Four Horsemen of the Apocalypse: Marx, Weber, Schumpeter, and Polanyi

Hüseyin ÖZEL

Department of Economics
Hacettepe University
06800, Beytepe, Ankara, Turkey
ozel@hacettepe.edu.tr

Abstract:
This paper is an attempt at developing an analytical framework that could be helpful to understand the unstable character of the capitalist society, by drawing upon the work of four important thinkers: Marx, Weber, Schumpeter, and Polanyi. It is argued that all four share a similar vision towards capitalism, and that they are all indispensable for the thesis that the working of capitalism undermines its own institutional structure, and thus make the reproduction of the capitalist society a contradictory process. The paper advances three theses in regard of these thinkers: first, being various representatives of the German “expressivist” tradition, they conceive human history as displaying two antinomical tendencies at the same time; namely, human self expression through creative action vs. the loss of freedom due to increasing rationalization, alienation, and domination; second, capitalism should be seen as a decisive step towards more rationalization and therefore the loss of freedom, even if it creates the preconditions of the self-realization of the “species-being”; and third, they all believe that the very success of capitalism is the basic cause of its failure.

JEL Numbers: B14, B15, B16, B24, B25, B31
Keywords: Marx, Polanyi, Weber, Schumpeter, Alienation, iron cage, creative destruction, double movement.

Paper to be presented to the ICAPE Conference: “Economic Pluralism for the 21st Century”
June 1-3, 2007, The University of Utah, Salt Lake City
Introduction

Regarding the connections between Marx and Weber, Karl Löwith argues that his comparison rests on three presuppositions (1960: 19-20): first, the two are comparable; second, their objects of inquiry are identical in some respect, and different in others, and third, their goals are closely related to their idea of human beings, for they both try to understand “what it is that makes man ‘human’ within the capitalistic world” (Löwith 1960: 20). The present paper, which attempts at developing an analytical framework that could be helpful to understand the unstable character of the capitalist society by drawing upon the work of four important thinkers: Marx, Weber, Schumpeter, and Polanyi, also adopts these three presuppositions. It is argued in the present paper that all these writers emphasize the tendency of instability of the capitalist reproduction process, albeit from different angles. Whereas Marx and Schumpeter find the source of instability in competition and capital accumulation processes, Weber and Polanyi see the basic problem as the tensions within the institutional structure of the capitalist society. It is the contention of this paper that the views of these four thinkers overlap each other to a great extent, and therefore should be brought together to have a better understanding of capitalism. It is argued here that Marx (with the analyses of accumulation and fetishism), Weber (with the notion of “iron cage”), Schumpeter (with the notion of the “creative destruction”), and Polanyi (with his idea of “double movement”) are all indispensable in the development of the thesis that the working of capitalism undermines its own institutional structure, and thus make the reproduction of the capitalist society a contradictory process.

However, rather than attempting to develop a full-blown comparison of these four thinkers, the paper puts forward the thesis that two interrelated points of convergence among them can be identified: First, they adopt similar philosophical presuppositions and thus can be seen as influenced by an essentially German tradition called “expressivism,” which sees human activity and human life as the self-expression of humanity, within which freedom is given a primary role. In this regard, they all see capitalism as characterized by an “iron cage” that is created by the process of “rationalization” or “dehumanization” in which human freedom is threatened and even lost. Second, all four agree on the belief that capitalist system is led to instability by its very institutional structure. This instability results from the resistance of human beings against the emphasis on individuality and “rationalization” imposed by capitalist relations, a resistance which takes the form of reclaiming human sociality against the reduction of the individual into a “cog” or a functional unit by the system. This struggle between the two important traits of human beings, individuality and sociality, reflects itself in the struggle between the economic and the political spheres in the capitalist system, which eventually causes the institutional separation of the economic sphere from the political one to disintegrate, as capitalism reproduces itself.

In order to show that these “four horsemen of the apocalypse” are indispensable to formulate an appropriate understanding of capitalism, the paper is organized around Löwith’s three presuppositions:
that is to say, it will be shown, first, that they are comparable in respect of their philosophical and
methodological outlooks, second, that their objects of inquiry, namely human history and capitalism,
overlap to a great extent, and third, that their conception of “human beings” can be used to advance the
three important theses about capitalism: first, these thinkers conceive human history as displaying two
antinomical tendencies at the same time; namely, human self expression through creative action against
the loss of freedom due to increasing rationalization, alienation, and domination; second, capitalism
should be seen as a big step forward towards more rationalization and therefore it poses a greater threat for
human freedom than other social forms, even if it also creates the preconditions of the self-realization of
the “species-being”; and third, they all believe that very success of capitalism is the basic cause of its
failure.

1. The General: Methodology of Social Theory and History

Although it is true that not only Marx and Weber, but also Schumpeter and Polanyi try to understand the
“contemporary mode of being human” (Löwith 1960: 20), they are also aware that an answer to this
question depends on a general understanding of what it is like to be a human being, or of the “human
essence” in short. In this regard, it can be asserted that all four, coming essentially from a German-
speaking background, are to different degrees inspired by what Charles Taylor (1975: 547-58; 1979: 50-
51, 141-52) and Isaiah Berlin (1963: ch. 4) call “expressivism.” Expressivist tradition, ranging from
Leibnitz’s “monadology” that sees the individual substance “as composed of its own whole past and its
own whole future” (Berlin 1963: 39), to the metaphysical historicism of Herder and Hegel (Berlin 1963:
37), was basically a reaction to the eighteenth century French and British Enlightenment thought
classified by its empiricist, mechanist, determinist, atomist and utilitarian beliefs regarding both nature
and human life (Taylor 1975: 22). Against to this naturalistic thought that sees human activity and life as
guided by the “laws of nature” is the expressivist idea that human activity and history should be seen as
human self-expression, within which human freedom is given a primary role as the authentic form of this
expression. The philosophical anthropology of expressivism emphasizes that human action or life, as an
expression of human essence, is directed towards self- realization of an essence or form not just in the
sense of the embodiment of the form in reality, but in the sense of “defining in a determinate way what
this form is” (Taylor 1975: 16). In other words, the realization of human purposes goes hand in hand with
the clarification of these purposes so that each individual can realize her own essence in a way different
from her fellow human beings. An important implication of this idea is that the Enlightenment dichotomy
between meaning and being cannot be maintained in human life; life itself, being the expression of human
essence, is guided by values of human beings (Taylor 1975: 16-17). That is to say, human beings are by
default “moral beings” who are concerned with realization their essences according to the moral values
they have. Another important aspect of the expressivist anthropology is its emphasis on human freedom, which should be conceived not merely as being free from external constraint, but as authentic self-expression, which is the basic goal of human beings (Taylor 1975: 24). And, against the Enlightenment idea of human nature as a “set of objectified facts with which the subject had to deal in acquiring knowledge and acting” