used to mark chapters and sections; instead the corresponding titles are always written in full. Moreover, there are very few cross-references, and many repetitions are made. All this should render reading easier.

Problem and Plan

The breakthrough to Modernity with all this notion encompasses is still almost exclusively seen as a European matter: the Industrial Revolution in Great Britain, the subsequent stupendous progress in the natural sciences and in technology, the Political Revolution in France, later in Russia, the doctrines of Liberalism and Socialism, capitalism and democracy, socialism and central planning, the coming into being of political economy and economics, also of sociology and the modern political sciences, and of rational and historical theories of law; Descartes's philosophical *tabula rasa* leading up to the Copernican Revolution in philosophy through Kant, the optimism of Enlightenment linking up with a philosophy of history based upon the

notion of unlimited progress. Max Weber's assessment of these dramatic changes in his *Vorbemerkung zu den Gesammelten Aufsätzen zur Religionssoziologie* has become the classic formulation of *Eurocentrism*: 'which interconnected set of circumstances has, on occidental soil only and only here, brought into being cultural phenomena carrying the seed of universal importance and significance? For example, only in the Occident there 'science' in a sense which, at present, we recognise as valid' - 'welche Verkettung von Umständen, hat dazu geführt, dass gerade auf dem Boden des Okzidents und nur hier, Kulturerscheinungen auftraten, welche doch [...] in einer Entwicklungsrichtung von universeller Bedeutung und Gültigkeit lagen? [Zum Beispiel gibt es nur im Okzident] „Wissenschaft“ in dem Entwicklungsstadium, welches wir heute als „gültig“ anerkennen“ (Weber 1988/1920, vol. I, p. 1). 'And, in new and modern times, the Occident only knows about a form of capitalism as it never existed somewhere else: the rational-capitalistic organisation of (formally) free labour' - '[Und nur] der Okzident kennt in der Neuzeit [eine] nirgends sonst auf der Erde entwickelte Art des Kapitalismus: die rational-kapitalistische Organisation von (formell) freier Arbeit' (Weber 1988/1920, vol. I, p. 7). This eurocentric view considers Europe as unique since it is in Europe only where the preconditions for fundamental socio-economic, technological and cultural change existed, relegating, in a first step, the 'rest of the world' to a state of backward immobility. Indeed, the *twin revolution* in the second half of the 18th century, the English Industrial Revolution and the French Political Revolution, brought

about an immense technological, socio-economic and political transformation, the transformation of traditional hierarchical societies dominated by Nobility and Clergy to modern (formally) egalitarian Bourgeois societies, parliamentary democracy and market economies. In view of this Great Transformation (Karl Polanyi), an English historian remarked that an Englishman living around 1750 stood nearer to a Roman soldier serving under Caesar than to his great-grand-children living around 1830 (see Landes 2003, p. 5). The Great Transformation constitutes doubtlessly a turning point in the history of mankind. In a eurocentric view it was the work of Europe who seemed to be chosen to lead the whole of mankind to a bright future characterised by scientific progress and economic growth. Indeed, the way in which the Great Transformation is perceived largely determines the way in which we look at world history.

The books reviewed here, modify or even challenge the eurocentric view of world history. This also holds for most of the books quoted. The works in question all require, at least implicitly, a *Rethinking of World History* (Marshall G.S. Hodgson) and, as a consequence, suggest more or less vigorously that the *eurocentric* view must be recast or even abandoned to open the way in favour of a balanced *global* view, a true *World History*. This is by now means to diminish the great achievements of Europe, prepared by the European *Sonderweg* (Mitterauer), nor to overvalue other civilisations. Indeed, in the following it will be argued that *all civilisations stand on the same footing*, each *civilisation* being characterised by a *specific way fundamental values* are realised to some degree of perfection. Asia

has, on the one hand, certainly greatly contributed to preparing the breakthrough to modernity (John Hobson and William Haas) in Europe. On the other hand, the breakthrough to modernity could have come about only in Europe and this represented not only a great achievement for humanity, but also led mankind on a path full of perils as the catastrophes of the 20th century and the present precarious socio-economic, political and ecological situation attests. It may well be that the approximate solutions for the problems of industrial modernity may come from the East, who through the achievements of China, India and the Islamic regions, has greatly contributed to perfecting civilisation of the premodern Agrarian Age. This is broadly in line with Jack Goody's impressive vision: "Looking at a wider front, the knowledge system and the arts of China and Japan were in the same league as the West, at least until roughly the fifteenth century. Indeed in certain important ways the East had been more 'developed'. It was not the case that the achievements made by the West in the classical period saw them comfortably through to modern times, providing a comparative advantage for the later take-off: the decline in the early medieval period was only too apparent. During the intervening millennium after the classical period Europe in many ways lagged behind in knowledge, the arts and the economy. Looked at over the *longue durée*, there was an alternation in achievement based on the common attainments of the Bronze Age. Over the centuries we find a swing in the pendulum with one advancing on one front at one time, another at a different stage. At other periods similar developments were taking place in both regions, partly in parallel

(they were building from similar bases), partly by adoption (that too made possible by the similar backgrounds). [...] And it is a pendular movement that continues today, with the East now beginning to dominate the West in matters of the economy”(Goody 1996, pp. 231-32). And it may well be that, in the near future, the East in general, China in particular, through relying on Confucian political philosophy, implying the ideal of social harmony, going along with social or distributive justice, will more fully master industrial modernity on the social and political level, too. And the West might follow suit through relying on *Social Liberalism* founded by Keynes (Bortis 1997, 2003) which implies a neo-Aristotelian approach to political philosophy (Brown 1986). Indeed, Keynes basically argued that the problems of political organisation of Modernity can only be tackled through relying on traditional social and political philosophy which was based on ethics. Given this, Confucius and Aristotle, two towering figures of Karl Jaspers’s *Achsenzeit* (*axial age*), whose affinity is evident, might become beacons in the tempest of Modernity.

Several interrelated questions arise in relation to our problem: How did the advanced Eastern civilisation combine with particular Western development processes so as to produce the Industrial Revolution in England and the Political Revolution in France both of which are the basis of Modernity? Was there a significant, perhaps even decisive, impact of the East on the West (John M. Hobson) or were developments parallel and, in a way, immanent, interactions not excluded (Michael Mitterauer)? And, inevitably, why did, in spite of the brilliant achievements of the Chinese civilisation, the Industrial

Revolution not take place in China, given China's undisputed technological lead (Joseph Needham, taken up by Konrad Seitz)? Moreover, what was the nature of Chinese civilisation, which held a dominating position, until 1800, and what consequences might ensue from China's return on the world scene (Konrad Seitz)? In this essay, it is attempted to give tentative and very sketchy answers to these and related questions.

The central purpose of this review essay is to put the three books reviewed here into a wider world historical context. These works in fact picture *aspects* of one great drama, World History, which forms a unity. This view of things suggests that *Eurocentrism* is an 'optical illusion' (Marshall G.S. Hodgson) and that all civilisations have participated in the coming into being of the modern world. Moreover, it may well be that civilisations that seemed backward hitherto may, in the future, take the lead in the movement of World History, politically, economically and on the cultural level.

This leads to the content of this review essay. In the first place, the stage is set to prepare for coming to grips, necessarily very tentatively, with the immensely complex problem tackled in this essay. It is, in fact, postulated that while human beings, societies, and civilisations are *essentially* the same everywhere, they may come into *existence* in very different forms. To bring out these differences on a fundamental level, a very wide view has to be taken. To start with *some remarks on method* are made, also because of Haas (1956) who makes use of a 'metaphysical' method, not widely used at present. These lead on to some suggestions on the *human mind and the acquisition of*

knowledge; in this context Haas (1956) argues the mind worked in an entirely *different* way in East and West - at least until the outset of the twentieth century approximately; maybe at present we witness a *temporary* broad standardisation of the working of the mind along American shaped Western lines. Subsequently, *the same invariable human nature and the differences between civilisations* are considered. The next section - *The natural state and alienation* - is about the relation between the normative (the natural) and the positive states of affairs. This leads on to considering the *driving forces in history* and the *structure of human history*. The introductory part ends with putting the structure of history into a wider context: *The structure of history and the invariable nature of man*.

The next two parts are devoted to the first two books reviewed here, *John M. Hobson: Asia influences Europe, but does not dominate her*, and *Michael Mitterauer: Europe sets the stage for the road to Modernity*. This leads on to considering *The sequence of events in Europe* and *The Industrial Revolution – a chemical mixture explodes*. Indeed, a great number of development lines had to combine and to interact in order to bring about the Industrial Revolution, which initiated the breakthrough to Modernity, on a relatively small offshore island in Europe. There is some analogy in this event to John Eccles's (1984) grandiose vision that the Universe had to be created so immense to be able to produce life on a small and almost insignificant planet of some solar system. Next we turn to the East to review our third book: *Konrad Seitz: The Sequence of events in China*, followed by *East and West in a Wider Context*; here, Karl Jaspers' immensely

important notion of *Achsenzeit* (*axial age*) is briefly considered. The next part - *William Haas: East and West are entirely different* - is devoted to a very important book by this author: *The Destiny of the Mind – East and West*. In the first three sections the basic principles structuring Eastern and Western civilisation are presented and compared, *Europe: Unity in Variety*, *Asia: Juxtaposition and Identity* and *East and West*. The final sections of this part deal with a fundamentally important issue taken up by Haas, the problem of institutions: *Institutions in East and West* and *Institutions in a wider context*. This prepares for the section on *Institutions and Modernity* contained in the final part: *Concluding Remarks: some fundamental issues related to the breakthrough to Modernity*. Next we turn to *Attempts to master the effects of the Great Transformation*. This is followed by a glance at the present situation: *Assessing and evaluating Globalisation*. The next two parts are normative in character and are, as such, about the mutual implication of the *natural order within states* and the *natural political world order*. Is the latter a global economic empire, or will large political formations (Europe, the Americas, China and India) struggle for predominance, or, as will be argued, should the world simply constitute a family of co-operating states? In the concluding part some fundamental issues related to the breakthrough to Modernity are dealt with. There are five sections. The first summarises the overall argument: *A more complete structure of human history*. Subsequently, four particular themes are taken up: *The necessity of theorising*, *Institutions and Modernity*, *From history to*

history proper through reducing alienation, and From the philosophy of history to the science of comparative civilisation.

It goes without saying that, given the immense complexity of the problem tackled, the propositions made in this essay are bound to remain extremely sketchy and tentative and, of course, *probable* in Keynes's sense (see below in section on *Some remarks on method*). Moreover, given limitations of time, the evidence that could be taken into account is, necessarily, utterly limited in relation to the immensity of the object considered. Finally, there is the fact that the writer of these lines is a newcomer in the field of world history, and moreover, as a political economist and historian of economic theories, largely an amateur in the wide field of general history. Most of the – throughout excellent – works put to use in this essay have been selected at random, not on the basis of systematic knowledge of the literature, the only 'fix-point' being the three books reviewed, complemented by Haas (1956) and by Jaspers (1955). Around this core the essay has been organised. This necessarily means that a large number of books, not to speak of articles, crucial to the problem investigated, have not been taken into account, due to a lack of knowledge, or simply, because of limitations of time. However, relying heavily upon the core books just mentioned has enabled the writer of these lines to deal with spheres of reality he is not familiar with. In this way, crucially important gaps in the argument outlined in this essay could be filled in, broadly completing thus the whole picture.

In spite of these shortcomings, we shall attempt to take a very wide view so as to be able to reconcile different, even opposed and

seemingly contradictory standpoints. In fact, the aim of this review essay is to put the books reviewed, extensively mentioned – like Haas (1956) - and quoted into a perspective such that they appear as representing different parts of one great picture. The various theories, explanatory frameworks and visions considered here are, therefore, not, in the first place, competing, but essentially complementary.

The complementarity between theories arises from the fact that the present essay is based on a specific comprehensive vision of man as a social being and of his destiny. This metaphysical basis enables us to put the various elements of analysis – principles and theories - used here at their approximately right place. The main subjects considered in this essay are a very rough outline of a *philosophy of history* combined with selected aspects of *socio-economic and political history*. This material core has been linked to other domains: to *theology* through Kehl (2006) and Eccles (1984), to *social philosophy* through Brown (1986), Schack (1978) and Bortis (1997, ch. 2), to *social psychology* (Haas 1956), to the *social and political sciences* in general and to *political economy* in particular through Bortis (1997 and 2003) and to the *natural sciences* through Eccles (1984). Now, the possibility to link some material core to other spheres of science on the *basis of a specific vision of man and of society and of the destiny of man* should broaden the potential for *interdisciplinary work*. In fact, such work is possible only if each social and natural scientist is reveals his vision of man and his destiny underlying explicitly or implicitly his theories. For the vision shapes the approach chosen and the theories elaborated on the basis of some approach. Consequently,

approaches and associated theories become intelligible and comparable only through the underlying visions.

Given all this, it should be evident that this review essay *is not*, and could not be, *a definite final result*, but represents a *tentative* and *probable starting point* to think about Eastern civilisation and the breakthrough to modernity in the West in a world historical context by considering some implications and consequences of this momentous event.

Setting the Stage

In this essay it will be argued that the breakthrough to Modernity is a common achievement of mankind. This implies that all human beings and all civilisations stand on the same footing, nobody is superior or inferior (it will be argued that this proposition holds, of course, only for the – probable - *essence* of the various civilisations, with very great differences occurring if the historical *existence* of civilisations is considered). And this also implies that the achievements of Modernity, science and technology, are common to humanity as a whole. And, finally, humanity as a whole will have to meet the immense challenges brought about by Modernity. Indeed, one should not forget that the fabulous scientific and technological progress has been accompanied by the coming into being of islands – states, regions, individuals - of immense wealth, within a sea of poverty and misery, with the middle classes getting weaker, and that governments

are losing power to huge multinational and transnational enterprises in production and finance. Moreover, given the environmental problems and the gradual exhaustion of non-renewable resources, to achieve sustainable development on a world level has now become a basic issue for humanity as a whole.

The complexity of the problems considered here require some considerations of a preliminary and preparatory nature to come to grips, tentatively and probably, with our object of investigation, Eastern civilisation and the breakthrough to modernity in the West and some implications and consequences associated with this momentous event. Without a comprehensive vision of man and of society it is simply impossible to render justice to the actors involved in this process, that is the great civilisations. Therefore, some basic, ideal type notions aimed at approximately capturing essential or constitutive aspects of complex phenomena have to be coined in order to be able to tackle this issue. We consider in turn, first, problems of method and, second, the structure of the human mind and the acquisition of knowledge. Subsequently, we make some remarks on the nature of man and of society, in principle, and in relation to historical realisations of essences. In the fourth place, history and historical change are briefly considered, and, finally, a broad structure of world history is outlined and put into a wider context.

Some remarks on method: probability, and principles and theories

These remarks on method are required to clarify, necessarily to a small extent, the methodological issues arising in dealing with aspects of our immensely complex problem, East and West and the breakthrough to Modernity. In fact, two approaches may be put to use to deal with complex historical, socio-economic and political issues. In first approach, *principles*, capturing fundamental features and causal forces, are distilled out of a vision of man and of society to arrive at an approximate *understanding* of historical developments or of socio-economic states of affairs, possibly in a wider context. This is the method put to use, for example, by Haas (1956) in his *Destiny of the Mind – East and West*. In most works, however, theories or explanatory frameworks are developed to *explain* phenomena, with some *vision* of the phenomenon considered being *implied*. This also holds for the books reviewed here, Hobson (2004) and Seitz (2003) and Mitterauer (2003). We want to argue here that both methods are complementary, and that both yield probable knowledge. In fact, as already suggested, throughout this essay we attempt to propose conceptual frameworks large enough so as to be able to reconcile different, even opposed points of view. This renders the object investigated immensely complex. To obtain knowledge about very complex phenomena requires a specific method or way of thinking. This is the logic of ordinary discourse which, if refined, leads up to a “general theory of argument from premisses leading to conclusions which are reasonable but not certain, [implying a probability relation between premisses and conclusions, entailing a certain degree of rational belief]”(O’Donnell 1989, p. 30).

The method to acquire knowledge put to use here is set out in Keynes's *Treatise on Probability* (Keynes 1971/1921) and applied in his entire work (see on this Carabelli 1988, Fitzgibbons 1988 and O'Donnell 1989). „[In fact, in this work] Keynes developed a *general* system of formal logic capable of being applied to *all* domains of the real world, aiming thus at setting up the foundations for a complete material logic or theory of knowledge. ‘[Keynes’s] theory of rational inference . . . takes the whole of human thought as its domain, ranging across areas as diverse as actuarial studies, legal disputation, moral reasoning, metaphysical speculation, psychical research and mathematical argument, not to mention daily life and all branches of the natural and social sciences‘ (O'Donnell 1989, p. 38). Keynes's method is a *realist* theory of knowledge in the sense of Aristotle. By means of the power of intuition the mind attempts to get hold of the essential or constitutive features of a phenomenon in order to understand it and to be able to set up theories to explain aspects of the phenomenon considered. In these attempts to get knowledge the concept of *probability* plays a central role.

“Probability, for Keynes, is essentially about logical relations between sets of propositions [particularly between] the premisses and conclusions of arguments [as a rule in scientific work, some theoretical or empirical investigation carried out by an author and the conclusions he draws from it]. Keynes labels these logical relations ‘probability-relations’. In general, they are relations of partial entailment or support, which in the limit become relations of complete entailment. From this perspective, probabilities are conceived in terms

of degrees of partial entailment. [...] However, Keynes also claims that the probability-relation expresses the degree of rational belief that may be placed in the conclusion of the argument; [more formally, let] our premisses consist of any set of propositions h , and our conclusion consist of any set of propositions a , then, if a knowledge of h justifies a rational belief in a of degree b , we say that there is a probability-relation of degree b between a and h . This will be written $a/h = b$. [Probabilities or degrees of rational belief may vary between *certainty* and *impossibility*, with specific *degrees of certainty* being most important]"(O'Donnell 1989, pp. 34-35). Two points should be mentioned here. First, Keynes mentions that probabilities increase if the evidence increases, concretely, if a wider theoretical and historical view is taken. This is precisely what is attempted in this essay in order to enhance the probability or the degree of rational belief that may be placed in our conclusions. And second, as suggested above, the role of intuition leading on to a – metaphysical - vision of a complex state of affairs is crucial. "How then do we know any probability? [...] I am inclined to believe that we possess some power of direct inspection in the case of every judgement of probability. By this I mean that relations of probability are things that can be directly perceived, just as many other logical relations are by general admission objects of *intuition* [which, in fact, is the *first* form of knowledge]"(Keynes quoted in O'Donnell 1989, p. 81; our emphasis). It will emerge in the next part that the distinction between intuition on the one hand and reason and analytical powers on the other, is crucial to distinguish between differing approaches to obtain knowledge which, in turn,

characterise civilisations. It may already be mentioned here that the – metaphysical – vision leads on to and co-ordinates, in an Aristotelian vein, theoretical and empirical knowledge. Metaphysics appears as the ordering science.

In Keynes own words “probability [comprises] that part of logic which deals with arguments which are rational but not conclusive”(O’Donnell 1989, p. 28). “The Logic of Probability is of the greatest importance, because it is the logic of ordinary discourse, through which the practical conclusions of action are most often reached’ (Keynes). [Moreover,] Keynes perceived a fundamental connection between logic and common sense, part of his aim being ‘a logical theory which is to justify common sense’”(O’Donnell 1989, p. 32). In this vein, Keynes and Einstein are both reported to have said that ‘science is nothing but refined common sense’.

„[Since, as suggested above,] probability is relative to evidence and is concerned with *rational* belief and not with mere, or psychological, belief: ‘Probabilities are [therefore] always *objective* and never subjective. This is so because they are essentially connected to logic and not to psychology. Logical relations are viewed as objective because they are grounded in an *external immutable realm* [our emphasis] which timelessly transcends mere individual opinion’ ([O’Donnell 1989], pp. 37–8). This is crucial as to the meaning of truth which is ‘a property of a proposition . . . a certain conclusion becomes a true conclusion when the premisses are true’ ([O’Donnell 1989], p. 36). Material logic deals, in Keynes’s view, with the correspondence of thought and the objectively given real world

comprising, on the one hand, essences of things and of relations between things, i.e. the 'external immutable realm' just mentioned, and the appearances that are accessible through the senses, on the other. This definitely links Keynes to the great metaphysical tradition of Plato and Aristotle“(Bortis 1997, pp. 59-60).

It may be plausibly argued that, in his entire work, Keynes attempted to reconcile metaphysics and social and natural science. This leads on to distinguishing, very broadly and tentatively, between two different, but complementary concepts of science. The first, conventional, notion of science sees social scientists and historians as setting up models and explanatory frameworks, possibly in view of establishing testable propositions. The point is to *explain* social phenomena and historical situations starting from *given* premisses. This is done on the basis of pure and applied *theory*.

To start from given premisses means that scientific work, establishing theories, always rests, explicitly or implicitly, upon fundamental principles, which, as a rule, are taken for granted. This leads on to a second notion of science (which, perhaps, should be, more appropriately, called *art*). Here the theorist attempts to distil *principles or fundamentals* in view of *understanding* how socioeconomic systems essentially function or what is essential or crucial about some historical situation or a historical development. In a way principles form the basis upon which theoretical work dealing with social and historical phenomena takes place. As such principles have a metatheoretical character. Principles are not about visible characteristics of phenomena to be brought to the open by theories but represent the fundamental

forces – probably - constituting phenomena. In fact, one should not hesitate to say, that the principles underlying theoretical systems are metaphysical since they tell us what is, probably, essential for the object considered.

Now, to distil such principles the whole of society and man must be considered, and all the information available must be taken account of, scientific and non-scientific, theoretical and empirical and historical, whereby the objectively given material is dealt with by reason based upon a metaphysical vision which, in turn, is associated with intuition. This implies, as, in our view, Keynes suggested, that science and metaphysics interact: principles guide scientific work, and the results of science eventually modify the scientists fundamental outlook and may induce him to adopt another approach in his scientific work, based upon a different set of principles.

The notion of principles is closely associated with Aristoteles' essentialist theory of knowledge: the human mind does not remain at the surface of phenomena but tries to understand the essential or constitutive forces behind, perhaps better, inside, the phenomena. Here, the distinction between essentials and accidentals is crucial as is the comprehensive point of view which implies that all the relevant information – with the history of economic theory perhaps being most important - has to be taken into account if a complex problem is investigated, for example the formation of prices or the determination of involuntary unemployment. Only what is considered to be essential or constitutive to a phenomenon is included in the model which is a picture, in fact a *reconstruction or recreation* of what *probably*

constitutes a phenomenon, for example, prices, quantities and employment levels in political economy; in the historical sciences, the preoccupation with probable essentials or principles leads to the formation of *ideal-types* like the *medieval city*, *feudalism*, *capitalism*; as will be seen below, William Haas also uses ideal-types to characterise the essential differences between Eastern and Western civilisation.

The recreation of essential or constitutive aspects of phenomena through principles, fundamental pure theories or ideal-types is performed by reason interacting with intuition and is analogous to the recreation of constitutive aspects of types of human action or human sentiment, and of specific social phenomena by a writer through a novel, a drama, or a poem. Therefore, metatheories or sets of principles or ideal-types have *not* to be realistic in the scientific sense since they are not reflections or pictures (*Abbilder*) of certain spheres of the real world which can eventually be associated with testable propositions. In their being reconstructions of essential aspects of real world phenomena, principles illuminate these phenomena from inside and initiate the formation of empirically testable theories, that is of pure and applied theories.

The books – by Hobson, Mitterauer and Seitz - reviewed here are all on the level of theories and explanatory frameworks, associated with systematic description. However, the work by William Haas (*The Destiny of the Mind*), used extensively to bring to the open the fundamental difference between Eastern and Western civilization, is on the level of principles based upon a vision of the subject matter

considered, with description only used for illustrative purposes. This latter method has not been very fashionable in recent decades, and this is perhaps the main reason why Haas's book has not found the recognition it deserves.

Human mind and acquisition of knowledge

These very sketchy considerations on the acquisition of probable knowledge naturally lead on to some very brief reflections on the structure of the human mind, its powers or capacities to acquire knowledge, as are relevant for our problem, Eastern civilisation and the breakthrough to Modernity in the West. Indeed, William Haas argues in his *Destiny of the Mind – East and West* (1956) that the Eastern mind worked entirely differently from the Western mind, broadly from *Achsenzeit - axial age* (Jaspers 1955) – 800 B.C. to 200 B.C. – until the first half of the twentieth century, when a broad standardisation along Western, mainly Anglo-American, lines started to set in. It will be argued below that this difference is a crucial element to explain why the breakthrough to Modernity could have occurred in the West only.

Systematic thinking on some aspect of complex objects – individuals, society and nature – is guided by *reason (Vernunft)*. In the main, reason fixes the approach to be chosen, that is the type of premisses selected to undertake some scientific analysis. This implies postulating principles, that is fundamental causal forces that are *constitutive* to a phenomenon; for example, Keynes argued that, in principle, effective demand determined output and employment in a monetary production

economy, not supply and demand as his neoclassical opponents claimed.

As has been suggested above, principles or sets of principles are not reflections of specific spheres of visible reality, that is of particular phenomena, but reconstitutions of – probably – essential or constitutive elements of phenomena. As such principles have *not* to be realistic in the scientific sense. In fact, principles illuminate the phenomena from inside, thus further the *understanding* of phenomena, and initiate theoretical and empirical work, i.e. the setting up of theoretical models or explanatory frameworks. Pure theories may, in a further step, lead on to applied theories if testable propositions are to be elaborated. Pure and applied theories or framework thus aim at *explaining* phenomena. To work out pure and applied theories or frameworks on the basis of *given* principles is a matter of reason in a narrow sense, which might be called *analytical powers* (*Verstand*).

It is now of the utmost importance that *reason*, when selecting an approach to come to grips with some phenomenon, a socio-economic or historical state of affairs for example, explicitly or implicitly builds upon a *vision* of man and of society. This vision is, in turn, obtained through *intuition*; the vision of man and of society, if elaborated by reason gets an anthropology and a social philosophy. Intuition, which, in a way, captures the whole of the phenomenon considered, producing thus probable essentials of the object considered, is obviously of the greatest importance in the process of acquiring probable knowledge. In fact, the principles considered to be essential or constitutive of the object considered emerge from the vision held of the phenomenon

under consideration. Keynes argued that *intuition* produced the first, and also the most fundamental form of knowledge, that is the *vision*.

Hence the vision of man and of society, and the associated anthropology and social philosophy, both obviously metaphysical concepts, are not unscientific, but, on the contrary, provide the foundations for scientific activities. The scientist always works on the basis of a certain approach, characterised by certain premisses which, in turn, imply principles that emerge from a vision of things. The results of his activities may lead a scientist to go on working on the basis of the approach originally chosen, or, if he is dissatisfied with the results obtained, to look for an other approach. Hence there is interaction between the metaphysical vision and science, between principles and analysis.

As suggested above, the probability of a proposition obtained by a rational argument, that is „the degree of rational belief that may be placed in the conclusion of the argument“ (O'Donnell 1989, p. 34), depends upon the quality of the metaphysical vision, and of the theoretical and empirical-cum-historical evidence available. However, the principles embodied in the approach chosen, are not something that emerges easily from the vision of the scientist, but are hard won. This explains why works embodying principles that promote insight into and understanding of a complex phenomenon have, as a rule, a long gestation period. A prime example is *The Destiny of the Mind – East and West* by William S. Haas, which was published in 1956, the year in which the author died (at 73). This book, obviously the harvest of a life-time work, greatly enhances the *understanding* of Eastern and

Western civilisation on the basis of principles (ideal-types) and, as such, plays a crucial role in the argument set forth in this review essay. A similar argument could be conducted in other contexts for Kant's *Kritik der reinen Vernunft*, Marx's *Kapital*, or Keynes's *General Theory of Employment, Interest and Money*.

The structure of the human mind can now be sketched. Most fundamentally, there is *intuition* which produces the vision. *Reason* is of central importance, since reason establishes principles or an ordered set of principles, aimed at capturing what is probably essential to a phenomenon. The *analytical powers* elaborate pure and applied theories on the basis of principles, that is of a certain approach. Hence we have a definite sequence of powers of the mind: *intuition*, *reason* (*Vernunft*), *analytical power* (*Verstand*) which lead to the vision, the principles and to theories and explanatory frameworks respectively. These powers interact with *sense perception* to produce knowledge in the case of very simple objects of investigation. However, if the phenomenon considered is complex, some empirical or historical situation for instance, sense perception will be *elaborated* – considerations of statistical data or of historical descriptions – and knowledge will inevitably be probable in various degrees. Hence, *reason* is centrally important because it establishes the *link between intuition and analytical powers*, as applied to theoretical and empirical-historical issues.

The way in which the powers of the mind are associated with simple or elaborated sense perception leads to various *theories of knowledge: empiricism, idealism, realism, and rationalism*. With *empiricism* sense

perception is primary, the analytical powers and reason are, in a way, auxiliary for the senses; these powers of the mind are just there to formulate testable propositions; consequently, the empirical test, and the experiment, become crucial for the validity of knowledge.

In practice, Kantian *idealism* is very close to empiricism. Essences of things remain inaccessible to the human mind, which may get hold of phenomena only. In fact, the Kantian approach the (thinking of the) subject determines the object through models of thought based upon *a priori* ideas, related to space and time, and upon sense perception. The models of thought are a kind of nets to be used to catch pieces of reality through testable propositions. All established - not contradicted - propositions form the stock of knowledge. Hence the world is what the subjects, especially the scientists, think of it. What the world really *is* remains unknown.

Kant's idealism is thus in sharp opposition to Aristotle's *realism*. In fact, in the Aristotelian approach, knowledge is about the constitution of the object considered, for example, in economics, the price, income distribution or the level of employment; in a way, the object determines (the thinking of) the subject: human reason attempts to get hold of the essence of some phenomenon through abstracting from accidental elements, that is features which are not constitutive or essential. What is considered to be essential or accidental – in the social sciences, for example - depends upon the vision of society held by a theorist, which may be analytically articulated through a social philosophy, e.g. liberalism or socialism (see, for example, Bortis 1997, ch. 2). Moreover, knowledge is always tentative, i.e. *probable* in Keynes's

(1971) sense. In principle, the acquisition of knowledge goes on in three steps. First, the phenomenon considered, unemployment for example, is investigated empirically and historically, and gradually appears in the light of a vision, liberal or Keynesian for example. Second, out of the vision principles have to be distilled; this goes on through comparing fundamental approaches: is unemployment governed by forces of supply and demand on the labour market of an exchange economy or by effective demand in a monetary production economy? Subsequently, the more probable, plausible, approach has to be selected, for example the Keynesian monetary approach. Third, based upon the principles a system of pure and applied theory may be erected; for example, it may be asked how unemployment is determined in a specific situation, for example in Germany in the 1930s, on the basis of Keynesian employment theory.

Principles represent the essential elements underlying a certain phenomenon, or the constitutive elements of an object; as such, principles also denote the fundamental and ultimate causal forces governing phenomena like prices, employment levels, and distributional outcomes, for example. To distil such principles the whole of society and man must be considered, and all the information available must be taken account of, scientific and non-scientific, theoretical and empirical and historical, whereby the objectively given material is dealt with by reason based upon a metaphysical vision which, in turn, is associated with intuition. This implies, as, in our view, Keynes suggested, that science and metaphysics interact: principles guide scientific work, and the results of science eventually

modifies the scientists fundamental outlook and may induce him to adopt another approach in his scientific work, based upon a different set of principles.

The notion of principles is closely associated with Aristotle's realist and essentialist theory of knowledge: the human mind does not remain at the surface of phenomena but tries to understand the essential or constitutive forces behind, perhaps better, inside, the phenomena. Here, the distinction between essentials and accidentals is crucial as is the comprehensive point of view which implies that all the relevant information – with the history of economic theory perhaps being most important - has to be taken into account if, for example, a complex socio-economic problem is investigated, the formation of prices or the determination of involuntary unemployment. Only what is considered to be essential or constitutive to a phenomenon is included in the model which is a picture, in fact a *reconstruction or recreation* of what *probably constitutes* a phenomenon, for example, prices, quantities and employment levels in political economy. As already suggested, this recreation is performed by reason interacting with intuition and is analogous to the recreation of constitutive aspects of nature by the late Cézanne by the means of colour or to the representation of essential information for the user of the underground through a map. Consequently, metatheories or sets of principles have *not* to be realistic in the scientific sense since they are *not* reflections or pictures (*Abbilder*) of certain spheres of the real world which can eventually be associated with testable propositions. In their being reconstructions of essential aspects of real world phenomena, principles illuminate these

phenomena from inside and initiate the formation of empirically testable theories.

In this context, it should be recalled that William S. Haas, in his *Destiny of the Mind – East and West*, puts to use principles to set out the essential differences between Eastern and Western civilisation, and uses phenomena to illustrate the principles. John Hobson (2004), however, works on the level of phenomena to be captured by theories and theoretical frameworks, with principles implied. Obviously, both methods are complementary.

Finally, *rationalism* attempts to obtain knowledge through the intellect (reason, analytical power). Descartes believed that if reason perceived *clearly and distinctly* the idea or the essence of a phenomenon, truth would be established. Cartesian knowledge was still objective. However, very frequently, mainly when *complex* phenomena were considered, *ideas were produced by reason* and, in a way, became subjective. Pascal criticized Descartes precisely on the ground that knowledge grounded in reason only would be materially, that is regarding knowledge about the object considered, poor and predominantly formal. *Intuition*, Pascal's *coeur*, was indispensable to obtain a materially rich knowledge through insight and understanding. In a way, intuition, linking the conscious with the subconscious, is a capacity to holistically and comprehensively get hold of *complex* states of affairs to produce first forms of truth, but also of ethical and aesthetic judgements. Reason and analysis subsequently shape the raw material provided by intuition, the result being models of thought refined to various degrees. In a way, then, intuition, linking the

conscious to the subconscious, is the soil on which the plants of reason and analysis grow. If the soil is not fertilised, if intuition and imagination are not nourished, the plants of reason and analysis will get weak and may even perish through becoming purely formal and devoid of content. This frequently happens with Cartesian-Kantian type discourse when problems are complex. The soil of intuition may be fertilised, for example, through reading great works of literature, religious books, attempting to grasp the meaning of symbols, listening music, contemplating paintings, works of art in general, or attending lectures on these and other subjects. Hence the stronger intuition and imagination are developed, the deeper and the greater in importance will be the results produced by reason and the analytical powers. It is perhaps not by chance that an absolute peak in human thinking, the discovery of the number zero and the decimal number system, has been reached in India, where intuition, contemplation, even mysticism have been developed to the highest degree (on this see von Glasenapp 1974). This fact is, perhaps, of a more profound significance in relation with the subject considered here. Indeed, on the basis of Haas (1956) and of Jaspers (1955) it will be suggested below that, in the East reason and analysis have remained closely to a highly developed intuition, associated with holistic and comprehensive thinking. Given this, Eastern thinking is harmonious and produces serenity (von Glasenapp 1974, pp. 452-55). This means that the thinking subject has stayed in close touch with the object. The rupture with the world of magic and myth which occurred during Jasper's *axial age* has been less pronounced in the East. In the West, however, the domination of reason

and analysis (Vernunft und Verstand) has weakened or, at times, even cut the link with intuition, including of course metaphysics and religious thinking. Thinking became dominated by the autonomous subject, above all in modern times, where the theories of knowledge of empiricism, idealism and rationalism came to prevail. Given this, western thinkers have built models, developed theories on ever narrower domains. Specialisation, going along with a loss of perspective, has been and still is a feature of Western type thinking. In some way, the West has taken up the results of Eastern reason, profoundly anchored in intuition, to produce systems of thought in all domains – Haas (1956) is very explicit on this as will be seen below. Perhaps, this is one possible interpretation of *Ex oriente lux, ex occidente lex*. Indeed, Hobson (2004), Clarke (1997) and Goody (1996) all emphasize the contributions of the East to the West in the economic and cultural domains.

However, Aristotle's system of thought represents an extraordinary balance between intuition and reason, and is, as such, harmonious. His metaphysical system, a product of reason, grows out of a vision, produced by intuition. Aristotle explicitly calls metaphysics the ordering science, meaning that the knowledge obtained by each science may be put at the appropriate place, bringing forth a structured *Weltanschauung* which might be considered the ultimate aim of science. This Aristotle, in fact, produced. Building upon his metaphysics Aristotle elaborated a structured system of sciences: the humanities (psychology, ethics, aesthetics), the political sciences and sociology, and the natural sciences, especially botany. This stupendous

achievement might be due to three reasons in the main. First, there was the middle Eastern influence on Greek thought as Bernal (1987, 1991) and Burkert (2003) convincingly argue. Second, after the sudden disappearance of Bronze Age cultures in Greece around 1200 B.C. (Burkert 2004, pp. 13-14) the Greeks had the chance of a *new start*, and subsequently made *creative* use of Middle Eastern ideas (Burkert 2004). And, third, Aristotle stood at the end of a long chain of philosophical reasoning, in part contradictory, which, driven by dialectics, led on to a synthesis. In this process, the contradiction between *being (Sein)* and *becoming (Werden)* was perhaps most fundamental. Aristotle brought about the synthesis by conceiving of the notions of (constitutive) *essence* and of *existence* (embodying various properties), which fully characterise each phenomenon. Hence, benefitting from the work done by his philosophical predecessors, who, in turn, were influenced by Middle Eastern thought, Aristotle could bring in the harvest.

His work has, in the main, been carried on by the Scholastics, Thomas Aquinas foremost, and their modern followers, Jacques Maritain for example, who both established an extraordinary balance between faith and reason. Maynard Keynes has very aptly adapted Aristotle and, implicitly, Aquinas, to modernity, as far as the social and political sciences are concerned (Bortis 1997); Marx's method is also basically Aristotelian (Bortis 1997, pp. 125-29). Aristotle's essences became, in Keynes's hands, the object of *pure or logical* theories, existence is captured by *applied* theories; for example, his *Treatise on Money* is made up of two volumes, volume one is on *The Pure Theory of Money*,

volume two on *The Applied Theory of Money*. While Keynes kept the content, the basic conceptions, of Aristotle's system, he modified the method to obtain knowledge. Basically, the syllogism, based on demonstrative certainty, always *starting* from something *already known*, was replaced by logical inference which, as has been suggested above, is based on an interaction between metaphysics (intuition, reason) and science, theoretical and empirical. The problem is that, if phenomena are complex, there are *no* realistic, even true, hypotheses to start with; analysis must be based on a vision captured by intuition. (To be fair, one ought to mention that logical inference was also there with Plato and Aristotle through *dialectics* and with the Scholastics through the *disputatio*). Conclusions now get probable, with the degree of probability depending upon the robustness of the principles that have emerged from a vision, and of the theoretical and empirical-historical evidence. This is, in fact, in analogy to common sense, and, indeed, as already alluded to, both Einstein and Keynes, have defined science as refined common sense. Keynes's way of thinking simply represents the natural way of thinking, always asking the question as to what is *constitutive* to a phenomem and constructing logical arguments to attempt to answer queries, bearing in mind that the answers will always be tentative and *probable* if complex phenomena are considered.

To conclude this argument, it should be mentioned that the knowledge obtained through methods of investigation based upon empiricism, idealism and rationalism may, of course, all contribute to increase the *weight of arguments* (Keynes) founded upon the realist approach. This is in the spirit of this essay, which represents an attempt to synthesise.

The same human nature and differences between civilisations

The remarks made in the preceding section on mind and knowledge imply a specific vision of man and of society. To have such a vision is of the utmost importance for our problem. Indeed, it seems to us, that taking an evolutionary view of man inevitably leads to Eurocentrism. In the evolutionist view the breakthrough to Modernity could not but have occurred in Europa, because Europe, building on the unique Greek genius has evolved to higher levels than the 'rest of the world', so to say, which has remained in generalised backwardness. In the following, we put to the fore a vision of man and of society that puts Europe and the 'rest of the world', particularly Asia, essentially, on the same footing, in spite of fundamental differences between Eastern and Western civilisation that have come into being in the course of time.

The vision of man and of society put to the fore here is Aristotle's, taken up by Thomas Aquinas in the Middle Ages and, in the 20th century, explicitly by Alan Brown (1986) and implicitly by Maynard Keynes (Bortis 1997, especially chapters 2, 6, and 7). There is, in the first place, the *indestructible nature of man as a rational being*, as Aristotle puts it. The capacities of the mind, briefly pictured in the previous section, enable man to perceive Goodness and Beauty and to acquire probable Truth in all domains. Moreover, man is *essentially* a *social* being. The state is a necessary precondition, not just for life, but, as Aristotle emphasises, for the good life. In modern terms this means that the state has to create a social basis, such that the social individuals may prosper, that is to unfold their dispositions and to

broaden their capacities. Creating the social basis means setting up, or favour the coming into being of social institutions in various domains, economic, social, legal, political, and cultural, including education and research. The prospering of individuals rests also on social processes: reading, discussing, studying, learning in all domains, including manual activities.

On account of the vision underlying this essay, the fundamental values – Goodness, Beauty and Truth – are *objectively given* and are present in all spheres of human activity, social and individual, and in nature. In fact, these values are properties of human, social and natural phenomena, which, in turn, are shaped by fundamental laws governing man, society and nature (Bortis 1997, pp. 103-30). The faculties of the human mind enable man to obtain – probable - knowledge in the spheres of, for example, politics, political economy and social ethics. Most importantly, the human mind has the faculty to, *probably*, grasp essences even of complex phenomena, like the essence, or the nature, of man and of society. This implies that, it is also possible to say, always probably, what the good life, the well-ordered society and polity is *in principle*. To distil – probable – essences of complex phenoman requires, however, a comprehensive argument taking account of all the fundamental theoretical options and, as far as is humanly possibly, of historical experience; for example, in Bortis (1997) it has, on the basis of such an argument, been attempted to show that classical-Keynesian political economy, that is the economic theory of Keynes's *Social Liberalism*, is *probably* superior to the economic theory of *Liberalism*, given by neoclassical economics. In

this context, it is important to note that sound and robust economic theory is, in a Keynesian vein, a precondition for ethically appropriate economic and social policies.

It may be added here that the fundamental value of political ethics, the Common Good, and of (individual) ethics, the good life, are both complex entities. The Common Good comprises a material basis, the economy with the social process of production as its core. Ideally, a well-organised economy would be at full employment and distribution would have to be fair, that is in line with distributive justice as far as is possible, given the ever-present imperfections of human knowledge. The social surplus arising of the social process of production enables a society to set up a political, legal, social and cultural superstructure, that is a set of institutions, within which values in the sphere of politics, law, society and culture may be pursued; these values form a hierarchical structure and, evidently, cannot be measured in money terms. Given this, ‘the way in which the social surplus is produced, extracted, distributed and used’(G.C. Harcourt) to set up an institutional superstructure, reflecting a hierarchy of values, characterises a society. The analysis of these aspects of the social surplus is a very useful tool to deal with historical situations, the character of historical change and with comparisons between societies and civilisations.

“Ethics (*Individuelethik*) deals with the essence of the good and decent life for individuals which, if realized, would result in happiness. From this, prescriptions for ethically good actions may be derived which, if permanently effected, produce individualistic

institutions compatible with human nature. The good life is a complex entity and made up of a set of values related to physical and mental [harmony], to a reasonable level of material affluence, to the satisfaction obtained by exercising a profession and to social activities, for example pursuing a common aim within a team, to the search for truth in scientific work, to justice in relations between individuals – the fair or just price is associated with justice in exchange between producer and consumer – and to the creation and the enjoyment of the beautiful in the arts. Since each person is unique, the value system corresponding to his individual nature will equally be unique. Moreover, Aristotle insists on the fact that the good life does not naturally come about. This objectively given potential can only be imperfectly perceived and its approximate realization requires continuing efforts“(Bortis 1997, p. 38).

To postulate an immutable and indestructible human nature leads to a plausible, highly probable, proposition: *all individuals, all societies and states, and, all civilisations, stand on the same footing because human nature is essentially the same everywhere and at all times.* However, due to the very different historical and natural circumstances, human nature comes into *concrete existence* in very differences forms. Man’s potential of adaptation, the capacity to change and to meet challenges, are simply tremendous. The Agricultural Revolution and the Industrial Revolution, and their consequences, are telling cases in point.

Given this, the historical realisations of societies and states, of civilisations, may differ very widely, due to the immense potential

contained in human nature. Most diverse forms of politically organised societies may have come into being, some lasting for relatively short times (the Roman Empire), others for thousands of years (China, Egypt), breaking down only on account of massive outside influence.

It would seem that polities organised in line with human nature may, potentially, persist indefinitely. Natural states of political societies would, in principle, obtain in a just and harmonious society with the Common Good being realised; of course, in the real world, this aim is capable of imperfect realisation only, as is in line with human capabilities (Bortis 1997, ch. 2). A gap between the natural and the effectively existing state of affairs could, following Marx, be called alienation (see Bortis 1997, pp. 47-53). A modern example of system-caused alienation would be mass-unemployment. This is alienation in the economic sphere which, as a rule, brings about alienation in other spheres, since high unemployment produces a struggle for survival. For example, alienation in the social sphere may come into being, through drug addiction, an increase in violence and crimes, as well as conflicts between social, ethnic and religious groups.

China, as Konrad Seitz (2003) points out, was politically based upon Confucian ethics, and reached a state of near perfection in political organisation. China thus minimised alienation and approached the natural state. As a consequence, Confucian China lasted in good shape from the foundation of the Han Dynasty (220 B.C.) until the growth of Western interference in the first half of the nineteenth century, that is two thousand years approximately, to finally break down in 1911. It would seem that Ancient Egypt was also based upon an ethical basis

(Schack 1978, pp. 16-18), which, as for China, would explain its long lasting existence. In contrast to China and Egypt, the Roman Republic started to reach the height of its power around 200 B.C., approximately at the same time when Han-China came into being. However, Republican Rome ended in a terrible civil war, and the Empire was set up around the beginning of the Christian era. The rise of the Roman Empire lasted about two hundred years, to be followed by a long decline, then an agony and a sudden collapse of its Western part. 'Rome perished because of her Latifundiae', Max Weber concludes in his thesis on Roman agrarian conditions. 'Rome was not a state, because she was not based on ethics and justice, but on power, coercion and predation', Augustine said in the face of the collapsing Empire (quoted in Hoerster 1987, p. 68). Karl Christ (1984, p. 70) says that Rome was a *Timokratie*, that is a polity governed by the rich. Nevertheless, all Roman citizens, rich or poor, stood, in the first place, in the service of the polity. In this way, the wealth and the power of the rich coincided with the wealth and the power of Rome.

In spite of the alienated conception of the Roman polity, her achievements were gigantic: an uncomparable material civilisation (towns, roads), a temporary flourishing of the arts, implying a spread of Greek culture, the creation of a coherent system of private law, a temporarily perfect political and military organisation. However, power and the rule of the strongest left no or little room for ethics. Having brought about utmost ethical alienation, Rome, very probably, created the precondition for the triumph of Christianity.

To postulate essences of all the existing and, consequently, an invariable human nature, with the real world explained in terms of alienation from natural states, inevitably implies a creationist vision of the world. This does not, in a more restricted sense, exclude evolution. These postulates are based on the grandiose vision of Man and the Universe set forth by John Eccles in his *Human Mystery* (Eccles 1984). In the preface, Eccles speaks of “great and mysterious problems, which are beyond present science and may in part be forever beyond science. Such problems arise, for example, when considering the origin of the Universe in the Big Bang, the origin of life, the manner in which biological evolution was constrained through its waywardness [possibly by way of *creation*] to lead eventually to *Homo sapiens*, and finally the individual conscious self [with her/his faculties of the mind – intuition and imagination, reason, analytical powers – to perceive ethical and aesthetical values and to acquire probable truth]”(Eccles 1984, p. VIII). Starting from Eccles, three propositions, related to our subject matter, may now be set out.

First, as has already been suggested, the *acquisition of knowledge*, is, basically, a matter of the *mind*. This is in the tradition of Aristotle, but also of Maynard Keynes and William Haas whose book significantly carries the title *The Destiny of the Mind – East and West*. Since the nature of the mind and the soul is necessarily immutable and as such constitutes the *identity* of each human being, defined as a *reasonable being* (Aristotle). The same human nature allows men and women to understand each other over space and time in matters of truth, beauty and goodness. “Sensible men understand each other over thousands of

years on the basis of commonly shared fundamental values [for example, truth, honesty, sense of duty and the common weal]”(Schack 1978, p. 18; a.tr.).

Second, man and society cannot be explained in terms of the basic elements composing them. Both are complex structured entities, as are all living beings. “[The biologist] Michael Polanyi . . . attacked reductionism of biology to physics and chemistry on the grounds that, in a hierarchy of levels, ‘the operations of a higher level can never be derived from the laws governing its isolated particulars, it follows that none of these biotic operations can be accounted for by the laws of physics and chemistry. Yet it is taken for granted today among biologists that all manifestations of life can ultimately be explained by the laws governing inanimate matter. Yet this assumption is patent nonsense.’ The reference of Polanyi is of course to a complete explanation of *all* that happens in a living organism (Eccles 1984, pp. 5–6).

This statement also applies to society and the individuals. The complementarities prevailing in the social process of production, in the institutional superstructure and in the system of social and individual values make of each society a structured entity. This implies that social phenomena cannot be reduced to the actions of individuals as is postulated by *methodological individualism*. The determinism exercised by the historically grown system of social institutions, having its own laws, and their interplay must be studied as such (Bortis 1997).

To avoid misunderstandings it should be mentioned here that, considering all manifestations of life and society as structured entities, will render the natural and the moral sciences much more complex and also more interesting, and not the other way round.

Third, there is, evidently, a broad trend of progress in technology and science. However, in the social, political, and cultural domains transition or change dominates, with alienation, in a larger or smaller degree, always present. There are recurrences, reflecting the existence of immutable values. For alienation also implies an insufficient realisation of fundamental values, social justice for example, bringing about forces aiming at reducing alienation, that is increasing social justice in this case. This may lead to a revival of traditional values, to be realised similarly or differently. In a way, changing institutions and ways of behaviour, both alienated to some degree, supersede the fundamental laws governing society and nature and the immutable ethical and aesthetical values. The immutable nature of man forms the basis of most diverse changing forms of existence, including recurrence (Bortis 1997, pp. 103-17, specifically p. 106). This shows up in most differing ways, as a few selected instances suggest.

The art of so-called primitive peoples is surprisingly modern, even if going back very far into the Stone age, the Lascaux wall paintings being an important instance. Or, the pieces of art, particularly sculptures, of Mesopotamia, Persia, Egypt and Greece seem, in many instances, of a superhuman nature as a visit of the British Museum or of the Louvre suggests. The achievements of the Agrarian Revolution (around 6000 B.C. onwards) are simply fabulous: domestication of

plants and animals; tools in bronze, the wheel. They are perfectly comparable to the achievements of the Industrial Revolution. What has been achieved following up the Agricultural Revolution stands probably on the same footing as the achievements reached after the Industrial Revolution, and in the arts, especially architecture and sculpture, in some instances perhaps superior. In this context, the fascinating story of ‘Geometry and Algebra in Ancient Civilizations’ (van der Waerden 1983) is equally revealing: “Until quite recently, we all thought that the history of mathematics begins with Babylonian and Egyptian arithmetic, algebra, and geometry. However, three recent discoveries have changed the picture entirely.

The first of these discoveries was made by A. Seidenberg. He studied the altar constructions in the Indian Sulvasutras and found that in these relatively ancient texts the “Theorem of Pythagoras” was used to construct a square equal in area to a given rectangle, and that this construction is just that of Euclid. From this and other facts he concluded that Babylonian algebra and geometry and Greek “geometrical algebra” and Hindu geometry are all derived from a common origin in which altar constructions and the “Theorem of Pythagoras” played a central rôle.

Secondly I have compared the ancient Chinese collection “Nine Chapters of the Arithmetical Art” with Babylonian collections of mathematical problems and found so many similarities that the conclusion of a common pre-Babylonian source seemed unavoidable. In this source, the “Theorem of Pythagoras” must have played a central role as well.

The third discovery was made by A. Thom and A.S. Thom, who found that in the construction of megalithic monuments in Southern England and Scotland “Pythagorean Triangles” have been used, that is, right-angled triangles whose sides are integral multiples of a fundamental unit of length. It is well-known that a list of “Pythagorean Triangles” like (3,4,5) is found in an ancient Babylonian text, and the Greek and Hindu and Chinese mathematicians also knew how to find such triples.

Combining these three discoveries, I have ventured a tentative reconstruction of a mathematical science which must have existed in the Neolithic age, say between 3000 and 2500 B.C., and spread from Central Europe to Great Britain, to the Near East, to India, and to China. By far the best account of this mathematical science is found in Chinese texts”(van der Waerden 1983, p. XI).

It is striking to note, then, that, probably, mathematics had *not* been discovered by a great civilisation, but by so-called barbarians. Rondo Cameron makes a similar point regarding the technical-economic and political spheres. Starting from the predatory character of ancient empires, he asks whether they did “make any positive contributions to economic development? In terms of technological development the record is extremely sparse. Almost all of the major elements of technology that served ancient civilizations – domesticated plants and animals, textiles, pottery, metallurgy, monumental architecture, the wheel, sailing ships, and so on – had been invented or discovered before the dawn of recorded history. The most notable technological achievement of the second millennium (ca. 1400 – 1200 B.C.), the

discovery of a process for smelting iron ore, was probably made by a barbarian or semibarbarian tribe in Anatolia or the Caucasus Mountains”(Cameron 1993, p. 31). This leads to a very important point related to the previous section: *Inventive activities primarily rely on intuition and imagination*. These capacities were more developed with ‘barbarian’ peoples than in the great civilisations which heavily relied on the analytical powers of their ruling classes. Rome is of course the prime example; the Romans were builders and organisers, not philosophers and inventors. On this Cameron states: “In spite of the near-stagnation of technology, the economic achievements of the ancient empires were considerable. Organized expeditions, whether for trade or conquest, diffused the existing elements of technology more widely and brought new resources into the ambit of the economy. Explicit formulation of civil law, even if drawn up for the enlightened self-interest of the ruler or the ruling class, contributed to smoother functioning of the economy and society. Most important of all, perhaps, establishing order and common laws over larger and larger areas facilitated the growth of trade and, with it, regional specialization and division of labor. The outstanding example of this tendency is, of course, the Roman Empire”(Cameron 1993, p. 32). Below, in the chapter on *William Haas: East and West are entirely different*, we shall see that these statements on Rome (the West) do not hold for China (the East). As Hobson (2004) impressively shows, the Chinese *were* inventors (see the chapter on John Hobson below). Different structures of the mind (William Haas) greatly matter!

Regarding mathematics van der Waerden goes on to say that “[the] Greeks had some knowledge of this ancient [mathematical] science, but they transformed it completely, creating a *deductive science* based on definitions, postulates and axioms”(van der Waerden 1983, p. XI; our emphasis). This sentence has an important implication. Indeed, the Greeks frequently went from reason to analysis, leaving intuitive knowledge in the background. Based on intuition, reason provided the premisses from which deductions (analyses) were made and conclusions reached. This way of (deductive) reasoning is, probably, greatly facilitated by phonographic writing, based on the alphabet, which renders possible theorizing based on the syllogism in a vacuum so to say: notions were coined, judgements made and conclusions drawn. In an individualistic vein, the premisses were frequently set by the mind (reason) of the ‘model builders’ who based their analyses upon precisely these premisses. This, as will be seen, is emphasised by Haas (1956) and suggested by Goody (1996, p. 238-39). Second, the Greeks, as Burkert (2003) points out, benefited greatly from Middle Eastern and Egyptian ‘input’ which they *creatively* transformed. As will be suggested below, the Middle East stands in a similar relation to Greece, as Asia to Europe.

The elaboration of various types of writing was another immense performance of the human mind. In his exhaustive and authoritative universal history of writing, Haarmann (1998) writes, rather surprisingly, that the first system of writing was developed at the end of the 6th millennium by the Vinca Civilisation, broadly located in and around today’s Serbia, in relation with religious activities, about

two thousand years *before* the Sumerian writing, which hitherto was considered the first scripture (Haarmann 1998, p. 73). Haarmann even suggests that writing might go back deep into the stone age, in symbolic form up to 30'000 years B.C. (pp. 29/30)! This would be another strong indication for the invariable human nature, which has gradually unfolded its potential. We shall return to this point below, in *The structure of human history and the invariable nature of man*.

The basic forms of writing, logographic, with Chinese as the pure form, and phonographic (Arab, Greek, Latin), very probably stand in relation with the modes of thinking which is basic to the difference between civilisations. One may plausibly argue that the logographic writing is associated with intuition, holistic thinking, captering the phenomena considered in their entirety. This leads subsequently to principles of explanation and of action. Phonographic writing, however, favours analytical thinking, starting from given premisses, leading on to the formation of theories, taking the – implied – principles for granted. With the premisses subjectively set by reason, theories and ‘isms’ multiply (Haas 1956), leading to more and more specialisation and, eventually, to a loss of perspective. With the analytical powers dominating, intuition and the associated imagination is pushed into the background. Indeed, modern (Western) science has come into being through a divorce of reason and analysis from metaphysics.

To be sure, once the number zero and the decimal system, geometry and algebra, logographic and phonographic (alphabetic) writing are there, all seems relatively simple, and not too difficult to get

acquainted with. But, obviously, to elaborate these intellectual constructions out of the simple material conditions prevailing thousands of years ago, are tremendous performances of the human mind, perfectly comparable to present Nobel price winning work in the sciences and to the highest achievements in the humanities and in the social and political sciences. As already suggested, the discovery of the number zero and the decimal number system represents a lonely peak in the *entire* history of systematic thinking of humanity. It is, perhaps, not by chance that this outstanding performance was achieved in India: deepest intuition may lead on to the highest analytical performances. In this context, a mathematician once said, that mathematicians become poets when they are dealing with first axioms. Aristotle, Aquinas, and Maynard Keynes all perceived that intuition, including faith, and rational-cum-analytic thinking interacted and mutually fertilised each other to obtain deeper knowledge. This fact is most appropriately illustrated by the way of working of two giants of the Middle Ages, Anselm of Canterbury with his *credo ut intellegam*, the vision, intuition and faith as a precondition to knowledge, and Thomas Aquinas who went in the opposite direction. Based on faith he attempted to push the frontiers of reason to the utmost limits into the field of intuition and faith.

The natural state and alienation

It has already been suggested that alienation constitutes a gap, so to say, between the natural and the concretely existing. The natural state is a state of individuals and society that is in line with the nature of man. Harmony between the parts making up individuals, mind and body for instance, and societies – social classes, ethnic and religious groups- and man and society as a whole is perhaps the most significant and fundamental attribute of the natural state. In the natural state individuals may prosper, that is unfold their dispositions and broaden their capacities. The natural state can of course take on very different forms of existence, mainly depending, as Marx clearly perceived, upon the state of the forces of production. In this section we mostly consider the issues of the natural state and of alienation at the level of society and state, which could be called system-caused alienation. Alienation at the level of individuals is only alluded to.

System-caused alienation shows up on two levels. In the first place, *on the level of the political entity (the state or the political society)*, in however form concretely existing, and, second, on the *international level in the shape of relations between political entities*. Since the European expansion around 1500 the international level has increasingly become the global level. However, links between, most importantly, East and West have existed before, as emerges, for example, from Clarke (1997), Goody (1996), Hobson (2004) and Seitz (2003). Both types of system-caused alienation will be dealt with in relation to their respective natural states in the last two chapters preceding the concluding remarks.

In pre-industrial times alienation mainly occurred in the social and political superstructure. As Marx has perceived with incomparable clarity, from the Industrial Revolution onwards alienation in the material basis, economic alienation, comprising the forces and the relations of production, and showing up in mass unemployment, for example, became fundamental, governing predominantly alienation in the institutional - social, political, legal, cultural and religious - superstructure.

Three points should be noted at once. First, the two types of alienation are not intrinsically bad, they may be, and as a rule are, necessary to bring about social change, with the social individuals responding to challenges. For example, Marx argued that Capitalism brought about alienation to the highest degree; yet he considered Capitalism as a necessary stage in human history because it immensely improved the productive forces which Socialism could build upon; this echoes, in a way, Hegel's proposition that World History is not – always – a realm of happiness; suffering may thus be required to attain socially better states of affairs. And second, system-caused alienation, expressed through mass unemployment and a very unequal distribution of incomes, represents a *social-ethical* deficiency. This, however, is compatible with ethically appropriate behaviour of the great majority of the social individuals, capitalists and workers, *from the point of view of individual ethics (Individualethik)*. Marx explicitly states in the preface of the first volume of his *Kapital* that he does not accuse the *individual* capitalist for the alienation prevailing, but the capitalist *system* (p. 16). This leads to a third point. The functioning of the

system governs global or macro magnitudes only. For example, the functioning of the socio-economic *system* may bring about a long-period employment level of 80 per cent, implying a persistent level of involuntary unemployment of 20 per cent. However, who is employed or unemployed depends upon the abilities and the behaviour of individuals. For example, highly qualified people may remain unemployed because they have no relations to influential people, whilst less qualified individuals having such relations will get a job (Bortis 1997, chapter 4).

William Haas (1956) has strongly emphasised that the political organisation of society has been very different in East and West. In the East personal rule dominates with institutions in the background. Contrariwise, since the conception of the Greek city, the polis, with her many constitutions, institutions dominate in the West, with persons acting in an institutional framework. As a consequence, alienation has taken on very different forms in East and West. In the East alienation at the level of individuals was more important than system-caused alienation. In the West system-caused alienation was predominant, causing, for example, the collapse of the Greek and Roman world. Since the Industrial Revolution system-caused alienation dominates world-wide.

The *natural state* is, in Aristotle's vision, grounded in the city, the polis, that is the *institutionalised* political society, in modern terms, society and the state as a system of institutions. Ideally, the well-organised *state* is a *precondition* for a good and happy life of the social individuals. The problem is to approach the Common Good –

the good and happy life of the citizens in a well-organised society - and hence the natural state of affairs as closely as is humanly possible. To bring about distributive justice is crucial: „[It] is by speech that we are enabled to express what is useful for us, and what is hurtful, and of course what is just and what is unjust: for in this particular man differs from other [beings - Wesen], that he alone has a perception of good and evil, of just and unjust, and it is a participation of these common sentiments which forms a family or a city (Aristotle, *Politics*, 1253a). In a way, the natural state of a polity implies social harmony, which is a problem of *social and political ethics*. Incidentally, social harmony is also basic in Confucian political philosophy, which, however, is brought about by all individuals, those who govern and those who are governed, acting in an ethically appropriate way. Here *individual ethics* (Individualethik) is put to the fore.

In modern terms, full employment and an equitable distribution of incomes would, in a Keynesian vein, be the most important socio-economic preconditions enabling the social individuals to prosper and to live together in an orderly way. To this would add a state-run education system, accessible to all and free of cost for all. A public education system is most important to realise the values of equality of opportunities and of social mobility.

In traditional Eastern societies, *alienation* was, in the main, caused by an inadequate leadership – this is implied in Haas (1956, chapters III and IV). In the West (Greece and Rome) misconceived institutions were, probably, a much more important source of alienation, for example the autarky of the *Latifundiae* bringing about the decay of the

Roman cities, which, in Max Weber's view, was the main cause of the collapse of the Roman Empire. In modern societies alienation is, as Marx and, implicitly, Keynes, perceived with incomparable clarity, caused by a malfunctioning of the entire socio-economic system. Keynes considered heavy involuntary unemployment associated with, and mainly caused by, a very unequal income distribution, as the most important element of system-caused disorder, that is economic alienation in Marx's terms, which may bring about alienation in other spheres of society. For example, political alienation may occur with powerful socio-economic forces increasingly dominating the political sphere with the state gradually losing in importance. Or, social problems may extend: crime, drug addiction, violence, the formation of slums, and a growing number of working poor. And this may be accompanied by a weakening of the middle classes, and go along with splendid city centers and fabulous luxury consumption. During the whole of his life Maynard Keynes was most preoccupied by the coexistence of immense wealth and utmost poverty.

These considerations relating to the first form alienation – *alienation on the level of the political entity* – lead inevitably to the second type of alienation alluded to at the outset of this section, that is *alienation on the international level in the shape of relations between political entities*. As has just been pictured the two kinds of alienation are obviously not independent of each other. Alienation *within* political societies leads to alienation *between* peoples and states, and vice versa.

In fact, if the general policy of a country is basically of an *ethical* nature, that is if the aim is to approach a natural state, the Common Good, with a minimum of alienation, then it is likely that such a country will be peaceful, hence non-aggressive, and live on good terms with its neighbours. In such a country, the economy will stand in the service of man and of society, i.e. take on an ancillary role. As Konrad Seitz (2003) points out, China, as based Confucian ethics, is the prime example of such a country. Certainly, this also holds for India, where, to take an example, Emperor Akbar the Great (1542-1605), aimed at ruling India through reconciliation between religions (Hottinger 1998). Both China and India have been most peaceful and non-aggressive towards the outside world throughout history. However, there have been internal conflicts due to alienation caused by bad personal government or due to struggles for power. Alienation was at the level of the dominating individuals and of the associated social groups.

This peaceful attitude of the two great Asian countries evidently did not prevail in the Islamic world, Arab and Ottoman, and in Europe. It is true that both reacted against challenges, particularly Europe. Alexander's rush towards the East was, also, a reaction toward earlier Persian westward expansion. The Roman Empire came finally into being following up the ferocious struggle between Rome and Carthage for supremacy in the Mediterranean area. The Germanic invasions of the Roman Empire were a natural reaction against harsh Roman treatment of Germanic border tribes, with the Germanic mass migration (*Völkerwanderung*) being set into motion by the invasion of

Europe by the Huns – led by Attila - who drove the Germanic peoples west- and southwards. The Crusades were, also, directed against Islamic expansion, but were undertaken on religious and economic motives in the main. One important reason for the European expansion around 1500 was the rise of the Ottoman Empire who erected a kind of barrier in the Eastern mediterranean area, forcing the West to look for an alternative route to the East. The subsequent events, colonialism, imperialism, the two World Wars, followed almost deterministically. In fact, the time of European nation building had set in, and the emerging European nation states aimed at strengthening their domestic position through acquiring land and resources overseas, a point put to the in Hobson (2004).

Aggressions and wars represent alienation between states, which has been strong from 1500 onwards. Probably, alienation within political entities and alienation between them have been interacting. The struggle for survival and for enhanced power prevented to carry out reforms to reduce alienation. Industrialisation and Modernisation emerged from these processes, with system caused alienation culminating in the Capitalist era as Marx perceived with uncomparable clarity. On the political level, the most striking feature of Modernisation was the definitive coming into being of the Nation State. Below we shall argue that the question as to the future of the nation state is of crucial importance to assess a possible – natural – world order for Modernity after the failure of Socialism with central planning and the serious problems arising with oligopolistic Capitalism.

The driving forces in history: the striving after perfection, the struggle for power, and socio-economic determinism

In the preceding section we had a glance at states of man and of society, natural and alienated. In this section, we consider, very briefly, changes as are brought about by three fundamental driving forces in history, the striving after perfection, the struggle for power, and socio-economic determinism. The striving after perfection, the first of the driving forces considered, is, in fact, a *natural* driving force, directly connected with unfolding the potential contained in human nature. The struggle for power, a second fundamental driving force in history, takes place in situations *alienated* in various degrees. A third historical driving force, socio-economic determinism as is exercised by the institutional system has become particularly important since the Industrial Revolution.

In Agrarian times (6000 B.C. to 1800 A.C. approximately) change mainly went on in the social, political and cultural superstructure and had repercussions on the economic basis. However, since the Industrial Revolution changes in technology and in the economy, the material basis of a society became crucially important, with backlashes in the institutional superstructure. For example, Marx perceived that alienation in the economic sphere (mass unemployment, for instance) may lead to alienation in the political, social, cultural and even in the religious sphere.

Hence, in the first place, historical change may come about through the *striving after perfection* in the realms of Goodness, Beauty and Truth. This striving, inherent in human nature, is a powerful driving

force in history. The striving after perfection is, in fact, associated with realising the tremendous potential stored up in human nature. For example, as Seitz (2003) emphasises, Confucian China aimed, in the first place, at ethical perfection of individuals and society (perfection in the realm of Goodness). This was accompanied by a striving in the realms of Beauty and Truth, the latter being reflected, for example, in Chinese medicine and in science and technology as Joseph Needham has comprehensively demonstrated (Hobson 2004). This is why Konrad Seitz speaks of Confucian China as the most perfect civilisation that ever existed. But from history we know that the striving after perfection in the realms of Goodness, Beauty and Truth is universal. China, India, Persia, Mesopotamia, Egypt, Greece and Rome, the Islamic World, Medieval and Modern Europe, Africa and the American Civilisations, old and new, have all realised most splendid works in the three fields. This very strongly indicates, that human nature is the same everywhere and at all times. And the different civilisations express Beauty in varying ways, and attain Goodness and Truth by differing paths, bringing thus about cultural diversity.

The *struggle for power* is a second powerful driving force in history. It may, first, be internal to a polity and fundamentally is about the extraction, appropriation, distribution and use of part of the social surplus in view of reaching particular aims, the accumulation of wealth for example, or of achieving political, economic, legal, social and cultural influence. This may go along with the strive to occupy positions of power in these spheres. In principle, the struggle for

power is related to reaching individual aims, not social aims associated with enhancing the Common Good. In practice, the two types of aims may be mixed up. Second, the struggle for power may be external to a polity, aiming at domination other political societies in order to appropriate a greater or lesser part of their surplus. In the extreme, the external struggle for power may result in empire building, as a rule, justified by a peace-establishing and/or a civilisatory mission (*Sendungsbewusstsein*), both being based on a supposed superiority of the civilisation of the imperial polity. However, Cameron (1993) points out the essentially predatory nature of the ancient empires. Colonialism and Imperialism was of the same nature. Presently, Empires are more of an economic nature and Marx has clearly perceived, that exploitation in various forms has largely replaced predation.

If the struggle for power is internal to a polity, civil wars associated with a weakening of the polity considered may occur. Foreign interference may occur and a country may eventually lose its independence. If, however, the struggle for power is outward directed terrible destruction, but also great achievements may be the consequence. For example, the Hundred Years' War greatly weakened France and was at the heart of the crisis of the late Middle Ages; on the other hand, Empires are, as a rule, not only associated with conquest, destruction and predation, but also with securing peace and with great cultural achievements, for example monumental architecture. In Europe, the Crusades, the European discoveries, associated with trade and plunder, Colonialism and Imperialism, were

all linked to struggles of power, at first between feudal lords and the Emperor and the Pope, and, subsequently, between the European nations already formed or in gestation. It will be argued below that the breakthrough to Modernity in the West is intimately linked to a struggle for power, supremacy, and even survival of the European nations. In this process England played, as is well known, a crucial role. Having been invaded several times before the year 1000, and for the last time in 1066, England prevented, very successfully in the long run, the rise of powers attempting to dominate the European continent to forestall an eventual invasion by a continental superpower. Europe thus never became a political unity. This is a fact of paramount importance, since it prepared the emergence of the natural polity, that is the small and medium-sized nation state – with large states having to decentralise -, and the gradual coming into being of a natural world order, i.e. the world as a family of co-operating nations. These issues will be taken up below.

The struggle for power and internal division is not only destructive, however, but may lead on to fundamental change. It is, indeed, significant that two basic breakthroughs in the history of humanity, the breakthrough to Truth and the breakthrough to Modernity, occurred in times of turmoil: the first and the second *axial age* in which these breakthroughs occurred were both times of power struggles within and, mainly, between small polities (the term *axial age* – *Achsenzeit* was coined by Jaspers, 1955). In fact, first *axial age* (800 B.C. to 200 B.C.) brought the *breakthrough to Truth* and was a time of political division and power struggle between political

formations in China, India and Greece (see the chapter on *East and West in a wider context – Karl Jaspers: Achsenzeit*). In all three regions (first) *axial age* ended up in the formation of great Empires, with the aim of securing peace certainly being crucially important. In a way, it seems that the results of the breakthrough to Truth had to be preserved and consolidated.

It will be argued in the subsequent chapters that *second axial age* (roughly from 800 A.C. to 2000 A.C.) prepared the *breakthrough to Modernity* through the twin English Industrial and French Political Revolution in the second half of the 18th century. It will be suggested that the second *axial age* falls into two parts: European and World axial age. The European part of second axial age (800 – 1800, approximately), resulting in the breakthrough to Modernity in Europe, was a time of power struggles between, at first, feudal polities out of which the European nation states gradually emerged. This time period was followed by (colonial) empire building, characterised by a period of relative peace in Europe – the *Pax Britannica* 1815-1914. Second World axial age (1800 – 2000, approximately), resulting in the breakthrough to Modernity on a global level, was a time of momentous power struggles, first in the colonised regions and, from 1914 onwards between the great European powers and subsequently between world powers – the United States and the Soviet Union. The end of the Cold War brought about a situation similar to that before 1914, but at a much larger scale. Huge powers are now in an Orwellian vein struggling to preserve and possibly to extend their sphere of influence. At the heart of the present power struggle, China

and the United States are facing each other, similarly to Germany and the Great Britain before 1914. It should be evident that the struggle for power cannot form the basis for a durable and peaceful world order.

Hence, with second *axial age* coming to an end, the question as to the political world order again emerges, as it did at the end of first *axial age*. It will be suggested in the two chapters on the natural order within and between states that clashes between informal empires or civilisations would, given the tremendous socio-economic, political and environmental challenges facing us on a world scale, be disastrous for humanity. There is, in our view, only one way out: the world as a family of co-operating nation states with each state attempting to realise the Common Good as far as is humanly possible. The power struggle of second axial age has to be replaced by a generalised strive for perfection in the realms of Goodness, Beauty and Truth. This would imply enhancing the potential contained in the invariable human nature.

Change may, third, also go on *deterministically* with the social (institutional) system inevitably moving in a certain direction, almost independently of the will of those who are in charge of government. The coming into power of the National Socialists in Germany in 1933 was, in fact, a piece of historical determinism brought about by the great depression of the 1930s which literally swept a party, marginal in the 1920s, into power (Bortis 1997, p. 375). Or, the agony and the breakdown of Rome, pictured by Max Weber, but also by Gibbon and Montequieu, would be another example of historical determinism. Since the Industrial Revolution the determinism exercised by the

socio-economic or institutional system has become of primary importance. Modern monetary production are not self-regulating and may therefore produce involuntary unemployment on a grand scale, which, as a rule, is associated with an unequal income distribution. This represents economic alienation, which, as has been suggested above, produces alienation in other spheres of society, social, political, even religious. Karl Marx and Maynard Keynes most profoundly understood the determinism exercised by modern economic systems and its effect on society and the state. To broadly eliminate system-caused alienation requires a very robust socio-economic theory upon socially appropriate may be based (on this see Bortis 1997). In fact, to eliminate system-caused alienation as far as is humanly possible, is a precondition for the strive for perfection to unfold unhampered. Indeed, in an alienated situation with heavy unemployment and a very unequal income distribution, a struggle for power, associated to a struggle for survival sets in. In a broadly harmonious society, however, with full employment and a socially acceptable distribution of incomes, the social individuals may prosper to become persons. This, as will be argued below, is the true aim of history.

The argument sketched in the present section may now be put in a very wide context of historical consideration. Indeed, Leopold von Ranke speaks of the vertical and the horizontal view of history (see Meinecke 1965, pp. 205-11). In terms of this essay the former is vertical to the time axis and is associated with the persistent striving for perfection, that is for *Goodness, Beauty and Truth* in all spheres of individual and social life, including the relation of man and nature

(Meinecke (1965, p. 209) mentions a fourth fundamental value, implied in this essay, that is the *Sacred*). The different ways undertaken to realise these fundamental values is constitutive of civilisations and cultures and brings about equidistance to God of all civilisations (Ranke in Meinecke 1965, p. 209). The vertical view of history is also associated with preservation and stability. The horizontal view of history, however, is associated with change, as brought about by expressions of power of differing types, military, political, social and economic. It must be mentioned, however, that power is not the only driving force in history. Meeting challenges, that is improving the means to realise the fundamental values; for example, both, the Agricultural and the Industrial Revolution, were associated with meeting challenges, the former with rising food production to a substantial extent such that a significant rise of the agricultural surplus came into being, enabling thus the building up of *urban* civilisations. The Industrial Revolution in Britain was caused by the pressure of demand; this causal element could, however, only become effective because all the supply side (economic and technical) conditions as well as the social and political conditions were fulfilled in England in the second half of the 18th century (on this see below: *The Industrial Revolution – a chemical mixture explodes*).

In each civilisation the striving for perfection and the striving for power are mixed up to various degrees. In principle, as just suggested, the striving after perfection is associated with stability; great historical instances being traditional China and old Egypt. Stability may, however, also be brought by coercion – a great historical example

would be Rome. However, (natural) stability based on the striving after perfection may go indefinitely and, as a rule, comes to an end only through strong outside intervention. On other hand if stability is, essentially, of an alienated nature (like coercion), the breakdown of a polity may be brought about by internal factors; Max Weber's famous dictum: *Rome perished because of her Latifundiae*, is of relevance in this instance. Hence there is a double meaning to each characteristic (stability, change) to some socio-economic, political, cultural or religious state of affairs, according to which the phenomenon in question is predominantly in a natural or in an alienated state. Incidentally, both *axial ages* associated with the breakthrough to Truth and to Modernity respectively were, as will be seen in the next section, times of political alienation and of intense change. First *axial age* (800 to 200 B.C.) was followed by the formation of great empires in East and West, bringing about stability which allowed to consolidate the results of the breakthrough. Second *axial age* (800 to 2000 AC) will also require a perhaps definite period of stability – the natural world order to be outlined below – to consolidate what has been obtained through the stormy centuries that brought about the breakthrough to Modernity.

Ranke's horizontal and vertical consideration of history is extraordinarily fruitful. In fact, this method is based on a distinction of Greek philosophy: *being (Sein)* and *essence* are associated with the *vertical* aspect, *change (Werden)* and *existence* with the *horizontal* way of looking at history. Karl Marx took up this approach through his notions of a *given content* and a *changing form* of modes of

production, for example. Considerations of being and essence became the object of (*probable*) *pure theory* with Keynes, existence and change he considered by (*probable*) *applied theory*. Hence, this double way of looking at historical phenomena allows, in fact, to integrate theory and history (Bortis 1997, specifically chapter 3, pp. 103 – 130, chapters 4 and 5, chapter 7, 371-80). Indeed, the vertical aspect is associated with causal factors permanently bringing about some natural or alienated social, political, or cultural phenomenon; in a way the vertical aspect is linked up with static theory. The horizontal aspect considers the changing forms in which acts of causation are exercised, which is the object of dynamic theory. In some instances, quantitative changes may bring about qualitative changes. A famous instance is the transition from Feudalism to Capitalism, explained by Marx through markets relations more and more extending at the expense of feudal relations and the associated social and political implications.

Perhaps, the most dramatic illustration of the working of vertical and horizontal forces in history is provided by Germany (Meinecke 1965, pp. 205-11). The Holy Roman Empire was essentially a *Kulturnation*, based upon vertical causality embodied in the striving after perfection. Power politics associated with change set in after the Thirty Years War in Prussia. At first these – horizontal – forces were defensive and become gradually more and more offensive to gain momentum around 1850. From the German unification onwards, the struggle for power intensified dramatically on the European and on the world level, with the cultural – vertical – aspect gradually receding. The First World

War and the Great Depression of the 1930s brought National Socialism into power. Of this movement Hermann Rauschning (1938) says that it expressed total nihilism, the destruction of all the traditional values, implying the complete annihilation of the vertical-cum-striving for perfection aspect. Given this, the horizontal forces, now embodied in pure power politics, worked out without any moral constraint.

The horizontal and vertical way of looking at history may be usefully refined through distinguishing specific types of causes (Bortis 1997, pp. 55-56). Once again Aristotle is fundamental. In fact, Aristotle distinguishes four types of causes that structure the whole of reality, i.e. nature, individual actions and society: the material cause, the efficient cause, the final cause and the formal cause. These various types of causes relate to the vertical aspect referred to above. „The *formal cause* states how an act of causation goes on in principle and in general. In the real world the formal cause is always complemented by the *material cause*, which designates the application of some formal cause to a specific situation. Both types of causes act simultaneously. For example, the principle of the [Keynesian] multiplier, the formal cause, states how a dependent variable, the national product, is always governed by the autonomous independent variables and by the multiplier. This principle is embodied in any concrete multiplier process which might be going on in the real world, linking, for instance, the investment sector with the consumption sector, i.e. the producers acting in both sectors, using specific means of production. The latter represent the material, so to speak, which is shaped by the

formal cause (thus the notion ‘material cause’): given autonomous expenditures, the multiplier determines the scale of economic activity, hence the number of producers and the quantities of means of production put to use. Two additional types of causation specify how the formal cause works. The *efficient cause* captures determinism: a given cause produces a specific effect; for example, effective demand determines employment. Hence the deterministic impact of the socioeconomic system upon the behaviour of individuals represents a very complex process involving the efficient cause. Dynamic processes can also be captured by the efficient cause: heavy unemployment may set into motion changes in the structure of society, e.g. reduce the importance of the middle class. The *final cause* is related with teleology: an aim to be realized is the cause of the corresponding actions, which represent the means used to achieve that aim. The final cause manifests itself in the purposeful actions of man in the individual and social spheres, for example in the domain of economic policy-making“(Bortis 1997, p. 55).

The way in which the formal cause acts may change in the course of time. This is the driving force behind evolutionary processes which may be linked with objective factors bringing about structural change (the efficient cause) or with finality, i.e. the endeavour of individuals and groups to reach individual and social aims (the final cause).

Again, the efficient cause and/or the final cause concur with the material cause to result in real world evolutionary processes, for example export-led economic development in some country or region during a specific period of time.

When dealing with historical situations and with historical change the distinction between *mechanical* and *organic* causation is of some importance (Bortis 1997, pp. 56-57). With *mechanical* causation the relations between quantities are primary. For example, the social philosophy of liberalism is associated with mechanical individualism: causal acts go on between individuals and things as is exemplified by the profit- and utility-maximizing behaviour of producers and consumers, and between individuals, for example the interactions between individuals on markets represented by the exchange of commodities or of commodities and money. The social philosophy of socialism, however, is linked up with mechanical holism, which is perhaps best exemplified by the input–output model. Here quantitative part–whole relationships are set forth. Each sector exercises a specific function regarding the production of the social product. Central planning activities relate precisely to the regulation of prices and quantities based upon the functional part–whole relationship between complementary sectors. This implies a social regulation of distribution since part–whole relationships between sectors and ‘factors’ of production do not allow the isolation of the contribution of an individual sector or ‘factor’.

Mechanical causation, whether individualistic or holistic, plays a secondary role in humanist social philosophy, that is Keynes’s *Social Liberalism* underlying Bortis (1997). Here man and society are considered organic entities, integrating physical and material, intellectual and spiritual elements (it is of the utmost importance to note that this vision of society does in no way imply totalitarianism,

since with social liberalism society is ancillary to individuals, which in fact become social individuals). With social liberalism *organic causation* plays a fundamental role. The various causes mix up and merge with the effect that a neat separation of causes becomes impossible; in a way, the mixture of causes is of a chemical, not a physical nature. For example, interrelated sets of values cause individuals to strive for specific aims (Aristotle's final cause). Or the entire institutional system concurs to governing the scale of economic activity (Aristotle's efficient cause). The presence of organic causation in the real world certainly requires analysis to set up explanatory frameworks to come tentatively to grips with specific phenomena; however, insight based on intuition is necessarily put to the fore, which means that understanding becomes much more important than explanation when causes are linked up organically. As a rule, very complex phenomena may only be approximately understood through relying on the notion of organic causation. This is the case, for example, of the Industrial Revolution in Britain which will be considered below.

To conclude this section we make some remarks on the of issue of social and cultural change on the basis of historical realism which underlies this essay, this on the basis of Bortis (1997, pp. 377-80). With historical realism, the historical process is, above all since the advent of Modernity, essentially conceived of as an interaction between socioeconomic systems and individuals and collectives acting within the system. On the one hand, systems determine, to some extent, actions of individuals and collectives, e.g. effective demand

governs output and employment and sets restrictions on individuals; on the other hand, individuals and collectives shape the system through their pursuing individual and social aims. In the course of time, circumstances – the system – values and behaviour change. Hence historical realism comprises a theory of social change which is one of the important subject matters of sociology: ‘From its beginnings sociology was closely connected with the philosophy of history and the interpretations of the rapid and violent changes in European societies in the eighteenth and nineteenth centuries’ (Bottomore 1971, p. 283). As a rule social change goes along with cultural change and is associated with varying uses of the social surplus. Perhaps the most impressive theory of social change was established by Marx. In *Das Kapital* he emphasizes the deterministic influence exercised by the evolution of the socioeconomic system upon behaviour.

Technological, social and cultural change may be captured in principle by horizontal causalities (Bortis 1997, chapter 3, pp. 118–30). In the long run the driving force behind social and cultural change is changes in the value system. In some periods of time egoism and materialistic values associated with power politics dominate, in others social and cultural aims are more intensely pursued. Social and cultural changes are linked with changes in the use of the social surplus as emerges from the social process of production. Technological change continuously changes the *means* required to reach *given* aims. For example, the tremendous progress in the computer sciences has brought entirely new possibilities for storing personal data. This

requires new legal means to protect individuals from state and other bureaucracies.

More specifically, two main factors bring about social change. First, progress in the natural sciences opens up new possibilities in the socioeconomic sphere. Partly, societies have to adapt to the new technological achievements, but partly the achievements may be integrated into an existing social situation. Second, there is the dissatisfaction of social groups with the existing situation, due to a discrepancy between an actually prevailing and a desired (natural) state of affairs: this is subjectively perceived alienation. Whether social change occurs at all depends on the distribution of power between conservative and progressive forces. In this context, the importance of the above-mentioned determinism exercised by the socioeconomic system should be borne in mind: if the system produces severe involuntary unemployment, change will be socially destructive in that poverty increases, for example. Social action may relieve some effects of poverty in the short term; the problem, however, consists in tackling the causes: for example, a very unequal income distribution may be the main cause of severe involuntary unemployment; hence parts of the socioeconomic system would have to be changed, i.e. distribution rendered more equitable in the case considered. This would require long-period institutional change related to the organization of society.

The organization of social and economic life was relatively easy in the basically agrarian societies preceding the Industrial Revolution. The very extensive division of labour initiated by the Industrial

Revolution enormously increased the complexity of socioeconomic life. The necessity to understand economic events, which were now no longer immediately obvious, gave rise to a new art, political economy, which should provide the conceptual basis for governments to organize socioeconomic life in monetary production economies.

Hence history may be understood as an incessant struggle by individuals and collectives to do better in all spheres of life in ever evolving material conditions and in an ever alienated environment. In this, man is guided by fundamental ontological principles and by moral and aesthetic ideals which can be but imperfectly perceived, however. Nevertheless, aesthetic near-perfection was reached at times as is attested by the great achievements in architecture, sculpture, literature, painting and music which each society tries to preserve and to remember. In the political and social sphere, humanity seems, perhaps with a few limited exceptions, to have been less successful, and the possibility that self-amplifying alienation gets out of control will perhaps never vanish. However, the immense achievements in science and technology in the last two hundred years might provide the material preconditions for a happier life for all individuals. This is one of the main tenets of Keynes's vision (Fitzgibbons 1988, p. 53). But the social preconditions have to be created first: full employment and a fair distribution of incomes are essential (Keynes 1973b, p. 372). Population policies will almost certainly become increasingly important in the future. In this context, we ought to remember that Malthus and Ricardo conceived of an 'optimum' population size

associated with the natural wage and the stationary state. And environmental policies will become crucially important.

Given the imperfection of human knowledge and of the perception of moral standards, history cannot and will never be a clean story of linear progress. The central reason is that alienation is always present in some form which is another way of saying that historical development never was and never will be in a perfect 'common weal equilibrium'. Moreover, the alienated past will act upon the present to create new alienation: the attempt to repair past injustice by force may create new injustice; for example, people unjustly expelled from their homes may try to reconquer their land harming thereby the new inhabitants. Hence, the perpetuation of alienation in historical time implies that societies will never get into a comprehensive common weal equilibrium; this is analogous to economies which cannot get into a golden age equilibrium. Therefore, new problems and challenges ever arise and setbacks and even disasters, to be followed by periods of prosperity, seem inevitable. History seems to evolve cyclically around a broad trend of material and scientific advance. Progress is always relative however; for example technological advances may lead to setbacks or growing alienation in the social sphere: an excessive division of labour may lead to a disintegration of social life accompanied by excessive individualism and growing loneliness. Or, material affluence may negatively affect social and cultural standards.

Hence the great problems relate to the organization of society and consist of transforming potential economic growth into social and

cultural improvement. Political action in this field must be guided by two factors: first, knowledge of existing socioeconomic situations which has to be provided by political economy and, second, a vision of the ideal (natural) state of society to be elaborated on the basis of social or political ethics which leads one to specify ends to be pursued. The probable knowledge of actual situations and of ends puts the politician in a position to act in the most appropriate way possible.

The structure of human history

The purpose of the present essay is to put the breakthrough to modernity into a global, world-historical context, leaving behind eurocentrism, which, in the form of a European *Sonderweg* (Mitterauer 2003), would become an aspect or a dimension of the global picture. To obtain a broad structure of human world history we rely, in the main, on Ernest Gellner: *Plough, Sword and Book: The Structure of Human History* (1988), Marshall G.S. Hodgson: *Rethinking World History* (1993), specifically the conclusion by Edmund Burke III: *Islamic history as world history*, and Karl Jaspers: *Vom Ursprung und Ziel der Geschichte* (1955).

In the conclusion to Hodgson (1993), Edmund Burke III writes: „A more truly adequate world history, [Hodgson] argues, would have to begin with the proposition that the history of human literate society must be the history of Asia and its outliners, and that Europe has no privileged role in such a story. [As a consequence, a] world history worthy of the name must focus upon interdependent interregional developments on a hemisphere wide basis. [...] What fascinated

Hodgson was the possibility of telling the tale of humanity as a whole but this time from the perspective of global history, and not in a skewed, Western, self-justificatory version. [...] For Hodgson, it was axiomatic that the constant acquisition of new techniques (cultural and otherwise) and discoveries all over the world cumulatively led to changes in the possibilities of future development everywhere “(p. 309).

It is certainly true that new techniques and discoveries are necessary for general future development. However, in this essay we attempt to argue that very specific conditions have to be fulfilled if new techniques are to result in economic development, or if a broadly harmonious development is to come about on a world level. The conceptions to approximate even development derive from Keynes's *Social Liberalism* put to use here to come to grips with the all-important socio-economic dimension of Modernity. As will become evident in the course of argument, one cannot tackle the problems of Modernity without a very robust socio-political theory which, in turn, must rest on a vision of man and of society. In this context, it has been argued in Bortis (1997) that *Political Economy*, in fact *the key social science of the modern era*, is of particular importance.

Burke III goes on: „In his emphasis upon the interconnections between civilizations and upon the cumulative development of the common stock of human techniques and cultural resources, Hodgson's Quaker convictions appear with clarity: all men are brother's and in the eye of history, Islam is but one venture among others“(Burke III, in Hodgson 1993, pp. 309-310). Again, Hodgson's vision seems to be

very individualistic and supply oriented. In fact, a much broader vision of man and of society is required to come to grips with the complexities of world history. Particularly, to master the intricacies of Modernity, Keynes's *Social Liberalism* and the associated social and political sciences, including social philosophy (Bortis 1997) is perhaps most appropriate. This implies that, in this essay, we rely on an Aristotelian anthropology and social philosophy (Brown 1986), emphasising the *social nature* of man, to be able to put the works reviewed here at their approximately right place in our attempt to come to grips with our subject, Eastern civilisation and the breakthrough to Modernity in the West, in a world historical context.

The structure of human history put to use here is made up of two different periodizations both of which are linked by the surplus principle. Given the technique of production, traditional or modern, the material basis of a society, the economy in modern terms, produces a certain output, part of which is used up by the producers in the form of necessary consumption. The remaining social surplus over necessary consumption provides, first, the means for non-necessary consumption and investment and, second, represents the material basis for non-economic activities, political, legal, military, cultural and religious. The first periodization put to use by Hodgson relates to the way the output is produced, and, necessarily, also to the structure of output. „[It] is a twofold division between the Agrarian age (to 1800 C.E.) and Modern times, which serves to frame his discussion of the Great Western Transmutation [...]“ (Burke III in Hodgson (1993), p. 310). In this vision of history the technical aspect of production,

Marx's forces of production, is crucially important. This is brought out very appropriately by Gellner's time-periods of *Agraria* and *Industria*, which are preceded by *Hunting/gathering* (Gellner 1988, p. 21). The neolithic Agrarian Revolution set in around 6000 B.C., and *Agraria* was to last until around 1800 AC. At this time the Industrial Revolution, starting in England, brought about *Industria*, which, in Hodgson's supply-based view is characterised by „technicalization, a concept he defines as „a condition of calculative (and hence innovative) technical specialization, in which the several specialities are interdependent on a large enough scale to determine pattern of expectation in key sectors of the society”“(Burke III in Hodgson 1993, p. 313). Hodgson here thinks of the technically dynamic social process of production which forms the core of a monetary production economy, the mode of production and circulation in the age of *Industria*.

While this first periodization of human history relates to production and to the production of the social surplus, the *second* periodization put to use by Hodgson is associated with the appropriation, distribution and, above all, the *use* of the social surplus. In fact, it is the *use* of the social surplus which characterises a civilisation; Gellner, for example, considers two main uses: *coercion*, state power bringing about the political ordering of society, and, *book*, representing culture in the widest sense, including, of course, religion. „From the perspective of the history of civilizations [...] a periodization composed of four major divisions is utilized [by Hobson]: (1) the early civilizations (to 800 B.C.), (2) the Axial age

(800 to 200 B.C.), (3) the post-Axial age (200 B.C. to 1800 C.E.), and (4) the Modern age (since 1800 C.E.). The term 'Axial age' Hodgson borrows from Karl Jaspers [1955] to refer to the great period of cultural florescence which was formative of Chinese, Indian, Mediterranean, and Irano-Semitic civilizations“(Burke III in Hodgson 1993, p. 310).

Both periodizations are highly relevant to come to grips with our subject, that is putting the breakthrough to Modernity in the West into a wider world-historical context. Extensive use will, therefore, be made of both. At this stage we may, perhaps, repeat that *axial age* – *Achsenzeit*, coined by Karl Jaspers (1955), represents *the* crucial time-period in human history, where, broadly speaking, the passage from myth and magic to reason and analysis took place. In this time-period the crucial differences between Eastern and Western mind were shaped upon the common – mythical-cum-magical - basis of the bronze age, that is in the second millennium B.C. up to 800 B.C. (Haas 1956, Goody 1996). As Jaspers mentions, great empires emerged from *axial age*, particularly Han-China in the East, and the Roman Republic who was about to overcome Carthage at this time, to lay the foundations for the Roman Empire. The long duration of Confucian China and the rise and fall of Imperial Rome were both crucial to the fact that the breakthrough to modernity took place in the West, not in the East. „[In this context,] Hodgson argues that great breakthroughs, of the sort that give birth to Modernity, were impossible under agrarianite conditions [because the size of the agricultural surplus required to bring about the breakthrough could not be sustained, as

was also the case with China]“(Burke III on Hodgson (1993), p. 311). This argument will have to be considerably modified in the light of Hobson (2004) and Seitz (2003). Indeed, the breakdown of the West Roman Empire gave Europe the chance of a *new start* through the Carolingian Empire who set Europe on a specific track ending up in the breakthrough to Modernity; it is here, as will be suggested below, that Mitterauer (2003) comes into the picture. This is to complement Hodgson’s argument, taken up by Hobson (2004): „Without the cumulative history of the whole Afro-Eurasian Oikoumene, of which the Occident had been an integral part, the Western Transmutation would be almost unthinkable“(Hodgson 1993, p. 312). This is another proposition that will have to be complemented by an argument related the structure of European civilisation and its differences from Eastern civilisation (Mitterauer 2003 and Haas 1956). Moreover it will have to be taken into account that very specific circumstances were required to bring about the Industrial Revolution. The breakthrough to Modernity could, as we shall argue below, only have taken place in Britain, not even in France, and not at all in China.

In this essay we adopt, in principle, „Hodgson’s method of doing world history [through making] use of ideal types to inform and to orient [...] analysis“(Burke III in Hodgson 1993, p. 310). This is also Haas’s method to compare Eastern and Western civilization which will be extensively presented below. We conceive of *ideal types* as probable – in Keynes’s sense – attempts to capture what is constitutive or essential about a complex phenomenon, a civilization for example.

At this stage, it must be recalled that, given the complexity of our subject, an inadequate treatment of the problems considered and glaring neglects are unavoidable. While the former cannot be avoided, only the latter can be dealt with. In fact, regarding civilisations, the most evident neglects are India and, even more, Islam (obviously, the American and the old African civilisations are not dealt with at all since they are not part of the subject matter considered in this review essay; however, to compare the old American and African civilisations with the Eurasian ones would, probably, forcefully confirm that human nature is the same everywhere and at all times; for example, in a fabulous exposition of pre-Columbian American art in Geneva, Switzerland (2005-06), the Mayas have been compared with the Greeks; and the very high standard of old African art is well known; moreover, since it is likely that man has existed first in South East Africa, it may well be that, in Africa, civilisations may have existed of which no trace has remained, but which could explain the *sudden* coming into being of civilisation in Egypt and in Mesopotamia). Regarding India we cannot but refer to Helmuth von Glasenapp's great work on *Indian Philosophy*, which exhibits the incredible wealth, breadth and depth of Indian thinking (Glasenapp, H. von, 1974). As to Islam it seems appropriate to refer to Marshall G.S. Hodgson's main work which is, precisely, *The Venture of Islam*. This work is dealt with by Edmund Burke III in his conclusion to Hodson (1993). Just two sentences to illustrate the paramount importance of Islam as is set out by Hodgson's work. „In world historical terms, Islamic civilization represented an attempt to establish a total

civilization on a hemisphere-wide basis, embracing most of the ecumene“(Burke III in Hodgson 1993, p. 310). And, in Hodgson’s own words, „the very excellence with which Islamicate culture had met the needs of the Agrarian age may have impeded its advance beyond it“(Hodgson 1993, p. 318, taken from the *Venture of Islam, III*, p. 204). At this stage, we might mention one important reason, among others, which, at present, prevents Islam from fully coming to grips with Modernity. In fact, the personal still seems to predominate over the institutional, primarily social institutions, most importantly the social process of production and the great associated problems of price formation, distribution and employment (on the relationship between social institutions and economic theory, see Bortis 1997, 2003). The personal is associated with the family and the clan, and with the form of government. And the Institutions, as far as they are present, are taken from the West and are ill-adapted. Indeed, Western type democracy could only work if the markets were self-regulating. Since modern economies are unstable monetary production economies, appropriate institutions must be set up to stabilise they socio-economic system and to create the social foundations regarding employment, distribution, and education such the the social individual can prosper. To bring about a harmonious institutional set-up is the main task of the government which has to be above the political parties in particular and the partial interests in general. Moreover, the actions of the government must be based upon a very solid political economy based on a social philosophy, classical-Keynesian political economy and Social Liberalism respectively (Bortis 1997 and 2003).

A supra-party government implies an alternative type of democracy. On the one hand, the government would be responsible to the Parliament, the representatives of the people, and hence to the people. On the other hand, the Parliament would transmit problems existing in the various domains of socio-economic and cultural life to the government. In this way governing would become a dialogue between the government and the people which, in our view, is true democracy. This broadly corresponds to the Swiss model of governing where the members of the government are elected by the Parliament for an *indefinite* period of time, even for life-time. All the important parties are proportionally represented in the government, which, in principle, has to stand above the parties and to bring about a consensus in the important policy issues. In principle, this allows for long-term policies aimed at increasing the Common Good of the political society.

The structure of history and the invariable nature of man

A fundamental question arises from the above: How is it possible to reconcile historical change, or eventually evolution, and the invariable nature of man? The kind of answer to be given has already been alluded to. It is the fundamental Aristotelian distinction between *essence* and *existence*. The immutable human nature, an essence, may come into concrete existence in very different forms which, in turn, may remain constant for very long periods of time, and then change fundamentally, after a long period of transition. The great instance of such a phenomenon is China as pictured in Seitz (2003).

Starting from the fundamental Aristotelian concepts of essence and existence of man as a social being and from Sir John Eccles's grandiose *Gifford Lectures 1977-1978 on The Human Mystery* (Eccles 1984/1979), we would now venture the hypothesis that the notion of *evolution* should be *abandoned* and replaced by other concepts. This is to be illustrated here by the example of man.

However, before going on, we briefly state our stance against evolutionism, making four points. In the first place, with evolutionism there are no essences, hence no identities of individuals, collectives and entire civilisations. There is, in fact, no *being* (*Sein*) in the sense proper, that is in the form of *essences* and *substances*, there is only *becoming* (*Werden*). Strictly speaking even a very sketchy understanding of, for example, old civilisations, is not possible since there is no common denominator to make comparisons between civilisations. Given this, there are presently tendencies to abandon history and to 'construct' the future on the basis of the moral and natural sciences. This reflects the idea of unlimited progress which is associated with evolutionism, an idea that had its, perhaps, last revival just after the breakdown of Socialism when the end of history was hailed.

The Creationist vision underlying this essay leads to an entirely different view on history, which now appears as a teacher (*Geschichte als Lehrmeisterin*). The study of the history of ideas crucially, even decisively influences the quality of present knowledge; to know about past ideas renders possible and successful the pursuit of – probable – truth in the present. „The study of history is also immensely fruitful

because it provides information on the nature of society and of man: the individuals living in various societies strive after the same immutable values in very different situations. The point is to observe and to attempt to understand the widely differing ways by which social individuals have attempted to reach greater perfection in the various spheres of life and to ask why they have partly failed and partly succeeded at times. Here the global view of events, i.e. history in the grand style, *à la* Vico, Montesquieu, Hegel, Marx and Toynbee for example, is complementary to the study of the details. The object of the former is the evolution of societies seen as wholes, the latter investigates the behaviour in specific spheres of individuals and collectives within institutional systems. The study of history is therefore not *de l'art pour l'art* made useless by progress. It helps us understand the present in the light of the past and to make guesses at possible future evolutions. Galbraith puts this admirably when he says that '[t]he present is the future of the past' (Galbraith 1987). Perhaps the main reason why the study of history can promote the understanding of mankind and its destiny in the course of time is the presence of fixed reference points provided by fundamental values: 'Sensible men mutually understand each other over thousands of years on the basis of commonly shared fundamental values [for example truth, honesty, sense of duty and the common weal]' (Schack 1978, p. 18; a.tr.) (Bortis 1997, p. 380). In this context, the splendid Defence of History against the attacks of Postmodernism by Richard Evans must be mentioned (Evans 1997).

A second case against evolutionism is the danger of feelings of racial superiority (mirrored by inferiority) coming into being almost inevitably. For example, Eurocentrism implies that the West is intrinsically superior to the East. Indeed, evolutionism implies that some civilisations evolve more rapidly than others and able to reach higher levels of civilisation than others. The former may then feel the need to raise development levels in the latter. In this way a spirit of civilisatory mission associated with *Sendungsbewusstsein* may develop – the Romans in Antiquity, the West Europeans and Russia in colonial times, Imperial Germany after the Napoleonic wars and now the United States of America are cases in point.

Evolutionism may also lead on to pursuing rather strange aims, i.e. the improvement of the quality of the human race by Eugenic Societies, with all the dangers this implies, above all in heavily alienated societies like Hitler's Germany and Stalin's Soviet Union.

The Creationist-Humanist, in fact Rankean, position adopted in this essay, however, puts, as far as essentials are concerned, all social individuals, countries and civilisations on the same level. Historically contingent differences occur through the coming into existence of these essences.

Thirdly, evolutionism may be associated with some kind of Darwinism. If economies were self-regulating Darwinism might imply the survival of the fittest and the best. However, economies have presumably never been self-regulating. This is almost certainly true of modern monetary production economies as have emerged from the Industrial Revolution (see, for instance, Bortis 1997, chapter 5,

specifically pp. 281-93). With self-regulation absent, the struggle for survival may become particularly intensive if heavy unemployment prevails. In such situations, it is not really the fittest – in the good sense – that will survive, but the – politically and militarily strongest, whereby, as has been extensively, argued in military literature, sea-power has become of particular importance in the modern era.

In the fourth place, underlying the preceding points, there is, implicitly or explicitly, some association of Evolutionism with Pantheism. Nature and man are simply manifestations of a Supreme Being, for example, phenomena produced by Hegel's Spirit. Regarding man and society the highest manifestations of God would be the leading civilisations. The prime example of this association between Evolutionism and Pantheism is, of course, provided by Hegel's philosophy of history, based on the self-recognition of the Spirit in the course of historical time, who, in the last stage of history was supposed to be embodied in the Germanic world in a wider sense. Probably, the *Sendungsbewusstsein* of the West was associated with thinking, more or less explicitly, on Hegelian lines, or in analogy to Hegel. This, once again, suggests that there are strong links between Eurocentrism and Evolutionism of some kind.

Given these arguments against evolutionism, we might now *plausibly argue, not scientifically prove* of course, of advantageously replacing the concept of evolution by a combination of four elements: Creationist Interventions, unfolding of potentials, adaptations to differing circumstances, and, finally, diversifications on the basis of different values systems, associated with differing ways to realise

approximately the immutable fundamental values, Goodness, Beauty and Truth. First, *Creationist Interventions* are plausibly required regarding the *Creation of the Universe* and the coming into existence of the various forms of *Life*. This point is forcefully argued by Kehl (2006). Second, there would be the *unfolding of potentials contained in invariable essences*. For example, man would have, in principle, been the same right since creation, with intuition, reason and analytical powers there, but yet as potentials. Maybe that man has lived for millions of years in a state of *unconsciousness*, in the dark so to speak, like a seed below the surface of the earth. Perhaps, man was living in harmony with inanimate and animate nature, making use of subconscious forces, and possessing abilities civilised man has lost long ago. Time and again, anthropologists point to the extraordinary faculties, instinct and physical ability, for example, already conscious, but still deeply rooted in the unconscious, stone-age hunters and gatherers may have been endowed with.

The *breakthrough to consciousness*, in analogy to the moment in which the plant pierces the surface of the earth, must have been a *momentous event* in every respect. From this moment onwards, man not only lived within Creation, in fact, he started to carry on and to complete, and, gradually, to dominate Creation, that is *to unfold his potential*. With man becoming conscious and self-conscious, the monumental drama of human history started. This drama was characterised by grandiose achievements in the wide fields of Goodness, Beauty and Truth, brought about by the tremendous potential contained in human nature, but also by terrifying failures

associated with destruction, this being due to *Alienation*, individual – lack of knowledge and an excessive striving after power - in archaic and traditional societies, and, sometimes, system-caused in *Agraria* (e.g., the agony and the collapse of Rome) and, above all, in *Industria* (for instance, the two World Wars). In any case, man, becoming conscious about his environment, and self-conscious about himself, started to *unfold and to develop the immense potential contained in the invariable human nature*. And, of crucial importance, *human purposeful human agency* takes, in principle, place *in conditions of freedom*. But freedom is not absolute. Man cannot do what he pleases, that is, for example, excessively pursue egoistic aims, or to exert ruthless power. Doing the bad is associated with alienation and will inevitably turn out to be socially destructive. In fact, true *freedom consists in choosing the means* to aim at realising the fundamental values of Goodness, Beauty and Truth in all domains as well as is humanly possible, that is to strive after perfection. This, in turn, is acting in line with human nature. As a result the social individuals may prosper on the basis of society and through society to become more and more fully developed persons. However, *alienation* of various kinds – lack of knowledge, an excessive striving for power, coercion, determination of the socio-economic system – may reduce or even completely destroy the scope of freedom; misery, also a form of alienation, coexisting, as a rule, with system-caused involuntary unemployment may render freedom purely formal, that is without any material content. Below it will be argued that the aim of history is,

precisely, to reduce alienation in all spheres of individual and social life. This is tantamount to increasing the scope of freedom.

Perhaps the breakthrough to consciousness was the moment when man became *conscious*, first, of *Good* and *Bad*. This was, probably, also the beginning of the *mythical-magical world* of William S. Haas (1956, chapter V: The World of Magic). *Intuition and imagination* dominated completely, and were, like the tip of an iceberg, linked to the immense world of the subconscious, which has been roamed through, for example, by Carl Gustav Jung and by Indian philosophers and ascets, producing most incredible results (von Glasenapp 1974, pp. 452 ff.); Chinese natural medicine is probably also related to these subconscious forces which, perhaps, link man with the whole of nature and the universe. It is possible that, in addition to becoming conscious about Goodness, man also became conscious about about *Beauty*, as the cave paintings of paleolithic man attest (see, for example, Cameron 1993, p. 25). The mythical-magical world started to reach perfection with the Agricultural Revolution, which, initiated Gellner's (1988) *Agraria*. Near perfection was reached through the Great Civilisations of the Bronze Age in the Middle East and the Mediterranean, in India and China (from roughly 4000 to 800 B.C.). Here we have that 'same crucible in which the major societies of Eurasia were fired' (Goody 1996, p. 226).

Certainly, the third factor shaping the history of mankind, *adaptation to differing natural, including of course climatic differences*, had been present from the beginning, that is since Creation. This point is made by Haas (1956), but also by Montesquieu in his *Esprits des Lois*. The

fourth force explaining change is *diversification on account of differing values systems, leading to the individualisation of civilisations, political societies, and particulars*. Individuals, clans and groups, peoples and civilizations strive very strongly for becoming unique (*einzigartig*), hence to diversify. Diversification probably came most forcefully into the picture in Jaspers's *Achsenzeit - axial age* (800 B.C. to 200 B.C.). Here occurred the breakthrough from *Myth and Magic*, associated with *Intuition and Imagination*, to the *Logos, to Reason and Analysis* (*Vernunft und Verstand*). Hence, in addition to consciousness about *Goodness* and about *Beauty*, already established, *axial age* brought consciousness about the problem of *Truth*. It was during *axial age* that civilisations become *fundamentally* diverse, where East and West emerged (see on this Haas (1956), but also Goody (1996) and Clarke 1997). It should be evident that the third force, adaptation to natural differences is more important as one goes back in time, for thousands, eventually millions of years. On the other hand *diversification*, associated to the strong drive to becoming *unique*, becomes more and more important during and since *axial age*. Let us state here that diversification (individualisation) of civilisations, nations and individuals is of paramount importance. Diversification enables mutual enrichment and, consequently, a rich cultural life worldwide. The social potential of the globe's peoples may unfold on the basis of diversification. However, materialistic standardization, as we experience it under oligopolistic Capitalism, is a tremendous threat to humanity. This form of Capitalism brings about Marcuse's One-Dimensional Man, who maximises profits and utility.

A mass consumption civilisation emerges, deifying economic growth and luxury consumption. And side by side, there is mass unemployment and immense misery, a very unequal distribution of incomes and wealth, and heavy damage is done to the environment. In such a society, standardised quantities absolutely dominate most varied qualities, as are, precisely, associated with diversification. In a materialistic society, analysis dominates almost absolutely and gets even separated from reason which puts things in a wider context, with spirituality fading away almost entirely, and with the economy, science and technology becoming *ends* in themselves. This leads to an atomistic society, excessive specialisation, and to a loss of perspective. Presumably, a materialistic society will head towards very serious difficulties, similarly to the Roman Empire, if there is no fundamental change in direction. Incidentally, Michael Rostovcev (1931) had observed that a process of *rebarbarisation* went alongside the agony of the Roman Empire. All this is, of course, not to condemn technical progress. However, it should be borne in mind that science and technology, *and* the economy, are, essentially, *means, not ends*. The ends, as is argued throughout this essay, are provided by the fundamental values of Goodness, Beauty and Truth to be approximated in all spheres of individual and social life.

Some concepts

The concepts put to use emerge from the vision of man and of society suggested in the above. There, it has been postulated that human nature is the same everywhere. This means that all the

concepts used here refer to contingent forms of existence of the social individuals. Specifically, to speak of the *immanent* unfolding or development of a civilization does not imply that this civilization is invariable. For example, during the Mao period, China made *tabula rasa* regarding her Confucian past (Seitz). After her socialist experience, China engaged in the way of Capitalism, with social inequalities increasing, and may take up Confucian principles again to produce a more harmonious society on a higher material level.

In a way, 'immanent' always implies 'specific' or 'particular'. Regarding Europe, Mitterauer rightly speaks of a *Sonderweg*. This could be translated as *specific way* or *particular way*. There may of course be *interaction* between civilisations, in various domains, economic and cultural for example, or unidirectional economic or cultural *influence*. Strong influence may become *domination*. Here, the political and the military, as a rule, add to the economic and cultural elements, with coercion associated to all of them.

The stage has now been prepared to present the books reviewed here. In the next two chapters the works by Hobson and Mitterauer are presented. Two additional chapters put these books in a wider European context. Then we present Konrad Seitz's book on China. Subsequently, some implications of these works are brought out, while putting them into a wider East-West context.

John M. Hobson: Asia influences Europe, but does not dominate her

“[The] present book argues that the East (which was more advanced than the West between 500 and 1800) provided a crucial role in enabling the rise of modern Western civilisation. [...] The East enabled the rise of the West through two main processes: diffusionism / assimilationism and appropriationism. First, the Easterners created a global economy and a global communications network after 500 [after the breakdown of the West Roman Empire] along which the more advanced Eastern ‘resource portfolios’ (e.g. Eastern ideas, institutions and technologies) diffused to the West, where they were subsequently assimilated, through what I call oriental globalisation. And, second, Western imperialism after 1492 led the Europeans to appropriate all manner of Eastern resources to enable the rise of the West. In short, the West did not autonomously pioneer its own development in the absence of Eastern help, for its rise would have been inconceivable without the contributions of the East. The task of this book, then, is to trace the manifold Eastern contributions that led to the rise of what I call the oriental West”(Hobson 2004, pp. 2-3). “The basic claim of [Hobson’s] book is that [the] familiar but deceptively seductive Eurocentric view is false [...]”(p. 2)

J.M. Hobson succeeds admirably in the task he has set himself. His book contributes in an important way to M.G.S. Hodgson’s undertaking to ‘rethink world history’ (Hodgson 1993). It may already be mentioned here that the very strong influence of the East upon the West does not exclude that an *immanent* process of change and

development took place in the West as is pictured by Mitterauer's European *Sonderweg*.

To begin with Hobson draws, quite incidentally, attention to a seemingly neglected but, in fact, very important point. Indeed, Martin Bernal (1987, 1991) “argues that ancient Greek civilisation was in fact significantly derived from Ancient Egypt. Likewise, the present book argues that the East provided a crucial role in enabling the rise of the modern Western civilisation”(Hobson 2004, p. 2). The crucially important parallel: ‘Mesopotamia/Egypt - Greece’ and ‘East (Asia) – West (Europe)’ will be taken up below. It will be attempted to argue that specific immanent ways of evolving in the West rendered possible the creative use of Eastern ideas or to appropriate Eastern resources.

In „countering the eurocentric myth“ (pp. 1-26) Hobson takes on an impressive intellectual edifice resting on a powerful vision of history. Indeed, within the mainstream eurocentric theories „we can detect a latent – though occasionally explicit – triumphalist teleology in which all of human history has ineluctably been leading up to the Western endpoint of capitalist modernity. Thus conventional accounts of world history assume that this all began with Ancient Greece, progressing on to the European agricultural revolution in the low middle ages, then on to the rise of Italian-led commerce at the turn of the milleneum. The story continues on into the high middle ages when Europe rediscovered pure Greek ideas in the Renaissance which, when coupled with the scientific revolution, the Enlightenment and the rise of democracy, propelled Europe into industrialisation and capitalist modernity“(p. 10).

„Two main points are of note here. First, this story is one that imagines Western superiority from the outset. And second, the story

of the rise and triumph of the West is one that can be told without any discussion of the East or the non-West“ (p. 11). In a way this implies an inherent, racial superiority of the West. Hobson speaks of “the Eurocentric iron logic of immanence”(p. 11).

Powerful intellectual systems are founded on Eurocentrism or, its counterpart, Orientalism. Hobson puts Karl Marx and Max Weber to the fore, in fact, two founding fathers of Eurocentrism.

In fact, quite surprisingly, “Karl Marx’s theory assumed that the West was unique and enjoyed a developmental history that had been absent in the East. [For example, Marx sees China as a] ‘rotting semicivilization vegetating in the teeth of time’ “(Hobson 2004, p. 12). A crucial passage is to be found “in *The Communist Manifesto* where we are told that the Western bourgeoisie ‘draws all, even the most barbarian, nations into civilisation [...] It compels all nations, on pain of extinction, to adopt the [Western] bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e., to become [Western] themselves. In one word, [the Western bourgeoisie] creates a world after its own image’ [Marx]”(Hobson 2004, p. 12). (Probably, Marx is not wrong in this. Indeed, in the chapter *East and West in a Wider Context – Karl Jaspers: Achsenzeit* below we shall see that Jaspers’s *axial age* – the passage from myth and magic to logos, to reason and analysis – brought about the destruction of the pre-*axial age* civilisations, or rendered them insignificant. Now, we shall argue below that the Great Transformation initiated *World Axial Age*, the breakthrough to

Modernity, with premodern civilisations equally wiped out or relegated to insignificance, temporarily at least).

“Marx’s dismissal of the East was [...] fundamentally inscribed into the theoretical schema of his historical materialistic approach. Crucial here was his concept of the ‘Asiatic mode of production’ in which ‘private property’ and hence ‘class struggle’ – the developmental motor of historical progress – were notably absent. ‘[The] direct producers [are] under direct subordination to a state which stands over them as their landlord. [Accordingly] no private ownership of land exists’[Marx]. And it was the absorption of, and hence failure to produce, a surplus for reinvestment in the economy that ‘supplied the key to the secret of the unchangeableness of Asiatic societies’[Marx]”(Hobson, pp. 12-13).

“In Europe[, however,] the state did not stand above society but was fundamentally embedded within, and cooperated with, the dominant economic class”(Hobson 2004, p. 13), that is with the mercantile and industrial capitalists. This is a very important statement indeed, and Marx has certainly got another point here. This issue will be taken up in connection with Mitterauer’s (2003) European *Sonderweg*.

“No less importantly, Marx’s whole theory of history faithfully reproduces the Orientalist or Eurocentric teleological story. In *The German Ideology* Marx traces the origins of capitalist modernity back to ancient Greece – the fount of civilisation (and in the *Grundrisse* he explicitly dismissed the importance of Ancient Egypt). He then recounts the familiar Eurocentric story of linear/immanent progress [starting from the Antique slave holder societies] forward to European

feudalism and on to European capitalism, then socialism before culminating at the terminus of communism. [...] For Marx the Western proletariat is humanity's 'Chosen People' no less than the Western bourgeoisie is global capitalism's 'Chosen People'”(Hobson 2004, pp. 13-14).

However, according to Hobson, “nowhere is the Orientalist approach clearer than in the works of the German sociologist, Max Weber [who asked] the most poignant Orientalist questions: what was it about the West that made its path to modern capitalism inevitable? And why was the East predestined for economic backwardness? [...]Weber's view was that the essence of modern capitalism lay with its unique and pronounced degree of 'rationality' and 'predictability'. [The] West was blessed with a unique set of rational institutions which were both liberal and growth permissive”(Hodgson 2004, pp. 14-15).

Two factors are of particular importance in this context. “First, the differences in the two civilisations are summarized in Weber's claim that Western capitalist modernity is characterised by a fundamental separation of the public and private realms. In traditional society (as in the East) there was no such separation. Crucially, only when there is such a separation can formal rationality – the *Leitmotiv* of modernity – prevail. This supposedly infuses all spheres – the political, military, economic, social and cultural”(Hobson 2004, p. 204).

This is a crucial point, deserving some consideration. The successful application of formal rationality to all spheres, implies the vision of a self-regulating economy, which, in the final analysis, coordinates all the rational actions of individuals and collectives in a socially optimal

way. Rationality is, basically, the rationality of the individual; social rationality is taken for granted through the mechanism of self-regulation which, in a wider sense, is basic to the system of Adam Smith and to neoclassical economic theory in the widest sense of the word, which, basically, pictures a general equilibrium world. The vision of economic self-regulation is, as a rule, associated with liberty and democracy. Governing becomes, in the liberal view relatively easy, since the market is supposed to solve the great economic problems, most importantly employment and distribution. But, if there is no self-regulation, then democracy can function smoothly only in economically successful countries, successful exporters of industrial products for example, enjoying full employment or near full-employment. However, if there are grave socio-economic problems, unemployment and social unrest, democracy may become more or less formal, a law and order state may come into being, and an *elite*, political, military, or economic, directly or indirectly, may *materially* govern a country. This may even be successful *per se*. For example, Max Weber's successfully industrialising Germany was a monarchy. And, in 19th century Switzerland, a *strong* liberal government, through building up appropriate institutions, technical high schools and securing high quality production for instance, conquered a privileged position for the Swiss economy on the world markets. Or British economic development has been brought about by an aristocratic/bourgeois *élite* relying on political and military power (the British navy) to establish British supremacy on the world markets in the 18th century, a process that was to culminate in the Industrial

Revolution which, around 1850, resulted in unequalled British supremacy worldwide. Finally, democracy may even break down if the socio-economic situation becomes untenable. Germany in the early 1930s is a case in point, in spite of the fact that, in this country, democracy was functioning normally in the 1920s. Thus, the possibility of a rational, democratic way of governing rests on a successful economy. As a rule, it is not democracy and economic liberty, a free market economy, that produce economic development, and, finally, a flourishing economy. Rather, democracy and a free market economy, and economic development are rendered possible through a favourable economic situation, established by imperialism - economic, political, or even military. This is, broadly, also Hobson's view.

“The second general distinguishing feature between the Orient and the Occident was [according to Max Weber] the existence of a ‘social balance of power’ in the latter and its absence in the former. [Neo-Weberian] analyses commonly differentiate ‘multi-power actor civilisations’ or the European multi-state system from Eastern single-state systems or ‘empires of domination’. And they, like some Marxian world-systems theorists as well as a number of non-Marxists, emphasise the vital role that warfare between states played in the rise of Europe. [Consequently, by 1500 European] rulers were anxious to promote capitalism in order to enhance tax revenues in the face of constant, and increasingly expensive, military competition between states. [...] Moreover, the Eastern bourgeoisie was thoroughly repressed by the despotic or patrimonial state and was confined to

'administrative camps' as opposed to the 'free cities' that were allegedly only found in the West. In addition, European rulers were also balanced against the power of the Holy Roman Empire as well as the papacy which contrasted with Eastern caesaropapism where religious and political institutions were fused. Finally, while Western man became imbued with a 'rational restlessness' and a transformative 'ethic of world mastery', in part of the energising impulse of Protestantism, Eastern man was choked by regressive religions and was thereby marked by a long-term fatalism and passive conformity to the world"(Hobson 2004, pp. 17-18).

This is a rather 'forceful' way of stating Eurocentric arguments, possibly making Eurocentrism stronger than it really was. Nevertheless, it seems evident that J.M. Hobson attacks a formidable fortress. In his book he convincingly argues "that the Eurocentric story is problematic not because it is politically incorrect [the breakthrough to modernity *did* happen in Europe] but because it does not square with the facts"(Hobson 2004, p. 20). Indeed, David Landes claims that "for the last thousand years, Europe (the West) has been the prime mover of development and modernity"(quoted in Hobson 2004). And Hobson counters: "But the historical empirical record that I consult reveals that for most of the thousand years the East has been the prime mover of world development"(p. 20). Given this, he states his "central argument: [...] There was nothing inevitably about the West's rise, precisely because the West was nowhere near as ingenious or morally progressive as Eurocentrism assumes. For without the helping hand of the more advanced East in the period from

500 to 1800, the West would in all likelihood never have crossed the line into modernity”(Hobson 2004, p. 19). In Hobson’s view, “the West got only over the line into modernity because it was helped by the diffusion and appropriation of the more advanced Eastern resource portfolios and resources”(Hobson 2004, p. 21). In relation with “European imperial appropriation of Eastern resources (land, labour, markets) I emphasise the role of European agency or [imperial] identity [which] is in turn a socially constructed phenomenon”(pp. 23-24) starting with the [Christian] reaction against Islam (ch. 5). The next stage were the Crusades, followed by the ‘great discoveries’. Subsequently, ‘implicit racism’ justified European Imperialism (ch. 10). “Imagining the East to be backward, passive and childlike in contrast to the West as advanced, proactive and paternal was vital in prompting the Europeans to engage in imperialism. For the European elites sincerely believed that they were civilising the East through imperialism (even if many of their actions belied this noble conception)”(Hobson 2004, p. 25). It would seem that the civilising mission of the West was a by-product and a justification for a more fundamental socio-economic and political imperialism. Indeed, “the appropriation of many non-European resources through imperialism underwrote the pivotal British industrial revolution (ch. 11)”(p. 25). Hobson develops this truly tremendous argument in four parts. The first is about the East as an early developer and about oriental globalisation (pp. 29-96). The Islamic and African Pioneers built a bridge linking East and West from 500 onwards until about 1500 (ch. 2), thus setting up a global economy, the crucial significance of which

“lay not in the type or quantity of trade that it supported, but that it provided a ready-made conveyor-belt along which the more advanced Eastern ‘resource portfolios’(e.g. ideas, institutions and technologies) diffused across to the West. [This diffusion was] so significant that it underpinned the rise of the West [from about 1000 to 1500]”(p. 33). Chapter 3 is about Chinese pioneers who produced “‘the first industrial miracle’, where many characteristics that we associate with the eighteenth-century British industrial revolution had emerged by 1100”(p. 50). “Iron was used to make everyday items and tools [and it was not confined only] to weapons and decorative art [as Eurocentric scholars have often argued]”(p. 53). However, “the most advanced industrial-technological innovation was found in the textile industry with the widespread adoption of the water-powered spinning-machine for hemp and silk”(pp. 53-54). Yet, the Chinese industrial revolution did not lead to the factory system, nor did it lead to that self-generating process of invention-innovation with one invention calling forth the other as was the case with late 18th century England (Landes), in spite of the fact that the Chinese were pioneers in the construction of complex mechanical devices, i.e. of clocks (pp. 130-32). Nor did the Chinese industrial revolution lead to a fundamental social and political change. It will be argued below that the English Industrial Revolution was a unique event, requiring a host of specific conditions that had all to be there *simultaneously*. On the one hand, a set of conditions resulted from a powerful specifically European, *immanent*, dynamics of development and change along the lines of Mitterauer (2003), Max Weber and Karl Marx. On the other hand, *it*

was precisely this specific way of development, which enabled Europe to successfully ‘assimilate and appropriate Eastern resources’ (Hobson 2004, p. 2). This is *not* to criticise Hobson’s argument, but to complete and to deepen it.

Subsequently, Hobson convincingly argues that “the Ming proclamation of an imperial ban on foreign commerce in 1434” (pp. 61-62) did not lead to a withdrawal of China from international trade. Indeed, “most of the world’s silver was sucked into China [from about 1500 to 1800], thereby confirming that the economy was not only fully integrated within the global economy but was robust enough to enjoy a strong trade surplus” (p. 66).

Ch. 4 argues that, in spite of the relative Chinese retreat, the “East remains dominant: the twin myths of oriental despotism and isolationism in India, South-east Asia and Japan, 1400-1800” (74-96).

“Part II: The West was last: oriental globalisation and the invention of Christendom, 500-1498” (pp. 99-157) contains, in our view, some weak passages in Hobson’s otherwise great book, above all chapter 5: “Inventing Christendom and the Eastern origins of feudalism, c. 500-1500” (99-115). The European agricultural revolution which is at the basis of medieval Europe is seen as heavily influenced by the East, above all concerning the heavy plough. European agency emerges as inventing Christendom to counter the Islamic threat. “In the mediaval context the ‘self’ represented all that was good and righteous while the ‘other’ was constructed as its evil and undesirable opposite. [Since] Christian prelates became the key players in the construction of European identity, they selected Islam as a suitable candidate [and

constructed Islam] not just as evil but also as a threat” (Hobson 2004, p. 107). There is certainly some truth in this, but such an argument reduces European agency to countering Islam. In this context, Mitterauer very convincingly argues that in the Carolingian Empire the basis for a European particular way (*Sonderweg*) was laid, setting thus into motion a most powerful *immanent* process of development and change leading up, as will be suggested below, straightaway to the Industrial Revolution.

Nevertheless, Hobson continues to provide, in this chapter, an excellent – and fascinating! - account of the spirit of invention and innovation present in non-European civilisations, for example: “The greatest challenge in making a clock lay with the escapement mechanism (a device which regulates the movements of the shafts and dials to to ensure accurate timekeeping). Cardwell noted that ‘we are left completely in the dark about the steps by which some unknown genius or geniuses invented the escapement mechanism which constituted perhaps the greatest single invention since the appearance of the wheel’. The riddle is solved by the clear fact that it was the Chinese (probably I-Hsing in 725 [almost incredible!]) who had invented the escapement mechanism and, moreover, there is evidence of its transmission across the West. Indeed, the idea seems to have spread to the Islamic Middle East. Then in 1277 (some sixty years before the Visconti clock) an Arabic text on time-keeping – which included the idea of the weight-driven clock with a mercury escapement – was translated in Toledo. Notable too is that virtually all the the techniques and mechanisms of the European clock, including

the automata, complex gear-trains and segmental gears as well as the weight-drive and audible signals, were present in Andalusian (i.e. Islamic Spanish) horology. Interestingly, Lynn White suggests that the six perpetual machines appear to have been inspired by the twelfth-century Indian, Bhashkara”(Hodgson 2004, p. 131).

Part III considers the West as a late developer and the advantages of backwardness: oriental globalisation and the reconstruction of Western Europe as the advanced West, 1492-1850 (pp. 181-280). Here, the West’s run, benefiting from the East, towards Modernity is vividly pictured. Again, Western agency is, basically, seen in terms of interacting with the overseas territories through benefiting from and appropriating Eastern resources. Hobson mentions the unequal treaties which were imposed, among others, upon “Brazil (1810), China (1842-1858), Japan (1858), Siam (1824-1855), Persia (1836, 1857), and the Ottoman Empire (1838, 1861). [While] the European economies industrialised through tariff protectionism [...] the Eastern economies were forced to move straight to free trade or near free trade. This served to contain their economies because it denied them the chance of building up their infant industries. [However,] the most offensive aspect of the unequal treaties lay with their general affront in Eastern sovereignty and cultural autonomy”(Hobson 2004, p. 260). The crucial importance of exports for the Industrial Revolution in England is also mentioned. “[The] triangular trading system provided not just large profits but also a huge demand for British exports in the absence of which British industrialisation would have been significantly constrained”(p. 270). [While] British industrial exports

rose by over 150 per cent between 1700 and 1770, the domestic market increased by a mere 14 per cent”(p. 271). Trade with overseas countries was particularly important for Britain who nearly absolutely dominated world markets in the second half of the 18th century, the time period when the Industrial Revolution took place. “[For] the 1750-1800 alone, I estimate that British trade with the ‘periphery’ comprised about 15 per cent of national income. This is colossal”(p. 271). The crucial importance of exports for the British Industrial Revolution is emphasised by many economic historians, particularly Eric Hobsbawm in his *Industry and Empire*. This point will be taken up below.

In the concluding part IV Hobson argues in ch. 12, that “Western states have been far less rational and democratic during the period of the breakthrough [1500-1900] than has been supposed by Eurocentrism (p. 293). Indeed, “[Eurocentric] scholars begin by taking the present dominance of the modern West as a fact, but then extrapolate back in time to search for all the unique Western factors that made it so. Conversely, by taking the subordination or backwardness of the present-day East as a fact, they similarly extrapolate back in time to search for all the factors that prevented the breakthrough to modernity there”(pp. 295-96). This is, indeed, a common mistake made by ahistorical Eurocentrists.

The rise of the oriental West (ch. 13) is thus due to, first, the diffusion and assimilation of Eastern resources through oriental globalisation (pp. 301ff.), second, to European agency/identity and the appropriation of Eastern resources (pp. 305ff.), and, third, contingency

(fortuitious accident or good fortune), for example “that the Spanish stumbled upon the Americas where gold an silver lay”(p. 313) or “that the Europeans often happened to be in exactly the right place at precisely the right time”, for instance, “the English East India Company happened to be in India at the time when the when the Mughal polity began to desintegrate [...]”(p. 315)..

“[We] can now see that the story of the rise of the oriental West *cannot be related in terms of the immanance of the European social structure* [our emphasis]. The leading edge of global power resided squarely within different parts of the East right down to about 1800. [...] After about 1500 the pendulum began very gradually to swing back westwards as the Europens engaged in imperialism and simultaneously intensified their linkages with the East. But it was only well into the industrialisation phase that the leading edge of global intensive and extensive power shifted to Britain”(pp. 315-16). In a way, Hobson’s argument represents a kind of social process of mutual influence on the world level in the economic and technical domain. The West could ‘stand on the shoulders’ of the East to bring about the breakthrough to Modernity and has, subsequently, influenced the East. However, in the next chapter on Michael Mitterauer’s book it will be argued that, while Eastern influence on the West was certainly important, the crucial element was precisely the *immanence* of European social and political factors that enabled Europe to benefit from the East in way pictured by Hobson and to bring about the breakthrough to Modernity.

Emphasising the mutual influence of civilisations, John M. Hobson, quoting Edward Said, concludes his book in an admirable way: “Rather than the manufactured clash of civilizations, we need to concentrate on the slow working together of cultures that overlap, borrow from each other, and live together ... But for [this] kind of wider perception we need time and patient and sceptical enquiry supported by the faith in communities of interpretation that are difficult to sustain in a world demanding instant action and reaction [Edward Said]’.

This present volume has sought to provide just such an analysis. Moreover, I fully support Said’s clarion call for the further development of emphatic analyses that reject the constructed bipolarism of East and West along with its oft-accompanying racist politics, not least because global humanity demands no less. For in rediscovering our global-collective past we make possible a better future for all”(Hobson 2004, p. 322).

J.M. Hobson’s book represents a momentous contribution, even a breakthrough to ‘rethinking world history’ (Marshall G.S. Hodgson). He puts the tremendous economic and scientific role of Asia on a world level between, broadly, 500 and 1800 into perspective, as well as the mutual relations between Asia and Europe. Indeed, Hobson’s work is, basically, a study of the *interaction* between East and West on the economic and technological level in the main. In this interaction, European agency is, essentially, based on “the appropriation of Eastern resources through European imperialism”(Hobson 2004, p. 21). However, as has already been

suggested, in each society and in each culture there are also *immanent* forces at work: visions of society and man associated with values, religious beliefs, ways of thinking, conceptions of society and of nature, social structures, political organisation shape agencies in East and West, including the specific use which is made of the impact coming from outside and the way in which a civilisation acts towards the outside world. In this view, European Imperialism is only one dimension, or, rather a consequence, of these immanent forces. The problem is to broadly understand Eastern and Western agency through the fundamental characteristics of their respective civilisation as does Haas (1956). Once again, this is not to criticise Hobson, but to complement his argument. It is in the spirit of this essay to attempt to set up a comprehensive and global view of the breakthrough to modernity, trying to put each argument at its approximately right place.

Now, Eurocentrism is, evidently, an exercise in *pure immanence* of change which, applied to different cultures, implies a *parallelism* of development. Michael Mitterauer's book, which we now consider, is precisely a study in immanence, but paying much attention to parallel developments, specifically in Byzantium, the Islamic World and in China.

Michael Mitterauer: Europe sets the stage for the road to Modernity

According to Max Weber's Eurocentric view the breakthrough to Modernity has its origins in Humanism, the Renaissance and Protestantism, and the great discoveries, and, above all, Capitalism. Michael Mitterauer takes up Max Weber's *vision* of an *immanent European development*, and his *method*. He considers large groups of interlinked causal bundles that have produced a *specific* European way (*Sonderweg*) and carefully sets out differences with other civilisations. However, in contrast to Max Weber, Michael Mitterauer, *very carefully*, argues that the basis for Europe's *Sonderweg* was laid in the early Middle Ages through the institutions of the Carolingian Empire. This *complete* change of perspective, and its implications, represents *Mitterauer's momentous contribution* to European and World History. Indeed, after the breakdown of Rome, and the social and political disorder that followed, the Empire of Charlemagne represented a *new* socio-economic and political *start* which crucially accounts for the particular way of development of Europe, based upon three pillars, the Graeco-Roman cultural heritage, the Christian doctrine, and, of particular importance, specific newly created institutions involving local self-government and participation at the government of the Empire. Out of these institutions developed medieval Estate constitutions (*mittelalterliche Ständeversfassungen*, p. 9) which ultimately led to political parties and democratic self-government. In this context, Mitterauer says that "his first encounter with the phenomenon of a European particular way (*Sonderweg*) concerned

parliamentism and democracy, not capitalism or industrialisation as is the case with many other researchers”(Mitterauer 2003, p. 9; a.tr.).

Hence in the case of Mitterauer it would be wrong to speak of Eurocentrism. He explicitly considers *immanent* developments going on in other civilisations, Byzantium, China and the Islamic world, without arguing that Europe was superior or inferior, but just specific. His immanent method implies *parallelism*. Therefore, interactions between civilisations or unidirectional influence of one civilisation on another, as is pictured in Hobson (2004), are not considered. Given this, Mitterauer’s immanent-parallel approach leads to a *comparative analysis of civilisations*, a topic taken up and put into a wider context in the concluding remarks of this essay. Parallelism implies considering inherent or endogenous factors or forces acting on preserving social structures or changing or changing them in a certain direction. John Hobson’s and Michael Mitterauer’s work is thus complementary, but the links between immanence and interaction, that is how interaction with the East *shaped* the immanent development of the West, remain to be established and may give rise to most interesting research. It may be anticipated at this stage that Konrad Seitz (2003) combines the analysis of immanent developments in China with interactions that took place between China and the West. In Max Weber’s view, capitalism, mercantile and industrial, driven by Protestant (work) ethic was the essential element of European specificity. One would, therefore, have expected Mitterauer emphasising the genesis of the European bourgeoisie, the artisans and merchants of the cities of the High Middle Ages. However, without

neglecting the economic element, he leaves aside these well-trodden paths. Instead, he sees the constitutions of the Medieval Estates, a *unique* social event in World History, which gradually developed into parliamentism and democracy, the crucial element that lead Europe into Modernity (p. 9). Mitterauer then goes on to identify six other elements at the origin of Modern Europe, indeed of the Modern World. In doing so he goes right back to the early Middle Ages and late Antiquity. For Europe was, according to the anthropologist Louis Dumont, already set on a definite track in direction to Modernity by the year 1000 A.D. (mentioned in Mitterauer 2003, p. 9). This is also Mitterauer's opinion which is contrary to Max Weber and the overwhelming majority of scholars who seek the roots of modernity from around 1500 onwards. The crucial importance of Charlemagne and the Carolingian Empire for the immanent European way to Modernity is now increasingly recognised, for example by the Italian historian Alessandro Barbero (Barbero 2004), who considers Charlemagne as the father of modern Europe.

In seven chapters Mitterauer identifies in relative isolation the complex sets of factors at the origin of the modern world. In a Weberian vein, the last chapter (8) looks for the specific interrelation of these factors or circumstances (*Verkettung von Umständen*) setting the way to Modernity. Each chapter deals mainly with European developments. Regarding specific topics, differences with other other civilisations are carefully worked out on the empirical level. It would be an interesting exercise to interpret systematically Mitterauer's empirical evidence regarding various civilisations on the basis of Haas

(1956) who, as will be seen, compares East and West on the level of 'ideal-type' fundamentals.

Chapter 1 deals with the Agrarian Revolution of the Early Middle Ages (pp. 18-41). The introduction of new seeds, rye and oats, far better adapted to the wet and relatively cold climate of the European North West than the Mediterranean wheat for example, led to a substantial increase of the agricultural surplus which became the basis for a rich social, political and cultural life in Carolingian times, and subsequently. In fact, the early medieval agricultural revolution was accompanied by a shift of the European socio-economic and cultural gravity center from the Mediterranean area to North-Western-Europe (p. 17). A *new* cultural region (*Kulturraum*) came into being. Specific institutions were created that would end up in the breakthrough to Modernity in Europe. In fact, following up the breakdown of the West Roman Empire, the foundation of the Carolingian Empire represented a *new start for Europe*, a crucial fact which we shall return to in the next section.

Mitterauer deals in considerable technical detail with the crucial elements of the early agricultural revolution: the heavy plough, the utilisation of horses, the three-field system, new plants (rye and oats in the main), all of which were essentially complementary (pp. 18ff.). The growing importance of cereals – Mitterauer even speaks of 'cerealisation' (*Vergetreidung*) - lead to the systematic use of the water-mill. In Mitterauer's view, the water-mill is a constitutive element of the agricultural revolution (pp. 22 f.), which, also became crucial for proto-industrial developments (pp. 36 f.), laying the

technological basis for the industrial revolution at the end of the 18th century.

Mitterauer, certainly rightly, puts the extraordinary importance of the water-mill to the fore (pp. 37-38). Various products were processed: wheat, oil, paper, wood, stone, iron ore, to give instances. Different types of mills were put to use: mills to grind, to saw or to hammer, for example. Of crucial importance was the use of the water-mill in the mining industry. “Regarding the mechanisation and work organisation within large enterprises in the mining industry in the late Middle Ages one may speak of a first stage of industrial development”(p. 38). And Mitterauer concludes that without the widespread use of the water-mill and its various pro-industrial applications Europe would not have been led on the way to the Industrial Revolution (p. 38). This certainly led to a European ‘machine building tradition’. To be sure, as Hobson (2004), convincingly argues, China was superior in this domain, too. However, it will be argued below that technology, and supply-side factors are only *necessary* to an Industrial revolution, but are far from being sufficient. Moreover, Mitterauer very carefully shows that the agricultural revolutions of the early Middle Ages in the Islamic World, including the Mediterranean area, and in China led on to very different ways in agricultural and in economic development in general (pp. 29-39). Crucially, contrary to North-West-Europe, the “Champa-Rice-Revolution in China had no comparable effect on proto-industrialisation. [This Revolution] was based upon a single cultivated plant which, in principle is in no need of further processing – neither through milling nor through baking. Moreover, there was no link with

cattle-breeding or the exploitation of forests. The links between agricultural production and the basic goods [leather, and wood, for example] required by [proto]industry were thus lacking” (Mitterauer, p. 37; a.tr.). This is of paramount importance for our central thesis to be set forth below (*The industrial revolution – a chemical mixture explodes*): A great number of specific and interrelated developments – technical-economic, social, political, intellectual, spiritual - had to take place to produce a specific set of factors causing the Industrial Revolution.

This leads on to chapter 2 which deals with the social side of the agricultural revolution of the early middle ages, mainly with the division of the feudal tenure into two parts (*Zweiteilung des Landes, domaine bipartite*). The peasants (*Mansus- oder Hufenbauern*) held one part of the feudal tenure in the form of small tenure where they produced *independently* for subsistence production in the main. The feudal lord held the other part of the feudal tenure (*terra salica, Salland*), the *manor*, which was cultivated by the peasants (free or bondmen) by means of statute-labour under the direction of a superintendant (*Meier*) to produce the agricultural surplus accruing to the feudal lord (pp. 42-43).

The division of the feudal tenure into two parts (*domaine bipartite*) is of fundamental importance, and it is specifically West European, and as such broadly coincides with the territory occupied by Western Christianity. The ‘*domaine bipartite*’ was therefore unique in the world, and did not exist in other civilisations. Mitterauer states explicitly that the *domaine bipartite* is a *new start* regarding social

organisation (p. 43). In fact, this institution is part of a *general new start of Europe through the Carolingian Empire* which was to set Europe on the way to Modernity. This point will be taken below (*The Sequence of Events in Europe*).

The agricultural revolution and its proto-industrial developments associated with the water-mill took place on the manor, however, with the peasants benefiting. In this process the royal manors played a leading role, driven by the necessity to produce a particularly large surplus, part of which had to meet the requirements of the Empire, particularly military. Similarly, the monasteries, specifically Imperial Monasteries (*Reichsklöster*) played an equally important dynamic role. In a way, the monasteries represented agricultural innovation centers (p. 53). “The monasteries played an essential role in spreading the water-mill associated with the proto-industrial development”(p. 53).

Very importantly, *decentralisation* was basic to the political organisation of the Carolingian Empire. There was, in fact, no political center with the Emperor and his court moving from one Palatinate to the other. While in Carolingian times feudal tenures were *not* hereditary, they became more and more so in the course of the High Middle Ages. Very slowly increasingly centralised nation states – England, France, Spain - began to take shape, with the process of nation building accelerating after 1500. In this context, Mitterauer states that ‘the European polities developed on the basis of feudal tenures, with federal tendencies dominating’ (p. 68).

(And Europe remained decentralised in the sense that an all European Empire never came durably into being. France resisted Hapsburg-

Spain, and subsequently, England prevented the formation of a European super-power. In this way Europe represented also a political experimental station, producing what will be called below the natural international order, that is Europe, and the world, as a family of states. One may perhaps add here that decentralisation in the political organisation implied a certain degree of competition between the various feudal tenures. Rivalry became more pronounced after the breakdown of the Carolingian Empires when Feudalism proper came into being, that is with feudal tenures becoming hereditary. This system evolved to various forms of tenure and proved immensely dynamic because it unleashed the tremendous forces of self-interest, bringing about further increases in agricultural productivity.

Later competition between tenures was superseded by competition and rivalry between European regions and nascent nation states, and, eventually states. On the one hand, this brought great cultural achievements, in architecture the building of towns, castles, churches and cathedrals, music, painting and sculpture. On the other hand, rivalry between the nascent nation states, and, eventually well-organised nation states, brought wars, economic competition, the European Expansion, Colonialism and Imperialism, and was one of the factors bringing about the breakthrough to Modernity.)

Chapter three deals with the social relations associated with production on Carolingian feudal tenures, characterised by the *domaine bipartite*. The process of production was complex. Not only agricultural goods were produced and processed; there were also proto-industrial developments. Complexity came in through the fact

that peasants had to work on their tenures *and* on the manor, where, moreover, there was usually a mill for processing agricultural goods and associated with proto-industrial work processes. Definite functions had to be accomplished, and this required social mobility. “To fulfil certain work roles, was evidently the crucial criterion, not the living together of a community based on common descent”(Mitterauer, p.71). In fact, in a Marxian vein, social relations have to adapt to the forces of production govern, and not social formations, for example family clans, determining how techniques of production are put to use. This already points to the crucial problem of the relationship between individuals and institutions to be taken up below (sections *Institutions East and West*, *Institutions in a wider context* and *Institutions and Modernity*).

According to Mitterauer, a specific family structure, the ‘Western family’ favoured the creation of institutions independent of the persons acting within them. “The most important characteristic of the ‘Western family’[pp. 78-83] is undoubtedly, not its constitution through descent, but representing a ‘coresident domestic group’ [Peter Laslett] independent of descent”(Mitterauer, p. 78). For example, servants of various kinds, and tenants would be part of the family. Mitterauer argues that the Christian religion, was basically hostile to the descent, father to son, principle and the subsequent formation of family clans comprising various generations. Instead attention was focused on the family proper, husband and wife, and on bilateral kinship, i.e. relatives of wife and husband. To this adds ‘spiritual kinship’ (godfather, godmother, for example). This was the origin of

social mobility, and of institutions becoming gradually independent of the persons occupying them. In fact, Christianity itself is a community organised by a hierarchy of charges which are occupied through ordination, not through descent (p. 83). (In fact, Christianity postulates equality of nature of all human beings, which come into existence in very different forms, however. This issue has been alluded to in the introductory section *Setting the stage*.)

Chapter 4 (pp. 109-51) deals with the origins of Parliamentary Democracy. The relationship between the feudal lord and his vassals was, in principle, *not* based on kinship, Christian doctrine being hostile to descent. Yet this relationship had family character involving strong mutual links between the lord and his vassals. The lord had to provide *protection (Schutz und Schirm)*, the vassals had to bring in *counsel and help (Rat und Hilfe)* (p. 111). The fact that the lord had responsibilities towards his vassals was of crucial importance. The vassals had reasons to defend their interests, because ‘helping his lord’ could imply heavy obligations. Constitutions and assemblies of the Estates (Nobility and Clergy) and, later, of the Citizens living in towns – the Third Estate, le Tiers-Etat - developed, the aim precisely being to defend interest and the position of the Estates in the political society. These assemblies ultimately led to the formation of political parties, in the course and after the French Revolution. The whole chapter demonstrates beautifully how Parliamentary Democracy associated with division of power developed out of these institutions creating the Early Middle Ages. As in Mitterauer’s book in general, the argument is very carefully worked out. Starting with the origins,

the coming into being of each institution is minutely sketched. Comparisons between civilisations are made and the specificity of European developments is sketched.

The Pope and universal orders in relation with the Medieval Church as a highly organised community are the subject of chapter 5 (pp. 152-198). The Church brought a strong element of Universality into the Medieval world of particular powers never dominated by a single ruler (p. 152). Moreover, contrary to the Eastern Church in Byzantium and Russia the Western Church managed to get independent of political power, one important cause being the *fringe position of Rome* in the Carolingian Empire; consequently, the Bishop of Rome did not become court bishop of the Emperor (p. 153). As a consequence, the Roman Church emerged as the dominating institution of the Middle Ages, shaping its spiritual, intellectual, cultural and material life, and participating in power politics.

Chapter 6 presents the Crusades as the roots of European expansionism, which is seen as a central aspect of the specifically European way (*Sonderweg*) (p. 199). Mitterauer considers two types of the expansionism: the Crusades representing religiously motivated military actions and the early types of colonial policy of the Italian 'sea republics'. First it is suggested that the crusades may be seen as a reaction against the Islamic expansion. The types of European expansion were very different. There was, for example, the expansion of the German knights towards the East, leading on to the foundation of Prussia, which, however, did not represent an early form of colonialism, but simply territorial expansion (p. 217). However, the

sugar-cane plantations established by the Italian sea-republics on Mediterranean islands represented a proto-type of a specific form European expansionism to be practised on large scale in mercantilist and capitalist Colonialism (p. 218). The common Portuguese-Genoese trade activities in North West Africa are highly significant. They started already in the 12th century, and the Genoese settlement in Portugal became a constant in the early colonial history of this country (p. 232). And, politically, highly interesting: “The [Portuguese] dynasty of the Aviz which came to power in 1385 had its power basis not in the Nobility, but relied on the Bourgeoise, Portuguese *and* Genoese. Significantly, the kings of this Dynasty have been called *crowned capitalists* (p. 233). (This foreshadows the absolutely dominating role the Bourgeoise was to play in Western Europe, also a unique phenomenon worldwide.) In accordance with Hobson (2004) Mitterauer (2003) mentions that “certainly the Crusade ideology led on to an aggressive behaviour of the Europeans towards other civilisations”(p. 233). Following up Medieval proto-colonialism, economic motives appear as the strongest motive of European expansionism (p. 234).

Printing and preaching as early forms of mass communication are the object of the seventh chapter. Among other topics, Mitterauer provides a fascinating overview of the genesis of printing in various civilisations, and the differing lines of development.

Chapter 8 attempts to set out the connections or interrelations between the bundles of causes presented in the first seven chapters. All this is done on empirical-scientific basis. The material presented in all seven

chapters is very rich, and important comparisons between civilisations are made. However, a unifying link between the causal forces set forth in the different chapters in the form of vision of society do not appear; the interrelations (*Verkettungen*) presented in chapter 8 remain on the level of phenomena. It is really Max Weber's value-free science put to use in a very original way. Indeed, Mitterauer shows brilliantly, at the level of phenomena, how the Carolingian Empire and the developments in various *interrelated* spheres brought about through its division have *set the stage or the basis* (*Grundlagen*) for the specific way (*Sonderweg*) to modern Europe. Painting in different colours, Karl Marx and Max Weber have greatly contributed to complete the picture. Interactions with Asia through Capitalism and Imperialism through appropriating Eastern resource portfolios as pictured by Hobson appears as a result of immanent European developments. Following Hobson's predominantly 'supply side view' it seems evident that Europe has benefited from Asian resources, above technological knowledge. However, as we shall argue in the next two sections, technological knowledge is an important *necessary* condition for the Industrial Revolution and the breakthrough to Modernity, but far from being sufficient. Hobson also points to the existence of markets, but markets have been acquired or, or more appropriately, conquered. This was rendered possible by the European *Sonderweg* which first part has been pictured by Mitterauer, the second by Max Weber and Karl Marx. Mercantile Capitalism and the rise of the Bourgeoisie, and the nascent nation states were all important elements leading on directly to the conquest of markets.

To end these considerations on Mitterauer and to establish a link to the next section we suggest nevertheless, a broad vision of the specific European way to modernity (Mitterauer's *Sonderweg*). This is not to criticise Mitterauer, but to complement him. The starting point is Montequieu who says that the Carolingian way of governing was *political* which he opposes to the *feudal* form of government (Bloch 1984, p. 232). According to Barbero (2004) political government essentially means governing in the *public interest* (p. 204). Since the councillors of Charlemagne were high-ranking ecclesiastical dignitaries led by Alcuin this broadly corresponds to the Christian idea of governing in view of approaching the Common Good. This implies that the aim of governing was fundamentally *ethical*. Even bondsmen had *rights to use* part of the feudal tenure, the production of agricultural and manufactured good on the feudal tenure was already a social process enhancing the social potential (productivity) of the associated individuals (incidentally, the Carolingian productivity enhancing way of production stands in sharp contrast to the Roman slave economy where incentives to material progress were entirely lacking). Very importantly, there were elements of an education system favouring social mobility (Barbero 2004, pp. 281-83). Charlemagne, when visiting a school, explicitly stated that *only performance* counted, *not* descent. The aim of education was to create a body of imperial civil servants devoted to the Emperor. This implied that feudal tenures were *not*, in principle, hereditary. However, the Carolingian system was fragile and, consequently, short-lived. Specifically, heredity of the feudal tenures irresistibly set in, implying

a decline of imperial and later royal power. Nevertheless, as Mitterauer convincingly argues the Carolingian system set Europe on a specific way as is confirmed by Barbero: “the large [bipartite] feudal tenure meant a new take-off for Europe, new towns were created, linked through roads and waterways, supervised by the Imperial Government, a monetary reform rendering possible the circulation of a handy and uniform money in the whole of the Occident [and lasted in the United Kingdom until the early 1970s!] and setting into motion an untiring dynamism”(Barbero 2004, p. 330; a.tr.). The socio-economic sequence to be depicted below is well-known: the monetary exchange economy expanded, new cities were founded after the year 1000; in the cities an economic bourgeoisie came into being; Roman Law, resting on the pillars of private property and contractual right, gained in importance; local and long distance trade expanded. The famous transition from Feudalism to Capitalism, depicted in different colours by Karl Marx and Max Weber, was on the way. And, to recall once again, all this was unique in the world.

On the political level Montesquieu’s *feudal* government, as culminated in the 11th and 12th century, implied the domination of a multitude of small and big feudal lords, and led on to very different developments in Germany, France and England. These differences were to become crucially important for the breakthrough to Modernity in England, *not* in France or Germany. In Germany, the Emperor did not manage to break the power of the feudal lords, and the Empire slowly dissolved into a multitude of principalities of most diverse size. The terrifying Thirty Years War (1618-48) was a bitter struggle

between Catholicism and Empire on the one hand and Protestantism and Principalities on the other. This war and her geographical situation were main factors causing Germany's economic backwardness until the beginning of the 19th century, to become in the course of the second half of this century the main rival of the British Empire. This is a significant example of how the hidden potential of a society may unfold with dramatic speed.

France went the opposite way. The French Kings gradually managed to subdue the feudal lords and to create a centralised state of splendour and power. However, feudal rights – the right on agricultural surplus – remained, while the duties associated to the feudal government were, in large part, no longer fulfilled, implying the dominance of heredity over performance. This immense injustice, also put to the fore by Hobson (2004) in a larger context, was according to Alexis de Tocqueville the main cause of the French Revolution. Of crucial importance for the Breakthrough to Modernity, the Huguenots, France's economic elite, was forced to leave the country in 1694 as the *Edit de Nantes* which gave them protection, was revoked. The Huguenots wanted to abolish the unjust feudal system, with incomes deriving from descent, not from performance (labour); moreover, a fair tax system was also on the agenda. This, the absolute French king (Louis XIV) and the aristocracy could not accept. Consequently, the Industrial Revolution *could not* have taken place in France, due to a specific evolution of the political institutions!

England, however, took a medium way which led straight on to the Industrial Revolution! Through the Norman conquest (1066) the King

dominated the feudal lords, who, however, reacted through the Magna Charta, curtailing the power of the King (1215). Later, in the course of the reign of Henry VIII, with emerging Mercantilism, the Bourgeoisie grow rapidly in importance. However, the merchant was still the steward of the Kingdom's stock (Thomas Mun), that is the economy was ancillary to the state. The gradual merging of the Bourgeoisie with lower Nobility strengthened her political position decisively. The Glorious Revolution (1688) brought political power to the socially broadly based Bourgeoisie, with the King becoming representative. *The state now moved into the service of the economy.* The door to the Industrial Revolution was wide open.

The processes set into motion since Carolingian times can perhaps be characterised and summarised by looking at what happened at the level of the vision of society and man and on the real level.

To bring out the bare essentials, one might suggest that the Catholic (Aristotelian) vision of society and man, emphasizing the social, the ethical and, hence, the Common Good, has been gradually replaced by the Protestant, essentially Calvinist vision, putting the individual, its self-interest and happiness to the fore. Since the 18th century Enlightenment era the Protestant vision was given a theoretical expression in the form of *Liberalism*. Here, *the postulate of a self-regulating economy is absolutely crucial*. Given this utterly unrealistic assumption, liberal doctrine at once became a daydream, and, starting at the end of the 18th century, Industrial Capitalism marched on harshly, crisis-ridden, but triumphantly, leading up through two terrifying World Wars to the neoliberal Globalisation movement of

the day. However, a great number of eminent political economists, Maynard Keynes in particular, have argued modern economies are not at all self-regulating at all, and that Socialism if associated with central planning, was not viable in peace-times. Given this it has been argued (for example, in Bortis 1997 and 2003) that a social liberal alternative is required. The doctrine of Social Liberalism, to be examined more closely below, would, incidentally, imply a kind of synthesis between the Catholic and the Protestant vision of society and man.

On the real level, it may be suggested that, in the middle of the chaos following up the breakdown of the Roman Empire and the devastations of the – Norman, Magyar and Arab – invasions of the 10th century, the Carolingian Empire represented an immense social ethical effort, resulting in a polity in which *all* the social individuals exercised specific social functions within newly created institutions, aiming thus at the Common Good. It is this which is really implied in the beautiful expositions of Barbero (2004) and Mitterauer (2003). As such the Carolingian Empire was a most impressive realisation of the Catholic vision of society and man. However, as suggested above, particular interests in the form of hereditary feudal tenures overcame very quickly. To the age of feudalism (11th and 12th century) followed a long age of state building well beyond the middle of the 19th century. The striving after the Common Good was to a smaller or a larger degree supplanted by the striving for power and splendour, also in case of the Catholic Church. The struggle for survival brought a never ending sequence of war and civil wars, European expansion,

Colonialism and Imperialism, but also the breakthrough to Modernity where fabulous scientific, technical and economic achievements coexisted and go on to coexist with immense socio-economic and environmental problems. And as Capitalism and, for some time, Socialism made their way, the Catholic (humanist) and the Protestant (liberal) vision of society and man became ideals hovering far above contradictory reality.

In a way one could consider the developments set in motion since the establishment and the subsequent break-up of the Carolingian Empire until the present as a *second axial age* (*Achsenzeit*). While the *first axial age* (800 – 200 B.C.) brought the breakthrough to Truth, the *second axial age* (800 – 2000 A.C.) produced the breakthrough in science and technology and raised a new challenge, that of the *political order within and between states*. Indeed, the Industrial Revolution brought about an immensely complex situation, and the question on how to master this situation *politically* immediately arose. Two answers have been provided: Liberalism (Capitalism) and Socialism (with central planning). Both doctrines have a universal flavour, ultimately implying the abolition of states. Subsequently, we shall argue that both answers are inadequate; an intermediate alternative is required, *Social Liberalism*, as conceived by Maynard Keynes. This doctrine also implies a natural world order, the World as a Family of Co-operating States.

One might reasonably argue that the second *axial age* (800 – 2000 A.C.) might be divided into two subperiods. From the establishment of the Carolingian Empire (around 800) up to the Industrial

Revolution (around 1800) the second *axial age* was predominantly a European matter. From 1800 onwards the entire globe was more and more involved into the turmoil of dramatic change going on ever faster. Indeed historical developments accelerated in what could be called *World Axial Age* (around 1800 – 2000). There was, at first, very uneven development, mainly due to colonial relations. Highly developed and economically utterly underdeveloped countries emerged. Centres and peripheries came into being. This world system is presently, after the breakdown of Socialism, in a process of very rapid transformation, with giant countries like China, India, Russia and Brazil entering the world economic system. This will bring about gigantic structural changes, which are in fact already going on. The problem of a new world economic and financial order is now really on the agenda, and with highest priority.

These sketchy remarks on European developments clear the way to consider the course of events in Europe in some greater detail.

The Sequence of Events in Europe

In the above we have extensively sketched Hobson's fascinating account about Europe having benefited from Asian resource portfolios through diffusion and assimilation as well as through imperialist appropriation. Breaking new ground, Mitterauer shows how modern European social and political institutions grow out of Carolingian

foundations. The Eurocentrists picture how the irresistible rise of the European bourgeoisie associated with strong states produced commercial capitalism, initiated colonialism, and thus enabled the breakthrough to Modernity. In this section we should like to deepen and present systematically this argument.

The starting point is a fascinating analogy regarding the relationship between Ancient Greece and Mesopotamia/Israel/Egypt/Persia – the Middle East for short - on the one hand and between Europe (the West) and Asia (the East) on the other. In a splendid book Walter Burkert suggests that Greece has taken up the Middle Eastern heritage in various domains: alphabet and writing, poetry, philosophy, natural sciences and religion and *creatively* developed this heritage (Burkert 2003), the whole culminating in the grandiose Aristotelian system.

Burkert argues that, on the one hand, Greece was sufficiently far away from the Middle Eastern empires such as *not to be crushed* by their military power (there were military confrontations between Ionians and Assyrians and, of course, between Athenians/Greeks and Persians). On the other hand, Burkert suggests, Greece was sufficiently near to the Middle East to be *able to benefit* from her civilisations.

Burkert also points to the fact that the early (Mykenian / Cretian) civilisations in Greece and Crete vanished around 1200 B.C. (for unknown reasons) so that a *new start* was possible, enabling the Greeks to develop – in a particularly creative way – the achievements of the Middle East. This gave rise to the extraordinary particularity (not uniqueness as Max Weber would say) of Greece and Europe.

Hence, the Greek particular way was possible because Greece was in a fringe position (*Randlage*), relative to the old civilisations of the Middle East. In analogy, the specific European way of development since the Carolingian Empire (Mitterauer's European *Sonderweg*) was possible, because Europe lies at the periphery of Asia. Hence, Europe could benefit from Asia, as John Hobson has forcefully argued, without being crushed by her.

Indeed, no Asian Power ever conquered Europe: The Persians were overcome by Athens (around 500 B.C.), the Huns under Attila were defeated by Aetius on the Catalaunic Fields (451), the Arabs were stopped at Poitiers (732), the Magyars were contained by the Germans around the middle of the 10th century (*Lechfeld, 955*) and subsequently integrated into Europe (Hungary); the same happened with the Normans (Normandie in France); *the Mongols reached Silesia and then returned to Mongolia to invade China*, a crucially important fact also emphasised by John Hobson; the Ottoman Empire controlled the Balkans, but did not manage to conquer Vienna (1683). For our overall argument, it is very important to note that the Mongols invaded China just at a moment – at the end of the 13th century - when perhaps the best opportunity for an industrial revolution existed there (see on this Hobson's account given above, and Seitz's below). On the other hand, the Mongol decision *not* to pursue the advance towards Central and Western Europe after their *overwhelming* victories at Liegnitz (Legnica) – Silesia – and Mohi (Hungary) in 1241 was due to pure chance. In fact, their leader Batu had to return to Karakorum to deal with succession problems after the death of the

supreme Khan Ögödei (Hambly 1966, p. 128). Chance also plays a role in history and, in this case, chance – or, perhaps, providence - was certainly a crucial element why the breakthrough to Modernity occurred in the West, not in China!

Moreover, after the total breakdown of the West Roman Empire around 500 and the ensuing chaos, *Europe*, like Greece after 800 B.C., had the immense chance of a *new start* which, according to Mitterauer (2003) and Barbero (2004) took place through the institutions created in the Carolingian Empire. The ensuing *specific European path of development*, already determined around the year 1000, has been extensively dealt with above. Some crucial elements may be briefly recalled, and a few complements added.

The institutions set up in the Carolingian empire, the great monasteries in the main, and the ever stronger Western bourgeoisie probably constituted the main vehicle which enabled Europe to make use in a creative way of the achievements of Asia already well before 1000. Following up the First Crusade (1096-99), the trade relations with the Middle East established by the Italian sea republics, Venice and Genoa foremost, became of crucial importance for European economic development. Interestingly, economic development went on most intensely on the soil of Lorraine, the Middle Empire, in between France and Germany, that had emerged from the partition of the Carolingian Empire. Indeed, today's Netherlands and Belgium, the Rhineland, Lorraine, the Rhone valley and Switzerland, and Italy became the Bourgeois axis of Europe, with France and Germany still dominated by Feudalism. Most importantly, proto-industrial textile

manufacturing developed in Flanders, while trade and finance boomed in Italy. All this was complemented by the trade activities of the Hanseatic towns and the Champagne fairs, the latter linking Northwestern Europe to Italy. The great discoveries enabled Europe to appropriate American and Eastern resource portfolios from broadly 1500 onwards. It is at this stage that John M. Hobson (2004), as pictured above, enters the scene to capture ongoing Eastern dominance and interactions between East and West.

The time-period of mercantilism, from, broadly, 1500 to the French Revolution saw the gradual taking shape of the European nations, under the watchful eye of England who, for fear of an eventual invasion, prevented the rise of an imperial power eventually dominating the continent. The mercantilist economies stood in the service of the monarch; the merchants and manufacturer's had, through their tax payments, to finance an increasing part of the rising state expenditures required to finance military and administrative requirements of the nations in genesis (France, England, Prussia, for instance). In a way, 'the merchant was the servant of the king' (Mun 1664). A favourable balance of trade was the linch-pin for high employment levels and of economic growth: the export surplus had, in mercantilist view two effects; first, it constituted autonomous demand, leading to a cumulative demand for consumption and investment goods, and, second, a favourable trade balance led to increase in the quantity of money – precious metals -, lower interest rates, increased investment, which, was to result in an additional cumulative process of consumption demand. European wealth was further increased

through trade (spices) and the appropriation of overseas, also Eastern, resources. The rise of the bourgeoisie in the *service of the state* in mercantilist times was thus associated with the dominance of the external development mechanism, and with the diffusion/assimilation and appropriation of overseas, including, of course, Eastern resources as is pictured by Hobson (2004). The Glorious Revolution in England and Great Political Revolution in France brought about the transition from Mercantilism to Liberalism. Under Liberalism the state became in a way subordinate to the bourgeoisie and the economy (Heckscher 1932/1930), a fact which characterises present capitalist economies.

At this stage two important problems have to be dealt with, first, machines and technical progress in the Middle Ages, and, second, resistance against innovations in England *just before* the Industrial Revolution. As related to machines, Michael Mitterauer, in the first chapter of his book on the Agricultural Revolution in the Early Ages, makes, as already alluded to, *very important* statements on the relationship between agricultural revolution and proto-industrial development (Mitterauer 2003, pp. 36-38). The basic agricultural products in use in Northwestern Europe (the Carolingian Empire), rye and oats, and others, had to be processed, in fact, milled and baked. These processes were carried out by simple mechanical devices driven by water power (the water mill). Now, it is of crucial importance that the water mill was also applied to process non-agricultural products, paper and iron for example (p. 37). The simple machines driven by water power carried out different operations, e.g. sawing stones and wood (Mitterauer, pp. 37-38). These machines became very important

after 1000 when, mainly in Northern Europe, cities were founded and churches, cathedrals and fortresses built. Presumably, a relatively low small population, that is a lack of labour, was an important reason for the use of simple mechanical devices. In any case, this proto-industrialisation of the Middle Ages made the Europeans increasingly familiar with mechanical devices. A machine building tradition set in and the search for alternative energies began (the windmill). But the energy problem was solved in 1769 when James Watt presented an improved version of the Newcomen steam-engine, separating the engine proper and the condensator. This, probably, eliminated the last technological barrier to the Industrial Revolution which, as is generally agreed, took place broadly from 1770 to 1780.

And, very importantly, Mitterauer notes that, in spite of overwhelming technological superiority, a machine building tradition did *not* develop on a large scale in China (Mitterauer 2003, p. 38); he even mentions that in eighth century China watermills, set into operation by Buddhist monasteries and rich merchants, had been destroyed in great numbers, at the same time the number of watermills increased dramatically in the Frankish Empire (p. 34). A numerous population in China and an abundant labour supply was presumably an important factor for the destruction of watermills there.

Hence, there was a machine-building tradition in Europe, and this brings us to the second point, resistance against innovations. The crucial point is, that, in mercantilist times, the time-period preceding the industrial revolution, *labour-saving innovations were heavily resisted*, mainly from fear of unemployment, even in England. On this

Cameron says: “[There] were formidable obstacles to innovations [...]. One of the most ubiquitous was the opposition of authorities who feared unemployment as a result of labour-saving innovations and of monopolistic guilds and companies who feared competition. In 1551 the English Parliament passed a law forbidding gig-mills, a device used in the cloth-finishing trade; in this case the market prevailed over the law, as new gig-mills continued to be built. Lee was refused a patent for his stocking frame, and the first ones that he attempted to introduce in Nottinghamshire were destroyed by mobs of hand knitters. Lee himself took refuge in France and established a factory, with the patronage of Henry IV [a protestant who had converted to Catholicism, but continued to protect the protestant entrepreneurs, who were forced to leave the France of Louis XIV in 1694; the factory] failed after the death of his benefactor, but the stocking frame continued to spread. In 1651 the framework knitters of Nottingham applied to Cromwell for a guild charter to exclude unwanted competition! The swivel-loom, a Dutch invention for weaving a dozen or more ribbons simultaneously, was prohibited in England in 1638; but it spread anyway, especially in Manchester and vicinity, where it created a large number of skilled operatives in advance of the great innovations that revolutionized the cotton industry.

None of these innovations mentioned here involved the use of mechanical power. The deficiencies of power sources and of building materials (mainly wood and stone) were natural obstacles to greater industrial productivity”(Cameron 2003, p. 115).

Regarding the transition to the factory system there were other formidable, socio-economic, obstacles because large-scale technological change runs against prevailing economic, social and political power and interest structures. Regarding the socio-economic factors David Landes provides a masterly account: “The technological changes that we denote as the ‘Industrial Revolution’ implied a far more drastic break with the past than anything since the invention of the wheel. On the entrepreneurial side, they necessitated a sharp redistribution of investment and a concomitant revision of the concept of risk. Where before, almost all the costs of manufacture had been variable – raw materials and labour primarily – more and more would now have to sunk in fixed plant. The flexibility of the older system had been very advantageous to the entrepreneur: in time of depression, he was able to halt production at little cost, resuming work only when and in so far as conditions made advisable. Now he was to be a prisoner of his achievement, a situation that many of the traditional merchant manufacturers found it very hard, even impossible to accept. For the worker, the transformation was even more fundamental, for not only his occupational role, but his very way of life was at stake. For many – though by no means for all – the introduction of machinery implied for the first time a complete separation from the means of production; the worker became a ‘hand’. On almost all, however, the machine imposed a new discipline. No longer could the spinner turn her wheel and the weaver throw his shuttle at home, free of supervision, both in their own good time. Now the work had to be done in a factory, at a pace set by tireless, inanimate equipment, as

part of a large team that had to begin, pause and stop in unison – all under the close eye of overseers, enforcing assiduity by moral, pecuniary, occasionally even physical means of compulsion. The factory was a new kind of prison; the clock a new kind of jailer. In short, only the strongest incentives could have persuaded entrepreneurs to undertake and accept these changes; and only major advances could have overcome the dogged resistance of labour to the very principle of mechanization”(Landes 2003, pp. 42-43). This explains why the Industrial revolution could never have happened neither in China, nor in France. In these countries, resistance would not only have been socio-economic as in England, the political resistance would have been even more formidable. And in China the ethical element would have added (this follows from the exposition of Konrad Seitz considered below). As is very likely, Confucian China would never have accepted the social conditions of the early 19th century European working class. Incidentally, at present China has to accept relatively bad conditions for part of her working class in order to catch up economically with the West. This is a telling illustration of the determinism exercised by the – non-selfregulatory! - World Economic System and of a socio-economically inappropriate process of Globalisation as is going on presently.

The Industrial Revolution – a chemical mixture explodes

Now, we are in a position to – very tentatively – set out the causes that brought into being the Industrial Revolution in England and to provide additional hints for the reasons why this revolution could not have taken place elsewhere, in France or in China for example.

Indeed it is instructive to set up an analogy to understand better the coming into being of the Industrial Revolution in England, which was crucial to the breakthrough to modernity. There were, in fact, several forces – technical, economic, social, political – that had been at work in Europe since Carolingian times (Mitterauer) and in its relation with the outside world, particularly the East (Hobson), sometimes openly, sometimes hidden, and that came together in just one country to produce a chemical mixture so to speak which exploded towards the end of the 18th century in England. We suggest that nowhere else this explosion, in fact, the breakthrough to Modernity, could have taken place. The forces in question were all but one *necessary* but not yet sufficient; as will be seen, one last element made the whole bundle necessary *and sufficient*. We are in presence of what may be called organic causation. Here, contrary to mechanic causation, the causes do not act separately, but become effective as a bundle only, in fact, as an organic or chemical mixture, and it is not possible to separate the importance of the single causes since all of them are necessary. The *necessary* conditions are associated with the intellectual scenery or *Zeitgeist*, but also with social-political and supply side-cum-technological factors.

The European intellectual scenery from the late Middle ages onwards was dominated by the gradual separation of philosophy from theology which step by step brought about a weakening of links, later a separation, between church and state, state and society, metaphysics and science, with the economy progressively emerging as a quasi-autonomous and self-regulating mechanism. This view of the world was, at first, largely on the level of ideas, and, subsequently, got implemented in the real world. Rationality became increasingly the rationality of the individual: master the world in a way as to increase, eventually to maximise the well being or utility of all individuals or of a smaller or larger group of individuals. These tendencies were associated with a tendency towards *individualisation*. The European individual gradually liberated itself from religious, political and social constraints, resulting in an atomistic society where society does not exist any more, a movement which seems to have reached a climax at present. In part, this individualisation may probably be captured by the broad tendency from *community (Gemeinschaft)* to *society (Gesellschaft)* perceived by Ferdinand Tönnies. This issue has been alluded to in *Setting the stage* above, and we shall return to it below.

In any case individualisation let loose tremendous forces. Capitalism, Protestantism and Nationalism (linked with nation building) perhaps being most important and reinforcing each other as Karl Marx, Max Weber and many others have clearly perceived. Progressively, the Europeans started to dominate the world from 1815 to 1914 similarly to the Romans in the Mediterranean area. After the Second World War and, particularly, at the end of the Cold War equilibrium of forces, the

United States attempted to continue in a similar vein, constrained, however, by newly emerging powers, China in particular. It is important to note, that the whole development was not only progressive. To be sure, since the twin English and French Revolution brought about the Breakthrough to Modernity, productive forces, science and technology, have unfolded in an almost unbelievable way. However, since, in our view, the market is not self-regulating the whole movement also embodies destructive forces, a struggle for markets, work places, raw material and energy resources, resulting in deep economic crises and political and military conflicts. The two World Wars are consequences of capitalism. Should the presently ongoing process of globalisation go on unfettered, with China and India, Russia and Brazil, steadily enhancing their world-market position, the Western World, Western Europe and North America, in fact the World Economy, because of interdependencies, might collapse, similarly to the Roman Empire, if no fundamental change of direction is undertaken.

The *political* forces are those set forth by Mitterauer (2003): The European *Sonderweg* originates in the Carolingian Empire which laid the basis for the gradual coming into being of parliamentary democracy, eventually associated to representative monarchy. The *social* forces are intimately linked with the almost irresistible rise of the European bourgeoisie towards economic and, finally, towards political power. We have mentioned above that, in mercantilist times, the bourgeoisie was still dominated by the state (the prince) with the state getting increasingly dependent upon the economic strength of the

bourgeoisie. The economic strength of the nascent European nations was enhanced by an aggressive commercial, political and economic policies resulting in increasing colonialism and imperialism. Here, Hobson's arguments come in with full force though in modified form. Of course, a European self-identity developed which took on a feeling of superiority, even of inherent superiority at times. But, in fact, it was the divided Europeans, quarrelling and warring among themselves, who dominated the picture: the Portuguese, the Spanish, the Dutch, the English and the French with Italy (Venice) being eclipsed. Imperialism overseas was a means of strengthening the European position. The rivalry among the nascent European nations finally resulted in the *almost absolute* domination of one nation state, England, already in the second half of the eighteenth century, which was crucial for the coming into being of the Industrial Revolution in precisely this country. For the moment, it is of fundamental importance to note that England was the first major European country where the bourgeoisie got effectively into power (the *Glorious Revolution* 1688).

It has already been alluded to that, for purely political reasons this would not have been possible in France, where, the economic élite, the Huguenots, were driven out of the country in 1694 by the revocation of the *Edit de Nantes*, nor in China, where the politically dominating civil servants headed by the Emperor, relying on Confucian ethics, would never have accepted a participation of the commercial and industrial classes in government affairs (see below, Konrad Seitz on the sequence of events in China).

The political dominance of the bourgeoisie in England implied that there was *freedom* to produce, to trade, contract, above all in the countryside. Moreover, the preceding changes in agriculture (enclosures) lead to a supply of wage labour, swelled by dependent artisans, workers of manufactures and day-labourers. These are all very important socio-economic-cum-institutional preconditions for the Industrial Revolution (on this see the splendid argument by David Landes in Landes (2003), ch. 2: The Industrial Revolution in Britain). Regarding the important *inventions*, all *necessary* supply side factors, the Asian impact may have been important as Hobson (2004) has beautifully argued (see the section on *Asia influences Europe, but does not dominate her* above). As mentioned above, *machine building* seems to have been typically European although China may have contributed to enhancing European knowledge (see also Hobson (2004)). From Landes 2003 (ch. 2) and other accounts it would seem, however, that the improvement of the steam engine by James Watt in 1769, consisting in the separation of the condensator from the engine proper, was of the highest importance since it removed the energy bottleneck and made the breakthrough to modernity definitely possible. Indeed, many economic historians argue that the Industrial Revolution really took off between 1770-80. However, inventions are not innovations. Inventions are supply side factors and, as such, necessary for the technical breakthrough to modernity, but for inventions to become innovations an additional factor is needed, *demand*. And demand must be *large* to produce revenues high enough to cover not only the variable costs (wages of direct labour, primary

and intermediate goods) but also to reduce *unit* overhead costs, including of course fixed capital charges (amortisation) as much as possible; this enables the firm to set a competitive price while at the same time realising some target rate of profits. And demand must also be *sustained* in order that low unit overhead costs may be maintained durably since machines and factory building are durable and the entrepreneur cannot get rid of them in case of diminishing demand. Hence, it is, in fact, demand which, if added to the *necessary* political, social, economic and technical factors mentioned hitherto, makes the whole bundle of factors *necessary and sufficient* such that the chemical mixture could explode. This is indeed the crucial point.

Once again David Landes provides a brilliant account on what he calls the *demand side* in Britain (Landes 2003, pp. 46-77). Domestic demand was rising quickly because of a rapidly growing population. “From not quite 6 millions around 1700, it rose to almost 9 millions in 1800 [...]. What is more, the absence of internal customs barriers or feudal tolls created in Britain the largest coherent market in Europe. [Moreover, from] the mid-seventeenth century on, there was a continuous and growing investment of both public and private resources in the extension of the river system and the construction of new roads and bridges”(Landes 2003, p. 46). In addition, probably due to a relatively equal distribution of incomes, “purchasing power per head and standard of living were significantly higher than on the Continent”(p. 47). To this one may add, “a buying pattern favourable to solid, standardized, moderately priced products, and unhampered commercial enterprise”(p. 52). Far more important, however, was

foreign demand, a point also made by Hobson (2004, pp. 270-71) as has been alluded to above. Landes mentions that although trade statistics are imperfect, they show “a three- or fourfold gain in British exports (including re-exports) in the century from 1660 to 1760”(Landes 2003, p. 52). The “growth of Britain’s sales abroad, as at home, reflected in large part her natural endowment. [Moreover, she] had a strong maritime tradition, and, unlike most of her continental rivals, did not divert her energies into the maintenance of costly armies and territorial aggrandizement. Rather she concentrated her efforts on securing trading privileges and a colonial empire, in large part at the expense of her leading continental rivals, France and Holland. [...] No state was more responsive to the desires of its mercantile classes; no country more alert to the commercial implications of war. [Indeed, G.D. Ramsay, a british economic historian,] perspectivevely notes the role of London in promoting this harmony of trade and diplomacy, contrasting in this regard the isolation of Bordeaux, Marseilles, and Nantes from Paris and Versailles”(Landes 2003, pp. 52-53). And one should immediately add that, regarding this specific point, the situation in China was similar to that of France. *The fact that the bourgeoisie was in power in Britain, not in France, nor in China, was of crucial importance regarding the breakthrough to modernity!* Indeed, Landes goes on to say that “Britain developed a large, aggressive merchant marine [and a navy to protect it as well as the sea routes and the colonies and dependent territories!] and the financial institutions to sustain it. [...] The most promising markets for Britain in the seventeenth and

eighteenth centuries lay not in Europe, whose own industries were growing and whose mercantilist[-cum-absolutist] rulers were increasingly hostile to the importations of manufactures, but rather overseas: in the New World, Africa, the Orient”(Landes 2003, p. 53). In accordance with Hobson (2004) – see above – one should mention here that Atlantic trade, involving Africa and the Americas, was of particular importance; there was a trade deficit with China and the British successfully reduced textile imports, and imports in general, from India by levying tariffs which finally lead to that famous reversal of trade flows with India: Instead of importing textiles from India still in the 18th century, Britain become a massive exporter of textiles to India in the course of the 19th century: the Indian artisans had no chance against English factories. Eric Hobsbawn also stresses the decisive importance of demand, particularly export demand, for the Industrial Revolution in Britain. He writes that, between 1700 and 1750 British production for domestic markets rose by seven per cent, for export markets by 76 per cent, between 1750 to 1770 – a period which may be considered the runway for the Industrial Revolution to take off – by another seven per cent for domestic needs and 80 per cent for foreign markets (Hobsbawn 1979, vol. I, p. 47). Hobsbawn also emphasizes the very close collaboration between state and economy to protect maritime trades routes and overseas markets (vol. I, ch. 2).

To conclude, we *entirely* agree with Landes: “To sum up: it was in large measure the *pressure of demand* on the mode of production that *called forth the new techniques in Britain*, and the abundant,

responsive supply of the factors that made possible their rapid exploitation and diffusion. The point will bear stressing, the more so as *economists, particularly [neoclassical] theorists, are inclined to concentrate almost exclusively on the supply side*”(Landes 2003, p. 77; our emphases). To this we would add that foreign demand was particularly important, a point which is in line with J.M. Hobson and E. Hobsbawn. This is particularly true for the second half of the 18th century. Indeed, in the course of the Seven Years War (1756-63) the British drove out the French from India and from North America, dominating thus almost entirely the world markets.

Hence the, *necessary*, supply side factors in a wider sense – political, social, economic, technical – as had evolved in Europe since Carolingian times (Mitterauer) could only become *necessary and sufficient* through *demand, particularly foreign demand*. Demand constituted the crucial element that made explode that ‘chemical’ mixture of causes that had come together in Britain over the centuries. The argument conducted in this section irresistibly leads to the conclusion that the *breakthrough to modernity*, the Industrial Revolution, could have taken place *only in Britain*. In France, the political factors were absent. Moreover, France could not sufficiently concentrate on the building up of a navy and a merchant fleet. Too large a part of the forces had to be devoted to the land army to ‘make’ France. Regarding China, as we shall see in the next section, demand would never have been sufficient to bring about an Industrial Revolution, even if there had been *no other* obstacles; however, the

political, social and moral obstacles were even more formidable in China than anywhere else in the world.

Once the breakthrough in Britain had taken place, the other great European powers had to follow suit or to be wiped out as Karl Marx clearly perceived, this being an irresistible consequence of the *second axial age* (around 800 – 2000 A.C.), which first period (800 – 1800 A.C.) brought the breakthrough to Modernity. Indeed, Britain was the dominating world power from 1763 to 1815, and almost absolutely dominating from 1815 to 1914. However, as Marx in the 19th century and Keynes in the 20th century perceived with incomparable insight, not only tremendous advantages, mainly the stupendous rise in labour productivity due to capital accumulation and technical progress, but also very great dangers were associated with the new socio-economic system, capitalism to wit: heavy crises, massive involuntary unemployment, wars, specifically, the two World Wars, individualisation accompanied by the partial annihilation of social institutions, the family for example. John Nef, the US American cultural and economic historian, has that famous sentence towards the end of his *Western Civilization since the Renaissance*, largely written during the Second World War: “The industrial revolution has led the Western peoples to undertake more perhaps than they can manage – [incidentally, could the Industrial Revolution be associated with the attempt to build some kind of the Tower of Babel which, in turn, would express the great Enlightenment project linked up with optimism, belief in Science, and unlimited progress?]”(Nef 1963, p. 413). And Karl Polanyi, in his *Great Transformation*, also written

during the Second World War, writes even more dramatically: “The idea of a self-adjusting market implied a stark utopia. Such an institution could not exist for any length of time, without annihilating the human and material substance of society; it would have destroyed mankind physically and transformed his environment into a wilderness. Society necessarily took measures to protect itself; however, these measures hampered the self-regulating mechanism of the market system [which developed in a certain direction] and, finally, ruined the structure of society corresponding to it”(Polanyi 1977, pp. 17-18). One may, in part, disagree with Polanyi’s argument, but there are strong reasons to believe that the capitalist system associated with large free trade areas or even a global economy based on free trade is highly dangerous, simply because there is no self-regulating market mechanism (this also emerges from the classical-Keynesian argument set out in Bortis 1997 and 2003). We shall return to this issue in connection with China which we now briefly consider.

Konrad Seitz: The Sequence of Events in China

Konrad Seitz (*China – eine Weltmacht kehrt zurück*) has written a splendid book about Chinese civilisation, history, ancient and modern, and the interaction of China with the West, the whole embedded in deep considerations on the philosophy of history. The book is written in an elegant, crystal clear German and is, as such, also an aesthetical pleasure. Seitz writes about the *immanent* forces driving Chinese history and shaping its civilisation, and about China’s interaction with

the West, made up of peaceful relations, but also of clashes associated with her deep humiliation by the West in the long 19th century (1815-1914). Seitz is not Eurocentric at all. He shows deepest respect for the Chinese civilisation and argues that the West can learn from (traditional) China in various respects, perhaps in the art of governing and certainly in conducting foreign relations.

There are five parts. The first is about Chinese civilisation, the perfect civilisation according to Seitz, from the beginnings until the end of the 18th century. Part two pictures the breakdown of traditional China (1793-1949), followed by an overview of the Mao-period (1949-76), during which the old Confucian structures were wiped out (significantly this part is entitled *Tabula rasa*). The fourth part is about the birth of modern China and Deng Xiaoping (1978-97). And finally, in the fifth part, Seitz sees China's future as a walk on the razor's edge, that is a delicate balance between rapid but uneven development and political and social stability.

Part I starts dramatically with the leaving of the immensely impressive Chinese merchant fleet, accompanied by the navy, the greatest fleet the world has ever seen, from the port of Liuja at the beginning of the fifteenth century. Yet in 1435 these expeditions were definitely stopped (Seitz 2003, p. 19). According to Seitz (pp. 20-21) 'superficial reasons were financial and military – the Mongols threatened again. However, the main reason was political: China was returning to the Confucian tradition. China was an agrarian state and agriculture only produced riches. Traders were seen parasites, above all if foreign trade was involved. Hence a long coastline is not sufficient to durably

maintain a merchant fleet. The attraction of rich countries, producing goods lacking domestically, on the other side of the sea is essential. But, for China there were no such countries, China was by far the richest and the largest realm in the world and self-sufficient, just contrary to the relatively poor and backward West Europeans who dreamt of the fabulous riches of Asia, but which they ultimately found in the Americas. Moreover, foreign trade would produce rich merchants threatening thus the power of the ruling Mandarins. Foreign ideas might disturb social harmony. Instead of a merchant fleet the Ming-emperors had the Big Wall built, isolating thus China largely from the outside world' (p. 21). Nevertheless, as Hobson insists upon, trade continued through the Europeans who now bought Chinese wares and paid with South American silver (see above, *Hobson: Asia influences Europe*). However, Seitz is certainly right in saying that the cessation of Chinese sea-faring in the middle of the 15th century was a turning point not only of Chinese history but of world history (p. 21). Indeed, the way was now free for the Europeans and, as argued above, domination of world markets was *crucial* for the coming into being of the Industrial Revolution in Britain.

Now, the question is: Had the Chinese continued sea-faring, had they come to Europe and made some European rulers tributaries of China, would an industrial revolution have occurred in China? Almost without hesitation one can say *no*, although from the scientific-technical (supply) side all the preconditions were present as Hobson so convincingly argues. The social and political factors mentioned by Seitz (based on Needham) would have prevented the breakthrough to

modernity which was not only an economic-technical phenomenon, but also a socio-political-cum-cultural one as Landes forcefully argues. But even if the social and political obstacles had not been there, additional demand - the crucial factor for the breakthrough to modernity in England - originating from Europe would by far not have been sufficient to bring about the passage to the factory system in China, against the probably very heavy resistance of the artisans. On the contrary, demand coming from Europe would have been far less, because the Europeans would not have been in the possession of the American silver in case of a Chinese presence in Europe!

The title of Chapter 2 is significant: 'The most powerful and most advanced civilisation on earth' (p. 23). Indeed, 'for the greater part of the last 2000 years, China was not only the most populous country and by far the largest economy in the world, but also the technologically most advanced and best organised civilisation in the world'(p. 23), reaching its climax during the Song Dynasty (960-1279) (pp. 26-36), a statement which is broadly in line with Hobson's account as set out above. Seitz also points out that in 'the Song period the mind and the arts flourished, while being simultaneously an era of unprecedented economic development'(p. 31). Hence, everything was there except, as emerges from Mitterauer's account, machine building which seems typically European, probably initiated in Europe by a lack of labour – to build town, churches, cathedrals and monestaries, and castles in the High Middle Ages – and to the increasing rivalry between the nascent European states from the late Middle Ages onwards. The lack of a machine building tradition was, of course, but one important factor

accounting for the fact the industrial revolution did not take place in China, the lack of domestic and foreign demand compared with the tremendous productive capacity based on artisanship and manufactures was presumably another. Seitz mentions two additional factors. First, 'a market economy and an industrial society were not compatible with the Confucian moral and government system. The Confucian élites aimed at stabilising state and society. The respect of order should go together with reasonable prosperity. Merchant and, eventually, industrialists with their unlimited desire to make money should not be allowed to disturb this great socio-economic-cum-political system equilibrium. The Confucians therefore despised the merchants – they were not productive, only agriculture ultimately was – and, above all, they would never have been ready to share power with them, only to be driven away from power'(p. 33) as happened in France and in Europe after the great French Revolution. 'A second weakness was the Confucian aversion against the military and a pacifist attitude, implying that moral superiority was sufficient to defend the country against alien enemies'(p. 34). Indeed, in Europe the rivalry between the nascent nation-states (about 1500 to 1815, and beyond for Italy and Germany) brought about massive military expenditures which contributed to maintaining and fostering the European machine building tradition started in the High Middle Ages. Nevertheless, Chinese military capacities were impressive: 'In China, the Northern invasions starting in 1126 and culminating in the Mongol assault of 1234, brought the end of the Song Dynasty. The great defensive battles delivered by the Southern Song over half a century

are important evidence for the military superiority of China over Europe; in fact, the Mongols defeated Russia, Eastern Europe and the Middle East in a very short time’(pp. 34-35).

When discussing the high level of Chinese technology and China’s impressive economic development above all under the Song Dynasty, Konrad Seitz mentions very favourably Joseph Needham who, aided by Chinese and Western collaborators, started his great *Science and Civilisation in China*, a work which initiated a decisive shift of perspective from the eurocentric to a global view of world history (p. 31).

To conclude this chapter Seitz suggests that ‘the stop to sea-faring at the outset of the 15th century initiated very slowly and unperceptably the relative decline of China. The technological and military gap with the West widened, and in spite of a period of splendour in the 18th century, a deep fall set in the nineteenth century, transforming China in one of the poorest countries of the world’(pp. 36-37).

Chapter 3 of part I on *reason based ethics* is one of the highlights of Seitz’s book. Chinese civilisation is shown to emerge from a time-period crucial for the development of the whole of humanity (800-200 B.C.), which has been termed *Achsenzeit (axial age)* by the German philosopher Karl Jaspers (Jaspers 1955, pp. 14-32). We have already mentioned the notion in *Setting the stage* above and we shall return to the immense significance of *axial age* in shaping the great civilisations in East and West. In this context, Seitz notes that during *axial age* ‘man left the unchanging, never questioned and safe world of myth and gods to enter the world of Logos, where doubts and

questions started the great journey of humanity, with the way still to go and the goal being largely unknown'(p. 38).

'For China *axial age* was a time of breakdown, of the political and of the moral order. More than a thousand feudal lords entered in a darwinistic struggle for survival'(p. 39). 'Out of this situation of civil war Chinese philosophy was born. It was not philosophy of nature as with the Greeks, but *moral philosophy* from the outset [indicating that the *moral problem* was the *first* man become conscious of – see Setting the stage above]. The "hundred answers" given to the question how peace and harmony could be re-established finally focused on three: Legalism, Daoism and Confucianism'(p. 40). Seitz mentions significant parallels in the West: 'Legalism broadly corresponds to the Hobbes absolutist system, there are important similarities between Daoism and Rousseau'(p. 41); perhaps one could add that there are, probably, large intersections between Confucius and Aristotle.

'Finally, Confucius rose to dominance to become almost a Chinese state religion' (p. 42). It is characteristic for Confucianism that 'the moral-cum-social order was no longer founded on the feudal values of the Old Zhou Dynasty, based, in turn, on the faith in a heavenly God. Confucius knew that moral-social order had lost its heavenly basis and he attempted to base it on a rational analysis of human nature and on historical experience. Simultaneously, Confucius replaced hereditary nobility through a nobility of mind and of high moral attitude'(Seitz, pp. 43-44). Far more than two thousand years later, at the beginning of the 19th century, Alexis de Tocqueville required a new political

science based on ethics and to be implemented by a nobility of mind to master the problems of Modernity in Europe!

‘Basic to the Confucian view of society is the natural hierarchical order of the patriarchalistic family. The relation between the ruler and the civil servants / the people is analogous to family relations: the ruler is the father of the people. Two points are of importance here. First, the hierarchical relations are not one-sided and based on submission only, they are reciprocal. The subordinated owes obedience and faithfulness to the higher-placed who, in turn, has to care about the problems of the lower and about his general well-being. Second, the higher-ranking should not impose through force, but through the impact of his high moral standard. In spite of the presence of a strict hierarchy, the Confucian was, ideally, a profoundly humane world’(Seitz, p. 44). Interestingly, Michael Mitterauer in his brilliant chapter on feudal institutions pictures the essence of the political institutions of the Carolingian Empire in almost the same way (Mitterauer, ch. 4, specifically p. 110-11) and adds that this is alien to other forms of ‘feudalism’ [also Chinese] (p. 111), which, in view of the above, seems at least debatable. In fact, in the short-lived Carolingian Empire and the very long Confucian era in China, feudal tenure was *not hereditary* but based on merit. In Western feudal tenure became hereditary after the year 1000 A.C., and conflicts between feudal lords, later between the nascent nation-states became a rule. Conflict ridden (hereditary) feudalism prevailed in China between 481-221 B.C. and really ended with the establishment of the Han-dynasty, 206 B.C.-221 A.C. (Seitz, pp. 39-40). In this context it is also

significant that the Italian historian Alessandro Barbero in his *Charlemagne – un père pour l'Europe*, establishes parallels with China concerning the art of governing as set forth by Seitz in chapters 3 and 4.

According to Confucian doctrine, 'society and the state are in order and harmony, if the individual or the group carry out the various complementary tasks required for the good and proper functioning of society and if the rights and duties inherent to all social relations are reciprocally balanced'(p. 44), bringing about thereby a situation of distributive justice. This passage has a distinctly Aristotelian flavour and strongly indicates that human nature is the same everywhere and at all times as has been postulated in the introductory chapter of this essay. Seitz goes on to say that the 'various social tasks should be fulfilled, not through coercion, but on the basis of a moral sense of duty. This moral attitude can be generalised only through education which, therefore, has to put develop the disposition to do the good, inherent in each human being, implying that Confucius presupposes that humans are good by nature'(Seitz, 44), as did the philosophers of the enlightenment and the Scottish moral philosophers, including of course Adam Smith.

Chapter 4 of part I on the Confucian system of government, is, like the preceding chapter on Confucian society, very important to explain why an industrial revolution could not have taken place in China. In fact, the Chinese (Confucian) way of governing reached-near perfection. The economy (agriculture) had an ancillary role and the aim of the political community was the good life of the citizens. Once

again the large intersections between the systems of Confucius and Aristotle appear. 'The Emperor rules through the moral authority of his exemplary behaviour which disseminates among his civil servants and his people, encouraging them to reach high ethical standards, too'(Seitz, p. 52). In the Confucian view, 'governing is always governing for the people, never through the people. The modern Western view of democratic self-government is totally alien to Confucian doctrine'(p. 53). Indeed, we shall argue in this essay that true democracy is, the local level excepted, not self-government, but a dialogue between the government and the people by the intermediation of the Parliament (see also Bortis 1997, chapters 6 and 7).

In chapter 6 mentions that 'Confucianism has given China an astonishing stability of culture and of institutions and very long periods of peace for about 2000 years, i.e. from the beginning of the beginning of the Han Dynasty (206 B.C.) until the end of the 18th century, formally until 1911, when the Qin Dynasty ended. As such Chinese civilisation was a counterpart to the European-Christian civilisation which was almost continuously engaged in war right from the beginning'(Seitz, p. 80). Seitz also points to the admiration of the philosophers of the Enlightenment era for Chinese culture and government, Leibniz, Voltaire, and François Quesnay being prominent examples (pp. 70-74). Leibniz explicitly points to the Chinese superiority over Europe in the domains of Ethics and Politics (p. 72). Given the European admiration for China, Seitz now makes statements of the utmost importance: 'The European Enlightenment

philosophers were particularly struck by two elements characterising Chinese civilisation: there was no Church and a hereditary Nobility was lacking. China proves, the philosophers asserted triumphantly, that the people needs no Church, to reach high moral levels and high standards of civilisation. Clerics and monks were but parasites, living at the expense of working people, spreading superstition and exercising an intolerable control on the way of thinking of men. The faith into Heaven of the Chinese and their reason-based ethics pointed the way to *Deism* [our emphasis] as propagated by the philosophers of the Enlightenment. Natural religion needs no Bible, true Revelation was to be found in Nature' (Seitz, pp. 72-73).

In this context, it is of crucial importance to note that *the self-regulating market is part of Nature*. In fact, the vision of a self-regulating market is fundamental to the (Western) socio-economic and political doctrine of Liberalism, which, in turn, is an emanation of Deism. This is immediately obvious because, during the Enlightenment century, Protestantism and Deism gave birth to Liberalism. In the final sections of this essay we shall argue time and again that the postulate of a self-regulating economy though seemingly self-evident, and therefore seductive, is, in fact, completely unrealistic and, consequently, highly dangerous if socio-economic policies are based on this postulate (Bortis 1997, specifically chapters 5 and 6).

Seitz now goes to discuss the second element characterising Chinese (Confucian) civilisation, the absence of a hereditary Nobility: 'Hence, in the view of the Enlightenment philosophers, the Church was

superfluous, but so was European hereditary Nobility. And here also China provided a rational alternative: While in Europe an idle and unproductive nobility was a charge for economy and society, China was governed by a learned and performant elite, which renewed itself each generation. [...] From the Jesuits the Enlightenment philosophers learnt, for example, that, in China, even in case of the death of a viceroy, his children did not inherit any of his charges; provided they were gifted enough, they had to regain their father's rank through examinations and through performance in a civil servant's career. Voltaire and his associates considered that in the Chinese polity the Platonian Utopia of a state governed by philosophers was realised' (Seitz, p. 73). This is, in fact, what Charlemagne and Alcuin wanted, too. But, as alluded to above, *heredity*, associated with *self-interest* became, irresistibly became normal, and this, linked up with the rise of the Bourgeoisie and the increasing importance of the individual, was a crucially important element in setting Europe on the march towards Modernity.

In any case, Seitz argues that European admiration for China was *crucial* to prepare the French Revolution on the level of ideas, which, in turn, are decisive for concrete action. This leads Seitz on to conclude his argument with an irony of history: 'With the example of Europe the worries of the Chinese Confucian elite became true: that an opening to another civilisation may cause the breakdown of the own cultural, moral and political order. Europe's encounter with the thinking and the customs of other countries, mainly China, *has undermined decisively* [our emphasis] the legitimacy of the *Ancien*

régime, the fact that Christian Religion went as a matter of course and the traditional social order. Hence, in the 18th century, China brought about a modernisation shock in Europe, while Europe destroyed Chinese culture in the 19th and in the 20th century' (Seitz, p. 74). On a few pages Konrad Seitz pictures most forcefully the, perhaps, most important case of interaction between Eastern and Western civilisation. Evidently, China played a crucial role in the Breakthrough to Modernity in Europe. China's science and technology prepared part of the way to the English Industrial Revolution (John Hobson), on the cultural and political level she contributed, decisively perhaps, to the Political Revolution in France (Konrad Seitz).

However, by the end of the 18th century, the situation changed fundamentally: Europe's admiration for China turned into disdain (Seitz, pp. 75-77). Seitz starts his description with 'Montesquieu [who] distinguished three fundamental types of government, each being governed by a fundamental principle: the republic was associated with virtue, the monarchy with honour, and despotism with fear and terror. Subsequently, republic and monarchy were associated with the West, despotism with the East. The doctrine of Oriental Despotism was born. The Chinese refusal to trade reinforced this view. China, and the non-European world, became to be regarded as backward which opened the door to European Imperialism and the associated civilising mission' (Seitz, pp. 75-76). Chinese stability became to be associated with stagnation, and was opposed to progressive Europe. Like Hobson, Seitz convincingly refutes this view. 'Based upon Confucian ethics and under the leadership of the

civil servant Gentry there was self-government of the various social institutions: villages, markets, merchant associations, and other' (Seitz, p. 77). In fact, the Christian-Western Principle of Subsidiarity was largely realised.

Chapter 5 is on the Chinese view of the world: 'The Chinese did not understand their civilisation as a civilisation among others, not as Chinese civilisation, but simply as *the* civilisation. Only in China was civilisation realised, all the other peoples were barbarians' (Seitz, 63) – *Eurocentrism* has a counterpart: *Sinocentrism!* This goes far to explaining why the Chinese rulers, at the end of the 18th century, did not take note of what was going on in the West, specifically did not realise that the Industrial Revolution had started in England. Indeed, in 1793 China refused to establish diplomatic relations with Great Britain and to engage in trade relations; moreover, the novelty of British manufacturing products presented at the Imperial Court were ignored (Seitz, pp. 85-89). Very significantly, Seitz entitles the first section of chapter 7 with '1793: a last chance' (p. 85).

The stage is now set to picture the dramatic and tragic modern history of China of which Konrad Seitz gives a truly masterful account, each section providing deep insights into an important event, each chapter naturally comes out of the preceding one and leading smoothly to the next. The reader gets a profound understanding of modern Chinese History on a multidimensional basis, encompassing the *Zeitgeist* of some period, as well as economic, social and political developments, initiated by the key actors. Throughout the dramatic sequence of events, the consideration of *immanent* developments on the various

levels constitutes the backbone of the account. However, as just suggested, the interaction with the West, in fact, *unidirectional* Western influence, was crucial in the period of the breakdown of traditional China (1793-1949), vividly pictured in Part II. The last chapter (12) of this part carries the significant title 'The long agony of a great culture (1861-1949)'. Part III pictures the systematic destruction of traditional China under Mao Zedong (1949-1976), appropriately entitled *Tabula rasa*. The birth of modern China is the object of part IV. It pictures the dramatic changes that took place in China under the era of Deng Xiaoping (1978-1997). Finally, part V sees China's future as a walk on the razor's edge. It pictures the era of Jiang Zemin (1997-2002). Perhaps, the key chapter is ch. 40 (pp. 443ff.), *Can China make it?* Seitz distinguishes between three revolutions that are going on in China presently: industrialisation, urbanisation and the transformation into a market economy (p. 443). He then identifies a series of major challenges: overpopulation, *unemployment (considered as most important)*, the environment, inequality, the spiritual, intellectual and moral vacuum, and corruption (443-47). Nevertheless, Seitz is optimistic, mainly because China's leadership is competent and the government is conscious about the social problems and attempts to solve them (450). 'The aim [in 2000] of the Chinese leaders is to erect a well-functioning market economy until 2010. The intellectual elite required to reach this aim is being formed at Chinese and Western Elite Universities. However, China's main asset are her laborious and ambitious people. They will make it! In all likelihood, China will succeed in setting up a market economy

under the rule of law and to continue growing, even if erratically at times, at an average rate of seven percent for the next twenty years'(Seitz, 450).

This is a very optimistic, supply-side type, conclusion indeed, which is probably based upon the assumption of self-regulating markets under competitive conditions. If, however, markets are not self-regulating and effective demand governs economic activity, as is the case in monetary production economies (Bortis 1997, 2003), then serious doubts about Seitz's optimism might arise. Indeed, China's fast growth could intensify the ferocious struggle on the world markets, accompanied by major structural changes in the world economy, possibly implying the decline of other regions. Conflicts between informal empires, China and India, Eurasia (Europe and Russia) and North America could occur, accompanied between smaller and larger wars. A more even and peaceful development of the world economy could, in our view, only obtain if very large economies, China, the USA, Europe, Russia, Brazil, develop on the basis of the *internal* employment mechanism, that is by stimulating primarily internal private and state consumption, with international trade being a means to increase welfare above the level that can be reached domestically. We shall, briefly, return to this theme below when assessing globalisation and the problem of a natural world order. For the moment, we may retain that Seitz's very optimistic conclusion contrasts somewhat with a crucially important statement he makes at the end of chapter 6: '[After 2000 years of Confucian stability,] China's world of duration should come to an end at the outset of the

nineteenth century. Europe, the carrier of progress, was now gradually invading China. And Europa should leave China – and the rest of the World – only one possibility of choice: cut the link with the past and march into the future together with Europe, or to perish in vain and helpless resistance against European rationality.

The Western – Faustian – culture has triumphed. Now, it is up to this Western culture to demonstrate whether it can lead humanity to a new equilibrium on a higher spiritual-cum-intellectual and material level of development or whether it will lead mankind on a way of decline or even destruction’(Seitz, pp. 80-81). This statement of paramount importance is, it seems to us, *the* appropriate conclusion to Konrad Seitz’s excellent book. As just suggested, we shall take up the problems of globalisation and of the world order below.

In the next sections the three books reviewed here are to be put into a wider context, making use of the remarks of our introductory section where the stage for this review essay had been set.

East and West in a Wider Context – Karl Jaspers: Achsenzeit

Achsenzeit (axial age), stretching from, broadly, 800 B.C. to 200 B.C., is, in the grandiose vision of Karl Jaspers, *the* crucial time period in human history (Jaspers 1955, pp. 14-32). In *axial age* a fundamental transition started, the transition from myth and magic, intuition and imagination, to reason and analysis, to theorising: modern man was born in this time period. Jaspers emphasises (pp. 14-15) that this transition took place *simultaneously*, precisely in *axial age*, and

independently from each other in different great cultural regions of Eurasia: ‘Extraordinary events happened in *axial age*. In China lived Confucius and Laotse, most diverse variants of philosophy developed. In India, the Upanishads came into being. Buddha lived in *axial age*, and, similarly to China, all the possible variants of philosophy were explored, touching extremes like scepticism and materialism, sophistry and nihilism. In Iran Zarathustra conceived human history as a struggle between good and bad, in Israel, the great Prophets were active, Elias and Jeremy, for instance, Greece saw Homer, then the philosophers – natural philosophy, Socrates, Plato, Aristotle.

In the course of *axial age* man becomes conscious about the real world as a whole, his existence and his limits. Man asks radical questions. All this happens through reflection. Theories, frequently contradictory, arise, accompanied by intellectual restlessness, leading to the fringe of intellectual chaos. This situation produced the fundamental categories, on the basis of which reasoning goes on presently. The mythical age of the old civilisations – Cretan-Mycenaean, Mesopotamian, Egyptian, Indian, Chinese – which existed in tranquillity and serenity as a matter of course, where everything went without saying, unquestioned, had come to an end’ (Jaspers 1955, pp. 14-15). Indeed, in the introductory section – *setting the stage* – it has been suggested that *axial age* probably represents the *third* phase in the unfolding of the potentials of human nature, namely *consciousness about the problem of Truth*, the first two phases being consciousness about Goodness and, subsequently, about Beauty. The quest for truth meant asking questions, establishing

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theories, often contradictory, on the basis of differing visions of man, society and nature. The problem of Truth was also applied to Goodness and Beauty. Zarathustra thought systematically about Good and Bad, as did Aristotle about the good life and the good polity (Brown 1986). Beauty became an object of analysis with the Greeks. (Incidentally, the fact that the breakthrough to Truth took place *independently* in Greece (Europe), India and China during *axial age* is another indication that human nature is the same everywhere and at all times – see on this the part *Setting the stage* above.)

It is significant that small city states, frequently at war among each other, shaped the political scenery during *axial age* in the Occident, India and

China. *Axial age* ends with the formation of large empires, Alexander's Hellenistic Empire and Rome, Republic and Empire, in the West, the Maurya-Dynasty in India, the Han-Dynasty in China. Certainly, one of the main aims was to ensure peace. However, within these empires a dissimination of the ideas developed in *axial age* took place. For example, Imperial Rome was – also – a vehicle to spread Greek ideas. However, it is significant that the *first* Empire of human history, the Persian Empire was founded in the middle of *axial age*, around 500 BC. It would seem that Cyrus, its founder, aimed at applying Zarathustra's doctrine's about the Good and the Bad in setting up a universal Empire based on *ethics* (see below, section *World order in 'Agraria'*).

Jaspers masterfully summarises the significance of *Achsenzeit*: 'The new way of thinking established in *axial age* set the questions and the

standards to the epochs having preceded it and to the eras which were to follow. The ancient civilisations that had existed before *axial age* faded away. The peoples who carried these civilisations become invisible so to speak, because they mix up with the developments initiated in the course of *axial age*. Similarly, the prehistorical peoples remain prehistorical, until they are absorbed by the *axial age* movement, or they become extinct. *Achsenzeit* assimilates everything. On its basis world history gets a structure and a unity, at least for the time being' (Jaspers 1955, p. 20). (In this essay we argue there was a *second* – European - *axial age* – around 800 – 1800 – which brought about the breakthrough to Modernity in Europe around 1800. The subsequent *World Axial Age* (from 1800 until the present) equally results in destroying pre-modern civilisations, as in line with Marx's famous statement – already quoted above - that the Western bourgeoisie 'draws all, even the most barbarian, nations into civilisation [...] It compels all nations, on pain of extinction, to adopt the [Western] bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e., to become [Western] themselves. In one word, [the Western bourgeoisie] creates a world after its own image' (Marx, quoted in Hobson 2004, p. 12).) *Achsenzeit* set powerful *immanent* ways of intellectual development into motion. The way of thinking in the East (India, China) became *entirely different* from the state of the mind prevailing in the West. This is brought to the open by William S. Haas in his very important book *The Destiny of the Mind – East and West*. Haas precisely sets forth the fundamental differences in the general way of thinking, the

working of the mind so to speak, in all domains that existed between East and West from the *outset* of the *first - axial age* (around 200 B.C.) onwards until the beginning of Western domination of the East, coinciding with the *beginning* of the second period of *second axial age*, that is *World Axial Age* around 1800, specifically from, approximately, 1750 (India) and 1820 (China). These differences seem very important to explain why, finally, the twin Industrial and Political Revolutions could have occurred in Europe only.

From what has been said in the introductory section – *Setting the stage* – about the immutable human nature that can come into existence in very different ways, it emerges that this is not to fall into the Eurocentric trap. As Michael Mitterauer says, Europe went its particular way (*Sonderweg*), and so, by implication, did Asia. Jack Goody is very explicit on this: “We can look at the history of the landmass of Europe and Asia in two ways. We can lay stress upon the division into two continents with two substantially different traditions, the Occidental and the Oriental. The Occidental derives from the classical tradition of the Mediterranean societies of Greece and Rome, culminating in the Renaissance, the Reformation, the Enlightenment and the Industrial Revolution of western Europe; while the Oriental came from quite ‘other sources’. Alternatively, we can place the emphasis on the common heritage of both parts of Eurasia from the urban revolution of the Bronze Age, with its introduction of new means of communication (the written word), of new means of production (of advanced agriculture and crafts, including metallurgy, the plough, the wheel etc.) and of new forms of knowledge.

The account that is embodied in much Western sociological theory, history and humanities stresses the first and the resulting division of the continents into East and West. Without wishing to deny the specificity of cultural traditions [nor of] trying to make all the world the same [the fact is] that the major societies of Eurasia were fired in the same crucible and that their differences must be seen as diverging from a common base”(Goody 1996, p. 226). In his *Destiny of the Mind – East and West*, William S. Haas also starts from a common base for Europe and Asia, the Magic World, Jaspers world of myth, including Goody’s urban revolution of the Bronze Age. However, Haas argues that the differences that have come into being between East and West in the course of *Achsenzeit* through *immanent* developments are fundamental. Yet, these differences are not immutable. It is evident, that, starting with the 16th century, Asia underwent a fundamental change through steadily increasing European *domination*, a change which accelerated dramatically in the course of *World Axial Age* (from around 1800 to the present).

Before dealing with the fundamental difference between East and West as seen by William Haas we first consider his method, and some implications, and subsequently turn to his magic-mythical world, Goody’s common base or his ‘same crucible on which the major societies of Eurasia were fired’(Goody 1996, p. 226).

Haas’s method is, perhaps, somewhat unfamiliar. His approach becomes more understandable if we recall from the introductory section that reason and analysis work on the basis of a vision provided by intuition. Indeed, Haas states at the outset of his work: “The

insights of the mind occur variously. Some come as a final result of preparation emerging only after a long period of toil. But there are others, [less frequent], where this order is reversed. Here the insight anticipates the thorough preparatory work which logically is its condition precedent. In this case what really happens is that the material which ordinarily serves as the springboard, is out of proportion to the import of the revealed insight. It is in fact this revelation which lights the path to further progressive knowledge and in retrospect discloses the steps which normally would have led to it.

The theory developed in this book belongs definitely in the second category. And the reader should bear in mind the original significance of the word theory. It is a vision. Indeed this book is the exposition and justification of a scientific vision. And it is an inherent characteristic of a vision that its origin can never be fully demonstrated”(Haas 1956, p. 9). Hence, Haas attempts to set a coherent vision of the phenomenon he considers; from his vision he may derive principles which embody, *probably* in a Keynesian vein, the essential and constitutive elements of the mind in East and West. This is, in fact, the only way of proceeding if the phenomenon is very complex. The conventional scientific method would be very difficult to handle; probably it would be even impossible to apply it. In fact, this method implies building models (theories) starting from given premisses, to, eventually, obtain testable propositions to be used to test the robustness of the theory. There many unsurable problems associated with scientifically bringing out the differences of the mind in East and West, for example, where to take the data! As Haas

suggests, intuition leading on to broadly understanding complex phenomena is the only way out. This has been alluded in the introductory part of this essay, particularly in the first two sections on method and acquisition of knowledge.

This important distinction of scientific procedures gives already a first clue as to the destiny of the mind East and West. “[Eastern thinking places] consciousness [intuition] above reason [and analyses] as the ultimate and superior datum”(Haas, p. 10). These distinction, however, puts to the fore *dominating* features only. For obviously, there is also systematic intuitive thinking in the West and rational and analytic thinking in the East. For example, Maynard Keynes claims that intuition is the first form of knowledge; Joseph Schumpeter writes that theories emerge from a preanalytic cognitive act which could be called vision; there also Pascal’s *Coeur* (intuition) as a precondition to Descartes’ *Reason*. On the other hand, the scientific, technological and economic achievements in the East sketched by Hobson attest a high level of analytical thinking there, and point to the fact that *inventive activities require deep intuition and a highly developed imagination*. However, the dominance of intuition and the principles derived therefrom in the East and the rule of reason and analysis in the West has had immense consequences for the type of civilisation that developed in East and West.

This is, perhaps, the moment to recall that *no* question of superiority of the East or in the West is involved in this vision of things. *In principle*, as has been suggested above, *human nature is the same everywhere and at all times*. However, historical realisations, modes

of existence, of human nature through concrete societies and the individuals living therein may differ very widely. This makes up the cultural variety of the world, the preservation of which seems crucial to the future of mankind. Indeed, it is cultural diversity which produces a rich cultural life within regions, countries and on a world level. This implies that eventually cultural interaction may lead on to *true* progress on the world level, meaning by this a reduction of alienation, that is the gap existing between an existing social situation and an ethically desirable – natural – state of affairs in which the common good would be, approximately, achieved.

This vision of things implies, for instance, that the most modest traditional – prior to the 19th century - North American Indian tribe stands on the same level of as our materially highly sophisticated civilisation. Indeed, traditional – pre *axial age* ! - American Indians had very high ethical standards, a very rich and sophisticated social life and they lived in almost perfect harmony with nature. Since one cannot give a ranking for fundamental values (David Hume), the famous conclusion drawn by the historian Leopold von Ranke is inescapable: ‘Before God all epochs and all peoples stand on the same footing’ (Vor Gott stehen alle Völker und alle Epochen gleich da). To state things in this way should largely avoid misunderstandings in the present discussion about East and West in the course of history, specifically Eurocentrism and all that. Incidentally, this also implies that the Industrial Revolution was not necessarily progress only. This crucial event in the history of mankind is far better characterised by a Great Transformation (Polanyi), with material progress coexisting

with social and, possibly, with moral and cultural regress, with too much division of labour leading on to ‘over-specialisation’, implying a kind of ‘one-dimensional man’ (Marcuse). The latter also explains the heavy resistance against the transformation emphasised by David Landes. One may go even further to say that the modern emphasis on rationality and analysis, science and technology, and the rational-economic at the expense of intuition and imagination, the values embodied in the realms of Goodness, Beauty and Truth, implying growing nihilism, could be highly dangerous for modern civilisation. This theme has been alluded in the introductory section and will be taken up below.

Given this, we return to Haas, who, similarly to Goody, argues that “Eastern and Western civilizations descend from [a] common ancestor – the magic world. [...] Not only did it contain in potential form the two highest civilizations so far achieved”(Haas 1956, p. 96). The magic world presumably came into being with consciousness on his surroundings and self-consciousness of man and continued to prevail, probably in ever more elaborate forms, throughout the time period from the Agrarian Revolution – around 6000 B.C. - (Gellner 1988, p. 21) until Jaspers’ Achenzeit (800 – 200 B.C.). “[However, the] magic world [produced by intuition and imagination] is closely related to the subconscious life of man”(Haas 1956, p. 98). “All great world conceptions are the work of the conscious mind [as was forged in Jaspers’ Achsenzeit through developing the faculties of reason and analysis]. However, the ties which link them to the subconscious cannot be severed. Civilisations differ widely in the acceptance and

the recognition of these ties. Western Civilisation offers the highest degree of resistance to the subconscious, whereas the East has found a way of coming to terms with it. The magic world however, lives in perfect harmony with the subconscious. Indeed this conception is rooted in and feeds upon that eternal subconscious which within limits can be processed and sublimated, but can neither be overcome, nor ignored with impunity”(Haas 1956, p. 99). This joins the vision mentioned above of an eternal human nature embodying a tremendous potential for most diverse forms of existence. Societies organised, broadly, in line with human nature, may reproduce themselves indefinitely. A prominent is China since her foundation through the Han-Dynasty (200 B.C.) as was based on Confucian ethics, implying outright rejection of violence, war and imperialistic aggression (a point explicitly made by Konrad Seitz). This impressive political construction lasted until the 19th century when traditional Confucian China was fundamentally shaken through Western military power now based on modern industry. This started the long and painful process to modernisation as is masterfully pictured by Seitz. At present, the immensely complex situation associated with monetary production economies can, perhaps, only be mastered through a return to traditional Confucian values, including the way of governing, as is explicitly asserted by the actual Chinese leadership.

In the West, the Roman Republic came to dominate the Mediterranean area at the end of the Achsenzeit (around 200 B.C.) and the Roman Empire rose to almost complete domination of the Mediterranean world. Rome was governed by the rich (Karl Christ) and based on

power and coercion, and perfect organisation, with splendour lavishly present, as were plunder and imperialism. The empire finally collapsed and the rise and fall of Rome become a great subject in historical writing. Augustine provided the fundamental reason for the breakdown of Rome: Rome was not a true state, based on social justice, but a powerful machine of domination and exploitation (quoted in Hoerster 1987, pp. 67/68). Incidentally, Hegel reaches the same conclusion in his *Philosophie der Geschichte* (Hegel 1975, pp. 396, 427). Below, we shall briefly return to this highly relevant fact for this review article: that the foundation of a peaceful and morally based Chinese Empire (Han-China) occurred simultaneously with the rise to dominance of the Roman Republic in the West by extraordinarily aggressive policies that ended up in the formation of the Roman Empire. It is of crucial importance to note that this is not to condemn morally Rome. Around 200 B.C, the Roman Republic was engaged in a struggle for survival with Carthage, and imperialism was, perhaps, inevitable to secure peace.

Subsequently, Haas points out the fundamental difference between modern knowledge and magic knowledge: “Unlike [Western] pragmatism, where knowledge exerts power over things *through ignoring their nature* [our emphasis], magic knowledge derived its influence from the immediate awareness of the [probable] essence of things. [...] The profound difference between the two forms of knowledge becomes evident at this point. In the magic processes of knowing, whatever the object of knowledge, it was the subject which was ultimately transformed. Our act of knowledge, on the other hand,

starts with *disconnecting* [our emphasis] the object from its natural surroundings and isolating it for the purposes of investigation. Inevitably this ends in affecting and altering the object itself. The culmination is scientific knowledge and the creation of a new objective world”(Haas, p. 106). Here, man attempts to complete Creation, with all the tremendous scientific-technical achievements this brings about, but also the dangers this implies in the form of social problems that have occurred since the Industrial Revolution.

However, these dangers vanish if man adapts to, and attempts to perfect the situation produced by Creation. Haas illustrates this fact by the relation between man and his surroundings, the relation between subject and object in the magic world: “Among other things most disruptive of the equilibrium of the magic world was the fixing of man’s position in the universe. In this world where the distinctions between animate and inanimate, conscious and unconscious, personal and impersonal, were almost non-existent, man could never claim a distinctive, much less the central, place. Caught up in a network of correspondences, he was both an active and receiving centre. In the same sense and by the same right as himself, all other beings were simultaneously subjects and objects. The opposition between subject and object – the antithesis which is the very backbone of our world – was absent from the magic world conception. And it was precisely this absence which gave to it its balance, its homogeneity, and its harmony”(Haas, p. 109).

Now, Haas enters Jaspers’ *axial age* and the different outcomes in East and West produced by this epoch. “[Here] man, the subject,

asserts himself, his unity and identity with himself become firmly established. His contours and contents begin to be determined. No longer does he tolerate the coexistence with and within himself of quasi-independent impersonations [decentralized personalities] and he wants to be able to say *I* and *mine* in an unmistakable way.

With this crystallization of the ego-subject the disintegration of the magic world commences"(Haas, p. 111; our emphasis). At this juncture, it might be tentatively suggested that Haas' *magic world*, comprising for example the Celts and North Germanic peoples (Haas, p. 98) represents the rural equivalent of the urban civilisation which emerged from the Neolithical Agrarian revolution in Mesopotamia, Egypt and Crete which represents Jaspers' mythical world. Both precede Jaspers *axial age* to which Haas now turns. (Yet, Haas does not use the term '*axial age*', although his book was published in 1956, seven years after Jaspers' work came out. Haas was then living in Iran and, probably, did not know about Jaspers' book.) Haas argues, in distinction to Jaspers, that the Eastern mind that emerged from the magic-mythical age was *fundamentally different* from the Western mind that emanated from the same crucible (Jack Goody). This is obviously of paramount importance to the question dealt with here: Why did the breakthrough to Modernity, above all the Industrial Revolution, take place in the West, due to a specific European way (Michael Mitterauer), in spite of Eastern technological superiority (John Hobson) and superior Chinese political organisation associated with high ethical standards (Konrad Seitz)?

William Haas: East and West are entirely different

The starting point is the relationship between subject and object at the moment when the mythical-magical world comes to an end: “The subject, severing itself from the equilibrium of the magic universe [Jaspers’ self-evident mythical world] rises above the network of dynamic correspondences. He forms a centre of his own. In shaping and stabilizing himself he becomes the catalyser of the world. For with the isolation of the subject the formation of the object as an independent entity is necessarily connected. Things begin to assume aspects that are clear and permanent, the dynamic influences give way to neutral forces, and the ubiquitous transmutability of all things ceases to exist. And so the way is open to new world conceptions”(Haas 1956, pp. 111-12). *Achsenzeit* starts.

“These new concepts had to start from a new relation between subject and object. Having disrupted the magic[-mythical] world which had held him spellbound on the same level as the rest of beings, man now faced the world as the object. At the same time he aspired to a supremacy unknown to the magic conception [the mythical conception is perhaps captured best by the Homeric notions of *heroism* and *fate*, and, associated with the latter: *sadness is our destiny* (Baricco 2006, back page)]. The relation between subject and object became problematic. It had to be determined anew. [...]

What now unfolds is a dramatic evolution of man’s consciousness [...] concentrated on the separate appearance of subject and object. Once this process was firmly established the new conception

obviously would evolve into two great types. Emphasis could be laid on either on the subject or on the object”(Haas 1956, p. 112).

And now the crucial point: “The Western mind fixes the object as the *ob-jectum*, - that which is thrown against the subject – in a word, the opposite. The world surrounding the subject is an objective world. It is independent of the subject. This applies in the first place, but by no means exclusively, to the material world. The immaterial realm of the mind and the spirit obey the same bias, though to varying degrees. The objects of religious thought and worship we conceive to exist independent of man. And so it is with the absolute in most philosophical systems [...]. So from its beginning Western civilization has persisted in enriching both the visible and the invisible world by the uninterrupted discovery and creation of new objects. Nothing could better illustrate what the positing of or fixing the object as the decisive act means to the Western mind that the productive occupation with the world of objects and its recognition as a reality. Such is the main trend of Western experience and thought”(Haas 1956, p. 113). Hence Western man attempts to continue and to complete creation, but along his standards which may not be in line with the standards of nature, that is of Creation. Man becomes the measure of all things, with all the splendours this produces and dangers this implies. In fact, we are faced here with the Faustian – and Promethean - nature of Western man which exploded, so to speak, in the time period following up the Industrial Revolution.

“Not so the East’s. The East did not so entirely cut the umbilical cord between subject and object. Unlike the West, the East did not not

permit the object to evolve into a realm arising independently in front of the subject. Clearly this means that the East despite its severance from the magic[-cum-mythic] world has remained closer to it than the West. To give full precision to this fact it would be preferable in relation to the East not to speak of object at all. For the term object necessarily implies, and with perfect reason in the Western use, the connotation of the opposite *vis-à-vis* to the subject. *What corresponds to the object in the West, in the East is better named – the other* [our emphasis]. This term indicates that whatever be the distance between the subject and the *other* it can never turn into the distinct cleavage which separates subject and object in the West. A certain bond and affinity thus persists between the two embracing equally the grim and the friendlier aspects of world and nature. Hence the calm and serenity which despite the vicissitudes of fate and the violence of passions – both certainly not inferior to those of the West – permeate the East and tinge the creations of its art and its thought. The closeness of the non-subject to the subject – as we might say in avoidance of all misleading connotations – seems to be a residue of the magic[mythic] world”(Haas 1956, pp. 113-14). These are crucial passages which greatly contribute to understanding why the breakthrough to Modernity could have occurred in the West only.

Europe: Unity in Variety

Starting from his central chapter V (The Magic World), Haas now develops these basic ideas. Geography serves as illustrative introduction. Europe, characterised by “the structural principle of *unity in variety* [as] is expressed in its geographical shape. Itself a peninsula it devolves in several others and, as such, “it plays lightly on the surface of the sea, inviting its waters. Europe resembles a living organism whose tentacles stretch out for balance and movement, giving and receiving”(Haas 1956, p. 12).

However, “Asia weighs heavily on the globe. Its huge and compact mass defies the oceans that wash its shores”(p. 12). “The radiation of the great Asiatic civilizations cannot be compared with the cultural conquest of the whole European continent by Greece and Rome. Chinese civilization spread only Japan, Korea and to some extent to the countries of the South-East. The influence of India, which was mainly of a religious character, was limited to China [and] and South-East Asia. And the wide flow of Persian civilization to the Near East [and to India] did not transcend the religious, philosophical, literary, and artistic spheres”(Haas 1956, p. 13).

Geography provides the “raw material by which [a] civilisation can realize itself”(pp. 13-14). “Whatever may have been the Eastern influence accompanying the birth of Greek culture [which, in fact, was considerable: Bernal 1987 and 1991; Burkert 2004], the Greek genius penetrated and assimilated it. *In using foreign elements as stimulants [...] the Greeks created their own world. And this was the matrix of western civilization* [our emphasis]. Then the Greek spark sprang over

to cognate Rome. Henceforth, this classic culture shaped the body of medieval civilization, Rome giving to the Church its visible organization and Greek philosophical thought permeating the structure of its dogma. Europe, thus integrated by westernised Christianity, at least proceeded to the scientific and technical stage, which was based on the secularisation of the medieval world conception and conditioned by the interest of the Greeks in science, biology, and medicine”(Haas 1956, p. 14). It “is to this origin that Western civilization throughout all change owes its coherence and congruity. This life-stream, springing from this one source and widening and increasing its momentum throughout the course of history, flowed far out to the delta of the various national cultures. This is the reason why there is in all European movements, intellectual, spiritual, economic or political, and wherever they may originate, an irresistible trend to extend to the Europe of their time and later to embrace the whole continent”(Haas 1956, pp. 14-15).

“A special relation to time corresponds to this form of expansion in space. [In fact,] in the development of Occidental civilization, time has a function which is totally distinct from that which prevails in the East.

In the Orient time is but a formal and extraneous condition to the unfolding of civilization. In the Occident, [however,] time is one of civilisation’s great determining elements”(p. 15). The reason is that time is related to evolution. “Genuine evolution is unity in variety perceived in the sequences of time. This is why a civilisation founded on such a structure possesses an essential relationship to time and

confers upon it a particular mode, that of evolutionary as opposed to flowing time. [In broad analogy, with a human organism evolving through] “distinct periods – childhood, adolescence, maturity and old age – so an evolutionary civilization passes through different stages [which] are closely interrelated because, like the parts of an organism, they do not function in terms of one another, but rather in terms of and for the purpose of the whole [which makes the structure of Occidental civilization a unit]”(Haas 1956, pp. 16-17). It is very important to note that civilization seen in analogy to an organism is but a broad analogy, a framework to capture complex and interrelated causation on the level of ideas, which leaves the individual entirely intact. Indeed, the “attempt to cultivate the individual marked the beginning of Western civilization. It was the great achievement of Greece to mould the body, the soul and the mind of man into a unified whole. To do this, the Greeks considered everything in theory and practice as being relative to man. Hence, their self-imposed limitations. They rejected extremes and in all those fields of knowledge where they laid the foundations, they kept within certain bounds”(Haas 1956, p. 17).

Given this Greek basis, Haas insists on the fact that “Western history is [essentially] evolutionary history”(p. 19), each stage possessing a clearly discernable objective: Rome, the Middle Ages, the movement towards Modernity. There are fascinating passages giving hints why the passage to Modernity could only have happened in the West at a particular epoch. For example: “In the perfecting of the personality of man the Greeks sought to achieve a balance of all of its parts and the complete harmony of each part with the others”(Haas 1956, p. 20).

Given this, *the “Greeks sensed the tremendous danger to which the Promethean goal of a science of nature could expose man and his development [our emphasis]. Dominated by measure and the idea of harmonious limitation, their great minds were aware of man’s tendency towards the infinite, the limitless, and they foresaw the perils of excess latent in a science of nature pursued for its own sake”*(p. 23). In this context, the opposition between the “philosophy of discovery” and the “philosophy of construction” (p. 31) becomes of *paramount* importance since it points to the dangers of Western evolution. Haas opens the argument with a fascinating statement: “The spirit of modern science must be understood as the secularisation of the spirit of the Middle Ages with nature and the conception of nature taking the place of good and the conception of God.

At the outset the conception of nature as the sum total of eternal and mathematically demonstrable laws harmonized with the idea of God. These laws were believed to express God’s greatness as Creator. In this new idea of nature and in man’s relationship to it essential attributes of the essential attributes of the Divine as well as man’s religious attitude came to be secularised”(Haas 1956, pp. 30-31). This implied, in fact, a separation of philosophy from theology. However, there was still an “an unconditional devotion to scientific truth for its own sake, quite disassociated from any thought of its practical application, and from the lack of any egocentric motive.

The modern science of nature started [from a vision of nature] as a cosmos, a harmonious entity determined by perennial mathematical laws. This attempt to organize nature, to mould its phenomena so as to

constitute unity in variety, assumed two major aspects, [...] the philosophy of discovery and the philosophy of construction”(Haas 1956, p. 31). “As the sky yielded its secrets, the initiators of modern science stood in deep humility before the momentous yet simple laws according to which God built and ruled the universe. Fully conscious of the revolutionary importance of their insight, they felt themselves to be the discoverers of truth eternal and divine. They were convinced that thenceforth one discovery after another would unfold before their eyes and they felt bound by these imperishable and unchangeable laws which they had discovered”(p. 31).

“In time, this view came to be contested and it was finally replaced by the conception of scientific thought, far from seizing and comprehending things as they are, constitutes on the contrary [a] system of signs and symbols, consistent in itself and therefore infinitely applicable. Hence, it was a network flung over the necessarily unknowable reality”(Haas 1956, p. 31). Science ceases to be discovery, implying that science had divorced from metaphysics. “[Discovery became] invention and construction. So long as man had felt and acted as the discoverer of nature and its laws, he was in an objectively real world, God-created and permeated by divinity. And he knew himself to be limited by the eternal order of things. However, as soon as he thought of his effort as a spontaneous constructive activity, he was freed of his bonds. While he lost faith in objective truth and while he might even deny such an idea any meaning, he could now claim sovereignty over his own mind, and be proud to impose the rules he invented on the phenomenon of the world. Here

started the great adventure of the Western mind in its latest stage. The infinity of his task is apparent and so its correlate – the mind that conceives of itself as unbounded and absolutely free free from authority”(Haas 1956, pp. 31-32).

Resistance against invention and construction, above all for military purposes, was strong, not only in Greece, but in Europe in the 15th and 16th and in the first half of the seventeenth century. This point is beautifully argued by John Nef in his *Western Civilization since the Renaissance* (1963/1950). Indeed, ch. 6 of part one (p. 113-33) is on Restraints on War, material and *intellectual*. He starts by mentioning that “Leonardo da Vinci’s lack of enthusiasm for the development of weapons [was proverbial. It is said that he]refused to give the world knowledge of his destroying engines. [For example, when] he wrote of an underwater boat, he remarked, ‘This I do not divulge, on account of the evil nature of man, who would practice assassinations at the bottom of the seas by breaking the ships in their lowest parts and sinking them together with the crews who are in them’”(Nef 1963, p. 118). John Napier had the same attitude towards engines of destruction which had conceived and developed; he refused to disclose them (p. 122). “[This is] revealing of an attitude then prevalent and influential. There are some who still hold this attitude in the twentieth century, but it has almost ceased to influence history. The scientists who made the atomic bomb for the United States Government confined themselves to telling the government not to use it. Napier’s conception of his responsibilities had behind the weight of the classical Greek tradition”(Nef 1963, p. 123), which confirms

Haas' statement on the ancient Greek restraint on invention and construction. Nef mentions that René Descartes and Francis Bacon had the same attitude and concludes: "[The] prejudice against revealing the secrets of death-dealing engines was bound up with the closely related prejudice that wisdom was more important than knowledge, that knowledge could be properly employed only for higher ends than the material and the practical"(Nef 1963, p. 125). This is a statement of paramount importance, valid today more than ever, for it states that science without ethics is *alienated* science. In this essay it is implied that a wisdom guided science is possible only if *a natural order is created within and between states* (see the corresponding sections below). In an alienated world, dominated by power and self-interest, sciences will remain alienated too, fostering social and political power and unbounded economic gain.

This is the moment to recall the starting sections of the introductory part, *Some remarks on method* and *Human mind an the acquisition of knowledge* to appreciate the immense methodological performance of Maynard Keynes whose aim was to *reconcile* metaphysics and science on the basis of intuition, Keynes's first form of knowledge (see on this Bortis 1997, chapters 2 and 7, and Bortis 2003). In fact, Keynes, like Haas was aware of the danger associated with the divorce of science and metaphysics (and faith and intuition) that has occurred in the West. Hence, Keynes is not only of paramount importance for the conception of a new, humanist, economic and political world order, but also for the kind of natural and social science to be practised in the future.

Moreover, Haas' brilliant argument may be linked to the sequence of events in Europe sketched above. Science, to be sure brought about immense material progress, with the benefits accruing, however, very unevenly to the various countries and regions. Moreover, science has also been put into service of political power in the process of formation of the European nation states. Subsequently, science has entered into the service of the national economies, and continued to serve political power, the result being a Galbraithian 'military-industrial complex', characteristic, first, for the Western countries, then subsequently, moving to other parts of the Globe. Presently, grave problems arise, for instance, with biological weapons and with genetic technology.

There are other problems arising. How to manage the immensely complex monetary production economies that emerged from the Industrial Revolution, and the very uneven development of which has resulted in tremendous inequalities, massive involuntary unemployment worldwide, widespread misery, with all its social and political consequences, including terrorism? And will the world economy, given the absence of self-regulation, be able to cope in terms of employment with large emerging countries like China, India, Russia and Brasil: supply increases dramatically and world effective demand may be stagnating or increasing but slowly. All this should make Eurocentrics much more modest. Liberalism-Capitalism and centrally planned Socialism do not seem to be the correct answers to master the powerful forces that have been unleashed by the Industrial Revolution. A new answer will have to be found, which, in our view,

can only be Keynes's *Social Liberalism* (comprehensively set forth in Bortis 1997 and 2003). This issue will be taken up below.

Haas is perfectly aware of the problems connected with the final result of the specific evolution, Faustian in the last stage, of the West as had emerged out of the magic-mythic age, the common basis of East and West. "No one who is not blinded by the prodigious progress of science and technique can ignore the danger, unprecedented in history, which is concealed in the illimitability of this venture. For it diverts men's thought will and emotion and *estranges* [our emphasis] them from their *natural* [our emphasis] and adequate aims, subjugating them narrowed and distorted to its own purpose. Faced with this imminent threat of impoverishment of the Western mind and the perversion of its civilization, it becomes increasingly important to ask what would balance and canalise this scientific process so as to make it serve man as a whole and assume its due and beneficent place in the world. There are those who would reinstate Greek and humanistic ideas as the leading forces in our educational system. There are others who believe in a revival of Christianity. Both seem unaware that the formation of personality and the structuralization of the supernatural as well are sovereign ideals that belong to the past. The time of their uncontested ascendancy in Western civilization is over"(Haas 1956, pp. 33-34). There are reasons to be less pessimistic on this. Given the invariable human nature, man will, as a rule, react in similar ways to specific deviations from nature, alienation to wit. Hence, Renaissance phenomena are not likely to be unique; for example, Nikolaj Berdjajew, in the face of the First World War and the Russian

revolution, thought of a New Middle Ages to master the complexities of our age. We shall briefly come back on this. But now, the Western “evolutionary process [as] is based and upheld by that one structure: unity in variety, as mirrored in an organism. Against this background the Oriental mind and civilization must now be presented and understood”(Haas 1956, p. 35).

Asia: Juxtaposition and Identity

“The physical features of that part of Asia which gave rise to Eastern civilization [China, India, Japan, Persia] reflect the architectural plan of the East in the same way that European geography expresses the structure of European civilization. [In Asia separation through mountains, deserts and oceans dominates.] Albeit these natural barriers are not prohibitive, they have seriously obstructed land communication on a large scale between these cultural zones. For a sea route never compensates for the lack of conventional land communications”(Haas, p. 36). Significantly, Michael Edwardes opens thus his *History of India*: ‘The history of India is fundamentally the history of the Hindu People, and her religion and her social organisation through castes brought about a steadiness in development, not to be found elsewhere. All historical events took place in an almost entirely closed world. Hindu society in its exclusiveness and its intricate structure resisted not only all the conquests and struggles, but was even strengthened by these upheavels. This remarkable stability had its foundation in religious faith from which Indian society gained her strength. However, such a

social organisation did not produce a sense of unity within the Indian people, but brought about seclusion only' (Edwardes 1961, p. 13; a.tr.). As a consequence, no "universal and perennial interchange of culture ever existed between these four regions" (Haas 1956, p. 36). "In the East there is neither a natural and continuous interpenetration of the national cultures nor a collaboration in their achievement of common objectives, nor their combination into a single evolutionary process. [...] They stand side by side in juxtaposition to the others" (p. 37).

"Juxtaposition and identity – this is the structure of the Eastern mind and civilization as contrasted with the *unity in variety* which is the characteristic structural principle of the West. Juxtaposition implies the positing of data – thoughts, emotions, attitudes, institutions, and the like – which data the Eastern mind feels no need to interrelate in order to establish a unit or an order. This capacity that the East has for leaving the data insulated and accepting them as such is evident from the way the Eastern mind deals with contradictions. Far from wanting to dissolve them, to bridge them by interpolating links, or to subordinate them to superior data as the West always strives to do, the East seems to a high degree unaware of or at the least indifferent to the clash of the contraries. The single may be left single, multiplicity and variety may subsist, and pairs of opposites may remain untouched. However, when it is felt necessary to free the solitary from its isolation, to do away with all the multiplicity and above all to overcome contradictions and the pairs of opposites, then the instrumental category applied by the East is identity. The East is the virtuoso of identification. [Necessarily the] clear separation implied

by juxtaposition excludes compromise and transition. Thus identification necessarily emerges as the sole and radical means of establishing unity [between subject and object]"(Haas 1956, p. 55).

Thus, in the East man has remained nearer to the natural and considers this as unchangeable. The invariable Confucian order in China and the immovable caste system in India as emerged during or at the end of *Achsenzeit* are striking instances. In a similar vein, a Russian writer, Fedor Stepun, once said that in Russia landscape shapes man, while in the West man shapes landscape. On a higher level the latter is confirmed by the famous Greek maxim: Man is the measure of all things.

East and West

In subsequent chapters Haas elaborates and deepens the basic proposition *Unity in Variety in the West* and *Juxtaposition and Identity in the East*. First, regarding society and the state, Haas remarks that the "man of the East accepts his social conditions and the established political form as natural and unalterable in principle. They are gifts from above and a liability"(Haas 1956, p. 57). "To the West, Eastern civilization appears conservative and stagnant. This is a rash and superficial judgement. It stems from a blind transference of Western standards, and an incapacity or unwillingness to admit of the Eastern form of mind and existence. In Eastern civilization there is inherent a power that is no less remarkable and efficient than that of the West because it operates in a subtler and less conspicuous manner. The East's reservoir of forces constitutes a concentration of intense power

which is at variance with the West's power which moves by extension and the distribution of energy"(Haas 1956, pp. 57-58). Two important points are implied here. First, "Eastern man will adhere with pious fidelity and intensity to and persevere in whatever he creates in the material and immaterial sphere including the idea he has of himself. The Westerner, on the other hand, will at any given moment take his stand intellectually and emotionally outside his creations and in so doing he prepares the way for replacing them by others"(Haas 1956, p. 58). And second, the "East strove for improvement within the framework of existing institutions. Rarely was there thought of turning against the values of tradition. While in the East discontentment in many cases was appeased by the correction and reform of actual conditions, Greece, and the West in general, did not refrain from radical measures. The overthrow of traditional institutions was always accompanied by elaborate ideologies. Since the time of the great social and economic reform of Solon social revolution marked the domestic history of Athens and the West"(Haas 1956, p. 66).

These passages and, in fact, Haas' book, greatly contribute to understanding why an industrial revolution never could have taken place in Asia in general, or in China in particular. In China, technology was there, not the effective outside demand required. However, one may infer from Haas, that even if outside demand had been very strong, an industrial revolution would have been extremely unlikely. The Eastern mind and its ethical and political realisations would have constituted an *unsuperable* obstacle. Basically, this seems

to join, to a large extent, the views of Joseph Needham, Jack Goody and Konrad Seitz.

In chapter V Haas sketches how the two structures of civilization, ‘unity in variety’ in the West versus ‘juxtaposition and identity’ in the East, came into being, and the subsequent chapters he sets out important implications of this structures. We cannot but provide a few hints at Haas’ fascinating account here. In chapter VI ‘Wonder versus Awe’ elucidates “the manner in which these structures appeared, and how their appearance illumined, as if by magic, the atmospheres of the civilizations of the East and of the West”(Haas 1956, p. 121). In fact, Haas sketches here what happened in East and West during Jaspers’ *Achsenzeit*. The West is characterised by Plato who “declared wonder to be the beginning of philosophy, [voicing thus] a psychological fact pertaining not only to the Greek mind but to that of the West as a whole. In the psychology of wonder not only is there a clear separation between man in his wondering and the object of his wonder but his state of wonder lacks the elements of fear and dread”(p. 123). Man is the measure of all things! He dominates and shapes the objects.

However, in the East “it was the experience of awe which roused men from myth and traditional religious belief to the adventure of a great civilization. Awe – a state of solemn dread and arrestive veneration – unites man with the cause of his awe [which exerts a restraining influence on the Eastern mind]”(Haas 1956, p. 124). “What makes this state of awe so prodigious a phenomenon is the immanent

homogeneousness of man with the cause of awe, combined with that solicitation to follow it to the end.

While nowhere as clearly defined as in the identity of the individual soul with the absolute Brahman [it] is inherent in the conception of Tao [as it is in classic Confucianism where] the idea of human society and man himself, far from being rationalistic, was permeated with that sense of awe [...]”(Haas 1956, p. 125).

“Such were the contrasting atmospheres which heralded the emergence of the structures in West and East. These structures themselves made their appearance in phenomena of the highest spiritual and intellectual order”(p. 126). Haas then goes on to substantiate this proposition in the following chapters which clearly demonstrate that there is no room for Eurocentrism. As suggested in the introductory section, East and the West are different but, nevertheless, stand on an equal footing. And, it will be suggested, that this fundamental cultural diversity must be preserved if there is to a fruitful exchange between civilisations. Here just one point to hint at the potential of such an interchange, which has started with the interchange between Greece and the Middle East at the outset of the first Millennium B.C. (Burkert 2003). Haas states at the outset of his seventh chapter: “[An open-minded approach to Eastern philosophy reveals that the term philosophy is actually *inapplicable* [our emphasis] – that it serves to obscure and to falsify the spirit of Eastern thought. [...] As conceived by the Greeks this love of wisdom included everything worth included everything worth knowing, not merely as accumulated material, but organized according to value and

significance. Thus philosophy, all-encompassing and relying on metaphysics – the first philosophy – assigned to each field of knowledge its place, the categories constituting its object and likewise its method of procedure. [There is] the deep conviction that all wisdom, from the supreme to the lesser order, is, and it must be, expressible in concepts. Wisdom at any level is based on and is contained in conceptual thought, and its existence depends on the clarity of its formulations.

The East does not share this conviction. Discarding the multiplicity of objects and the fields of knowledge, ignoring to the utmost possible degree the concept as the vehicle of philosophic thought, the East attempts to establish immediate contact with the Real. This communication and what derives from it is, to the man of the East, - wisdom. Thus the Eastern mind is not concerned with love of wisdom in the Western sense, but with the love of reality or essence” (Haas, pp. 133-34). These momentous statements would seem to suggest that in the *East the vision and intuition* interact to produce deeper insight, whilst in the *West reason and analysis* are put to the fore. This has been suggested in the introductory section, and Helmuth von Glasenapp (1974) broadly confirms this view in the final lines of his book on Indian philosophy. The broad significance of this crucial statement becomes also apparent from our introductory part, *Setting the Stage*.

In any case, Haas entire book is a case against Eurocentrism. East and West are different, but on an equal, footing, having emerged from a same common base (Goody 1996, p. 226). The remarks just made on

the entirely different approach to obtaining knowledge also suggest that both civilisations are complementary as is expressed in the well-known dictum: *Ex oriente lux, ex occidente lex*. The East provides ideas, the West takes them up and orders and elaborates. On the level of mind and intellect, this seems to be the message of Jack Goody's *The East in the West* (Goody 1996) and of J.J. Clarke's *Oriental Enlightenment* (Clarke 1997), on the technical-economic level Hobson (2004).

Institutions in East and West

We conclude the presentation of Haas' book by some highly interesting and most important statements he makes on individuals and institutions (ch. IV, pp. 79-95). These are directly linked to the different philosophical approaches in East and West just alluded to. First, Haas's argument is presented, and, subsequently, evaluated and put into a wider context.

Haas begins by stating that the "creation of the *polis* was the decisive step taken by the West toward a high level of civilization. The *polis* was a unique creation. [...] With the establishment of the polis, the Greeks, socially and politically, left the shelter of the natural for a power other than instinctive. The *polis* was the product of the rational in man"(Haas, p. 79). In terms of what has been said in *Setting the stage*, in 'inventing' the *polis*, the Greeks started to *unfold the social potential contained in human nature; in doing so they applied the powers of reason to the sphere of the social and, above all, political*. The aim was the Common Good, that is the good and happy life of the

social individuals on a socio-economic basis within society, that is through mutual enrichment in the social and cultural spheres in the main. (In terms of Catholic Social Doctrine individuals become *persons*, that is individuals made richer spiritually, intellectually and materially through society.) The polis was an act of deliberate creation in the fields of the social and political, with the aim of reaching higher levels of the social than the natural social institutions, the large family and the clan, to give examples.

“The polis gave to the Greeks their feeling of superiority over other nations, whatever the endowments of those nations or their merits in other fields. The Greeks recognised the power and splendour of the Persian Empire and they appreciated the qualities and cultural achievements of the Persian people, but they could not forget that they lived under a despots rule [one aspect of Eurocentrism emerges!]. In the eyes of the Greeks, the polis had a very concrete and ever present shape. It was evident in the *agora*, the market place of the city where the temples of the gods stood beside the government and public buildings, in the theatre and the gymnasium and everywhere that *free citizens* discussed and treated the affairs of the [*souvereign*] *city state*”(Haas, p. 80, our emphases). Here, we probably have the fundamental origin of Eurocentrism. The sovereign city state with self-government of free citizen is, of course, the ideal, which even if approximately, realised in parts of Greece, Athens around 500 B.C. for instance, rested on slavery – the citizens, again ideally, should be active in the political and cultural domains and live on the surplus produced by slaves and non-citizen artisans. Moreover, Thomas

Aquinas, who carried on Aristoteles' political theory, declared, significantly, monarchy the best form of government as did François Quesnay in the 18th century. Both heralded the idea that the government – responsible to the parliament and hence to the people - must stand above partial and party interests to bring about a socially appropriate institutional set-up such that the social individuals may enjoy a maximum scope of freedom and, on the basis of this, may proper, that is unfold their individual *and social* potential. Governing is therefore *governing for the people* on the basis of strong social and political theory grounded on a vision of man and of society. This is, in fact, the basic idea underlying Keynes's *Social Liberalism* set out in Bortis (1997).

In fact, the ideal – self-government of free citizens in the sovereign city state rarely worked. Michael Rostovtsev points to the aggressive and expansive character of the Athenian democracy, above all regarding foreign trade, which lead to a destructive war with Sparta, with the Greek world ending up in Alexander's Hellenistic Empire (Rostovcev 1941, ch. 19). Similarly, the Roman Republic reached its apogee around 200 B.C. – in fact between 264 to 146 B.C. – when she remained victorious against Carthage and ended up in a terrible civil war resulting in the fondation of the Roman Empire through Caesar and Augustus. And a period of prosperity of about 200 years, was followed by a long agony and, finally, collapse by the end of the fifth century (Rostovcev 1931). To complete the picture one might add that the breakthrough to Modernity – in principle, free markets and democracy - in the course of *second axial age* (roughly 800 – 2000

A.C.) was a period of intense conflicts, culminating in the two World Wars. (In fact, self-government may work properly only in relatively simple agrarian-cum-trade conditions or, in complex modern situations, if economic conditions are favourable, most importantly if employment levels are high and income distribution not too unequal. However, in modern capitalist societies, there is an almost inevitable tendency of the economy dominating the state. *In principle, self-government could work durably only if the economy was self-regulating.* This liberal postulate underlies associated concepts of *free market* and *democracy*.)

Nevertheless, the Greeks set the problem of unfolding the social potential contained in human nature on the impetus of a new start, the *first* for Greece and Europe. In fact, we have already mentioned the next great attempt to systematically develop the potential set in human nature: the Carolingian Empire, which constituted the *second new start* for Europe, leading Europe on the track to Modernity (Mitterauer).

Haas now goes on to consider the East: “Acting with greater caution and inspired by circumspect wisdom, the East kept man within his natural bonds. Even when the speculative flights of the Eastern mind seem to carry it an infinite distance from the natural, its social and political institutions remained close to the natural”(Haas 1956, p. 81). “Power and its adequate realization through autocracy were therefore recognized by East as the inevitable basis of political life and its abandonment would have resulted in chaos”(p. 86). “The unique exclusiveness of absolute monarchy in the East is so momentous a

phenomenon that viewed in its true light it cannot but conform the difference in structure between the two civilisations”(pp. 89-90). Regarding China, as Seitz points out, this form of government resulted from the great discussion on forms of society that took place during *Achsenzeit* which resulted in a society based on Confucian ethics (see above, *Konrad Seitz: The Sequence of Events in China*). Haas generalizes: “According to the Eastern conception, what is inborn in man is an ethical endowment and a desire for salvation, there being an immediate way which leads from the natural and to salvation. Tradition and custom in the East occupy the same place in the social and political spheres as do those conditions and theories so freely created by reason in the West”(Haas 1956, p. 82).

Now, we come to the crucial remarks Haas makes on *institutions*: “Western man believes in man-made institutions. Not content, as the Easterner is, to receive from nature the forms of political life in the hope of filling them with a richer meaning, he puts his confidence in the forms he has himself created. [Western man when] faced with the discrepancy between the institution he has created and the idea from which it sprang, again and again is thrown back on his own mind in search of another idea which promises to succeed where its predecessors failed. Yet his confidence in institutions remains unshaken throughout history. [...] Western man, therefore, almost since the beginning of civilized history, has for twenty-five centuries sought with untiring zeal to discover the perfect form of society and state”(Haas 1956, pp. 87-88). (One fundamental aspect of this endeavour, perhaps not emphasized enough by Haas, is that social

institutions should improve society and the state in an *impersonal* way, i.e. *independently* of the persons who act within institutions. The *rule of the law* which holds for all individuals or the establishment of *scientific theories* which become objective and independent of the individual scientist are obvious examples. In fact, impersonal institutions are there to realise fundamental socio-political values: for example, equality before the law, with the influence of the personal element to be eliminated as far as is humanly possible; render possible the best possible occupation of positions in the government or in the civil service through preventing these positions from becoming hereditary. All this is not to deny the crucial importance of the individuals working in the various institutions: ideally, they ought to act in the spirit of the institution so as to enhance the Common Good. This the Greeks attempted with their constitutions. Ideally, the basic problem of politics is to set up an institutional framework such that the social individuals may prosper, and this implies enjoying a maximum degree of freedom (Bortis 1997). This theme will be taken up in the next section.)

“Eastern man, on the other hand, has never shared this faith in institutions, but has put his trust, without too many illusions, in man himself. Guided by an *intuitive* [our emphasis] knowledge, he hesitated to entrust his fate to so questionable an instrument as the autonomous concept, anticipating perhaps the dangers inherent in that device. [...] This seemingly negative attitude, however, is not all renunciation. It contains an insight into the futility of exchanging one form of government for another, and a belief that it is better to retain

monarchy in the hope of raising the standard of rulers. Here, *the basic idea is that it is man himself which must be improved, not his institutions* [our emphasis]. Every form of society and government is good if man be good. And since it is vain to expect improvement through institutions, one must be content with the natural and traditional forms, man himself being the sole worthy object of reform”(Haas, p. 88). China has, as Konrad Seitz points out, perhaps best realised this idea. Indeed, her Emperors had to fulfil the highest ethical standards, in order that the moral level of civil servants and citizens could be raised.

Finally, Haas points to the danger of the Western way of proceeding: “We in the West cannot be too often reminded that the accumulation of institutions, organisations and regulations distracts attention from man himself and that to live in a world dominated by institutions must in the long degrade him to the state of an unfree and irresponsible being. This is a dangerous process as with the growth of institutions man tends to lose sight of what is actually happening to him”(Haas, p. 49).

Indeed, the institutional system may lead to alienation of man and society from their natural state in which man would flourish, i.e. unfold his dispositions and enlarge his capacities. There may be too much regulation of behaviour through various parts of government administration developing their own life. Or, if alienation on the level of individuals becomes extreme, a one-dimensional, profit- and utility maximising man may come into existence, living in soulless law-and-order state. If, moreover, system-caused alienation, linked with

involuntary unemployment, poverty and even misery may reduce man to a pure survival machine.

It is even possible that the system becomes uncontrollable as happened in the early 1930s when the National Socialist party, insignificant in the 1920s, saw its strength grow alongside with increasing unemployment which reached peaks of more than thirty percent of the work force in 1932. Social unrest and sheer despair swept Hitler into power, and the ensuing catastrophes were predetermined.

It is also significant to compare Chinese political stability, based on Confucian ethics, from the end of *Achsenzeit*, when the Han Dynasty came into being (220 B.C.) until the beginning of 19th century when Western interference set in, with politically unstable Europe, shaped by wars, starting with the Peloponnesian War at the end of the fourth century B.C. and culminating in two World Wars in the 20th century.

In any case, the issue on institutions raised by Haas is of overwhelming importance and can only be somewhat more profoundly grasped if put in a wider context, based on some suggestions already made.

Institutions in a wider context

Based on Gellner 1988 and Hodgson 1993, it has been pointed out in the section on *The structure of human history* above that, basically, only two great transformations in the mode of production have occurred in human history. The first was the Neolithic Revolution (around 6000 B.C.), that is the Agrarian Revolution, the second was

the Industrial Revolution which came into being in England in the last decades of the 18th century.

The Agrarian age thus lasted about eight thousand years, covering thus the still dimly conscious Goody/Haas/Jaspers magical-mythical age of the old civilisations, Jaspers' *Achsenzeit* in which, as Haas suggests, the mind in East and West separated to give rise to differing developments in *post axial age* (200 B.C. to 1800 A.C.), with the Middle East as a mediator, as is, for example, evident from Burkert (2003); in the East Confucian China (220 B.C. to 1800, formally until 1911 A.C.) features prominently as a monument of stability where *being* (Sein) dominates (*juxtaposition and identity*, according to Haas), as is masterfully pictured in Seitz; in the West, as Haas points, out, *becoming* (Werden), change dominates the picture (*unity in variety* – Haas); all 500 years, very roughly, fundamental changes seemed to take place: from Greece, flourishing around 500 B.C. to Rome, the foundation of the Empire at the outset of the Christian era, her decline and collapse by the end of the fifth century, followed by a period of troubles (500-1000), enlightened by the remarkable construction of the Carolingian Empire which set the stage for Europe (Barbero 2004, Mitterauer 2003) around 800, from 1000 onwards the High Middle Ages, its crisis, Humanism and Renaissance (around 1500) which prepared the second Great Transformation (Polanyi) of Humanity, the Industrial Revolution. At present, 500 years after the gradual emergence of the Modern World, the West, and this time, the whole of Humanity, are, perhaps, again at a turning point. Fundamental institutional changes seem required to meet the

tremendous challenges of poverty and misery, involuntary unemployment associated with a very unequal income distribution, and of rendering the world production system reproducible, i.e. the issue of sustainable world development on the background of climate changes.

These brief considerations allow us to put Haas's remarks on men/women and institutions, made in the previous section, into a wider context. To start with one may say that in Gellner's *Agraria* (approximately 6000 B.C. to 1800 A.C.) the conditions of production, social and political relations, and cultural life were relatively simple, largely obvious, and, therefore, easy to grasp. In the economic sphere, agricultural and artisan production were individualistic and simple. The division of labour was crude, mainly between town and countryside, and in towns, of course, between artisans. The agrarian economies were *exchange* economies, with local trade dominating overwhelmingly, and with more or less intensive long-distance trade. Money was a veil, mediating the exchange of goods. For the rulers, the most important economic problem was to levy taxes. Here, the main problem consisted in determining that part of the agricultural surplus that was to be appropriated by the 'state'. Institutions were, in fact, not required. Personal rule was possible, and the emphasis could be laid, as Haas pointed out, on the improvement of man. Many argue that Eastern societies have approached perfection in the organisation of society. This was particularly true of China, as Seitz points out. As mentioned above, in such societies fundamental changes are, in principle, impossible. Marshall Hodgson confirms this crucial point in

the case of Islam: “The very excellence with which the Islamicate culture had met the needs of the Agrarian age may have impeded its advance beyond it”(M. Hodgson 1993, p. 318).

In contrast, however, Gellner’s *Industria* (from 1770-1840 onwards), became increasingly, even immensely complex as the Industrial Revolution set in and its socio-economic and political effects unfolded: exchange economies were transformed, with various speed and to differing extent, into *monetary production economies*. The process of production became a *social* process of immense complexity due to the very extended, now even world wide, division of labour. Money and finance became of crucial importance. Indeed, goods are now always ‘exchanged’ against, paper or even invisible, money, and all the calculations of consumers and, much more important, of producers are made in money. Since ‘production and investment takes time’ (Paul Davidson), ‘money became a link between the past and the future’ (Maynard Keynes). The immense complexity of the economic phenomena (value and price, distribution, employment, money) required *systematic thinking* to come to grips with them. Indeed, *economic theory* came into being with the Industrial Revolution. Alexis de Tocqueville went further and argued that a new kind of political sciences were required to guide the organisation of the new industrial societies. And perhaps most importantly, given the *complexity* of the Industrial Societies, *institutions are now required* to bring about, *ideally*, a well-organised and well-functioning society, primarily, to create the social foundations such that the social individuals may prosper. Concretely, this means establishing a state,

government and state administration, a judiciary system, ideally establishing equality before the law for all, internal and external security must be guaranteed, a comprehensive education system has to be set up to permanently promote learning, science and research. In fact, in a complex modern society, individual and collectives would not be able to act at all if there were no institutions. If society is well organised, which means according to human nature, with alienation reduced to the humanly achievable minimum, social rationality obtains, most importantly full employment. Such a situation would be socially ideal, and individuals and collectives would be able to act rationally, and may enrich each other through social activities in all domains, economic and cultural in the main. Hence social rationality establishes the preconditions for a peaceful living together of individuals and collectives and rational behaviour. However, social irrationality or alienation, most importantly a system caused by involuntary mass unemployment, may lead to a struggle for survival between individuals and collectives, specifically between social, ethnic and religious groups. An alienated system leads to irrational behaviour of individuals and collectives. In contradistinction, a society organised in line with human nature will tend to produce *social harmony* and *harmony for the individuals* composing it. However, in a heavily alienated society, with mass unemployment and an unequal income distribution, *chaos* may ensue, producing eventually a tyranny; as already suggested repeatedly, Germany at the beginning of the 1930s is an obvious case in point.

We can now broadly guess one dimension of the significance of the Western obsession of changing, in fact, of attempting to improve, its institutions, whereby *improving institutions means making them more compatible with human nature*. The starting point is Aristotle's deep conviction that *man as a social being could unfold his potential only in society*, which had to be well-organised to enable the prospering of the social individuals. This is the *polis*. Given this, the state is, in a way, prior to individuals composing it and is, in fact, a precondition for the good life of the social individuals. Moreover, society is more than the sum of the individuals composing it. Through social activities, mainly in the domains of production and culture, social aims can be reached which independent individuals could not achieve. This implies that the individuals carry out specific functions - economic, political, legal, cultural -, which, subsequently, have to be coordinated, ideally in a way bringing about social harmony. Plato and Aristotle both asserted that state came into being precisely because individuals having differing dispositions, capacities and preferences *had to be brought together* in a well-organised society in order that their potential could unfold and, consequently, an increasing Common Good for all might be achieved. Left alone, individuals would be helpless.

In Aristotle's view it is the task of the government to fix or to encourage the coming into being of what should be aimed at permanently in a polity to render possible a good and happy life of the citizens. To create a harmonious and flourishing polity in line with human nature is the most difficult of all the arts, Aristotle says. Now,

in this context it is of the utmost importance to note that human nature is *not* something given, *natural in a narrow sense*, as Haas seems to imply for the East. With the Greeks, Aristotle above all, the *natural* refers to an *end* to be reached through the *unfolding* of the *potential contained in human nature*. And this potential is *essentially* a *social* potential which can only be realised through *society and the state*, that is the political society. Within the political society individuals mutually enrich each other - culturally, socially, economically. The social individuals get more perfect through social activities and become (socially enriched) *Persons* in the sense of Catholic social doctrine (of which Aristotle is, in fact, the – pre-Christian! - founder). In this view, the *natural* is a *final – perfect – state of things* which, sometimes, attracts imperfect actual situations or, more frequently, requires an *ethical effort* if the actual state is to be brought nearer to the final – natural – state. This means that the *natural* is associated with Aristotle's *final causality* (*Finalkausalität*), with *the end mobilising the means* so to say, and, as such, is essentially *teleological*. Therefore, the Western obsession with change, trying out new conceptions, to go far beyond actual states of the world, applies so to say, also in the social and political domain. Now, to reach social aims *permanently*, *social institutions are required*, the *Agora* in the social and the *constitution* in the political domain, Plato's *Academy* and Aristotle's *Lyceum* in the domain of science and learning. And to reach higher social aims new institutions are required, which, if implemented leads to institutional change. All this is broadly in line with Haas and somewhat complements his views.

The Western obsession with institutional change since Greek times had, in our view, an important side effect which is of great importance as to the question why the Industrial Revolution and the Great Transformation associated with it could have taken place in the West only. In fact, institutional set-ups were ever changing in Europe: in Greece there were Aristotle's 158 constitutions and the associated experiments; Karl Christ (1984) gives an outstanding account of the institutions of the Roman Republic and of the Roman Empire; the Early Middle Ages saw the birth of the *basically new* institutions of the Carolingian Empire, which gave rise, first, to feudal institutions, and, subsequently, to the very sophisticated institutional set-up of the High Middle Ages, with nation states slowly taking shape (Mitterauer 2003); the institutions in Mercantilism and Absolutism were, again, fundamentally different from those of the Middle Ages; here the nation states took a more definite shape. All this had *mentally prepared* the West to for the Great Transformation and its consequences. In fact, the twin English and French Revolution opened the door to Modernity. Here, Liberalism and Socialism gave rise to entirely new institutional set-ups with entirely new social and economics problems, involuntary unemployment within capitalism for instance. In a way, *Europe* was the region in which the *institutional experiments of World History* were carried out (*Europa als institutionelles Experimentierfeld der Weltgeschichte*).

Hence *institutions*, socio-economic, political and legal, cultural and scientific, including economic, social and political theories, are *required* to master the modern era, that is to provide the social

preconditions for a good and decent life of the social individuals, that is the Common Good. Without social institutions in the material basis – enterprises, banks, shops – and in the social superstructure – government and civil service, a legal system, an education system, to provide examples – individuals simply could not survive, or life would be extremely miserable, even chaotic, as may be the case in a slum. It is no longer sufficient to improve man as was attempted in agrarian times in the East. With the ascent of *Industria* (Gellner) the institutional organisation of society had, in an Aristotelian vein, become crucial as a preconditions for the good and happy life of the social individuals. Creating or favouring the coming into being appropriate institutions, resulting in a harmonious society in which the social individuals may prosper, had become the central task of the state. This task must be based on political philosophy and its aims governed by political ethics.

Given this the fundamental political problem of Modernity is to create the social, i.e. *institutional preconditions*, such that the social individuals may live decently and prosper, to become persons. Two answers have, in differing variants, been given to master the challenge of Modernity: Liberalism and Socialism. In the next section it will be attempted to argue that both answers are inadequate and that a new vision of socio-economic and political matters, and, above all, a new political economy is, at present, required.

Attempts to Master the Effects of the Great Transformation

In the above section *The industrial revolution – a chemical mixture explodes*, it has been suggested that a complex set of causes united organically to bring about the English Industrial Revolution towards the end of the eighteenth century. Moreover, it has been mentioned that an Industrial Revolution could not have happened in France, even less in China. Almost simultaneously, a Political Revolution took place in France, with the Bourgeoisie gaining economic and political power at the expense of the ruling classes of the Ancien Régime, Aristocracy and Clergy. The immense significance of this Great Transformation (Karl Polanyi) which brought about Modernity has been alluded to above. In the wake of this Great Transformation, socio-economic and political phenomena became so complex that systematic thinking became indispensable in the attempt to understand the new situation. Karl Marx in the 19th century and Maynard Keynes in the 20th century both recognised that it is not possible to, at least approximately, understand the new world without knowing how the economy, now a monetary production economy, functions. Political economy had become and has remained *the key social science* of the modern era.

Two socio-economic-cum-political answers had been given to master the immense complex situation that emerged of the Great Transformation: Liberalism and Socialism. Liberalism sees the economy, in fact the market, at the centre of society, surrounded by a political, legal, social, and cultural framework. Crucially, the market

represents, in principle, a self-regulating subsystem which establishes full employment if competitive conditions prevail. Ideally, the market mechanism transforms optimising behaviour of individuals into a social optimum: Walras's *General Equilibrium* implies a *Pareto-Optimum*. Economic and, in part, social harmony is represented by, precisely, the general equilibrium of markets, where the opposed forces of supply and demand are in balance. While a general equilibrium implies *efficiency*, it does not, as a rule, imply equity. Full social harmony, associated with a socially appropriate degree of equity, can, in principle, be brought about through a sensible taxation of wealth and, perhaps even more importantly, through a free access to education associated with equal opportunities for all.

The liberal concept of self-regulation of the economy through competitive supply and demand forces had been taken from the then emerging natural sciences. Indeed, Adam Smith applied Newton's harmony of the spheres to socio-economic reality. In his hands, Newton's *law of gravitation*, bringing about harmony in the Universe, became *propriety*, a socially appropriate mixture of fellow feeling and self-interest. Propriety governed the natural prices at full employment, as brought about by self-regulation. The natural prices became, in Adam Smith's words, *centres of gravitation*, around which market prices fluctuated, thus evidently echoing Isaac Newton's force of gravitation. This vision of economy and society led to the famous doctrine of the invisible hand, out of which neoclassical equilibrium economics developed. Here, however, Adam Smith's socio-economic-cum-ethical concept of propriety, embodying self-interest *and* fellow

feeling, by pure self-interest, that is profit and utility maximisation. It is important to note that Adam Smith's Liberalism essential differs from modern neoclassical Liberalism. With Adam Smith ethics is *on* the market place, with the natural price being based on propriety, which through the fellow feeling contains an ethical element. With modern neoclassical theory ethics is the framework surrounding the market, where self-interest reigns.

From a higher standpoint, the self-regulating mechanisms in nature and in economy and society imply a Deistic world view. God had created a perfect world and then retired, leaving it to man to create an appropriate institutional framework such that the potential contained in this perfect world may unfold. Through managing this potential man became the measure of all things. In any case, the Liberals of the 18th century and definitely those imbued with the 1848 spirit were honestly convinced that free and competitive markets and democracy would bring about a bright future for humanity: freedom as a precondition for individuals to prosper on an ever higher level of material well-being. The idea of overall progress dominated the 19th century, in fact until 1914.

The historical implementation of Liberalism through Capitalism showed less bright a picture, however. On the bright side, there is, mainly, the fabulous technical progress, culminating in Internet, personal computers, and devices in most diverse sectors the ordinary person can hardly imagine. Marshall Hodgson (1993) certainly made a good point when he coined the term *Technicalism* to characterise the age opened by the Great Transformation. In this context, one should

just remember that a person living around 1750 was nearer to a man of the stone-age living ten thousand years B.C. than to a person living at the outset of the twenty-first century. On the socio-economic side the picture has been less bright, with darkness frequently dominating in time and space. Marx's *system-caused alienation* is a most appropriate fundamental concept to capture the social problems inherent in capitalist reality. Marx realised that a malfunctioning of the economic system lay at the heart of the human problems of capitalism: involuntary unemployment, unequal distribution of incomes, widespread precarious work conditions, all causing social problems: increase of crimes, social desintegration leading to an atomistic society, with Marcuse's one-dimensional man emerging.

Indeed, many sensed that the capitalist system was highly instable and bound to go through severe crises, with an eventual collapse looming at the horizon. Marx predicted this possibility, and he has not yet been disproved by history. In any case the *Pax Britannica* of the 19th century ended in 1914, when the bid for economic and political supremacy on the world level between England and Germany initiated the great catastrophes of the first half of the 20th century: the two World Wars, the severe economic crisis of the 1930s and the various Holocausts. Politicians literally lost control over the immensely complicated system, particularly in Germany where the shocks of a lost World War, a hyperinflation and mass unemployment swept (democratically) the National Socialist party into power at the outset of 1933, a party which had been utterly insignificant in the 1920s. Uneven development, growing disparities in the distribution of

incomes, associated with mass unemployment, poverty and misery, a serious ecological situation coexist with islands of immense wealth and almost unbelievable technical performances.

Very great authors have pictured in dramatic words the dangers associated with capitalism. Karl Polanyi writes the foreword to his *Great Transformation* that the idea of a self-regulating market was utter utopia. To leave market forces unfettered would destroy the human and natural substance of society; this institution would have annihilated man and transformed his surroundings into a wilderness. Even the protective measures taken could not prevent heavy social alienation (Polanyi 1977, pp. 17-18). In this context Polanyi even speaks of one of the most serious crises of human history (p. 18), which is not surprising since he wrote his book during the Second World War. And John Nef significantly suggests that the “industrial revolution has led the Western peoples to undertake more perhaps than they can manage”(Nef 1963, p. 413).

The presence of systemic alienation and its social and psychological consequences gave rise to a second answer to the challenge of the *Great Transformation*, that is Socialism. Marx thought that the institutions of private property lay at the root of the defects of capitalism, and argued that common (social or state) property would bring about a society free of contradictions allowing the social individuals to prosper. Marx undoubtedly had in mind a humanist-democratic socialism. However, the historical realisation of the socialist idea came about in most unfortunate conditions in Russia, ending up with a centrally planned economy and the absolute

domination of one party. This brought about a specific type of alienation: the frightening terror of the Stalin era; the lack of personal liberty was persistent, with the individuals becoming wheels in a huge planning machine, very weak technical dynamism in the consumption goods sector, resulting in a low labour productivity, and last, overcapitalisation because of an absence of interest rates and the squandering of natural resources due to low prices for primary products. The breakdown of the socialist system brought about the end of the ‘short twentieth century, 1914-1991’ (Eric Hobsbawm).

The liberal and the socialist vision of the economy are in fact both taken from Gellner’s *Agraria* (6000 B.C. to 1800 A.C.). The economic theory of liberalism, neoclassical economics, is based on *exchange*, and *markets*. The market in a medieval town, with peasants exchanging agricultural products against goods produced by artisans, with money as an intermediary, provided the factual basis. The basic neoclassical model, Léon Walras’s *General Equilibrium Model*, is even a *real exchange* model, that is exchange of commodities against commodities (C – C’). Money was subsequently introduced to facilitate exchange: C – M – C’. Alfred Marshall was, perhaps, the first neoclassical economist to perceive that modern economies fundamentally were monetary economies. Consequently, he developed a *monetary theory of exchange*, with factors of production C and final goods always exchanged against money M: M – C ... MP ... C’ – M’, whereby, in the words of Piero Sraffa, a mysterious process, MP, links the factor markets, M-C, to the final product markets C’-M’, with M = M’. In fact, no surplus M’>M can arise in the neoclassical

model, since distribution is regulated on the factor markets, where, in addition, employment is also determined, with full employment being the rule in competitive conditions.

Socialism, implying an ‘state managed economy’ in some form, also emerges from *Agraria*. Marx, and Adam Smith, conceived of a natural state of affairs where private property did not yet exist and ‘labourers got the whole of the product’(Adam Smith). However, not only ‘primitive economies with very low labour productivity were communist societies’(Marx). Indeed, in the old city civilisations in Mesopotamia and Egypt, a kind of aristocratic socialism prevailed, as is ideally conceived in Plato’s *State*. For example, the agricultural land belonged to the rulers and agricultural production went on in a nearly military way, with peasants working under supervision set up by the ruler. This kind of aristocratic socialism was, probably, also realised, though in differing forms, in the old civilisations of Central and South America, as is suggested by Baudin (1928): *L’Empire socialiste des Inca*. Incidentally, once again, the same human nature shines through across the continents.

Marx’s proposal for an alienation-free, socialist-communist, society was clearly based on the relatively simple conditions of the agrarian age. Some allusions to communism in his *Frühschriften* or in *Das Kapital* confirm this. For example, in the latter Marx mentions that in traditional Indian villages use values were produced directly without first becoming exchange values (*Das Kapital*, vol. I, pp. 56-57). Marx thought that in modern socialism-communism humanity would be able to benefit from the tremendous increase of labour productivity that

was taking place under capitalism. Indeed Marx considered that it was the historic role of Capitalism to enhance the forces of production. This would enable man to reduce labour time to produce the necessities of life dramatically and enable him to have proportionally more leisure time at his disposition, thus for social and cultural activities. The realm of necessity associated with determinism in production would be greatly reduced, while, simultaneously, the realm of freedom linked up with culture and creativity in all domains would expand (*Das Kapital*, vol. III, p. 828). Historical experience now shows that the dream has not been fulfilled, although considerable social achievements were made. This was, probably, also due to the fact that Socialism had come into being in economically backward countries, not in the most advanced countries. Marx was, in fact, very sceptical about a Socialist revolution in Russia.

Nevertheless, Karl Marx was the first Political Economist to have profoundly understood the nature of the fundamentally new socio-economic system, Capitalism. On account of his fundamental critique of (liberal) political economy in *Das Kapital*, he was, in fact, the giant of the 19th century, while the 20th century is dominated by the immense figure of Maynard Keynes.

Maynard Keynes realised that both, Capitalism and Socialism, were inappropriate answers to immense complexities brought about by the Industrial Revolution. Keynes proposed a new political economy emerging from a new social liberal vision of man and of society. Specifically, he attempted to reconcile modern economic theory with older traditions of philosophy – including political philosophy; he also

re-established links between metaphysics and science, via intuition. This has been suggested in the first section of the introductory chapter *Setting the stage*. Bortis (1997, 2003) is an attempt to elaborate Keynes's economic theory and to bring it together with classical (Ricardian) political economy. This classical-Keynesian system represents, in fact, the political economy of *Social Liberalism* as founded by Keynes.

According to the doctrine of Social Liberalism the central task of the state is to create or to encourage the coming into being of an institutional system such that the scope of freedom for the social individuals is as large as possible, enabling them to prosper, that is to unfold their dispositions and to broaden their capacities. In the socio-economic domain Social Liberalism implies the setting up of full-employment associated to a fair distribution of incomes. Indeed, if these fundamental Keynesian conditions are fulfilled most various social, ethnic and religious groups can live together, mutually enriching each other on the intellectual, spiritual and material level. However, if unemployment becomes important, life becomes a struggle for survival, and conflicts between social, ethnic and religious groups may arise.

Aristotle's vision of the state as the precondition for a good and happy life of the citizens becomes fully relevant here and links up with Keynes vision on man, state and society. This is in line with Fitzgibbons (1988) and O'Donnell (1989) who, time and again, assert that Keynes wanted to bring together modern economics with the older traditions of philosophical and political thought. This

incidentally implies that Keynes's Social Liberalism implies a strong, but non-interventionist state. As just alluded to, this implies setting up an institutional system, including the social 'full employment-cum-fair distribution' basis, such that a maximum scope of freedom for individuals comes into being. Thus, the state has to set up a possibly harmonious social system through creating or favour the coming into of appropriate institutions, and should minimise regulations of behaviour through laws and regulations which reduce the scope of freedom. This would mean applying the Principle of Subsidiarity: the state should not intervene if a problem may be solved at the social or individual level.

Assessing and Evaluating Globalisation

It has already been suggested that there is no exaggeration in saying that a person living around 1750 stood nearer to a hunter living in the stone age than to a person living at the outset of the 21th century. The *economic and technical potential* achieved since the Industrial Revolution has been stupendous and provides a very great hope for the future. There is, however, an important precondition: the *socio-economic and political state of affairs* must be decisively improved if the immense technical progress achieved is to be transformed into social and human amelioration. This was one of Maynard Keynes's basic tenets.

Indeed, according to eminent international organisations, two thirds of the world population, more than four billion people, are living in

misery with less than two dollars per head and per day. In this context, the distinction between poverty and misery is important: poverty may be a choice or one may get out of it through an effort; misery, however, is system-caused and crushes the individual. Moreover, out of a world working population of about three billion, approximately one billion is involuntarily unemployed or underemployed. Again, in the classical-Keynesian view, involuntary unemployment results, very probably, from a malfunctioning of the entire socio-economic system, mainly through the connection between unequal income distribution and involuntary unemployment, but also through a lack of state expenditures. To this adds the ecological situation: global warming, water shortages, overexploitation of the soil and the ensuing threat of desertification. From this emerges a gigantic challenge. Indeed, *the world production system has to be rendered reproducible*. This is associated with bringing about *sustainable development*.

And in this sea of misery in a threatened natural environment, the middle classes get progressively weaker and islands of immense wealth associated with fabulous luxury consumption expand. The whole socio-economic structure is very solidly established, with very rich people, multinationals and transnationals in finance and production dominate not only economically and socially, but, increasingly, also politically, with the power of the states getting ever weaker. Fundamental changes almost seem impossible.

Given this, the present time is a time of profound contradiction. Almost unimaginable technological possibilities and wealth coexist with immense distress, due to a whole hierarchy of alienations.

Fundamentally, in a Marxian vein, we have economic alienation (unemployment, unequal income distribution) as is situated in the material basis of a society. Economic alienation, in turn, produces alienation on the level of the institutional superstructure, that is in the social, legal, political, cultural, and even religious domains. In the latter sphere Marx's famous '*religion as the opium of the people*' is appropriate in many circumstances; alienated religion becomes a tool in the hands of the ruling classes.

This state of affairs results from a triumph of neo-liberal doctrine and of really existing capitalism, which, both, have been strengthened by the breakdown of really existing Socialism. As alluded to in the previous part, *both* socio-economic and political answers given to the twin industrial and political revolution at the end of the 18th century have proved to be *inadequate*.

The more profound reasons for the breakdown of 'really existing' Socialism were, probably, the inflexibility of the planning mechanism, resulting in a technical stagnation in the production of consumer goods; this is associated with the an important feature of the planned economy, namely that the socialist managers were in fact bureaucrats, basically aiming at fulfilling the requirement of the plan. On the social and political levels the lack of personal liberties was certainly also an important fundamental cause for the collapse. The immediate cause for the breakdown of Socialism was, probably, political. A large part of high-ranking party members, active in the government and in administration, deliberately wanted the end of Socialism to be able to enjoy not only economic, social and political power, and the

associated privileges, but also the incomes of their social counterparts in the West.

There is one fundamental reason for the present and past difficulties of capitalism, namely the fact that *market (exchange) economies are not self-regulating*. This renders neoclassical economic theory, based on *exchange* and upon the law of *diminishing* marginal returns, almost completely inadequate to tackle basic issues in economic theory, for example value, distribution, employment and money (on this see, for instance, Bortis 1997, ch. 5). It also renders political Liberalism inadequate in part, specifically the concept of countervailing power, government party and opposition for example, which echoes the law of supply and demand bringing about stability in the economic sphere. In fact, the government must, as is the case in Switzerland for example, stand, in principle, *above* the parties and pursue long-term policies aiming at bringing about socially appropriate institutions (Bortis 1997, chs 2, 6, and 7). Here is not the place to go deeper into these issues. Just let us remember that the neoclassical exchange model still reflects the state of affairs that prevailed in Gellner's *Agraria* (6000 B.C. to 1800 A.C.). Agriculture dominated, the agricultural surplus was crucial to civilisation, handicrafts, and, eventually, manufactures, stood in the service of agriculture, and, as were located in the institutional superstructure, of ruling classes and of religion. There was also some trade, mostly local, but also some far distance trade. Money was of secondary importance. Its main function was to facilitate exchange. And, perhaps, most importantly, production was essentially individualistic. The basic neoclassical

model, Léon Walras's *General Equilibrium Model*, reflect these facts. This model pictures a real-exchange economy with the *agricultural* law of diminishing returns playing a crucial role regarding the existence of equilibria and an eventual tendency towards these equilibria; indeed, the law of diminishing returns renders the demand curves on factor markets and the supply curves on final goods markets well-behaved, that is downward and upward sloping respectively. Commodities are *exchanged* against Commodities: $C - C'$. Money M comes in to *facilitate* exchange: $C - M - C'$.

However, the economies emerging from the Industrial Revolution were not based upon exchange, but on *production*, which now became a *social* process; industries and sectors interact to produce the social product. Commodities are now *produced* with Commodities and Labour (Piero Sraffa). Simultaneously, money and finance (the financial sector – banks and the stock exchange) became crucial. Market economies were subsequently replaced by *monetary production economies*. The new sequence now is: $M - C \dots P \dots C' - M'$. Money is there right from the start of the analysis. Indeed, entrepreneurs (producers) have money and finance (M) at their disposal to buy means of production (raw materials and intermediate goods, machinery) and to hire labour (C). Within the social process of production P , labour, using machines, transforms the primary and intermediate goods into final goods C' . These are sold on the final goods markets for money M' which represents effective (monetary) demand for goods and services.

In the 19th century, Karl Marx was the first to understand with unequalled depth the nature of capitalism. The towering figure in the twentieth century was Maynard Keynes, who was the first to convincingly refute Say's Law: supply creates its own demand, saving is always invested; hence general overproduction and involuntary unemployment are not possible. This theoretical conception may have properly reflected economic conditions of the agrarian age, Gellner's *Agraria*, characterised by markets and exchange, but proved to be entirely inadequate in the Industrial age. It has just been suggested, that modern economies are monetary production economies. Keynes convincingly showed that propositions that were valid in *Agraria* do not hold anymore. Investment now governs saving. In fact, both are equal and output and employment adjust to establish the equality between saving and investment. This implies that effective demand, a monetary magnitude, now governs output and employment. As a consequence, system-caused involuntary unemployment may come into being. The great Austrian economist Joseph Schumpeter, one of the most eminent historians of economic theories, clearly perceived that Keynes had brought about a theoretical revolution: "[The Keynesian doctrine] can easily be made to say both that 'who tries to save destroys real capital' and that, via saving, 'the unequal distribution of income is the ultimate cause of unemployment.' *This* is what the Keynesian Revolution amounts to" (Schumpeter 1946, p. 517). Indeed, Keynes held that the "outstanding faults of the economic society in which we live are its failure to provide for full employment and its arbitrary and inequitable distribution of wealth and incomes.

[Up] to the point where full employment prevails, the growth of capital depends not at all on a low propensity to consume but is, on the contrary, held back by it [and] measures for the redistribution of incomes in a way likely to raise the propensity to consume may prove positively favourable to the growth of capital” (Keynes 1936, pp. 372-73).

For all these reasons, basically because modern economies are *not* self-regulating, huge common markets, European and North American for example, and, of course, Globalisation, the attempt to create a global ‘free-market economy’, will, very probably, be doomed sooner or later. Mass unemployment, staggering inequalities in income distribution, both resulting in poverty and misery on a grand scale, already now represents an intolerable situation. Given this, the question as to an alternative future economic and political world order now arises.

The natural order within states leads to a natural world order: the world as a family of states

Maynard Keynes not only understood modern capitalism like no other. He also proposed a comprehensive and coherent alternative to Liberalism as is embodied in *Capitalism* and to *Socialism*. This alternative, somewhat elaborated, could be called *Social Liberalism*, i.e. Liberalism on a social basis, the most important socio-economic components of which would be *full employment* and a ‘*fair*’ *distribution of incomes* (Bortis 1997, 2003). Keynes’s social liberal

doctrine is also of the highest importance for the future World Order. In this section it will be suggested that socio-economic and political stability *within* countries is an essential precondition for mutually advantageous relations *between* countries. Alternatively, if alienation is reduced to a minimum within the various countries, alienation between countries will be reduced, too. Hence, a natural order within states would logically bring about a natural world order: the world as a family of states.

Before going on two questions have been, very briefly, dealt with: Can the nature of man and of society be known? And why should the size of the state be limited, in other words, why can the very large polity, that is empire not persist? To answer these questions requires an argument of considerable complexity; a tentative and probable answer has been attempted in Bortis (1997 and 2003). A possible starting point for a brief answer is provided by the fact that both the founders of Liberalism – Adam Smith and David Ricardo - and of Socialism - Karl Marx in the main – have, on the basis of a comprehensive and complex argument, conceived of their visions of man and of society as something natural. Indeed, the classical political economists coined, for instance, the notion of the natural price, neoclassical economists consider the marginal productivity theory as a kind of natural law regulating distribution and bringing about social harmony; in his *Paris Manuscripts* Karl Marx equates the natural state of society with humanism and communism (Marx 1973[1844], p. 536). Now, in Bortis (1997 and 2003) it has been argued that both, Liberalism and Socialism, are not able to come to grips with the

complexities of the modern world and that a new, intermediate, way is required: *Social Liberalism* which is based upon an elaboration and extension of Keynes's vision of man and of society. What is essential or constitutive to Social Liberalism, hence represents the natural social order, can of course only be *probably* known, and known *in principle* only, as has been argued in Bortis (1997, chapter 2) and in the first section of the introductory chapter of this essay – *Setting the stage*. In accordance with the classical political economists, including Marx, a social liberal polity represents a complex institutional system, made up of a material basis (the economy) and of a political, legal, social and cultural superstructure. Appropriately conceived institutions and harmony between the institutions characterise a well-ordered polity, on the basis of which the social individuals may prosper to become persons. The social philosophy underlying Social Liberalism has been set forth most appropriately in Brown (1986, chapter 6) and in Schack (1978). Both imply ethical objectivity which is in line with the Creationist – non-evolutionist – vision underlying this essay. Incidentally, ethical objectivity has implications for the conception of law. Indeed, positive law ought to be based on natural law, with the principle of *distributive justice* as the fundamental principle of *public law*, dealing with ethically correct proportional relations in the socio-economic and political sphere, for example, income distribution and the distribution of rights and duties between various levels of government, central, state, regional, and local. On the other hand, *commutative justice* ought to govern the ethically appropriate relations between and individuals and collectives. (Of course, complex ethical

and legal judgements are always of a probable nature - in Keynes's sense). However, positive law, cut off from natural law, may procure certainty of application of the law (*Rechtssicherheit*), but runs the danger of becoming the law of the stronger.

This leads to the second question, the appropriate size of the polity (see on this Bortis 1997, pp. 393-410). Since according to the economic theory of Social Liberalism, Classical-Keynesian Political Economy, there no self-regulation in the economic sphere, governing becomes extremely complex. In fact, the various institutions of a society, that is the material basis and the political, legal, social and cultural superstructure, form a structured entity. This is so because the Common Good and the good life are themselves structured entities. From this the fundamental policy problem arises which is to create or to favour the coming into being of socially appropriate institutions and to bring about *harmony* between these *complementary* institutions. Given this, governing becomes extremely complex and difficult (Bortis 1997, chapters 6 and 7), a fact already perceived by Aristotle. From this arises the fundamental reason why the polity should not be too large to be governable. The natural size of the state is thus the small and medium-sized state, as have come into being in Western and Central Europe, for example; large polities ought to decentralise according to the Principle of Subsidiarity (Bortis 1997, chapter 6 and 7).

To be able to get nearer to the natural state of a political society, the stability of the economic (material) basis is crucially important. The reduction of economic alienation to a minimum, is, in a Marxian vein,

a precondition for a stable social, political and cultural superstructure, widely free from alienation. According to the doctrine of Social Liberalism, it is precisely the role of the state to create the social foundations on which individuals and collectives (various associations) may prosper (Bortis 1997, 2003). Full employment is particularly important. To put it in a nutshell: Involuntary (mass-) unemployment leads to *a struggle for survival*, concretely to a struggle for raw materials, markets, and, ultimately, workplaces. This alienated situation may lead to conflicts between social, ethnic and religious groups. And, very importantly, alienation *within* states may lead to alienation, that is to conflicts, *between* states. This aspect of our problem will be considered in the next part.

Full employment, however, renders possible the peaceful living together of most diverse social formations, associated with the possibility of mutual spiritual, intellectual, social and material enrichment. The most important economic components of these social foundations are full employment (the absence of system-caused or involuntary unemployment) and a fair – socially acceptable – distribution of incomes. A high-level *public* education system, open to all and free of cost, is also essential to the social foundation.

Full employment has to be brought about by the internal employment mechanism (Bortis 1997, pp. 190-99): the state must fix the structure *and* the scale of government expenditures. These permanent institutionalised expenditures set the economy into motion through the incomes they create. In fact, the spending of these incomes brings about a cumulative process of consumption and investment. This

process will be all the more powerful, the more equal income distribution is since this enhances the spending power of the population. Hence the state must not only fix the structure and the scale of government expenditures appropriately, but also, simultaneously, pursue an incomes or distribution policy such that full employment obtains in the long run. (In this context it is important to note that a distribution policy should *not* aim at redistributing very high incomes. Such incomes are socially necessary if, in the long run, these are spent in socially useful way, to promote culture or to preserve the cultural heritage, for instance. An eventual excess of saving over investment at full employment, due to an unequal income distribution, should, however, be reinjected into the economy through a government budget deficit.) Moreover, foreign trade must be broadly managed such that the current balance is in equilibrium in the long run (Bortis 1997, ch. 6). Needless to say that policies based upon the internal employment mechanism are extremely complex. To pursue such policies requires a stable international environment, rendering possible the co-operation between states.

In fact, within a stable international environment, each state may set up an institutional system such that individuals and collective enjoy a maximum scope of freedom and hence may prosper, that is to unfold their dispositions and to broaden their capacities (Bortis 1997, pp. 39-53). This brings about cultural diversity reduces system caused alienation which implies approaching the Common Good as much as is humanly possible. Hence, the central problem of politics is, in an

Aristotelian-Christian vein, fundamentally of a social-ethical nature.

Indeed, securing full employment and a fair distribution of incomes implies realising the *principle of solidarity*: nobody ought to be excluded from society or to be treated in an obviously unfair way therein. Other important aims to be pursued by the state relate to increasing national wealth such as is compatible with the preservation of the environment, to spending tax incomes in a socially useful way and to contributing to organizing international trade relations in a way that is beneficial to all trading partners. In doing so, the state ought to co-operate with non-governmental institutions, which might be subsumed under the heading of *non-profit organizations*. Examples are various associations and co-operatives of workers, employers and consumers and non-profit organizations in the social and cultural sphere. However, the state ought to intervene in socioeconomic affairs only if some individual or some social entity is not in a position to solve some problem by itself. This is the *principle of subsidiarity* which implies that state intervention must be such as to leave the greatest possible scope for freedom of action for all citizens. This implies creating or favour the coming into being of socially useful institutions. Hence, the policy problem is, positively formulated, to create appropriate social foundations, not to influence the behaviour of individuals, the latter being a matter of individual ethics.

This view of the state has consequences for globalisation. Indeed, globalisation as it goes on at present, is associated, to a large extent, with a strong domination of particular interests in the form of huge

multinational and transnational enterprises, with states getting ever weaker. This type of globalisation is, to some extent at least, of a socio-economically damaging nature: work places are shifted around, implying that mobility is largely forced and not based on freely taken decisions. Unemployment levels remain high, and income distribution gets more unequal, because no constructive employment and incomes policies may be set up when economies rely on the external employment mechanism. This domination of particular interests weakens the state and renders constructive socio-economic policies based upon the internal employment mechanism almost impossible.

Constructive globalisation may take place on the basis of stable states only. Indeed, with full employment or near full employment prevailing in the various political communities, the unrestricted mobility of individuals, free trade and flows of financial capital become possible. In this way, stable political communities and cultural diversity render possible a mutual enrichment of peoples and individuals at the material and cultural level.

In the middle-way spirit of classical-Keynesian political economy, the corresponding policy measures are also balanced in various respects (Bortis 1997, Ch. 6). For example, regarding technology, there is necessarily some mixture of autonomy and dependence. For instance, each significantly large country should have a machine tool sector of its own. This ensures a fundamental autonomy regarding technology, which, however, with rapid technological progress and differences in development levels, can never be absolute. Autonomy may be reinforced, however, because each country ought to attempt to set up a

technological structure adapted to its own needs and mentalities. Technology must adapt to man, that is machines must be in the service of man, and not ,man being crushed by machines – der Mensch als Anhängsel der Maschine’ (Marx). Moreover, some protectionism is required - , mainly in order to be able to increase the level of employment in an open economy; this kind of protectionism is, in fact, part of the social basis alluded to above. Indeed, given exports, the import coefficient of non-necessary goods must be reduced if employment increases, in order to preserve the equilibrium of the current account. Once full employment is reached everywhere, there may be, in principle, free trade; policy action would be required only to correct eventually occurring current account imbalances (Bortis 1997, chapter 6).

Hence globalisation must go on in a specific, natural way, that is in line with human nature; ideally, the world must become a family of states. In the absence of self-regulation, the existence of strong – but not interventionist - states is indispensable, since only states can establish the social full-employment basis upon which individuals can prosper by unfolding their individual and social dispositions. The existence of sovereign and independent states is also the basis for international co-operation.

In a the social liberal view, the principle of co-operation is not only basic within a country or a region but also between countries and regions. The co-operation between states and societies will be all the more beneficial the better the great socioeconomic problems, mainly the employment problem, have been solved within the individual

countries. Several areas of co-operation relate to international trade relations. First, the principle of broad foreign trade management, specifically regarding non-necessities, must be mutually accepted so as to enable each individual country or region to achieve full employment (Bortis 1997, chapters 4, pp. 190–9, and 6, pp. 326–43). This is required since there is no mechanism ensuring an automatic tendency towards full employment on the regional, national or world level. Second, international co-operation is required in order to maximize the welfare effect of international trade based upon the principle of comparative advantage. This is bound to lead to an extensive international division of labour, giving rise to mutual dependence of countries in the sphere of production. Third, the proper delivery of goods required in the process of production (necessary imports) from one country to another must be ensured by a network of contracts in order to avoid disruptions of production in particular countries. A fourth domain of international co-operation is money and finance, mainly the management of a world currency to be set up eventually, i.e. Keynes's 'bancor' (Bortis 1997, chapter 6, pp. 338–9). However, the most important sphere of co-operation is certainly the natural environment. Effective action in this field seems possible only if a world economic order along classical-Keynesian lines is implemented (Bortis 1997, chapter 6, pp. 319–48). Firms would no longer have to face elimination from the market and individual countries would no longer have to fear the loss of jobs when taking steps to protect the environment because full employment could be maintained by a socially appropriate management of foreign trade.

The present struggle for survival on world markets does not leave much scope for really serious environmental policies.

Moreover, the existence of states, which set up the social full employment basis associated with the greatest possible autonomy for individuals and collectives, also guarantee cultural diversity within a political community. This, in turn, implies cultural diversity between states, which is, and will remain, absolutely necessary. Indeed, it is only in a culturally diverse world that individuals can mutually enrich each other, spiritually, intellectually, and materially, at a global level. Incidentally, this is tantamount to increasing the social potential of all the social individuals on a world level.

The natural political world order as a precondition for polities in line with human nature

In the previous section it has been suggested that political societies organised according to human nature would logically lead to a natural political order on the world level, the world as a family of states. On the other hand, the natural world order is a precondition for the peaceful existence of nation states in line with human nature. Indeed, good polities, in line with human nature, cannot be built up if there is, for example, an inappropriate international economic order which, given the fact that economies are not self-regulating, forces all countries to struggle for workplaces through the external employment mechanism: enhancing exports by all means and attempting to keep the import coefficient as low as possible. Or if the political order

allows unilateral interventions of some countries into the internal affairs of others, as was the case during the Cold War when the Capitalist and the Communist block attempted to ,export' their respective ideology and socio-economic and political model and attempted to maintain some precarious equilibrium of forces. In this vein, the endeavour of the West, after the downfall of Socialism, to promote democracy and free markets in other parts of the world may prove entirely inadequate in view of the fact that market economies are not self-regulating. This endeavour may, in the target (economically under- or maldeveloped) countries, simply result in the rule of the propertied classes, backed up by military and police forces; moreover, this may imply, for example, that export revenues of raw material and energy resources and eventual development aid is appropriated by ruling classes of these countries (this is, of course, not to argue against democracy which, however, must take on a differing shape; in fact, we have repeatedly argued that the government ought to stand above the parties and must remain in power for long periods of time so as to be able to pursue long-term policies aimed at setting up or favour the coming into being of appropriate institutions, as is, in principle, the case of the Swiss model). Moreover, in the present age of globalisation, very large countries or blocks of countries may struggle for markets, political influence or military positions. This may be reinforced through internal problems within these polities. Heavy alienation in terms of unemployment and a very unequal income distribution, large amounts of finance capital in search of profitable investment opportunities,

may lead on to aggressive behaviour towards other countries. This in order to attempt to create work places through the forceful use of the external employment mechanism: promoting exports by all means, attempting to reduce the import coefficient through some kind of formal or informal protection, for example. The struggle for final product markets may be, and in fact is, complemented by fights for securing the supply of primary products, that is raw materials and energy resources. Profitable investment opportunities abroad may be secured by more or less harsh interventions into the internal affairs of target countries. These activities may be enhanced by an aggressive foreign policy, including economic sanctions and even military interventions. In fact, the present situation resembles considerably the state of affairs before 1914, but on a much larger scale. Before the First World War relatively small European countries struggled for relative power positions in Europe and in the world; now all the countries of the globe, huge countries and groups of countries, are engaged in a struggle for supremacy, and survival, on a world level. George Orwell's *1984* vision seems to become true.

Evidently, all this renders very difficult, if not impossible to setting up an internal order in line with a desired way of life corresponding to the mentality of the people in all countries, specifically in many economically or politically weak countries. The question as to the relationship between natural world order and natural political organisation of the various societies is thus inextricably linked. They mutually imply each other.

The problem of the world order

Basically, the question as to the appropriate world order was in terms of coexisting city states, small or enlarged, versus empire. The polity could be a nation state or a nationalities' state. The discussion about the world as a family of states or as an empire (or as empires) is an old one. Perhaps the appropriate starting point is the Old Testament tale of the dream of Nebuchadnezzar on the destruction of the four empires, mentioned out the outset of the Book Daniel (Koch 1997). This tale would seem to suggest that empires cannot last because they are based on power and splendour, coercion and slavery, not on justice and social harmony, that is on ethics; this weakness causes their breakdown, a fact echoed for new and modern times by Paul Kennedy's *Rise and Fall of the Great Powers*. Koch's important, though eurocentric work, deals with the reception and the interpretation of the Book Daniel for about 2000 years, in fact from the Hellenistic epoch to the present. There is no definite answer to the question as to the world order to be established after the breakdown of the various empires. However, a passage, related to the peace treaty of Westphalia (1648) ending the Thirty Years War, is, it seems to us, of particular importance for the conception of a definitive World Order. This war brought, in fact, the factual end – with the formal end occurring in 1806 - of the Holy Roman Empire, the last of the - pre-modern - empires of Gellner's *Agraria* with universal claims. Koch now states: „From recent historical research emerges that the peace treaty of Westphalia has been conceived by *Cardinal Richelieu*. Though theologian, the French statesman does no longer think of

recognising the Hapsburg monarch as the Roman Emperor, having divinely founded preeminence among the European princes. Instead Richelieu conceives of a peace agreement between *Christian states of equal status*, all having equal rights, creating thus, for the *first* time in Europe, a community of states, mutually responsible and with the existence of the community of states secured through mutually binding collective agreements. This implies a federalist interpretation of the Book Daniel' (Koch 1997, p. 121). Richelieu's grandiose conception of a European political order lies at the heart of the vision of the world political order set forth in this essay, the world as a family of states. It is certainly not by chance that a French diplomat, Gabriel Robin, has very recently restated the essence of Richelieu's vision of Europe for the world as a whole: 'France's foreign policy must have one central objective: the defense of a world made up of national sovereignties, because sovereignty is, simultaneously, the basis of independence and the foundation of responsibility [and, it may be added, the basis for globalisation to go on in an orderly way]' (Robin 2004, pp. 320-21).

Another instance of the discussion on the world order is the dialogue between Aristotle and his pupil, Alexander the Great, on the size of the polity. Aristotle argued that the state ought not to be too large, given the difficulties of governing, mainly because of the difficulty of bringing about distributive justice, laying thus the foundations for a good and happy life of the citizens. Alexander, however, held that the Empire was the most appropriate political organisation, mainly to ensure peace, but also to bring about wealth and to realise splendour.

Historical experience shows that empires were, as a rule, not only associated with power and splendour but were, as a rule, also predatory. This holds true also for the European mercantile empires, the colonial and even post-colonial empires. Imperialist states backed economic forces to gain economic and political advantages, with military intervention being frequent. However, the existence of large and diversified political entities – traditional empires or, at present, nationalities' states - is required for two main reasons. The first is associated with ethnic, linguistic and religious diversity which, *per se*, is highly desirable. Such polities result, as a rule, from long historical processes and ought to be maintained in order to prevent conflicts between the different population groups or even civil wars. Such wars may be enhanced by foreign interference, and they tend to continue since it may be impossible to draw mutually recognized frontiers. Second, large political entities may also be required to secure the balance of power on the regional or on the world level. The disintegration of a polity always creates a political vacuum leading to conflicts between the remaining powers eager to strengthen their international position.

But historical experience also shows that, if empires did not exist, wars between the small and medium polities were the rule. This is particularly evident for Jaspers' (first) *axial age*, but, as far as Europe is concerned, also for (second) *axial age* which brought the breakthrough to Modernity.

The discussion on the world order went on in Modernity. In his 1955 *Ursprung und Ziel der Geschichte* Karl Jaspers sees the post World

War II era ,as a preparation for the struggle for a planetary order' (p. 189). He comprehends this issue in terms of *world empire* or *world order* (p. 190). ,*Empire* would come into being only through violence [military or economic], and could be maintained only through exercise of violence [which could be legally based, as in a strong law-and-order state]. In World Empire peace would be brought about by a unique center of power [economic and/or political]. Order is maintained through violence. Planning and terror shapes the levelled-out masses. There will be a unique *Weltanschauung* which is imposed through propaganda'(Jaspers 1955, p. 190). ,World Empire could eventually lead to a complete levelling-out of soul and mind, human life would be similar to the life of ants, intense but empty, with the mind drying up'(p. 193). Jaspers considers the possibility that a World Empire could split up into large continental empires. This is, in fact, the option envisaged by George Orwell in his *1984* on which we shall briefly come back below.

On the other hand, Jasper's conceives of the ,*world order* as a unity [of various states] without a dominating exterior power. Unity is brought about by negotiation and co-operation'(Jaspers, p. 190). He goes on to say that ,world order would be the continuation and the generalisation of liberty within the restrictions set by the law. The political world order should concentrated on questions of existence only, which are of general significance and link men and women worldwide. In the sense of natural law, Humanity as a whole should guarantee human rights and protect the individuals against violent actions of his state'(p. 191). Finally, Jaspers argues that world order

would be far richer culturally than world empire'(p. 193). Jaspers' view is Kantian, and as such individualistic, implying a self-regulating economy. In a way his claims go without saying. In this essay, however, it has been argued throughout that, given the fact that economies are *not* self-regulating, the problem is to set up an institutional system within each country, such that the social individuals may prosper on a social – full employment and fair distribution – basis. Here, it appears, once again, that political economy is the key social science of Modernity, not only because it has to deliver the conceptions required to shape the socio-economic and political order within countries but also between them, that is a design for the economic, financial and political order of the world.

The French diplomat Gabriel Robin has significantly entitled his 2004 book on foreign policy *Entre empire et nations*, and comes up clearly for a world consisting of sovereign but co-operating nations. Similarly John Nef: „Medieval Europe at its best was an approach to unity in diversity [Haas speaks of the West as *Unity in Variety!*] ; the modern civilisation which has taken possession of the globe during the past hundred years is nearer disunity in standardization“(Nef 1963, p. 5).

Jaspers' *levelling out of soul and mind with the mind drying up* (Jaspers 1955, p. 195) and Nef's *standardization*, as would occur if very large economic and political formations came into being, leads to a fundamental issue related to Modernity, that is the problem of *Nihilism*. In terms of what has been said in the introductory part *Setting the stage*, increasing Nihilism could be defined as a reduction,

a fading away of the fundamental values associated with Goodness, Beauty and Truth. Perhaps, most important is the loss of the notion of the good life, which cannot possibly be dissociated from faith, giving life a sense. Nihilism implies that ends fade away and that the means become ends: science, technology, and the economy indeed become ends in themselves. Autonomous subsystems develop a life of their own, in part dissociated from man and society and, as such, gain power on men and women, even up to the point of crushing them: the market mechanism, the legal system, public administration, technology and science. On the other hand, the dominant aim of man is to perfect more and more these mechanisms, in a vacuum devoid of values, losing sight of man and of society as a whole, as is symbolised by the huge mechanical devices constructed by the Fribourg/Swiss artist Jean Tinguely. This gives rise to alienated (unnatural) societies Karl Marx, William Haas, Herbert Marcuse and others, have in mind. Perhaps, the writer who has penetrated most deeply into the uniform, functioning smoothly, impossible to grasp, semi-darkness of nihilism is *Franz Kafka*, specifically in *Der Prozess*.

It should be evident that nihilism is a type of alienation. In this essay we argue that the aim of history is to reduce alienation in all possible spheres of economic and social life. The only way of *reducing nihilism permanently* is through *appropriate education*, emphasising the fundamental values and providing a sense of life. It is not possible to discuss the crucial problem of *education* here (which, in our view, will be the *fundamental problem of the future*). We cannot but refer to John Nef (1967, ch. 9) who writes at the outset of this chapter – on

education - that „the final end of civilization is to cultivate truth, virtue [and goodness], and beauty of and for themselves [...] for the sake of man“(Nef 1967, p. 265). In line with what has been said in the first to sections of the introductory chapter this would imply that the powers of intuition and imagination should be enhanced through an appropriate education in religion, philosophy, literature, in fact in the fine arts in general. Indeed, at the outset of this essay it has been suggested that powers of reason and analysis get enhanced through strongly developed faculties of intuition and imagination; just let us recall Keynes who said that intuition was the first form of knowledge. The teaching of religion from a very early onwards age seems to be of particular importance, for three reasons. First, children are, as a matter of fact, extremely receptive for stories, legends, tales, including Biblical tales. This strengthens the faculties of intuition and imagination, rendering thus possible higher-level analytical performances at later stages of education. From this, a second reason for teaching religion at pre-school and primary school level arises. Indeed, such teaching creates the preconditions for comparing religions in a spirit of openmindedness and tolerance at the grammar school and the university, enhancing thus the mutual understanding between members of the various religious communities. Third, and perhaps most importantly, a comprehensive and compulsory teaching of religion stabilises and strengthens the social individuals *through providing a sense of life*. The construction of the *good life* now becomes possible for all social individuals. This would certainly contribute to solving important social problems to a large extent, most

importantly the problems of violence, addiction to alcohol and drugs, and associated problems.

However, as mentioned repeatedly, to render possible, permanently and in general, the good life for the social individuals, requires specific socio-economic preconditions, with full employment and a socially fair distribution of incomes being most important. Orderly socio-economic preconditions are particularly important for education in general and religious education specifically: for example, to speak about the good and almighty God to people living in utmost misery is counterproductive and is equivalent to utter cynicism. In such a situation there is a great danger for religion becoming alienated, Marx's *religion as the opium of the people* may become reality. In this context the distinction between poverty and misery is of fundamental importance: poverty may be choice or one may get out of it through an effort; misery, however, is system-caused and crushes the individuals; the fact that monetary production economies are not self-regulating and that an unequal distribution of incomes may lead to higher involuntary unemployment is of crucial importance in this context.

To maintain or to, eventually, reshape the *curricula* on all levels of education in line with this humanist vision of man and of society is obviously a tremendous task. This task will have to be fulfilled in entirely different ways within the various nations of the globe, ensuring thus cultural diversity, each culture relying upon its historical heritage, with the history of ideas in all domains perhaps being most important. Finally, this humanist view of education implies that the education system should be in state hand at all levels and free to all in

order to contribute to social justice, including social mobility. To achieve this aim a substantial part of the social surplus must be devoted to education which means that the economy must be ancillary to society and the social individuals composing it. Education in line with humane nature will be the crucial issue of our future.

World order in ,Agraria'

In the Empires of *Agraria* (6000 B.C. to 1800 A.C.) the social surplus was mainly used to establish and maintain political and military power and to produce cultural splendour; the social surplus, mainly produced by agriculture, was increased through conquest and predation and the exploitation of slaves acquired through conquests. In fact, late or post *axial age* was characterised by the rise and fall of empires. China's extraordinary stability has been mentioned, as has the rise and fall of Rome. The relative stability of India and of the Islamic world and the intense economic and cultural life in both, can only be mentioned. In this section we deal briefly with the Persian Empire, as founded by Cyrus the Great in the midst of axial-time, mainly because this Empire might be considered, similarly to China, a model of internal organisation and of a world order in *Agraria*. To present Persia we rely on Gérard Israel's biography of Cyrus the Great (Israel 1987) and on the description of the reign of Darius the Great by Heidemarie Koch (1992).

For a relatively short-time, Persia probably equalled China in perfection. Moreover, and this important for our problem, the Persian Empire, in its being a link between East and West, heralds in a

specific way the future natural world order. This is particularly interesting because Persia was, in fact, the *first* empire in human history. The fact that Cyrus solved the problem of the world order in conditions of Agraria with almost near perfection points, once again, to the invariable human nature and to the presence of immutable values, Goodness as applied to the social and political sphere in this case.

First, Cyrus saw himself as a *protector* of religion and the gods; simultaneously he considered himself a servant of the gods (Israel 1987, pp. 291-92). Moreover, there was a double election of the King, first through the people or their representatives and, simultaneously, through god, creator of heaven and earth (p. 293). The King's aim was unite the Empire under Persian authority through the conscience of a common destiny. However, each people should preserve its own characteristic features. Taxes should be levied in an orderly way and the defense of the country secured. Local power should be exercised by persons loyal to the King and enjoying the confidence of the people (Israel 1997, p. 296). Moreover, the charges of the local rulers – the satrapes – were *not* hereditary. Finally, there were royal inspectors controlling the satrapes. (It is interesting to note, that the satrapes and the royal inspectors have their equivalents in the Carolingian counts and imperial inspectors (*missi dominici*!))

In the concluding remarks of her book on Darius, second successor to Cyrus, Heidemarie Koch begins by stating: „The founder of the Persian Empire, Cyrus the Great, was one of the most outstanding characters of World History. He created the social and political

foundations of the first empire in history, making thus Persia a world-power for more than two centuries; moreover, he did exceptional work in the cultural domain. Indeed, on his initiative Greek (Ionic) sculptors came to his new residence Pasargadae where they created works of architecture unknown in the East so far' (Koch 1992, p. 297). Here we have thus evidence of some early Western influence on the East; on the other hand, Burkert (2003) puts to the fore the important contribution of Persia, Mesopotamia and Egypt to the formation of Greek culture in general and of philosophy in particular; conversely, the destruction of the Persian Empire by Alexander the Great brought Greek culture eastwards – Jack Goody's pendulum was at work in this instance, too.

Darius the Great developed a system of writing to fix precisely the principles of his government and their application in everyday life (Koch 1992, pp. 297 ff.). On the principles Darius wrote: 'According to the will of the highest Deity I am made to cherish justice and to despise injustice. I do not want the weak to be treated unfairly by the strong; however, I shall not tolerate the contrary, too. I take pleasure of all that is fair and right. I dislike liars. I am not irascible but I firmly dominate my feelings' (Koch 1992, p. 297). Once again the invariable nature of man emerges as does the existence of immutable values. The applications of the principles are equally astonishing. 'Everybody, from the oldest person to the youngest, was included in a system of care. The workers received a salary set in line with age and performance. There was a maternity leave during which mothers received a minimum salary and special gifts for the baby. All the

workers getting minimum wages received special rations to render their life easier. Those performing especially hard work, and the sick, received additional food. Man and woman got an equal wage; however, woman could work less to have sufficient time to care for the family. [...] Hence, care for the weak and absolute justice were Darius's fundamental principles of government. [...] Everybody, also the weakest should participate at the common work. Everybody should make his capacities known and work accordingly. Darius always emphasized the importance of the common work of all the inhabitants of his empire [in view of the Common Good, one could add]' (Koch 1992, pp. 297-98). In several instances, Heidemarie Koch insists on the modernity of these policy principles and their application. In this context, a member of the German government at the time of publication of Heidemarie Koch's book is reported to have said that every German politician, occupying a position of responsibility, should read this work! Certainly, it is striking that the *first* empire of human history, founded in the middle of - first - *axial age*, was, like the Chinese empire founded about 300 years later, firmly based on ethics. One may even say that the rulers of old Persia deliberately attempted to further the Common Good through consciously enhancing the social potential of the empire. Moreover, there seems to be considerable similarity between Old Persian Empire and the Carolingian Empire regarding the principles of government and their application. There is the *common ethical foundation*, whilst the style of government and the nature of decentralisation were different; for example, there was *no* fixed imperial residence in the

Carolingian Empire, residences consisting of Palatinates, and the *domaine bipartite* was an ingenious Carolingian institution, being crucially important for the breakthrough to Modernity in the West (see the chapter on *Michael Mitterauer* above). In any case, to compare Cyrus and Darius with Charlemagne/Alcuin might be a fascinating and exciting undertaking.

On the world order of Modernity

The Great Transformation brought a new type of Empire. The economy, associated with economic growth and the acquisition of wealth moved to the fore. Colonial empires come into being, with the double aim of securing outlets for final products and the access to primary products, raw materials and energy resources.

With the dissolution of the colonial empires after the Second World War, the external employment mechanism continued to dominate, mainly because of the political difficulties to put the internal employment into practice (Bortis 1997, pp. 190-99). The various industrialised and economically less developed countries aimed at increasing employment levels through raising exports and keeping the import coefficient as low as possible. Now, with the creation of large free-trade areas and with globalisation, more and more countries will tend to rely upon the external employment mechanism to secure high levels of employment. The employment effect of foreign trade will be particularly strong if the bulk of exports consists of high-quality industrial products and services and if imports are, in the main, made up of primary goods, and with the terms of trade being favourable.

High-quality industrial goods and services are, as Nicholas Kaldor (1908-86), the great pupil of Keynes, has emphasised time and again, labour-intensive - if account is taken of direct and indirect labour – while primaries are land-intensive.

Now, a contradiction is likely to exist between the external and the internal employment mechanism at the world level. In fact, *world economic activity* (output and employment) must be governed by the *internal* employment mechanism since the world as a whole is a closed system. World government expenditures set world economic activity into motion, creating a cumulative demand for consumption and investment goods. The demand for consumption goods greatly depends upon income distribution which governs the spending power of the world population. In fact, consumption demand is enhanced through a relatively equal distribution, and vice versa. The *share* of world economic activity attributed to each country is, however, governed by the external employment mechanism, based on exports, import coefficients and the terms of trade. As just alluded to, the employment of international trade will crucially depend on the structure of exports and imports. Specifically, successful exporters of high-quality industrial products or services will, as a rule enjoy, high levels of employment. Germany, Japan and Switzerland would be cases in point.

In order to successfully set to work the external employment mechanism, countries and regions have to offer favourable conditions in order to attract firms, which create additional work places and, subsequently, export the bulk of their production. The work force has

to be of good quality, but wages not too high, the infrastructure should be in a good state and should be available at low costs to the users, public services, education in the main, should be of high quality, but taxes not too high. Taxes may, in turn, be lowered if state activities are privatised. Given the endeavour to create, in each country, a favourable environment for exporting firms, it is likely that government expenditures stagnate or even decline at the world level. Even more importantly, income distribution has tended to become markedly more unequal in the last thirty years or so; this message is implied in James K. Galbraith and Maureen Berner (2001). A more unequal income distribution and stagnating or eventually declining government expenditures both imply that, in principle, long-period world economic activity – output and employment - remains more or less constant or even declines. As a consequence, the struggle for world market shares, mainly for industrial goods and services, will intensify. Through the external employment mechanism the successful exporters of high-quality industrial goods and services may nevertheless enjoy a satisfactory, even a booming economic situation. The losers, however, will be precipitated into the abyss of mass unemployment and of social and political instability. Owing to the law of increasing returns and to the principle of effective demand, Kaldorian cumulative processes may be set into motion resulting in larger inequalities of income, wealth and employment opportunities worldwide. All this implies that an inappropriate economic world order renders sensible economic policies within countries based on the internal employment mechanism almost impossible (Bortis 1997,

chapters 4 and 6). Hence, an alienated world order maintains or even increases alienation within countries.

After the breakdown of Socialism, a new type of Empires is, perhaps, in gestation. It would seem that an *Economic Empire*, comprising multi- and transnational enterprises in production and finance, associated with international monetary institutions and backed up by strong political and military power, has been in the making for a short time but is rather unlikely to last. However, as suggested above, a kind of situation pictured by George Orwell in his *1984* could come into being, with three superpowers or loose Empires, *Eurasia* (Europe, Russia, and, perhaps, Japan), *East Asia* (China and India) and *Oceania* (the Americas, the Pacific islands, including Australia and New Zealand) struggling, economically and militarily, for raw materials and final product markets in Africa, the Middle East and Central Asia, and, more or less peacefully, for final product markets world wide. At present, the Orwellian scenario – which, in the real world, may take on various and evolving shapes - seems more likely than Economic Empire, and, is perhaps, already slowly emerging at present. However, both types of Empire would, very probably, lead to a catastrophe for humanity: cultural, economic and military conflicts could become the rule; there would be little room for sensible economic, social and environmental policies because the struggle for power – and for survival - would absorb all the political forces; presumably, socio-economic conditions would become worse: poverty and misery would increase worldwide, as would mass unemployment, income distribution might become even more unequal. In sum, Huntington's

,clash of civilisations' might become reality. Moreover, the environmental situation would go on deteriorating rapidly, and might even lead to environmental collapse. Such developments might occur because monetary production economies are not self-regulating, and, as a consequence, do not produce a tendency towards a harmonious general equilibrium at full employment. Quite the contrary, modern economies but may produce ever greater disequilibria due to economies of scale which tend to widen initial technological and wealth differences, with stagnating or even decreasing effective demand on the world level leading to increasing (involuntary) world unemployment.

Thus the functioning of the present world economic system renders very difficult or even impossible constructive and permanent domestic economic, social and environmental policies within countries or Empires engaged in a struggle for survival on the world markets for final products and primary goods – raw materials and energy resources. Hence, since modern monetary production economies are *not self-regulating*, struggles for raw materials, markets and hence, workplaces, have led and may lead to economic, political, or even military conflicts. The conflict potential will almost certainly increase with the rise of giant countries like China, India, Russia and Brasil.

In the last instance, the fact that monetary production economies are not self-regulating implies that large economic free trade areas and, of course, globalisation based on the assumption of a self-regulating economy will not last long. Increasing involuntary unemployment and growing inequalities in income distribution will raise the extent of

alienation to an intolerable degree, eventually producing, partly at least, a breakdown of the system, unless appropriate institutional changes are undertaken.

At present, two ways are open to humanity. The first, *alienated* way, as just sketched, would be shaped by power politics and very strong economic interests, symbolised by the drive of real and financial capital in search of profitable investment opportunities. In this world, countries, coalitions of countries or even Empires would continue to struggle for markets and for raw material and energy resources, using economic, political or, sometimes, military means. The second way would be *in line with human nature*, with the world as a peaceful family of co-operating small and medium Nation States – large states would have to decentralise -, with a strong *supranational* United Nations Organisation, which aims at maintaining or favours the coming into being of viable polities. In such a – social liberal - world, private property would of course remain a central social institution. However, small and medium-sized enterprises would dominate with the separation between ownership and management less pronounced than is the case at present. Profits, normal and socially appropriate profits, would of course remain socially necessary as has been extensively argued in Bortis (1997 and 2003).

To escape the determinism exercised by the socio-economic system, as is implied in the first alternative, a huge policy effort will be required. This effort can only succeed if policy actions are based on a very solid socio-economic theory which, therefore, will play an absolutely crucial role. Indeed, without knowing how modern

monetary production economies function and how the economy is related to society and the state we cannot tackle the immense socio-economic, political and ecological problems of the day. Political economy had become and has remained *the key social science* of the modern era. Indeed, social liberal social philosophy and the associated system of classical-Keynesian political economy (Bortis 1997 and 2003) lead inevitably to highly probable conclusions on a world order in line with human nature. These conclusions beautifully emerge from *Keynes's vision* and the values associated with it: Full employment, fair distribution, the economy as the material basis for a well-organised society, within which the social individuals can prosper, mutually enrich each other in all domains of life, social and cultural most importantly, not only on the national, but also on the international level, the latter implying the world as a family of nation states, culturally diverse, with full world-wide mobility for individuals which would be associated with mutual spiritual, intellectual and material enrichment.

Given the failure of centrally planned Socialism and the very serious problems encountered by oligopolistic Capitalism, it is of the utmost importance to find the appropriate economic, financial and political organisation for the 21st century and beyond to prevent the world entering a new period of conflicts, economic, political, or even military. The entrance of large countries like China, India, Russia and Brasil on the world scene will bring about tremendous structural changes and raise dramatically the demand for primary products (raw materials, energy resources and agricultural products). We may recall

here Konrad Seitz's dramatic, but appropriate statement in view of the agony and the final breakdown of Confucian China: „The Western Faustian culture has overcome. It is now up to this culture to demonstrate, whether she is able to lead humanity to a new equilibrium embodying a higher level of material and intellectual-spiritual development or whether she will drive humanity into a turmoil of decline and eventual collapse“ (Seitz, p. 80; author's translation).

This is a momentous statement. Indeed, if we let neo-liberal capitalism make its way largely unfettered, then Seitz's ‚turmoil of decline and eventual collapse' might become reality, given the almost certain fact that monetary production economies are not self-regulating. In this view, a social liberal world order is, in a way, inevitable if immense suffering for humanity is to be prevented.

At this stage a possible misunderstanding has to be dealt with. Social Liberal doctrine sees man and society as entities. This does *in no way* imply totalitarianism where the individual is, essentially, an exchangeable part of the social machine. Just the contrary is true, as is brought to the open in Bortis (1997, chapters 2 and 7). Indeed, according to the doctrine of *Social Liberalism*, society and the state are *indispensable, but ancillary* for the individuals who can unfold their potentials only *in and through* society. *In* society means that there must be preconditions or social foundations that have to be there if *all* the social individuals are to be given the possibility for a good and decent life: full employment, fair distribution of incomes, a public education system, a judiciary system, that is a well-organised

economic basis and social superstructure. *Through* society signifies that the social individuals get more perfect through social activities, for example going to school, to university, discussing, reading, contemplating works of art and architecture, practising sports, and, last, but not least, the enhancing of manual skills; in a world with ever scarcer natural resources skilled trades might become of crucial importance again. Incidentally, the *unfolding of the social potential* of the social individuals making up political societies is basic to *Christian doctrine* which has set into motion a *second axial age* in Europe through the *Carolingian Empire*. This important issue will be taken up in the first section of the *Concluding Remarks: A more complete structure of human history*.

This means, as has been suggested, the role of the state in Social Liberalism is, on the one hand, a very important one: creating as much social harmony as possible and reduce system-caused alienation as far as is humanly achievable (Bortis 1997, chapter 6). On the other hand, the citizens should hardly be aware that there is a state. Indeed, government activity, must, in the first place, be directed towards organising the social system, i.e. towards setting up appropriate institutions. This can only be done properly if there is a very solid economic theory from which appropriate policy conceptions may be derived, and, much more important, underlying theory, there must be vision of the society to be aimed at, and a vision implies values. Ideally, with alienation, mainly arising from involuntary unemployment and the social problems resulting therefrom, reduced to a minimum, the state would be almost imperceptible. Contrariwise,

with heavy alienation - unemployment and social unrest, in the main - the state would have to be a law and order state, interfering heavily with the behaviour of individuals, reducing thus the scope of liberty.

This implies that the state (government and administration) must stand above the political parties if Government is to be efficient. Moreover, Parliament would have to take on a new role. The members of Parliament, representing the people, would control and assess governmental action. In a way, Parliament would become a link between the government and the people, and governing would become a dialogue between People and Government.

At the outset of his *Politics* Aristotle says that governing, setting up appropriate institutions to create as much social harmony as is humanly possible, was the most difficult of all the arts. And the difficulty of governing has dramatically increased since the coming into being of modern monetary production economies with very extended division of labour and the crucial role taken by money and finance. Without understanding how monetary production economies function and how they are related to society and the state, appropriate political action is not possible. Political economy had become and has remained *the key social science* of the modern era. That is, without a very solid social theory appropriate government action is not possible in the modern world. We have suggested elsewhere (Bortis 1997, 2003) that the political economy of Social Liberalism, classical-Keynesian political economy, seems far superior to neoclassical economics associated with Liberalism and to the political economy of a centrally planned socialist economy.

Hence *the state will not fade away* as seems implied in Liberal and in Socialist doctrine. On the contrary, the idea of the state along Aristotelian-Christian lines, promoting social justice along social harmony, will have to be revived and implemented again. In China this may mean a renaissance or a strengthening of Confucian political ideas. Keynes, the founder of Social Liberalism, is very clear on this. Indeed, Athol Fitzgibbons (1988) writes: „Keynes’s innovation was to reconcile economics with the older traditions of moral and political philosophy“ (p. 3). In fact, it would seem that the complexities of modern *Industria* (Gellner) can only be tackled on the basis of traditional, in fact, immutable values, social justice and social harmony, as are embodied in traditional, Aristotelian political science. This implies that state should not too large, in order that the great political problems may be tackled successfully. Small and midium-sized states as they exist, for example, in Western and Central Europe seem most appropriate. Large political entities will have to decentralise. This does of course not exclude the creation of new or the consolidation of already existing *continental* institutions in Africa, Asia, Europe (eventually Europe and Russia), Latin America, and North America. Such institutions would have to promote the collaboration between member countries and to defend common interests, including, eventually, representation within the *supracontinental* United Nations.

Thus, Maynard Keynes’s humanist *social liberal* vision seems the only way out of the difficult situation produced by almost unfettered Capitalism and the long totalitarian socialist interlude. Social

Liberalism, it has been suggested, conceives of the coming world as a family of nation states, culturally diverse, and, consequently, each polity having a way of life of her own, co-operating with each other, with a strong *supranational* United Nations, maintaining the existence or favouring the coming into being of viable states.

Concluding Remarks: some fundamental issues related to the breakthrough to Modernity

A more complete structure of human history

The breakthrough to Modernity is a *common achievement of Mankind*. To simplify to the utmost four great groups of causes have brought about this breakthrough. First, the specificity of development in East and West, given the entirely different structure of these civilisations, *unity in variety* in the West, *juxtaposition and identity* in the East (Haas 1956). Second, the tremendous impact of the East on the West set out by Hobson (2004), Seitz (2003), Burkert (2003), Clarke (1997) and Goody (1996); the East, particularly China, India and the Islamic world have influenced the West on account of the perfection of their respective civilisations (Seitz 2003 and Hodgson 1993). Third, the capacity of the West to creatively make use of the Eastern portfolios through specific socio-economic and political structures and intellectual developments (as are set out in Mitterauer 2003). Fourth, the particular social and political situation of Britain around 1750 uniting all the necessary *and* sufficient elements to bring

about the industrial revolution (*The Sequence of Events in Europe and The Industrial Revolution – a chemical mixture explodes*).

Our problem, Eastern Civilisation and the Breakthrough to Modernity in the West, may now be inserted into the course of world history to produce a somewhat *more complete structure of human history* than the one presented in the last two sections of the introductory part *Setting the Stage* (*The structure of human history and The structure of human history and the invariable nature of man*). As a preliminary, some remarks on the nature of history are made, attempting thus to provide a tentative answer to what history is.

The whole of human history may be conceived as the unfolding of the potential embodied in human nature, the search for and the realisation of the fundamental values, Goodness, Beauty and Truth, in all domains of individual and social life in most various forms and in most diverse circumstances, with alienation always being present to larger or smaller degrees. Following Karl Marx, we may divide history into two parts, (*alienated*) *history – inappropriately called Vorgeschichte (prehistory) by Marx* -, and (*true or natural*) *history, or history (proper) – eigentliche oder natürliche Geschichte*. (In accordance with common practice we shall use the term *history* throughout and employ the qualifications *alienated, true or natural*, only when needed.) The first part of history is shaped by alienation to a greater or less degree. Alienation is conceived of as a deviation of really existing political societies from ideal polities, in line with human nature, in which the Common Good would be realised; in a society organised in accordance with human nature, the social

individual may prosper, that is unfold their dispoitions and broaden their capacities. Hence, in a way, alienation is the gap or a tension between ideal societies and historically existing societies, characterised by shortcomings of various kinds and to various degree, for example, exploitation, poverty and misery, lack of access to education, an excessive domination of materialistic values. It seems obvious that the first part of the history of humanity, in fact Marx's alienated pre-history (*Vorgeschichte*), has not yet come to end. Indeed, alienation culminates at present, perhaps in a way similar to the time when the Roman Empire broke down and chaos ensued. Human history proper, then, should gradually reduce alienation to an extent in line with human capabilities. With the Common Good realised to the greatest extent humanly achievable, history proper might begin.

The concept of alienation may be set into a very wide context. Indeed, Christian theologians would say that *alienation* and *fundamental alienation* (which seems more appropriate in this context than the term *original sin*) are parallels in the course of history. In the theological view, fundamental alienation represents, in a way, the distance between the overall social conditions of existence of humanity in some epoch and the Divine Order (an essence), to which the Natural Order is a parallel, representing, in fact, the concrete existence of the Divine Order. The natural order is, in turn, the *norm* for actually existing polities. Once again the natural order is an essence capable of most diverse concrete realisations in the course of history. Indeed, in different epochs and places, the social individuals are living in specific, most diverse social formations and in very different material

conditions and with widely differing technological states of affairs prevailing. Now, with alienation representing the gap between the really existing societies and their natural state, alienation can be seen as running parallel to fundamental alienation in historical time. While fundamental alienation represents the distance between Man and his Creator, alienation 'measures' the distance between human existence and the natural state of society, enabling the social individuals to prosper. Alienation thus means that man moves away from his Creator and reduction of alienation implies moving towards Him (reducing *Gottferne*). In this perspective history may be as the permanent effort of man to do better, to realise the fundamental values – Goodness, Beauty and Truth – as perfectly as is humanly possible in all domains and in most diverse historical circumstances, making use of most differing means. However, alienation is always there in a greater or less degree, the main reasons being *imperfect knowledge*, the *excessive* striving for *power* and wealth, in fact, *excessive* realisation of particular interests associated with *egoism* in the widest sense of the term, to which, in modern times in the main, adds *system-caused alienation*, involuntary unemployment and a very unequal distribution of incomes, with all the consequences that ensue. We have already mentioned that huge efforts of theorising on socio-economic matters will be required to provide politicians with the conceptions to reduce present alienation. And this will have to be accompanied a very strong political effort. This vision of history strongly suggests that the social and political sciences are *essentially* moral sciences.

At this stage it ought to be mentioned that alienation and historical change as is associated with the unfolding of human nature are inextricably linked. In fact, each change brings about a new – alienated - situation and *knowledge* is required to master this new situation and to bring it more into line with the natural state of affairs. This can be most appropriately illustrated by mentioning what happened in and around first and second *axial age*. Karl Jaspers's first *axial age*, brought, as has been suggested above, the breakthrough to Truth in a time of political turmoil in all three cultural regions concerned: small city states, frequently at war among each other, shaped the political scenery during first *axial age* in the Occident, India and China. This situation had to be consolidated politically, and the solution that emerged through new political knowlege was *Empire*. Indeed, as Jaspers explicitly mentions first *axial age* ends with the formation of large empires, Alexander's Hellenistic Empire and Rome, Republic and Empire, in the West, the Maurya-Dynasty in India, the Han-Dynasty in China. Certainly, one of the main aims was to ensure peace. However, within these empires a dissimination of the ideas developed in *axial age* took place. What was achieved in first *axial age*, the breakthrough to *Truth*, was preserved and consolidatd through the great empires. (In analogy, one might argue that the pre-*axial age* civilisations in China, India, Mesopotamia, Egypt and Greece consolidated the value of *Beauty*.)

Second *axial age* (800 to 2000 B.C.), prepared the breakthrough to Modernity in Europe (800 – 1800 AC) and realised it on a world level (1800 – 2000). It would seem that by now this breakthrough has been

completed and time has, actually, come to *consolidate* its achievements on various levels: socio-economic, political and ecological so as to create the preconditions for cultural flourishing in the widest sense. Time has now really come to overview what has been achieved since the British Industrial Revolution, to evaluate these achievements, and to look for new and more appropriate approaches and theories in the field of the social and political sciences. On this basis new and more suitable policy conceptions may be formulated. This would mean consolidating the scientific and technical achievements of the Great Transformation so as to bring them into line with man, society and nature.

In the preceding chapters it has, indeed, been suggested that Liberalism and Socialism have not been capable of giving satisfactory answers to the challenge of Modernity. A new conception is needed, to come to grips with the complexities of the modern world, that is *Social Liberalism* which not only relies heavily on *Keynes vision* (Fitzgibbons 1988) but also on the Classicals and Marx. Once again *knowledge* is required to consolidate, particularly knowledge about the functioning of the modern economy, now no longer a market or a planned economy, but a monetary production economy. It has already been suggested that *political economy* has become the *key social science* of the modern era which forms the basis for sensible policy measures in spheres of society. To set up a system of economic in line with the doctrine of Social Liberalism requires elaborating, synthesising and putting into a wider context the work of the great political economists, François Quesnay, David Ricardo, Karl Marx

and Maynard Keynes. A first – tentative and provisional - step in this direction has been undertaken in Bortis (1997 and 2003), where a system of Classical-Keynesian Political Economy has been sketched. A fundamental implication of this theoretical approach is that modern economies are *not* self-regulating. Given this, the challenge of Modernity is to set up, on the basis of orderly socio-economic conditions – crucially full-employment -, *appropriate institutions* in the various countries and regions of the world, adapted to the mentality of the people, such that the social individuals may prosper and become persons.

The above implies the *Catholic – Theistic* - view of history. There is no perfect world made up of self-regulating mechanisms, most importantly competitive self-regulating markets in the economic sphere, as is implied in – Protestant - Deism. In the Theistic view the social and political sciences are *essentially* moral sciences and *institutions*, associated with the *permanent pursuit of values*, are absolutely necessary to render possible the good and decent life of the social individuals. However, given an immensely complex modern reality, ethically appropriate action must be based on *knowledge* if social and ecological situations are to be improved. Since, as has been mentioned in the introductory chapter *Setting the Stage*, *knowledge is always probable* and hence absolute knowledge is outside the reach of human beings if complex problems are tackled, an *openminded* and *non-doctrinaire* attitude is an essential prerequisite for theorising, that is, precisely, to select the most plausible (probable) approach to come to grips with a specific complex phenomenon.

Moreover, in putting the *Theistic* view to the fore we want to make clear explicitly that *very complex problems in the social sciences, like the problem dealt with in this essay, cannot be tackled without relying upon a firm value basis associated with a specific vision or Weltanschauung*. In the social sciences, when one is dealing with fundamentals or principles, scientific proof is impossible. In this case, the social scientist may, in a Keynesian vein, only try to understand and, subsequently, to persuade and to convince.

Given this very brief account on the meaning of history, we are now in a position to provide an equally brief record of *the structure of human history*. What has been said in the preceding parts forms the background of our account which, therefore, may also be considered a summary of the argument set forth in this review essay.

To start with we may imagine man living, *unconscious* of his existence, in harmony with with animate and inanimate nature, with his immense potential dormant. The breakthrough to *consciousness* must have been a momentous event (perhaps coinciding with the exit of the Garden of Eden!). In fact, it was consciousness of the existence, and gradually, of his potentials. When man started to realise his potentials in *free-will* conditions, *fundamental alienation* in the form of imperfect knowledge and and striving for power presumably came into being at once, and very heavily. Self-consciousness proper came, perhaps, into being only with first axial-time. The journey undertaken by man throughout history to discover the fundamental values, Goodness, Beauty and Truth, embodied in Creation, and to realise these values in most various domains, had begun. It started with the

age of Myth and Magic of William Haas and Karl Jaspers. One may presume that in a very long first phase intuition and imagination were still most strongly linked to the subconscious. It may well be that these first men and women possessed intuitive-cum-instinctive abilities which modern man cannot even imagine.

Probably, the first value man became conscious of was Goodness, and Bad as an alienation. Then followed consciousness about Beauty, as, for example, the stone age wall paintings attest. These paintings, and also sculptures, astonishingly resemble modern art, thus pointing once again to the invariable nature of man.

The Agrarian Revolution (around 6000 B.C.), the first Great Transformation in human history, changed the *conditio humana* dramatically. Gellner's *Agraria* started, and should last until about 1800 A.C.! Myth and Magic, though still strongly linked to the subconscious, became more and more structured by reason, producing inventions (metal working, tools and weapons), refinements in the realm of Goodness and of Beauty. Agriculture produced a surplus which, if substantial, dramatically increased the social potential of politically organised mankind. Most importantly, urban civilisations came into being, in Mesopotamia, Egypt, in Northern India and in China.

Goodness became Commandment (Moses, around 1500 B.C.) and Law. Around 2000 B.C. Hammurabi established a Legal Code, embodying civil and penal law and economic and social laws. Beauty flourished as the astounding works of architecture and sculpture of the ancient civilisations attest. A visit to the Louvre or the British

Museum makes one think of almost superhumans having created monumental sculptures. These ancient Bronze Age civilisations constituted the basis, the common ,crucible in which the major societies of Eurasia were fired' (Goody 1996, p. 226). This proposition has been elaborated within the framework of the chapter on *William Haas: East and West are entirely different*.

The Great Transformation of the Agricultural Revolution is followed by Jaspers' *Achsenzeit (axial age)* – 800 to 200 B.C. –, another Momentous Transformation in human history. Here we witness the breakthrough from the world of myth and magic, dominated by intuition and imagination, to the world of Logos, of reason and analysis (*Vernunft* and *Verstand*). After the great realms of Goodness and Beauty, the empire of *Truth* enters the scene of world history. *Axial age* is characterised by generalised conflict and war, between city states and feudal lords, but also philosophical theories of all kinds, complementary and contradictory (Jaspers, Seitz). The treatment of *Achsenzeit* has been prepared in the introductory chapter *Setting the Stage*. *Axial age* has been mentioned in the parts on *Michael Mitterauer: Europe sets the stage* and in *The Sequence of Events in Europe*. This notion has been extensively dealt with in *East and West in a Wider Context – Karl Jaspers: Achsenzeit*.

It is during *Achsenzeit* that in East and West the invariable human nature came into entirely different forms of existence. This issue is dealt with in *William Haas: East and West are entirely different*. Eastern man, Haas argues, lives with the objects surrounding him. Hence there is no real separation between subject and object. Eastern

awe before nature and tradition exerts a restraining influence on the mind. Therefore, in the East, perfection is sought within the existing. This also shows up on the level of the political. With Achsenzeit ending, individual, social and political life was based on traditional *ethical* values; with the Han-Dynasty, Confucian China came into being (220 B.C.) and lasted for about 2000 years (Seitz). The intimate relationship between subject and object led to holistic thinking (*ganzheitliches Denken*) in the East, heavily relying on intuition, with reason carefully formulating principles. The logographic writing was in line with holistic thinking. This way of thinking produced Eastern wisdom, so admired in the West (Clarke 1997, Goody 1996): *Ex oriente lux!*

In the West, in Greece, the beginning of Achsenzeit (around 800 B.C.) coincided with a *new start* and the possibility to benefit from the Middle East – Mesopotamia, Egypt, Persia (Burkert 2003). Object and subject separated, linked by *wonder* which initiates the acquisition of knowledge. Reason (Vernunft) and analytical powers (Verstand) moved to the fore. Systems of thought were built, in Greek times, still ordered by metaphysics. Knowledge still built on wisdom. Nevertheless, wonder and the separation of subject and object led the basis for the domination (and exploitation) of nature initiated by the West on a grand scale with the Breakthrough to Modernity, with science and metaphysics separated.

Haas insists on the fact that the Greek *polis* was a unique creation. And, it could it could be added, so was Greek political philosophy elaborated by Plato and Aristotle, above all Aristotle's *Politics* and

Nicomachean Ethics. Aristotle stressed the fact that man was a *social* being. The meaning of the *social* and its relations to the *polis* with Aristotle and its implications can perhaps be brought out best by the notions *Gemeinschaft* (*community*) and *Gesellschaft* (*society*) coined by Ferdinand Tönnies. The *community* is a *natural* social formation in the sense of *original, naturally given*, hence not man-made, for example the extended family, the clan or the tribe. Communities may also come into being spontaneously through necessity and subsequently historically grows and becomes traditional, for instance, or the Indian castes, medieval corporations, feudal estates. Within a community, the *social* may be expressed through solidarity and loyalty, for example, and the social functions are linked to persons. Ethics regulating the behaviour of individuals plays a fundamental role. Leadership is also personal and hierarchies are important. Heredity plays a central role. Communities are, as a rule, sharply separated from each other and social mobility is restricted. The traditional Indian caste system is an extreme example. However, there may be associations of communities in order to strengthen their position within a social formation.

Society, however, is regulated by *man-made institutions*, which are *purposefully created*. Individualistic institutions regulate behaviour, for example, the regulations of private law, or social institutions where, in principle, equal individuals perform certain functions such that a social aim may be reached; to give modern examples, an enterprise, a football team or an orchestra are social institutions. In principle, the social functions, for example, serving as a civil servant, a judge, a

teacher, are *independent* of the persons occupying the charges in question. Now, Aristotle says that is up to the government to determine and to encourage the coming into being of the activities that must be exercised in a polity such that social harmony obtains. This is a matter of public law, regulating part-whole relationships, with distributive justice being the justice associated with public law. In this sense the state, the polis, becomes the precondition for good and happy life of the citizens, one could say of the Common Good. Greek political philosophy and its attempted application to the polis through constitutions implies *unfolding the social potential* of man through creating institutions. Given this, the social and the natural now acquire a new dimension. The social potential and thus the Common Good may be increased through creating new and better institutions, that is *institutions in line with human nature*. This implies that the natural in the social and political domain is no longer something *given* by nature, but becomes an *aim* to be realised, a *telos*. In the hands of Aristotle and of the great Greek statesmen, political philosophy and political action became *teleological*. Goodness acquired a new dimension: the question as to the nature of the good society and the good political society, the state, was asked. Aristotle created simultaneously political philosophy and political ethics by asking the questions: what *is* the state and *how should* the good state look like? In Tönnies's terms the *creation of institutions* implies a *move from community to society*. The individual detaches itself gradually from the natural ties attaching it to the community to become, in principle, *free* in the sense that the individual may choose at which institutions

to participate, for example, to choose a profession or to choose to work in the public or in the private sector. Freedom is thus a precondition for the good life.

However, a good *society must be a community on a higher level*, for without a sense of community, society would gradually become atomistic and, as such, would cease to exist – as it does at present to large degree. Hence within a good society the individual is, in principle, free to choose the kind of socially useful work, becoming thus a *social individual* (Marx) and, if culturally enriched by society, a *person* in the sense of Catholic Social Doctrine. This implies that the persons pertaining to a well-organised society enjoy *rights*, the right to work or the right to education, for example, but they also have *duties*, mainly to do good work, manual or intellectual, directing or executive, in order to enhance the Common Good. To bring about a well-organised, a good society, within which the social individuals may prosper to become persons, is the central task of politics. In such a society two institutions are crucial for social stability and social harmony, that is the *Western family*, referred to in the chapter on Michael Mitterauer's book, and the *education system*, with education balancing 'intuition and imagination' on the one hand and 'reason and analytical powers' on the other, and providing a sense of life through compulsory teaching of *religion*, including comparisons between religions to enhance the dialogue between religious communities; once again we can refer to Catholic Social Doctrine in this context. In view of the complexity of the policy task, Aristotle says at the outset of his *Politics* that politics is the most difficult of all the arts. This holds

true even – much - more for Modernity where good Politics, in the sense of setting up an appropriate institutional system, is possible on the basis of a very solid body of social and political theory only. Both themes, the necessity of theorising and institutions and Modernity, will be taken up below.

The movement *from community to society* was precisely set into motion *through the institutions of the Carolingian Empire*. The gradual development of modern society out of the feudal communities which succeeded the Carolingian Empire is the crucial *social result* of the *second axial age* which occurred in Europe only. This emerges from *Michael Mitterauer: Europe sets the stage for the road to Modernity* (on this see also Barbero 2004). The problem of institutions has been dealt with above under the headings *Institutions in East and West* and *Institutions in a wider context* in the chapter on *William Haas: East and West are entirely different*. There the problem of alienated institutions, that is institutional set-ups not in line with human nature, has been alluded to. Moreover, it emerges from the chapter on William Haas that the East has remained far more on the level of the community than the West who has, since Greek times attempted move into the direction of society. This explains, perhaps, in part why the East and Africa, even Eastern Europe, have difficulties to cope with Modernity as has emerged in Europe. Indeed, in the section *Institutions and Modernity* it will be argued that institutions are absolutely necessary to master the complexities of Modernity. A great number of countries suffer from the fact that they have not yet established institutions adapted to the mentality of their people,

due to a lack of knowledge, the domination of particular interests, uneven development and to foreign interference, all this giving rise to a heavily alienated socio-economic and political situation.

Summarizing these considerations on *axial age* we may say that the breakthrough to the search for Truth was achieved in East and West, though in different forms, the East privileging reasoning on the basis of intuition, the West putting reason and analysis to fore, pushing intuition and metaphysics more and more into the background. However, in the West, in Greece, a *second* fundamental breakthrough occurred: the foundation of the polis and the question as to the *good society*, mobilising more and more the social potential of the social individuals brought together in a political society. This means, ideally, enhancing the Common Good through man-made institutions. On the level of reality there was, in the West, a movement from community to society.

Jaspers mentions that *Achsenzeit* ended in East and West with the formation of great Empires (around 200 B.C.), the Han-Empire in China and the Roman Republic which was about to gain supremacy in the Mediterranean area. As put to the fore by Konrad Seitz, individual, social and political life in Confucian was based on ethics; Haas and Hodgson emphasize that the East was striving for perfection within the natural as it was given. One may venture to suggest that China realised, in post *axial age Agraria* (Gellner), a political order broadly in line with human nature. Thus the widely admired extraordinary stability and long duration of the Chinese polity, put to the fore in *Konrad Seitz: The Sequence of Events in China*. The Roman Republic,

however, while gaining absolute supremacy in the West, ended up in a terrible civil war, which resulted in the creation of the Empire. The Roman Empire was based on power and splendour, not on ethics. Therefore, on the background of Plato's political philosophy, Augustine said that Rome was not a state. The non-ethical nature of the Roman Empire was a most fertile ground for Christianity to unfold and to decisively shape Europe and, subsequently, the World.

Indeed, *Christianity* was at the basis of the *second new start* for Europe provided by the *Carolingian Empire* which lead the basis for the road to Modernity. This long way to Modernity could reasonably be interpreted as a *second Achsenzeit (axial age)* which came into being *in Europe only*, starting in 800 A.C. and perhaps gradually be coming to end by now. Similarly to the first *axial age* in East and West, there were, in Europe, continuous conflicts and wars going on between feudal lords, and between Emperor, Kings and feudal lords, Emperor and Pope, and, subsequently, between more and more organised nation states. Konrad Seitz rightly speaks of fever-ridden Europe.

The second new start for Europe setting into motion the second, European only, *axial age* (about 800 A.C. to 2000 A.C.) has been pictured in *Michael Mitterauer: Europe sets the stage to for the road to Modernity* (see also Barbero 2004). The second *axial age* is about the breakthrough to Modernity on two levels, the scientific, technological and economic level (Hodgson's *technicalisation*) and the cultural and political level. Both levels are dealt with in the section *Europe: Unity in Variety* (on this see also Nef 1963) and in *The*

Sequence of Events in Europe. The first level of *axial age* – science, technology, economy – is dealt with in *The Industrial Revolution – a chemical mixture explodes*. The chapter *John M. Hobson: Asia influences Europe, but does not dominate her* is about the crucial Eastern contribution to science and technology in the West. In *Konrad Seitz: The Sequence of Events in China* the crucial contribution of China to the breakthrough to Modernity on the cultural and political level is set out; we may just recall here the admiration of the philosophers of the Enlightenment for Chinese culture and political organisation.

In this review essay we have insisted upon the immense complexity brought about by the modern world. Indeed, the West has embarked Humanity in an undertaking full of perils that has brought about tremendous catastrophies, the two World Wars, Holocausts, deep depressions, most importantly, and injustice and alienation to the highest degree, mainly the sea of poverty and misery coexisting with tremendous scientific and technological progress and islands of immense wealth and luxury consumption. The immense achievements but also the huge perils of the modern world have been alluded to in *Attempts to Master the Effects of the Great Transformation* and in *Assessing and Evaluating Globalisation*. The breakthrough to Modernity raises an immense socio-political challenge to Humanity. What is, in fact, the appropriate political organisation of the modern world? Most importantly, *do we still need states*, given the fact that their gradual fading away has been suggested by liberal and by socialist doctrine? The crucially important question as to a political

organisation on a world level *in line with human nature* is dealt with in the last two chapters of this essay: *The natural order within states leads to a natural world order: the world as a family of states* and *The natural political world order as a precondition for polities in line with human nature*. The problem is to create a harmonious institutional set up within and between societies and states such that the social individuals may prosper, that is unfold their dispositions and broaden their capacities. This is to take up and to develop the Aristotelian-Christian idea that, on the one hand, the state is the precondition for the good and happy life of its citizens who get, on the other hand, more perfect through social activities, in the cultural and economic domain most importantly.

To master the immense socio-economic, political and ecological challenges of Modernity will equally be a *common task for Mankind*. Indeed, Modernity as brought about by the Promethean-Faustian Western nature (Binswanger, Haas, Nef, Seitz) is full of perils. Both Socialism and Capitalism have proved to be inadequate answers to the tremendous socio-economic, political and environmental challenges of Modernity. Both doctrines do not correspond to human nature and their implementation has produced an immense amount of alienation. There several types of alienation. System-caused alienation is basically economic, involuntary unemployment and unequal income distribution, producing, in Marxian vein, alienation in the superstructure, social, political and cultural. The separation between science and metaphysics and between society and religion produces nihilism – the fading out of values - which is also a type of alienation.

Again the East, specifically China, may point to the way out. Indeed, the complexities of Modernity can only be mastered through a return to traditional political philosophies corresponding, in principle, to human nature. For China this would mean taking up Confucius and his basic concept of social harmony, implying harmonious social individuals. It would seem that Confucius and the notion of Social Harmony are, at present, gaining importance in China. And, again, the West would be able to take up positive impacts from the East and to develop these creatively on the basis of ethically based political philosophy, putting to the fore the good life of the citizens in a just society, the Common Good in the Aristotelian-Christian sense (Brown 1986). Maynard Keynes has laid the basis for this undertaking: „Keynes’s innovation was to reconcile economics with the older traditions of moral and political philosophy“ (Fitzgibbons 1988, p. 3). This idea has been developed and put to the fore in Bortis (1997, 2003), which exhibits Keynes’s *Social Liberalism*, and the associated system of classical-Keynesian political economy.

Having very briefly considered the *structure* of human history we return for a moment to the *meaning* of history. The starting point is a momentous statement by Karl Jaspers in relation with the *first axial age* (800 – 200 B.C.) when, in our view, the breakthrough to the problem of Truth occurred: „*Achsenzeit* took place in China, India, Iran, Israel and Greece. Here man and his intellect were born a second time laying thus the foundations for history proper. However, there were civilisations which were *not* touched by the *axial age* breakthrough, namely Egypt and Babylon. [Their civilisation had

reached a degree of perfection in all domains – political, social, cultural – such that a fundamental change was impossible. H.B.] Consequently, we Europeans are nearer to China and India than to Egypt and Babylon, simply because the former performed the *axial age* breakthrough, not the latter. However, both Egypt and Babylon are of world historical importance. Indeed, Israel and Greece, in spite of getting ever more distant with them, both learned from them enhancing thus their potential. Subsequently, both Israel and Greece laid the foundation for Western (European) civilisation’(Jaspers, pp. 58-59). This happened at a time, when, after the breakdown of the Roman Empire, Europe had the immense chance of a second new start through the Carolingian Empire within which, as has been seen above, the foundations for the breakthrough to Modernity was laid. The Carolingian Empire was based on two pillars: Graeco-Roman and Christian. In the above, the importance of Greece has been stressed through Aristotle. This is the place to make on some remarks on the role of Israel in world history which greatly contributes to deepening our vision on the meaning of history.

The remarkable starting point is that the people of Israel came out of the age of myth and magic (Haas, Jaspers) with a spiritual heritage completely different from that of other peoples. Jaspers mentions that ,all indogermanic peoples produced legends and heroic sagas of the Homeric or Germanic type, for example. These are characterised by heroism, fate and tragedy. In a similar way this is true of China and Mesopotamia’(Jaspers 1955, p. 63). The *Pentateuch*, Israel’s heritage of the mythical-magical age, is of an *entirely different* character,

however: It is the dialogue between the people of Israel and the Creator of this world. Johann Maier, author of a comprehensive history of the Jewish people, states that ,during the Babylonian captivity this spiritual heritage was written down, Monotheism was clearly established and hopes for a just social order (Eschatology) came into being. These expectations commanded the discrepancy between ideal and reality and led on to establishing an Utopia as a measure of the existing and promised the realisation of the Utopia, in case of a return to God and obeying his will' (Maier 1980, pp. 115-17). In terms of what has been said at the outset of this section on the meaning of history, this implies a socio-economic and political order in line with human nature and with alienation – the distance between social reality and the natural and the Divine order - reduced to a minimum.

Hence the vision of history established by the people of Israel is profoundly characterised by *hope*. In terms of the present essay this hope is provided by the approaching of a natural state, a socio-economic and political situation in which the social individuals may prosper and alienation is reduced to a humanly achievable minimum. This is in stark contrast with the vision of the human condition implied in the heroic sagas of the indogermanic peoples, China and Mesopotamia mentioned by Jaspers. Here heroism and fate are associated with *hopelessness*. No higher purpose can be seen in human existence; and only heroic deeds associated with tragedy can bring about a kind of immortality, because these deeds will be remembered by future generations precisely through tales. This leads

to a sentiment of frustration: *sadness is our destiny*, Homer says of his heroes (Baricco 2006, backpage). All this points to a specific mission the people of Israel has been charged with to reestablish the relation between man and God which had been broken when man stepped out of the Divine order at the moment he became conscient of his existence and gradually started to create his own world in the course of history, unfolding thus, tentatively, his potential in ever alienated circumstances. The purpose was to reestablish hope for a better future through approximately realising the natural state as would be in line with Divine will. That the natural state should be founded on ethics, implying the humanly possible reduction of alienation, had already been established in the *Book Exodus*, in fact through the opposition of the Ten Commandments with *excessive* money making and hoarding of money – Moses smashing the Commandment Tables in view of the people of Israel's dance around the golden calf. Thousands of years later Maynard Keynes, in the midst of heavily alienated times, warned of the disastrous effects of money flowing excessively out of the industrial circulation into the financial circulation: oversaving due to an unequal distribution of incomes, *excessive* wealth accumulation and too much speculation could prove very damaging to the real economy in terms of high levels of involuntary unemployment. As has been alluded to repeatedly, Keynes proposed as a remedy „to reconcile economics with the older traditions of moral and political philosophy“ (Fitzgibbons 1988, p. 3), an idea carried on in Bortis (1997). The fundamental problems are always there and the proposed

solutions remain essentially the same, yet another indication for the invariable human nature!

It is highly significant that this vision of history was established in the midst of the first *axial age* to initiate definitely the Judeo-Christian religious tradition. As has been suggested in the chapter on *Michael Mitterauer: Europe sets the stage for the road to Modernity* Christianity was crucial in the march of the West towards the modern world during the second *axial age*. And Christian doctrine will also be crucial to master the immense challenges of Modernity through Keynes's endeavour to bring together modern economics with the older traditions of moral and political philosophy. Considering that, in a wider view, the Judaeo-Christian tradition started approximately 2000 B.C. one might be tempted to say that this tradition forms, in a way, the backbone of World History.

However, there is no linear progress towards the natural state - states of affairs corresponding to the social nature of human beings have to be approximated through policy action based upon social and political ethics in each historical situation (Bortis 1997, pp. 351-80). Indeed, improvements, characterised by reductions of alienation, may be followed by setbacks with alienation culminating, whereby the determinism exercised by the socio-economic system may be crucially important. Perhaps, the most dramatic historical instance of such a process is provided by Germany: the ethically and culturally eminent Carolingian-cum-Holy Roman Empire, heavily damaged by the terrifying Thirty Years War (1618-48), ended up, at the peak of a heavy economic crises, in National Socialist Germany, relapsing thus

into the paganism of the heroic age as is pictured in Hans Urs von Balthasar's grandiose *Apokalypse der Deutschen Seele* (Balthasar 1998/1937-39). To prevent such setbacks, solid economic theory, classical-Keynesian political economy to wit, must be combined with the older traditions of social political ethics as Maynard Keynes has perceived with great clarity (Bortis 1997, 2003). Strong socio-economic and political theory is indispensable to master the gigantic challenges of Modernity (see next section).

Following up the summary of the argument set forth in this section, we now turn to four topics that have been alluded to in the preceding and which deserve some further elaboration. The first theme related to the necessity of theorising with the coming into being of the modern world, especially on economic, social and political phenomena. The second issue relates to institutions and the modern world. Both themes are, as will be suggested, closely interrelated. In the third and fourth place two problems related to the philosophy of history will be briefly dealt with.

The necessity of theorising

With the coming into being of the modern world in the second half of the eighteenth century economic, social and political phenomena became immensely complex. This was due to the rapidly increasing division of labour and to the crucial role taken by money and finance. The necessity for systematic thinking on these matters developed almost irresistibly. For example, at the outset of the 19th century, Alexis de Tocqueville, deeply conscious of living in an

entirely new epoch, required a new science of politics to come to grips with emerging Modernity. Sociology came into being in the second half of the 18th century and at the beginning of the nineteenth with Montesquieu, François Quesnay, and Auguste Comte. Legal theories based on differing approaches were set up (the historical school of law and the rationalist school, for example). And, finally, economic theory came into being with the industrial revolution (Adam Smith and his *Wealth of Nations*). Soon, it turned out that Political Economy was *the key social science* of the modern era. Indeed, without understanding how monetary production economies function, appropriate economic and social policies adapted to the modern world are not possible. The political economy line started with François Quesnay and continued with David Ricardo. Subsequently, Karl Marx became the dominating figure of the 19th century, putting to the fore the immense amount of alienation produced by the capitalist system. And, finally, Maynard Keynes, the giant of political economy of the 20th century, produced together with Piero Sraffa the twin revolution of Shackle's *Years of High Theory* (Shackle 1967). Indeed, Maynard Keynes convincingly refuted Say's Law through transforming monetary theory into a coherent general theory of employment, interest and money. Piero Sraffa's (1960) work initiated a revival of classical political economy, specifically the classical approach to value and distribution, and solved the transformation problem which had discredited the Ricardian approach until the 1950s. On the basis of the newly established Keynesian political economy John Kenneth Galbraith, in his overall work, has provided a most accurate and vivid picture of

twentieth century capitalism, his *New Industrial State* and his stupendous analysis of the *Great Crash 1929* being eminent instances. Subsequently, Geoffrey Harcourt greatly contributed to prepare the way to establish a synthesis between Keynesian and classical political economy (Harcourt 2001). Luigi Pasinetti, finally, set up the preconditions to bring together Keynes and Sraffa (Pasinetti 1986), separated hitherto by a theoretical abyss, at the level of analytical fundamentals, creating thereby the analytical basis for classical-Keynesian political economy, set forth in Bortis (1997, 2003). This system represents the political economy of *Social Liberalism* as founded by Keynes. The social philosophy of Social Liberalism, and the associated system of social sciences seems most appropriate to deliver the socio-economic policy conceptions required to tackle the socio-economic problems of the 21st century, and beyond. In this context it should be remembered that, in a Keynesian vein, the social sciences are *essentially* moral sciences. In the complex modern world the *probable knowledge* obtained through the social sciences in general, and through political economy in particular, is a *prerequisite to ethically correct action* on the socio-economic and political level (Bortis 1997, specifically pp. 72-74).

Institutions and Modernity

In the above we have already mentioned and discussed extensively the very important remarks William Haas makes on institutions (section *Institutions in East and West* and *Institutions in a*

wider context). Here we take up the theme of institutions again in order to link it with the complexities of Modernity.

Let us first recall William Haas who points out that the East has, in a way, put aside institutions and concentrated on the improvement of the individual, whilst the West has been obsessed by institutions and institutional change which, in many, instances may have hampered the unfolding of individuals, as may be the case, for example, in a law-and-order state or in states where administration has grown excessively with bureaucracy developing a life of its own. One might add here that the East has perfected the natural institutions, which are in fact communities, the extended family and the Indian casts, and the state, characterised by personal rule. In the West, however, institutions have been deliberately created, attempting to unfold the potential contained in human nature (The 158 Greek constitutions Aristotle considered before writing his *Politics*, and, as pictured by Michael Mitterauer, the institutions of the Carolingian Empire and their unfolding).

The Eastern way of concentrating on the perfection of individuals, including the rulers has certainly produced excellent results. Seitz explicitly mentions the high moral standards of the governing classes in China (The Emperor and the Civil Servants) and the extraordinary stability of Confucian China widely admired in the West. Haas, too, points to the harmony embodied in Eastern persons, their calm and serenity standing in striking contrast to the more unbalanced Westerner, who, in the extreme may even become 'a one-dimensional man' (Herbert Marcuse). The spiritual achievements and the wisdom of the East must equally be mentioned. *Ex oriente lux* is a striking fact

(Clarke 1997, Goody 1996, Hobson 2004). However, it may well be that the very perfection that has been reached in the East had made fundamental change impossible. For example, Marshall Hodgson says of the Islamic world: „[The] very excellence with which Islamicate culture had met the needs of the Agrarian age may have hampered its advance beyond it“ (Hodgson 1993, p. 318). The same could probably be said of China, India and Persia. This very excellence also implies that inventions have been made that could have been at the basis of an Industrial Revolution (Hobson). However, such a revolution was, as had been suggested above, absolutely impossible because this would have implied a new political order. It was precisely for political reasons that the Huguenots were driven out of France in 1694, and it was for economic, political and ethical reasons that the Chinese authorities stopped sea-faring at the outset of the 15th century (see Seitz on China above).

Thus fundamental socio-economic changes were not possible in the East, not because of immobility, but because of the high degree of perfection of Eastern civilisations. In this context, Haas argues that the East has remained far nearer to the magical-mythical common base of humanity than the West. This means, to speak in Christian terms, Eastern man has remained near to the state of Creation and sought perfection within this state. In a way, Aristotle's efficient cause is active here: the natural state determines man. Fiodor Stepun, an eminent Russian philosopher wrote that the immensity of the Russian landscape shapes man. Western man, however, given his Promethean-Faustian nature shapes landscape and, *against heavy resistance though*

(David Landes), produced the breakthrough to *Industria*, followed by the striving after limitless progress and economic growth. (In a fascinating book the Swiss economist Hans-Christoph Binswanger explicitly associates the second part Goethe's *Faust* with the obsession of money making driven unlimited growth.) 'Man is the measure of all things' as is inscribed on the Temple of Athene dominating the Acropolis.

All this had implications for institutions and institutional change. In fact, the relatively simple conditions of the Agrarian age *did not require man-made institutions*, that is institutions which were deliberately created. Natural institutions, and communities like the state, represented by the ruler and his clan or his civil service, the family, the clan, the Indian castes were sufficient. High political and cultural standards came about with outstanding rulers and exceptional artists and thinkers. The important point that these achievements rely on exceptional persons, not deliberately created institutions which increase the social potential of man. As Seitz points out, the near-perfection of political and moral life of Confucian China until Western domination (220 B.C. to about 1800 A.C.) was due to the very high moral standard of the Emperors and their Civil Servants. And in India, knowledge, or, perhaps better, *insight and wisdom* acquired through *intuition associated with contemplation* has perhaps reached a width and a depth which is unequalled in the West. This is one of the points made in Glasenapp (1974) where Indian and Western philosophy, though different in part, are put on the same level. However, insight reached through intuition and contemplation is essentially personal. It

is even possible that a most profound insight, a grandiose vision cannot be expressed in words. Hence, the East reached perfection on an individualistic manner, on the basis of natural institutions, the hierarchical state, the family, the clan, and the caste system in India. The social existed within *communities*, the family and the clan. As alluded to above, these correspond to Tönnies' *Gemeinschaften*, in contradistinction to modern *societies* (Tönnies's *Gesellschaften*), shaped by purposefully created institutions. In the East, the political aims pursued were set by the ruler who, in normal circumstances, governed for the well-being of the people (Seitz on China). Life in general was largely governed by customs and tradition.

The Western obsession with institutions and institutional change (Haas) is, very probably, closely associated with Aristotle's conception of man and of society as is set forth in his *Nicomachean Ethics* and in his *Politics*. The first of these works deals with the good life to be regulated by individual ethics, the latter is on how society ought to be organised as is prescribed by social and political ethics. And since, according to Aristotle, man is a social being, individual and social ethics are interrelated. This is to say that, on the one hand, the individual gets more perfect through social activities and, on the other hand, a social foundation is required for the good and decent life of the citizens. Time and again Aristotle states that the state is prior to individuals and is, in fact, a precondition for the happiness of individuals.

Here, the question arises why a state is needed at all. Plato and Aristotle advance two central reasons. First, there is the variety of

needs; no individual can produce everything required for life; hence a mutual dependence between the citizens arises. Second, and more importantly, the inhabitants of a political community are unequal and, therefore, have different dispositions and abilities. These differences are required because different, *complementary*, activities have to be carried out within the political society. In the material basis, there are the workers (the slaves in Aristotelian times) and the artisans. In the social superstructure are the philosophers who elaborate the knowledge required to bring about a well organised state, and the administrators apply the knowledge produced by the philosophers.

Hence, the genuine social dispositions of man are necessarily linked with inequality: ‘for a city does not only consist of a large number of inhabitants, but [they] must be of different sorts [which implies that inequality is based upon the inequality of dispositions and abilities]; for were they all alike, there could be no city’ (Aristotle, *Politics*, 1261a). Genuine social organizations like society and state are structured entities which imply part–whole relationships, and the essential shortcomings of single individuals require such organizations: ‘That a city then precedes an individual is plain, for if an individual is not in himself sufficient to compose a perfect government, he is to a city as other parts are to a whole’ (1253a). These sentences are of the utmost importance in the social sciences since they provide the starting point for arguing that society is something more than a collection of individuals, i.e. a structured entity in which division of labour prevails and common aims are pursued, which requires co-operation and co-ordination. The social nature of

man manifests itself most vigorously within *social institutions*. Here, individuals attempt to realize *common* aims through common action, implying co-operation, whereby individuals exercise different complementary functions. Hence, to give modern examples, social institutions represent the permanent pursuit of common aims – associated with values - in the economy (enterprises), the civil society (various associations), in law and politics (the legal institutions, government administration), education, learning and research (grammar schools, universities), culture (orchestras, libraries).

In an Aristotelian vein, social institutions have a double dimension. On the one hand they provide a foundation for individual action, on the other, they lead to a perfection or enrichment of individuals through social activities, e.g. participating in social institutions. Man-made institutions aiming at the building up of a good society implies going beyond the natural as is given by Creation so to speak. The social and cultural potential implied in human nature is enhanced through setting up, perhaps better, creating of institutions. Hence in the West there is also a drive to perfection, but on a deliberate and organised way, *taking account of the social nature of man*, and not only in the sense of perfecting the individuals as in the East. Given this, the natural now acquires a new meaning. The natural is no longer given, provided by Creation, but a state of affairs which is created by man. The good society no longer emerges from perfecting the individual only on the basis of what is naturally given, as in the East. Ideally, the problem is now about enhancing the social potential embodied in man in line with human nature. The natural gets

normative to become a natural order to be aimed at. A society organised in line with human nature would be a harmonious society, with social or distributive justice prevailing to a high degree, and where the full social and cultural potential would be realised as fully as is in line with human capabilities. And such a society would be largely free of alienation. Finally, and very importantly, in a Christian vein *all* social individuals participate in the social processes enhancing their perfection in view of their becoming persons. Hence nobody is excluded in the social striving after the Common Good.

As Haas points, the history of the West has, from Greek times onwards, been a history of institutional experimentation. The 158 Greek institutions Aristotle studied before writing his *Politics* are a telling instance. The two new starts in Europe mentioned above, the Antique-Greek start around 800 B.C. and the Christian-Antique-Germanic new start around 800 A.C. – the Carolingian Empire –, were in fact fundamental restarts also for institutional history. At times this history of institutions was peaceful and, in part successful, when institutional reforms took place (Athens and Solon, Rome and Augustus), but partial failures, and violent changes seem to dominate, indicating the presence of heavy alienation. The Peloponnesian War and the Roman Civil War before the creation of the Empire, the collapse of the Empire, the great European Wars from the Hundred Years War and the Thirty Years War to the two World Wars of the twentieth century, with the Great Transformation heralding the breakthrough to Modernity, the whole movement being calmed down by the *Pax Britannica*, 1815-1914. Seitz rightly opposes the

incomparable stability of Confucian China with ever changing and warring Europe.

Alienation has thus ever been present during *Western Agraria* and has continued in *Industria*. Significantly, as Marx rightly emphasised, alienation culminated after the Great Transformation from *Agraria* to *Industria* through the condition of the Working Class, and alienation at present continues to exist at a gigantic scale if we consider the fact that, according to eminent international organisations, two thirds of humanity live in misery, one third of the working population is involuntarily unemployed or underemployed.

Now the crucial point is that *in the relatively simple conditions of Agraria natural institutions (castes, corporations), communities and personal rule are, in principle, sufficient to bring about an orderly political society*. However, the Great Transformation of around 1800 heralding *Industria and Modernity made institutions absolutely necessary to bring into existence well-organised societies*. The division of labour and the crucial importance of money and finance has rendered the material basis and the socio-political and cultural superstructure immensely complex. Institutions had to be created in the various spheres of society to enable the social individuals to permanently pursue individual and social aims (Bortis 1997). As already suggested, it is appropriate to conceive of two types of institutions: „First, there are institutions which come into being if one, several or all individuals of a society persistently behave or are forced to act in the same (or in a strongly similar) way in order to reach individual aims. Such types of regulated behaviour or of

determined action we call *individualistic institutions*. These are brought about by custom and habits, having developed historically, or by legal rules which may be enforced if necessary. For example, specific types of ‘conspicuous consumption’ (Veblen) may become an institution brought about by custom; the same is true of certain ways to achieve short-period utility maximization. In contrast, the obligation to drive on the right-hand side or, in certain countries, on the left-hand side is a legally enforced institution which makes it possible to achieve an individual aim in an orderly way. Persistent actions of outstanding individuals, such as artists or political leaders, having a significant impact on other individuals are also individualistic institutions.

A second type of institution, the *social institution*, obtains if several or all members of a society persistently pursue common or social aims that isolated individuals could not achieve. In doing so, individuals or groups of individuals exercise differing complementary functions (planning or executive, physical or intellectual) within a social institution; co-operation and co-ordination are essential if such institutions are to function properly. In this sense, football teams, orchestras and enterprises are social institutions. But the most striking example of a social institution is the process of production, made up of the relations and the forces of production (technology). This reflects the classical-Marxian view of production as a social process: in a monetary production economy based upon extensive division of labour, production of commodities goes on by means of commodities and labour; each sector of production and each enterprise (themselves

social institutions), and each individual performs a specific function within the process of production, and thus contributes to reaching a common (social) aim, that is the production of the social or national product. Social institutions make up the bulk of what we call civil society and the state: football teams pertain to the social sphere; the parliament and the civil service are political institutions; orchestras belong to the cultural sphere; finally, the production system, enterprises, trade unions and entrepreneurial associations (institutions in the sphere of distribution), the system of property rights prevailing in a society and the monetary and financial system (the central bank, commercial banks and insurance companies) are socioeconomic institutions“(Bortis 1997, pp. 23-24).

Ideally, within institutions individual and social values are permanently pursued. In the material (economic) basis economic values are produced; this values have, as a rule, a price, that is value is expressed in money. Part of the produce, necessary consumption, is used up in production or the profit sector, what remains is the social surplus. The *use* of the social surplus, ideally, provides the *material basis* for all the persons active in the non-profit sector in the widest sense, including the state, to create *political, social, legal and cultural* values through the actions of individuals and collectives within the institutions established in the institutional superstructure. *These values cannot, in principle, be measured in money terms.* Highly unequal distributions of the surplus and the ensuing inappropriate use of the social surplus are, as a rule, associated with alienated social states of affairs.

It seems evident that a Modern Industrial Society simply cannot function without *social* institutions. This becomes clear if we consider the socio-economic aspect of the entire institutional system. The crucial point is that cleavages exist between the rationality of individuals and the rationality of the system. This gives rise to a basic reason for the existence of institutions in a modern monetary production economy: „Long-period economic phenomena (production, normal value, distribution and employment) are extremely complex. Individuals behaving rationally from their point of view would only be in a position to behave rationally in terms of society as a whole if they were appropriately guided by some mechanism, i.e. the invisible hand or the market system. Since long-period factor markets producing a tendency towards fundamental equilibria do not exist, it is impossible for the individual to behave in a way which is, at the same time, rational from his point of view and from that of society as a whole. To act according to the latter, a tremendous amount of information about the past, present and future functioning of society would be required and decisions would become immensely complex. One may go even further to say that individual actions are impossible without institutions. To act and to behave means participating in given institutions. There must be a social groundwork which enables individuals to act.

However, tensions and even contradictions exist between the rationality of individuals and the rationality of the system. Keynes showed that actions which are rational from the point of view of an individual need not be rational for society as a whole. For example, an

act of saving may appear to be rational from the individual *and* the social point of view: if, in an unemployment situation, all individuals save more, interest rates are expected to decline; investment should increase and unemployment diminish. However, since factor markets do not function properly in a monetary production economy, the contrary happens. More saving reduces consumption and output declines. Entrepreneurs in the consumer goods sector will invest less and the crisis will deepen.

Rational behaviour is possible within a socially inappropriate institutional framework, for example in a situation with heavy and persistent unemployment. But behaviour would be different from the behaviour taking place within socially appropriate institutions embodying full social rationality. Hence, ethically appropriate institutions are required in order to facilitate or to bring about behaviour that is rational from the individual *and* from the social point of view. Ideally, this implies creating social foundations such that individuals enjoy the widest possible scope for freedom of action; full employment and a socially acceptable distribution of incomes and wealth are perhaps the most important components of these foundations. Since individuals cannot cope with certain complex problems, for example long-period involuntary unemployment, the state *must* intervene to secure full employment“(Bortis 1997, pp. 275-76).

This points, once again, to the crucial role of the state in modern societies. Ideally, the state has to create or to encourage the coming into being of institutions such that the social individuals enjoy a

maximum scope of liberty such that they may prosper, that is unfolding their dispositions and broadening their capacities. It should be immediately evident that these processes will be all the more successful if they are systematically organised by institutions relating to education and science. However, scientific and educational institutions can only function properly if societies as a whole function properly. Marx and Keynes have perceived very clearly that economic disorder, Marx's economic alienation, showing up, in Keynes's view, in involuntary unemployment associated, as a rule, to an unequal distribution of incomes, affects all the other spheres of society and the state. Indeed, heavy involuntary unemployment and a very unequal distribution of incomes produces a struggle for survival, which may lead to conflicts between social, ethnic and religious formations. These phenomena are produced by system-caused alienation. Here, the immense significance of Keynes's message appears: to reduce social disorder, alienation to wit, modern economic theory must be combined with the older traditions of moral and political philosophy.

To set up societies in which alienation is minimised and hence the Common Good approached as closely as is possible is the great socio-economic-cum-political challenge of Modernity. *Liberalism* and *Socialism* have both largely failed and, as a consequence, Keynes's *Social Liberalism* is at present more needed than ever. This is the main message of Bortis (1997, 2003).

From history to history proper through reducing alienation

As mentioned above, William Haas (pp. 87-89) perceived the danger associated with institutions. If institutions are associated with overregulation or if bureaucrats apply regulations mechanically without knowing about the spirit of an institution, institutional systems may become autonomous subsystems, developing a dynamic of their own, and „degrade [man] to an unfree and irresponsible being“ (Haas, p. 89); perhaps Haas was thinking here, in the first place, of the German *Obrigkeitsstaat* where orders had to be executed unquestioned. Given this, man may no longer understand what happens to him, in the course of a legal procedure for instance. Franz Kafka's *Der Prozess* is perhaps the prime literary example picturing the helplessness of the individual facing an irrational institutional machinery. Such states of affairs could be called alienation on the level of individuals which would include Durkheim's *anomie*, where humanity is only partly realised or even degraded, due to excessive division of labour and specialisation. Man gets subdued to the machine (Marx), with Marcuse's 'one-dimensional man' coming into being, a phenomenon beautifully captured by Charlie Chaplin's *Modern Times*. This type of alienation is augmented by system-caused alienation caused by mass unemployment and an unequal distribution of incomes, implying the distress arising from a deep economic crisis. The crisis of the 1930s and its social and political consequences worldwide is a telling instance.

Now, Marx argued, probably rightly, that alienation culminated in Capitalism and he envisaged that its breakdown would bring the *alienated* part of the history of humanity to an end, as he mentions in a

famous passage in his *Vorwort zur Kritik der Politischen Ökonomie* (1859): „Die bürgerlichen Produktionsverhältnisse sind die letzte antagonistische Form des gesellschaftlichen Produktionsprozesses, antagonistisch nicht im Sinn von individuellem Antagonismus, sondern eines aus den gesellschaftlichen Lebensbedingungen der Individuen hervordachsenden Antagonismus, aber die im Schoss der bürgerlichen Gesellschaft sich entwickelnden Produktivkräfte schaffen zugleich die materiellen Bedingungen zur Lösung dieses Antagonismus. Mit dieser Gesellschaftsformation schliesst daher die *Vorgeschichte* [our emphasis] der menschlichen Gesellschaft ab – the bourgeois relations of production represent the last antagonistic form of the social process of production, implying not antagonism at the level of individuals, but social or class antagonism; however, the forces of production developing within bourgeois society provide the material conditions to overcome this antagonism. With this social formation the *prehistory* of humanity ends“ (Marx 1975/1859, Werke, vol. 13, p. 9; a.tr.). In Marx’s view, the breakdown of Capitalism would bring the end of alienation associated, in differing forms, with human prehistory; history would begin with classless Socialism where alienation associated with class antagonism would vanish. (In analogy, Liberalism, the doctrine of capitalism, also implies that progress, including ever more advanced mastery of nature and society, would result in eliminating the major social problems through ever-increasing prosperity.) To be sure, the forms of socialism that have come into being in the 20th century were far away from Marx’s humanist vision. Nevertheless, Marx perceived with incomparable clarity that

unfettered capitalism could not survive, because the market system is not self-regulatory.

Maynard Keynes was perhaps the first political economist to perceive clearly that neither Capitalism nor Socialism were able to come to grips with the immensely complex situation brought about by the modern world. Not only Capitalism had brought about alienation, but also Socialism, with alienation becoming so intense that, in the 1930s, totalitarian régimes emerged in capitalist Germany and in socialist Russia. Keynes had little sympathy for unfettered capitalism and no sympathy for socialism at all, even before this social system came into being. As a consequence Keynes struggled for the whole of his life to set up a comprehensive alternative to oligopolistic Capitalism and to Socialism with central planning. As alluded to repeatedly, this system could, perhaps, most appropriately be called *Social Liberalism* and the associated economic theory *Classical-Keynesian Political Economy* (Bortis 1997, 2003).

In this context we should add that Keynes's method, set forth in the first section of the introductory chapter, *Some remarks on method*, is of very great importance for the social and political sciences. There it has been suggested that Keynes attempted to reconcile metaphysics and science. This allows to synthesize methodologically very different works in to put them in a very context. For example, in this essay, we have brought together William Haas (1956), *The Destiny of the Mind – East and West*, which sets forth a scientific (metaphysical) vision and the books reviewed here – Hobson (2004), Mitterauer (2003), and Seitz

(2003) – all exhibiting theories and theoretical frameworks with the vision of man and of society implied or in the background.

To set up a coherent system of economic theory, that is a system of classical-Keynesian political economy, is of the utmost importance if Social Liberalism is to succeed. Ideally, the long-period and in fact permanent policy task is to set up a harmonious, thus largely *alienation free* institutional system corresponding to human nature in general and to the mentality of the people living together within a state in particular. Of course, this is the principle. In political practice, the problem is to reduce alienation so far as is humanly possible. In this context, Aristotle says at the outset of his *Politics* that governing is the most difficult of all the arts, the central problem being to bring about social justice, distributive justice in the main. And the difficulty of governing has dramatically increased precisely since the coming into being of modern monetary production economies with very extended division of labour and the crucial role taken by money and finance. Without understanding how monetary production economies function and how they are related to society and the state, appropriate political action is not possible. Political economy had become and has remained *the key social science* of the modern era. This is why the great political economists and their theories are so important since the coming into being of the modern world in the second half of the eighteenth century. Broadly, this is in line with the very last words of Keynes's *General Theory*: “[The] ideas of economists of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled

by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. [...] I am sure that the power of vested interest is vastly exaggerated compared with the gradual encroachment of ideas. Not, indeed, immediately, but after a certain interval, for in the field of economic and political philosophy there are not many who are influenced by new theories after they are twenty-five or thirty years of age, so that the ideas which civil servants and politicians and even agitators apply to current events are not likely to be the newest. But, soon or late, it is ideas, not vested interests, which are dangerous for good or evil”(Keynes, *General Theory*, pp. 383-84). This, incidentally, points to the immense responsibility of universities in general and of economics faculties in particular regarding the teaching of a socially relevant economic theory.

From the philosophy of history to the science of comparative civilisation

In an appendix to his *Destiny of the Mind* William Haas makes highly interesting and very important remarks on the philosophy of history (Haas 1956, pp. 287 ff.). These remarks provide an appropriate way of concluding this review essay and to put it in a wider context. Haas starts by saying that it “is in the realm of religion that the unity of mankind manifests its greatest potency”(p. 291). And it “is in harmony with the origin of the idea of the unity of mankind that the first and most influential philosophy of history as far as the West is concerned is the sacred history of the Judaeo-Christian world”(p. 291). “In the

Christian faith [...] the concern of sacred history then centres on the individual and the fulfilment of his spiritual goal. The historical process is thus deprived of natural agents – peoples, states, civilizations or whatever be its subjects – and becomes the indifferent and in itself insignificant scene of the struggle of the individual soul for salvation”(p. 293). This seems to represent the Protestant branch of Christian sacred history. However, Catholic doctrine would emphasise that states are a precondition for the good life of the social individuals and would consider the salvation of humanity as a whole, the family of states, as the goal of sacred history. Catholicism also emphasises the mysterious dimension sacred history gets, since scientific knowledge about the beginning and on the end of history is not possible. The French theologian Jean Daniélou therefore entitled his book on sacred history with *Essai sur le mystère de l'histoire*.

Modern philosophy of history [...] must be understood in its beginning as the secularisation of sacred history. For the soul and its struggle for salvation the philosophy of the Renaissance substitutes the mind and its desire for cultural progress. [...] The religious ideal of the saint is replaced by the secular one of the [universal man] who realizes in himself as a creative microcosmos the potentialities of the mind. This is called [*civilization* which is secularized salvation]”(Haas 1956, p. 296). “The secular idea of the human personality asks for a positive relation to the state. Not only is the political existence itself an essential element without which the individual cannot fulfil his destiny. If, far from being extraneous to the goal of man, political life forms a part of his secular civilization, then state and government are capable of

constant improvement and subject to evolutionary process”(Haas, p. 297).

“All these new trends converge in the Philosophy of history of Vico (born 1670). In his *Elements of a New Science of the Common Nature of Peoples* he encompasses in one great intuition the history of mankind. Progressing in all its branches, though not all at the same time and in the same rhythm, it marches toward the same final goal of civilisation. [...] Civilization itself is one and indivisible though it consists of three main elements [...], religion, political authority, and knowledge”(Haas, 298). In Vico’s view, human “civilization is one in all its variety. And each branch of the human family may and will reach the height of civilization in the form which corresponds to its genius. Vico asserted that the American Indians would evolve in quite the same way if they had not been discovered by the Europeans”(Haas 1956, pp. 299-300). Eurocentrism had not yet come fully into existence! However, the “philosophy of progress characteristic of the [19th] century derives from the blending of the evolutionary philosophy of history and the philosophy of Enlightenment. Its basic idea] had served to glorify technological progress and to justify the colonial policy of the great powers. All members of the human family [...] are capable of and are entitled to progress, though not all of them have been granted the enlightenment to achieve the way by their own resources. To these – not only the primitives, but also the Oriental peoples who are still far back on the path of progress the West must lend a helping hand. It must lead them on the path of technical and cultural development of which the West is the inventor and the

guardian”(Haas 1956, pp. 302-03). Eurocentrism was definitely born. “With Hegel, the philosophy of history reached its summit”(p. 309). “Never had the unity and the variety of mankind been so thoroughly safeguarded and so intrinsically conciliated”(p. 307). “But in order to support the construction, his philosophy of history needed the basis of a metaphysical system. However, after Hegel’s death, this metaphysical foundation inevitably discarded the common denominator of universal history – that of the process of the self-comprehension of the Absolute Spirit. With this disappearance the tie which bound the various civilizations in one great evolution was torn”(p. 307). Haas does perhaps not fully appreciate that Marx’s philosophy of history, perhaps the most important upshot of Hegel’s system, shaped decisively the 20th century, even though in an alienated form. With Marx the *mode of production* had replaced Hegel’s Absolute Spirit. What, in Haas’ view, is more important than Marx’s materialist philosophy of history is the fact that a “growing uncertainty with regard to the determination of the true subjects of civilization [came into being]”(p. 308). “Hegel conceived as the subjects of the process of civilization the politically united peoples – the states”(p. 308). “[However, the] rapidly increasing knowledge of the Europeans and extra- European civilizations doomed as impossible any attempt to bind civilizations to political boundaries. [This] same deepening of the insight into the variety of civilizations barred the return to the whole of mankind as the real subject of philosophy of history”(p. 310). A civilisation could take the lead in one epoch, to be supplanted by another civilisation in another era. For example, in the above it has been suggested that, in the political and

economic-technical domain the perfection of Agrarian conditions has been achieved in the East, above all in the Islamic world and in China (Hobson, Seitz), not in the West, which, in turn, took the lead after 1800, though with Eastern assistance (Hobson). Here, Jack Goody's pendulum swings would come in.

“The decline of the philosophy of history is marked by the names of Gobineau, Nietzsche and Spengler”(Haas 1956, p. 310). Gobineau “was to find in the race the subject of philosophy of history”(p. 310). [According to Nietzsche] the only goal of history is, or should be, the production of the genius – the superman”(p. 311). In Oswald Spengler's theory, “where the various civilizations originating like plants in their predetermined soils are secluded in themselves and inaccessible to each other's comprehension, there is no historical continuity. Nor does the mutual impenetrability of civilizations admit of comparative evaluation and gradation. The grandiose and tragic view of haphazardly rising and falling civilizations, essentially unconcerned with, because fundamentally foreign to each other, pronounces a death sentence on the philosophy of history”(pp. 311-12). Certainly, it is not by chance that Spengler's *Untergang des Abendlandes* appeared after the First World War. This terrifying event gave not only a death-blow to the idea of progress, but opened deep cleavages between the European nations.

Haas goes on: “With Spengler's negativistic philosophy of history – in every respect the opposite of Hegel's system yet equal in its grandeur of conception – the philosophy of history has for the present come to an end. The relevant reason, conspicuous enough in Spengler's

philosophy, lies in the *growing uncertainty of Western man about himself*" (Haas 1956, p. 312; our emphasis). Science, technology and the economy had become ends in themselves, becoming a huge mechanism. System-caused alienation combines with nihilism, and there is a loss of perspective and direction. The sense of life gets gradually lost, also because the stabilising influence of the great religions recedes. In a soulless Kafkaian world anxiety grows. To escape anxiety hectic activism sets in. And violence increases. The phenomenon of nihilism and its relationship with anxiety have been most dramatically captured by Ernst Jünger in *Über die Linie*, his contribution to the *Heidegger Festschrift* (Jünger 1980/1950). And total nihilism may result from utmost economic alienation. Again Germany is the prime example. Here the great depression culminated in 1932, propelling National Socialism into power. Hermann Rauschning (1938) provides a powerful and dramatic picture of the phenomenon of nihilism in National Socialist Germany: *Die Revolution des Nihilismus – Kulisse und Wirklichkeit im Dritten Reich*. He sees the National Socialist Revolution as a 'Revolution without doctrine which, as such, expresses the political action of *total nihilism*' (Rauschning 1938, p. 84). 'In a first step the National Socialist movement is nothing but destruction, the dissolution and annihilation of the traditional order and its ethical foundations. The lack of direction and the boundless character of the movement renders it highly dangerous, and nobody can know what its positive elements are and how, therefore, a new order will look like' (pp. 84/85). Simultaneously, but under different socio-

economic, political and ideological circumstances, nihilism was also heavily present in Stalin's Soviet Union.

Given the fading out of the philosophy of history, Haas proposes, starting from Spengler, an alternative way to carry on fundamental reasoning on history. "[The] great insight of Spengler is to have vindicated the claim of civilizations to be self-sufficient and autonomous creations of the mind. [However, Spengler makes no attempt] to determine the criterion of the civilizations presented as genuine species"(Haas 1956, p. 317). Haas then goes to propose the approach he uses in his book, that is attempting to get hold of what is *probably* essential to a civilisation, *unity in variety* for the West, *juxtaposition and identity* for the East, and then investigating the various elements making up a civilisation, for instance, philosophical, artistic, political. In a way, this is to construct *ideal types* in the sense of Max Weber, which may, without problems, be interpreted in an Aristotelian sense as to what is, probably, constitutive of a phenomenon, a civilisation in this case. In fact, the "march of philosophy of history itself points clearly to where [the criterion determining civilizations as genuine species] may be found. If neither factors extraneous to civilization such as race, nor empirical elements isolated from the whole of civilization such as statehood, reveal the basic differences between civilizations, one way only seems to be left open. This is to find this criterion in the ground plan – the structure of civilizations – provided that such structures can be demonstrated to exist. If they do, their relation to the concrete aspect of civilization may be compared to that of the ground plan of a building to the building

itself. And just as a description of a great architectural work, colourful and complete as it may be, would not reveal its structure, so the key to the comprehension of a civilization is lacking if its description is without the knowledge of its structure”(Haas 1956, p. 317).

“Thus, wherever an architectural plan, a structure can be found, and when it can be expressed in a clear formula and be demonstrated to permeate the concrete realizations of a civilization, then and only then may we be certain of facing *a great civilization*. This is an authentic type and *a true subject of philosophy of history*”(Haas 1956, p. 320; our emphases). *And so the philosophy of history is transformed into the science of comparative civilization*”(p. 321; our emphasis).

This momentous statement requires some explanation. First, the notion of philosophy of history may now be clarified. In fact, two fundamentally different types of philosophy of history may be distinguished, the *speculative* and the *realist*. The speculative view supposes that the aim of history is in an undetermined future. Here the idea of unlimited progress is of crucial importance, with progress moving, so to speak, *along* the time axis. As Haas convincingly argues, the secular version of speculative philosophy of history came to an end with Spengler. However, Sacred or theological philosophy of history which crucially deals with the first and the last things will of course remain and keep all its significance. Sacred philosophy of history will naturally be associated with faith and mystery. Jean Daniélou’s work *Essai sur le mystère de l’histoire* is significant in this context.

In the *realist* way of looking at the course of history *the aim of history* is not in an undetermined future but *in the present*, which means

looking at nature, man and society vertically to the time axis (cf. Bortis 1997, pp. 372-73). This aim is, in a Keynesian (and Christian) vein, fundamentally ethical: the same immutable ideals provide signposts for action in all domains. Regarding human affairs this means continuous efforts to reduce imperfections and alienation in order to approach more closely the ideal of the Common Good. The realist way of looking at the real world presupposes that there are immutable ontological, aesthetical and ethical principles underlying visible reality, which represent the essence of existing things. These essences are also ethically and aesthetically perfect. This implies that on a fundamental level truth, goodness and beauty coincide. The differing ways undertaken to approximately realise these fundamental values characterise civilisations.

The fundamental principles have a double function. On the one hand they shape part of the real world, predominantly nature and the physical aspects of man and of society, i.e. the material basis of social and cultural life. This implies that the contents of the fundamental principles are realized in different forms varying widely in space and time. A striking example is the social process of production which, in principle, remains invariant but has undergone immense changes in form with the transition of traditional to modern industrialized societies. On the other hand these principles provide natural and invariable guidelines for the behaviour of man in all domains, economic, political, moral and cultural. However, for various reasons – imperfect knowledge, particular interests and defective organizations of society – there will always exist a gap between the ideal and the really

existing, that is alienation. This implies that, in the course of history, individuals always act in alienated circumstances. If alienation may be minimised, stable and long-lasting political entities may come into being. The prime example is of course traditional China who enjoyed, as Konrad Seitz has emphasised, an unequalled internal stability on the basis of high ethical standards. However, alienation, once established, may be self-reinforcing and lead to a collapse of a political entity. Indeed, as Augustine remarked, Rome was not a good state, which, in an Aristotelian vein, set the preconditions for a good and happy life of the individuals. Rome, he said was based on power, splendour and predation. This is, of course, not to deny the great achievements of Rome regarding organisation, material civilisation and the creation of a system of private law.

Civilizations are thus characterised by attempts to achieve to increase perfection regarding truth, goodness and beauty in society and man. This implies that “there are fundamental [and immutable] values independent of time and common to humanity”(Nef 1967, p. viii). The values are present in all spheres of the real world and may be approximated by very different means and in very different ways. This characterises the different civilisations. Stated differently, one could start for human nature which is, as suggested at the outset, the same everywhere. This essence of man and of society comes into existence in very different ways, due to the immense potential contained in human nature. Of course, due to the fallability of human beings, perfection can never be reached entirely. And, mainly in the domain of individual behaviour and of social and political organisation, the gap

between the really existing and the ideal may become very large. Alienation, above all economic alienation, may lead to very imperfect societies and may even lead to their collapse. The fall of Rome and the political consequences of the great depression of the 1930s are eminent cases in point.

Hence, given the imperfection of human knowledge regarding really existing situations and of the perception of complex moral issues, history cannot and will never be a clean story of linear progress. History seems to evolve cyclically around a broad trend of material and scientific advance. Progress is always relative however; for example technological advances may lead to setbacks or growing alienation in the social sphere: an excessive division of labour may lead to a disintegration of social life accompanied by excessive individualism and growing loneliness. Or, material affluence may negatively affect social and cultural standards. Therefore, in the socio-political, moral and cultural domains there is, in fact, *no* progress, *only* change. Values may be aimed at in different ways, alienation may take on differing shapes, and changes may go on in most diverse ways. All this will provide elements to compare civilisations.

Defining civilisation as attempts to reach more perfection in the realms of goodness, truth and the beauty in all domains, cultural, social, political, economic, technical has a very important implication: “Before God the civilizations of all epochs stand on the same footing – Vor Gott stehen alle Völker und alle Epochen gleich da”(Leopold von Ranke). As has already been alluded to, this means that the North American Indian tribes are at the same level as any of the ancient or

modern civilisations. These tribes had very high moral and social standards, they lived in perfect harmony with nature, and their works of art recall the best of abstract modern art. Ranke's statement also means that East and West stand on the same footing. The West could not have produced the breakthrough to modernity (Mitterauer's *Sonderweg*), a gigantic achievement, without the East (Hobson). Subsequently, the West took a temporary lead in the economic and technical domain, but whether moral and social standards have been maintained is another question. For example, there are experienced managers who are speaking about a growing ethics deficit in economic life.

However, the East is catching up in the technical and economic domain, and will, perhaps, overtake the West, at least in part. But, more importantly, the East could master the complexities of modernity better than the West, though relying perhaps upon Western conceptions in the social sciences, above all in political economy. This means that social and political standards in the East could rise above Western levels. It would indeed seem that a Confucian Renaissance is in the making in China which, if combined with Western political economy, could make of China an example for modern socio-economic and political institution building. And the West could follow suit in attempting to realise the great Keynesian project, that is to combine modern political economy with the older traditions of moral and political sciences.

Hence *nobody* is superior, or inferior. However, there are swings of the pendulum bringing about a temporary lead of one civilisation, and subsequently of another (Jack Goody). To realise that all civilisations stand on the same footing, is certainly the firmest basis for co-operation

and mutual enrichment in all domains, cultural, social, economic and technical as is implied in Keynes's social liberal vision.

Indeed it is, at present, essential to mobilise all the forces to master the immense challenges of the modern world, social (poverty and misery), economic (employment and distribution), ecological (global warming), sustainable development associated with the reproducibility of the world economic system, and with maintaining a social, political and cultural superstructure in line with the nature of man, and, last, but not least, the rebuilding of states, and, eventually, the creation of new states, under the guidance of a truly supranational United Nations authority.

Maynard Keynes has perceived with incomparable clarity that the materialist capitalist era must be followed by an epoch dominated by ethics and culture if modern civilisation is to survive. On this, the Italian Keynes biographer Piero Mini writes: "[Even the] most superficial reading of Keynes's writings [...] should convince anybody that Keynes was not an economist as we understand the term. He was primarily a social philosopher, a cultural leader interested in the cultural amelioration of society. Throughout his life he prodded the people and their leaders to set for themselves standards worthy of men [...]: the promotion of solidarity among people (the opposite of Benthamite individualism and egoism) and the extension of the realm of beauty (the opposite of Benthamite 'push-pin'). Attainment of full employment – via the agency of the state and through substantial reforms of the system – was to be the way of attaining these [...] ends » (Mini 1991, pp. 102/3). Keynes was greatly influenced by « an

anti-rationalistic current associated with certain critics of the emerging commercial England [e.g. Coleridge and Carlyle, who] » (Mini 1991, p. xvii) « stressed the primacy of the spiritual over the material, of ends over means, of intuition over the narrowly logical. They were humanists who opposed the claims of [materialistic] individualism with the claims of community and tradition and who had a positive view of the state and of the binding value of culture » (Mini 1991, p. 2). Jacques Maritain's work points into the same direction, and so does John Nef's.

In Keynes' view the social and political sciences are *essentially* moral sciences, a fact that permeates his entire work: "Keynes's innovation was to reconcile economics with the older traditions of moral and political philosophy"(Fitzgibbons 1988, p. 3). More concretely, modern classical-Keynesian political economy must be combined with the great ethical thinkers of the past, Confucius and Aristotle most importantly, to master the gigantic problems of Modernity. As suggested above, there seems, after Mao's *Tabula rasa* regarding traditional China (Konrad Seitz), to be a kind of Confucian Renaissance going on in China at present. And Aristotle has always remained present in the West, mainly through Thomas Aquinas and his modern followers, this in spite of the philosophical *tabula rasa* effected by Descartes, which has led on to the triumph of autonomous and value-free natural and social science.

This brings us back to the beginning of this section where Haas had been quoted to say that the philosophy of history has emanated from sacred history. In analogy, modern science has gradually separated

from faith and metaphysics. The idea of progress that gradually developed, and gained momentum in the century of Enlightenment, implied that science could ultimately give an answer to all the questions, also to fundamental questions. Two great scientists – artists might be more appropriate –, John Eccles for the natural sciences and Maynard Keynes for the moral sciences, have convincingly argued that this is to grossly overestimate the capacities of science, in fact of the human mind. Eccles has argued that the human brain is but the tool of the mind which implies that life in general and human life in particular cannot be explained in materialistic terms by science. And Keynes said that intuition is the first form of knowledge, and that intuition is needed to come to grips with complex socio-economic phenomena. This means that all theories, in the natural and in the moral sciences, are, explicitly or implicitly, based on a vision of nature, and of man and society. And a vision implies values. In the initial section on *Setting the stage* some implications of Eccles' and Keynes' vision of nature, man and society have been alluded to. Considering the immense relevance of their respective work suggests that both, John Eccles and Maynard Keynes, are truly beacons in the tempest of our alienated times on the way to history proper where *all* social individuals of *all* polities should have the possibility to prosper, to unfold their dispositions and to broaden their capacities, that is to become persons. Certainly, an important message is that it is not sufficient to cultivate the moral and natural sciences on the basis of analytical powers only - growing alienation, implying nihilism, struggles for power and destruction might result. Therefore, reason and wisdom must come in decisively, and this links

to intuition and imagination, and to values in the realms of Goodness, Beauty and Truth as Jacques Maritain has beautifully argued in his *Science et Sagesse* (Maritain 1984/1935). Of these fundamental values John Nef says, that they must be cultivated on their own for the sake of man if modern civilisation is to survive, with peace and harmony dominating (Nef 1967). In his *Humanisme Intégral* Jacques Maritain has worked out a political philosophy along these lines, incidentally at a time when both really existing systems, capitalism and socialism, underwent their deepest crisis, with alienation reaching peaks of tragic dimensions (Maritain 1984/1936). And Maritain clearly perceived the need for a philosophically based social and political theory: ‘To establish a new civilisation based upon *humanisme intégral* requires a sound social philosophy and a sound philosophy of history [and, one should add, a solid system of social and political theory, with political economy, the key social science of the modern era, being at the center]’ (Maritain 1984/1936, p. 303).

In the realms of science and wisdom East and West may come and are coming already together. The West may go on benefiting from *Ex Oriente Lux*, from Eastern spirituality, and, vice versa, the East from *Ex Occidente Lex*, that is from traditional philosophy and modern science, building upon comprehensive visions of man and of society. The future world as a family of states precisely sets the stage for a mutual spiritual, intellectual, cultural and material enrichment of the various civilisations. Given the invariable human nature, this is nothing new. Indeed, on the back page of his biography on Cyrus, founder of the Persian Empire in the middle of first *axial age* (around 500 B.C.),

in fact the *first* empire in world history, Gérard Israel writes: Symbol of tolerance in the view of the Biblical Prophets and of the Greek historians, Cyrus, a legendary hero, was a precursor of the reconciliation of oriental spirituality with western knowledge.

Ways ahead

This essay is fundamentally optimistic: Alienated history will, and indeed must, come to an end to become history proper, with system-caused alienation largely eliminated through social liberal economic policies, and alienation on the level of individuals greatly reduced through an appropriate education system in line with human nature. The concept of alienation as the gap between the natural and the historically existing, that is between the normative and the positive, has been set out by Karl Marx in his *Frühschriften*, specifically in the *Ökonomisch-philosophische Manuskripte aus dem Jahre 1844* (see also Meszaros 1973 and Bortis 1997, pp. 47-53). And through his entire work Maynard Keynes's has laid the foundations for the social liberal vision and the associated political economy as is beautifully brought out by Athol Fitzgibbons's *Keynes's Vision: A New Political Economy* (Fitzgibbons 1988). The social liberal system of - classical-Keynesian - political economy as is set out and put in a wider context in Bortis (1997 and 2003) builds on Keynes's overall work. However, the gradual and, hopefully, ever stronger implementation of history proper will take very long time-periods, and, probably, there will be setbacks. There is no point to speculate here at the length of time required to

reduce alienation to a humanly achievable minimum. And certainly, the way ahead will not be easy.

Hence this essay should not conclude on a note of facile optimism. In the main, five formidable problems have to be tackled to set into motion the process of reducing alienation. First, there is the *transition* from actually prevailing neo-liberal capitalism to Social Liberalism which is about reducing *system-caused* alienation. In the second place, humanity will have to move as smoothly as possible through the turbulences of global warming to, hopefully, end up in a broad *harmony between man and nature*, implying a decisive reduction of alienation between man and nature. The third issue is *education and learning* which ought to be in line with human nature and as such should contribute to reducing alienation at the level of the social individuals, thus enabling them to prosper. And fourth, there is the *role of religion* in the modern world, an issue of immense importance for the setting up of a largely unalienated future world order. Fifth and finally, there is the problem of *fundamentalism*, religious in the first place, but also scientific. This issue is closely related to alienation in religious and scientific thinking. Of course, all these issues can only be alluded to here.

First, then, the transition from largely unfettered - neo-liberal – capitalism to Social Liberalism will be broadly characterised by a change in the relation between the economic and the political. Presently, there is an increasing domination of the economy over the state through large enterprises in production and finance, which may mean that workplaces are shifted around in search of higher profits.

This is considered inevitable in a global economy, which, in principle at least, is postulated to be self-regulating. In practice, however, the fact that the economy is *not* self-regulating is clearly recognised. Thus, high employment levels do not come into being automatically, even when there is intense competition. Given this, the state may even move into the service of the economy to render it more successful in acquiring larger world market shares and to create new workplaces at home. Present economic activity has, to a considerable extent, become a struggle for profitable investment opportunities for financial capital and a struggle for work places. In many instances, this fight becomes a struggle for survival, which is, in fact, in line with evolutionism.

In the social liberal view, however, the economy – the material basis – stands in the service of man and of society through producing a social surplus which enables a society to set up an institutional superstructure, that is institutions in the political, legal, social and cultural sphere, in order to permanently pursue values in these domains. These values cannot, of course, be measured in money terms; however, the size of the financial means attributed to the various institutions will indicate the importance a society attaches to specific values. The socially appropriate distribution and use of the social surplus is obviously of paramount importance, requiring a vision of the good polity to be elaborated by the social and political sciences and to be implemented by the government. Since, in the social liberal view, the economy is not self-regulating the state must collaborate with society to set up a social basis, the most important elements of which are in the socio-economic sphere, that is full employment and a fair distribution of

incomes. Both are a precondition for an orderly living together of the social individuals. However, mass unemployment and a very unequal distribution of incomes produces a struggle for survival, eventually associated with conflicts between social, ethnic and religious groups. In the context of tackling the employment problem on the policy level the excellent book by L. Randall Wray ought to be mentioned here: *Understanding Modern Money – The Key to Full employment and Price Stability* (Wray 1998). This book is complementary to Bortis (1997 and 2003), which emphasize the real aspect, with Wray (1998) featuring the monetary aspect of the employment issue.

As Marx has suggested, *system-caused economic alienation* – involuntary unemployment and a very unequal distribution of incomes – is the basic form of alienation bringing about alienation in the political, legal, social, cultural and even religious sphere - religion as the opium of the people! Given this, political economy had become and has remained the key social science of the modern era. Indeed, without understanding how modern monetary production economies function sensible social and economic policies in particular and, in general, good politics in view of bringing about a well-ordered society with alienation reduced to a humanly achievable minimum become impossible. In this sense, Maynard Keynes once said that *economists are the trustees, not of civilisation, but of the possibility of civilisation* (Harrod 1951, p. 194).

This implies that, to move from neo-liberal Capitalism to Social Liberalism a very robust socio-economic theory is required to provide a sound basis for policy action. The economic theory of Social

Liberalism is Classical-Keynesian Political Economy. This theoretical system represents a synthesis of a long historical development of political economy, starting with François Quesnay and systematically elaborated by David Ricardo and Karl Marx. After a long period of neoclassical (liberal) domination – Walras, Marshall, Menger - G.L.S. Shackle's *Years of High Theory 1926-1939* brought a renaissance of the classical tradition in political economy through Piero Sraffa; and Maynard Keynes definitely established political economy as a monetary theory of production. In the second half of the 20th century Luigi Pasinetti closed the gap between Sraffa's long-period equilibrium theory and Keynes's short-period disequilibrium theory at the level of principles, preparing thereby the way for a Classical-Keynesian synthesis as is set out in Bortis (1997, 2003). The classical-Keynesian system of political has now to be systematically presented through writing treatises and textbooks to enable its teaching at the university level. This will be crucial to bring about the transition from neo-liberal Capitalism to Social Liberalism since, as Keynes has insisted upon time and again, in the long term it is *ideas* that shape socio-economic and political developments, *not* vested interests.

Second, moving as smoothly as possible through the turbulences of global warming is, in our view, associated with three great issues that can only be mentioned here. In the first place, a systematic co-operation between the moral – social and political sciences - and the natural sciences will be required to bring about a broad harmony between man and nature, providing the basis for sustained economic activity and sustainable economic development in the poor regions of

the globe. This leads to another point. The turbulences of global warming will certainly lead up to huge human problems, in terms of 'climate' refugees, food and water shortages, for example. To approximately solve these problems will require immense amounts of solidarity between individuals, societies, states and even continents. This may be conducive to establishing the future world order, that is the world as a family of states, complemented by supranational institutions on the continental and on the world level, with materialistic values being subordinate to cultural values. This is associated with a third issue in relation with global warming, namely the fact that, in the very long run, it is nature (land) that will govern the extent of economic activity on the world level through available primary products (raw materials, energy resources and agricultural products) and, perhaps, even more important, through the capacity of nature to carry the burden produced by economic activity, water and air pollution for example, to an extent such that world economic output may be produced and reproduced. It is not without interest to note that, in the first great system of political economy, that is in François Quesnay's simple and fundamental *Tableau Economique* (1758), it is *nature, not labour* which governs economic activity. *This fact will crucially shape future social liberal societies.* Marx already envisaged in his *Grundrisse* that, given the restrictions of production set by nature and the extent of technical progress brought about under capitalism, the labour time required to produce the necessaries of life (Marx's realm of necessity) would diminish dramatically in a socialist society and leisure time (Marx's realm of freedom) would correspondingly increase. Moreover,

'mind-destroying activities', to work on assembly lines for example, will be largely eliminated through computer-steered production where roboters will play a central role. All this is closely related to the next issue to be considered, that is education. Indeed, education, theoretical (pursuing higher studies) or practical (apprenticeships in view of becoming an artisan) in line with human nature will be of the greatest importance to use leisure time constructively. Otherwise, boredom will set in and nihilism bound to increase, both probably leading on to more violence in modern materialistic societies where the scientific and the quantitative are put to the fore (Scott Fitzgerald suggests in his *Great Gatsby* that boredom is a basic problem in modern societies, above all among the well established rich where the struggle for survival is no longer a problem). The deeper understanding of phenomena through intuition, imagination and, eventually, contemplation, that is, in the last instance, spiritual activities, will become of ever greater importance.

Third, then, education as adapted to human nature, leading on to the prospering of the social individuals through developing their potential – unfolding dispositions and acquiring capacities -, will be of fundamental importance in a social liberal world to be established. In fact, *education* should, ideally, be intimately associated with the only alienation-free driving force in history, that is the *striving after perfection* which is, in the first place, the pursuit of the fundamental values of Goodness and Beauty, that is moral and aesthetical perfection in all domains where humans are purposefully active. But in order to be able to strive after perfection everywhere, that is to realise Goodness and Beauty in all domains one has to know. This means striving after

Truth. Indeed, probable truth, that is knowledge, is a prerequisite to approximately realising moral and aesthetical values in all the spheres of human activity. For example, to bring about a well-organised society – a good society - within which the social individuals may prosper, requires a robust system of social and political sciences with political economy being the key social and political sciences. However, to be able to set up such a theoretical system requires a very complex argument. Alternative approaches must be compared and, subsequently, evaluated; historical-empirical evidence must be considered. For instance, one may ask the question whether the economic theory of Liberalism, that is neoclassical economics, is more suited to organise modern monetary production economies or whether it is classical-Keynesian political economy – the economic theory of Social Liberalism. The complexity of the argument to be conducted in order to be able to give a probable answer to this question is alluded to in Bortis (1997, especially chapter 5) which clearly comes out in favour of classical-Keynesian political economy.

This is to suggest that, since the coming into being of the modern world, fundamental arguments in the social and political sciences got so complex that purely scientific means are not longer sufficient. For example, economic theories addressed at explaining fundamentals – the nature of price, the regulation, in principle, of income distribution, the determination of employment levels in principle - rest on a vision of man and of society. As has been suggested in the first section of the initial chapter *Setting the stage – Some remarks on method: probability, principles and theories* – only intuition, Keynes's first

form of knowledge, can get hold of a vision of man and of society, which, if analytically elaborated, becomes a social philosophy. Thus, to distil principles underlying theories requires a philosophically based argument, implying that explanation is replaced by understanding. In fact, there are two types of social and political sciences: theories, based on principles, seeking to explain, and the process of distilling the principles on the basis of a comprehensive argument guided by a metaphysical vision. This latter type of social and political science is of a metaphysical nature. The question is about what is essential or constitutive to a phenomenon, for example, prices, distributional outcomes, or employment levels in political economy. In a way science and philosophy (metaphysics) interact: a scientist working on the basis of a specific approach may become dissatisfied and turn to an alternative approach, based on a differing set of principles (see on this Bortis 2003, pp. 411-15).

The quest for Truth, initiated in Karl Jaspers's *Achsenzeit*, is basic in education. And, as has just been suggested, the crucial point is that the striving after Truth cannot only be scientific. Science needs a philosophical basis if complex phenomena are considered, in the social and political sciences, for example (we cannot speak here for the natural sciences, for the fine arts and for theology, of course; however, one may guess that similar arguments apply). Purely scientific procedures – testing hypothesis, for instance – may be appropriate if relatively simple problems are considered, for example, whether a marketing campaign has resulted in a significant increase in sales or not. However, complex problems related to the whole of society and of

man require a philosophical underpinning. In economic theory, for example, the are differing theories of price, of distribution and of employment for example, all resting on a specific vision of man and of society. Philosophy, or more fundamentally, metaphysics, is, therefore, required to bring about a broadly ordered body of social and political science in general, and in political economy in particular. Metaphysics thus appears as the ordering science (Aristotle), absolutely necessary to come to grips with the complex phenomena of the modern world.

The striving for probable truth in the sciences in general, and in the social and political sciences in particular, must, therefore, in a complex modern world, be philosophically based. And this has very important implications for curricula at the university level. For instance, in the social and political sciences, branches like social and political philosophy, social and political ethics, the history of economic, social and political theories and ideas, are of the *utmost* importance. For example, to know about alternative economic theories and their philosophical and historical underpinnings leads on to ‘the emancipation of the mind’ (Keynes). And it is the emancipated – non-dogmatic - mind only which can undertake the pursuit of Truth, which leads to knowledge enabling man to strive for perfection in all spheres – individual, social and political, and regarding nature. On the supreme level such knowledge becomes equivalent to wisdom, which, in fact, is – probable - insight into the fundamentals constituting man, society and nature.

Presently, university curricula have, in some faculties at least, moved far away from this ideal. Science dominates, with its philosophical

underpinning and the history of theories having been largely abandoned, above all in the social and political sciences, and more specifically in economics (again we are not competent to speak about the situation in history, the fine arts and the natural sciences). In fact, to simplify drastically, in economics, for example, the quest for Truth as a precondition for the striving for perfection, that is the good economy, in line with human nature has been abandoned and replaced by the struggle for power. It is taken for granted that Liberalism, even neo-liberalism is the best and, in fact, the only doctrine available to organise modern societies. The economic theory of Liberalism is neoclassical economics, which in mathematical or, for policy purposes, non-mathematical form – as elaborated by Hayek, for example – dominates the economics faculties almost absolutely. Alternative thinking in economics gets marginalized. The ‘emancipation of the mind’ (Keynes) does no longer take place, and many modern economists run the danger of ‘becoming slaves of some defunct economist’ (Keynes again). In Marxian terms, this means that neoclassical economic theory, as far as it deals with fundamental problems regarding the functioning of the economic system, runs the danger of becoming an ideology, justifying an existing economic system and standing in the in the service of dominating interests. Moreover, there is a kind of fundamentalism present in policy making above all, in that fundamentals are directly applied to the real world without theoretical intermediation. For example, many economic policy makers take for granted that competitive economies would tend towards a full employment equilibrium.

Now, on the basis of presently dominating theories rankings of economic faculties in particular and of universities in general are made. And this has social consequences. The best economic faculties get more funds and their graduates the best jobs in the economy or in academia. Similar processes go on between law faculties and faculties of politics and the legal and political system. Key faculties and their universities thus become elements in a system of power and the maintenance of power which may come to dominate the pursuit of probable Truth, which ought to be the basic aim of universities. Several factors strengthen this system. The partial or even total privatisation of universities, obviously reinforces the tendency for faculties and universities to maintain and strengthen their position in the struggle for power. Heavily loaded teaching programmes combined with frequent examinations – in the worst case examinations in each branch after each semester - reproduce, with unessential variations, the system of knowledge based on specific approach, preventing students to undertake very time-consuming deeper reflection regarding alternative approaches and their philosophical underpinning. In this way, the mind does not get emancipated, but becomes, in a Keynesian vein, the slave of the existing system of knowledge which is reproduced largely unquestioned. In economics this is reinforced through too much mathematics which, as Joan Robinson (a pupil of Keynes) once remarked, may prevent students from thinking about the real problems. (To avoid misunderstandings, some mathematics is indispensable to understand important economic theories, but mathematics must remain a means). Nevertheless, the story of mathematical economics is a

typical example of power and system maintenance. Again Joan Robinson provided an insightful argument. She termed the domination of mathematical economics as a product of the Cold War; in McCarthy times it was dangerous to be a political economist, a Ricardian, a true Keynesian, or even a Marxian, for example. Given this, economists turned to pure science, free from political implications. And the Walrasian model and its elaborations, sometimes also in a simplified aggregate form, were used to prove, time and again, that the free market economy, associated to democracy, was superior to the centrally planned socialist economies and the corresponding totalitarian political regime. In this way, Joan Robinson concluded, economics simply became part of the power system, and this has largely remained so even after the downfall of Socialism.

In principle, the remedy is simple, at least as far as Western Europe is concerned. In fact, the point is to go back, as far as is possible, to tradition, though in modernised form: far less exams, studying branches, not only collecting credits; much time for reading, including *primary* and first class secondary literature, and considerable time for reflection and informal discussion. To set students on the track of emancipating the mind introductory lectures for each branch are required, to be delivered by an experienced teacher who is able to present the great problems, of political economy for example, the solutions provided by the great authors, and the basic body of existing theory; based upon these introductory lectures a broadly systematic widening and deepening may go on in each branch. In practice, this will be a long and difficult process, above all in the social and political

sciences and specifically in economics, because curricula will have to be rewritten to give much more weight to the historical and philosophical branches. In economic theory curricula will have to be rewritten almost entirely, putting much more emphasis on the political economy tradition in Keynes's sense, keeping intact, however, the diversity of theoretical approaches.

A return to a particularly rich tradition will, in principle, also be required on the Grammar School level, with curricula to be adapted, of course, to modern developments. The establishing of three A-level types seems most appropriate, covering the whole of the real world and being in line with the broad dispositions of students. In the centre, so to to speak, would be the traditional humanistic gymnasium with the social individual and its cultural expressions in the widest sense put to the fore. A second A-level type would emphasise mathematics and the natural sciences, a third type the social and political sciences and history. Of course, there would have to be large overlappings. However, in the last two years of Grammar School, philosophy in the traditional sense, beginning with Greek philosophy, should be *compulsory* for the three A-levels types. It is really through confronting opposed philosophical approaches, Aristotle-cum-Keynes and Kant-cum-Hume perhaps most importantly, that Keynes's *emancipation of the mind* is set into motion and the striving after Truth is initiated. Philosophy, taught of course, in an undogmatic and openminded way, would also provide a platform of mutual understanding, not only within a civilisation but also between civilisations.

The fourth great issue to be considered is the role of religion in the modern world. Indeed, in an important recent book, Paul Valadier argues 'that, at the heart of each civilisation, religion plays a major role' (Valadier 2007, p. 35) and, quoting Samuel Huntington: 'Religion is not simply a small difference, but represents the most profound difference between peoples and civilizations' (p. 35, n. 1). To be sure, there have been many forms of religious alienation in the past: wars on religious grounds, Churches getting involved in power politics and in economics, coercion used in conversion, to give examples, and, certainly, some alienation in the religious still persists. However, there have always been largely alienation free areas of religious activity, for example by providing a sense of life to the social individuals and by bringing about great stability to societies. In this sense we think that 'true', largely unalienated religion is of the greatest importance today. Of course, the teaching of religious matters ought to be undogmatic and openminded, taking account of the probable nature of knowledge, thus leading on to an emancipation of the mind. And, very importantly, through the teaching of the essentials of different religions, a basis for mutual understanding and dialogue between different religious communities should be established. In principle, then, religion should be kept out of politics but should be present in education and thus in society.

There are several reasons why the teaching of religion at all levels of education is of the greatest importance in the modern world. First, and very importantly, teaching religion from a very early age onwards leads the social individuals to think about fundamentals, the sense of life and

moral problems, for example, and favours the attempt to build up a good life and goes along with enhancing the stability of character. All this may transform the social individuals into persons, who, for example, are able to face difficult situations and to cope with suffering; moreover, as has already been suggested, alcoholism and drug addiction could be eradicated to a large extent. But these processes may go on unhampered only if the economy is well organised that is if full employment prevails and distribution is broadly fair, that is if system-caused alienation is largely eliminated. In an alienated situation of mass unemployment, for example, with a struggle for survival setting in, the values associated with the striving after perfection, above all moral perfection, will be pushed into the background and be replaced by more or less alienated values associated with the pursuit of power. Or, if misery gets widespread, as it is in large parts of the world, religion and its teaching may itself get alienated through becoming pure cynicism and, and if misused by those in power, may become the opium of the people. In this context, the distinction between misery and poverty is very important: misery is system-caused and may be eliminated through appropriate – social liberal – policies (Bortis 1997, ch. 6); poverty, however, may result from a personal choice and one may get out of it, if a special effort is made.

A second reason for teaching religion and comparative religion is associated with the theory of knowledge set forth in the first two sections of chapter one, *Setting the stage*. It has been suggested there that reason links the analytical powers to intuition and imagination. In fact, the faculties of reason and the analytical abilities are greatly

enhanced through strongly developed powers of intuition and imagination, and these latter faculties are, in turn, greatly strengthened through dealing with religious-cum-moral issues, which, as a rule, are very complex. And strengthening the faculties of reasoning and analysing through reinforcing intuition and imagination leads straightaway to boosting creativity. More specifically, experience shows that telling stories, including Biblical stories, legends, sagas, to very young children has a tremendous impact upon their faculties of intuition and imagination. Moreover, talking in an appropriate way about fundamental problems in the natural sciences – the creation of the universe or fundamental issues in physics, for instance – at a primary school level may arouse the greatest interest, once again enhancing intuition and stimulating imagination.

A third reason for systematically teaching religion is cultural. Given the many religious elements in all spheres of life, political, social, moral, in the arts and in literature, some knowledge of basic religious texts is indispensable to understand our cultural life taken in the widest sense.

Forth, teaching religion and comparative religious science at the grammar school and university level is of the greatest importance for the dialogue and the mutual understanding between religious communities and civilisations. This kind of interaction will certainly be a crucial element in the social liberal world order.

This leads, quite naturally, to the fifth and final issue to be dealt with here, that is *fundamentalism*. This phenomenon might be defined as applying fundamental principles, dogmas in religion and first principles

in the social and political sciences, directly to real world phenomena. In principle, fundamentalism may be well-intentioned, that is aiming at reducing alienation in some individual or social sphere, or may be directed towards maintaining or extending power in some domain. In practice, both variants will, probably, be mixed up in various proportions. Fundamentalism may occur in varying degrees in all spheres of art and science, theoretical and applied, above all in religion (theology) and in the social and political sciences (we are not competent to speak about the natural sciences). For example, in centrally planned socialism prices had to be proportional to labour values. This may have been practicable in a simple Agrarian or pre-modern society based upon exchange, not, however, in a modern monetary production economy with extensive division of labour. In fact, in the case of a modern economy, labour values obtain through multiplying the vector of direct labour required to produce a unit of some good by another vector containing the quantities of all the goods required, directly and indirectly, to produce a unit of the good considered; and this, of course, for all goods (this represents, in fact, the Pasinetti-Transformation; see on this Bortis 2003, pp. 423-27 and pp. 436-45, specifically relation (19.5), p. 438). The calculations involved in the Pasinetti-Transformation could, at present, be carried quite easily by computers. However, it would be impossible to collect all the data required, that is the production coefficients needed to set up the Leontiev matrix and its inverse. Hence labour values were estimated and prices fixed in proportion, and the socialist enterprises had to use these prices, distorted as a rule, set by the planning bureau.

The quantities to be produced were also planned and plan targets had to be fulfilled. In this way the managers of the socialist enterprises became bureaucrats executing the orders of the planning bureau. Entrepreneurial freedom was largely absent and technological progress was almost totally lacking, above all in the consumption goods industries.

In the social liberal system, that is according to Classical-Keynesian Political Economy, labour values are principles stating what prices essentially are, in fact what is constitutive to a price. Labour values are brought into concrete existence through prices of production, which in practice are equivalent to the prices calculated on the basis of normal costs and profits. The prices of production are, in turn, superseded by market prices which allow enterprises to adjust themselves flexibly to market conditions. In a social liberal economy, entrepreneurs thus enjoy maximum spheres of freedom regarding the setting of prices and quantities, technologies to be put to use, product quality and, eventually, the introduction of new products.

This tedious example suggests that, jumping from fundamental principles, directly to the real world, leads, as a rule, on to bureaucracy, lack of freedom, perhaps even tyranny, and certainly intolerance against other religions and theoretical systems. There is no need to speak here about religious fundamentalism as has come into being, more or less strongly, in all great and small religions. Fundamentalism is also present in the social and political sciences, a prominent example being mathematical neoclassical economics dealing with the functioning of the economic *system*, that is Walrasian equilibrium

theory and its many variations and elaborations (to avoid misunderstandings, neoclassical theory may be very useful in explaining behaviour in various domains, economic, legal, political, for example). Relying on Walras, non-mathematical liberal economists, Friedrich Hayek being a prominent example, simply take for granted that competitive economies always *tend* to a full-employment equilibrium. The principle of self-regulation is thus postulated, but never scientifically examined. And economic policies are based on this principle. Already in the 1940s Alexander Rüstow (2001/1945) had coined the term *Wirtschaftstheologie* to characterize the belief into the *self-regulating* character of competitive market economies, and the Saint Gall economist Hans Christoph Binswanger speaks in this context of the *Glaubensgemeinschaft der Ökonomen* (Binswanger 1998).

In Catholic Social Doctrine fundamental principles, the principles of solidarity and subsidiarity for example, are also directly related to the real world without the intermediation of a system of social and political sciences, particularly a system of Political Economy (in a wider sense this jumping from dogmas (principles) to reality has sometimes been termed as “theological short-cut”). However, in Bortis (1997) it is implied that both, subsidiarity and solidarity, require a political economy along classical-Keynesian lines, to give these principles a concrete meaning. The lack of theory is, perhaps, one important reason why the social teaching of the Catholic Church has had limited practical effects only. However, Catholic Social Doctrine is very useful in the spheres of Social Philosophy and Social Ethics through putting

to the fore the constitutive elements of a good society. As will be suggested below, this is as it should be: religion must shape the vision of the society to be aimed at, leaving it to the social and political sciences and to politics to understand and to explain socio-economic phenomena and to determine the way leading to the good society. Given this, one should always remember that complex social aims can never be realised perfectly. Attempting to realise the good society perfectly would be fundamentalism and would lead to tyranny. Human imperfections and weaknesses, the lack of knowledge or to strive for power for example, that is some kind of alienation will always be there. This means that our societies will always be of a second or third best nature. What is fundamentally important is to organise society in a way that the scope of liberty for the social individuals is as large as possible. This is a precondition for them to prosper.

Now, fundamentalism may have been possible in the simple world of Agraria (approximately 6000 BC to 1800 AC). However, with the coming into being of the modern world around 1800, economic phenomena became immensely complex and systematic thinking was required to come to grips with socio-economic phenomena, for example value, distribution and employment (see the section on *The necessity of theorizing* in the concluding chapter above). Specifically, this gave rise to the birth of Political Economy, the key social science of the modern era. In general, to master the challenges of Modernity requires a comprehensive system of the social and political sciences. The foundations for this system is provided by a philosophy of history and a social and political philosophy, upon which an entire system of

social and political sciences may be built, encompassing Political Economy, Sociology, Law, Politics as well as Social and Political Ethics. Now, and this is the crucial point, *a complete system of the social and political sciences is also required for the great religions, Islam and Christianity for example, to relate the corresponding dogmas to socio-economic reality.* This system must grow out of a vision to be established by teaching religion and must be structured subsequently through reason and the analytical powers. *Hence religion should intervene at the bottom layer of the human mind, that is in the realm of vision and imagination, and religion should not intervene directly in science, natural, social and political, and even less in Politics, theoretical and applied.* However, the social and political sciences will inevitably be forged through the vision as is associated with fundamental values which, in turn, will inevitably shaped by religion.

To establish a system of social and political sciences in general and a system of political economy in particular is an exceedingly difficult task. Regarding political economy for example, it requires the study of economic facts and ideas, allowing to compare fundamental approaches, neoclassical and classical-Keynesian for example, in view of selecting the most probable approach. This means that emancipated, non-fundamentalist thinking is absolutely necessary. We have mentioned in several instances that Keynes considered ‘the study of the history of economic theories as leading on to the emancipation of the mind’, preventing a theoretical economist from becoming ‘a slave of some defunct economist’. And the results of emancipated thinking will

always be of a probable nature (see on these issues the first two sections of the first chapter *Setting the stage*). Moreover, it should be evident that emancipated thinking is also non-dogmatic thinking and is associated with the freedom of scientists.

To move away from dogmatism, most importantly religious and economic, in the form of neo-liberalism for example, implies a reduction of alienation in the realms of faith and science. Given this, the generalisation of emancipated thinking in Keynes's sense will certainly be a hallmark of history proper. This implies that comparisons in all spheres, theology, philosophy, the arts, and the social and political sciences, will be of paramount importance. Hence William Haas's very important suggestion that the philosophy of history must become the science of comparative civilisation seems basically sound (see the last section of the concluding chapter).

All this points to the fact that establishing well-structured and *modern and attractive* curricula at all levels of education and learning and their co-ordination will be crucially important to successfully realise the transition from alienated history to history proper. This is a monumental task. However, regarding the setting up of curricula, Europe may rely on an immensely rich tradition, beginning with Classical Greece and starting afresh in Carolingian times, which will certainly benefit also other parts of the world. These may, in turn, enrich Europe in the spirit of mutual exchange as will take place in a social liberal world of a family of nations in view of a further unfolding of the potential of human nature.

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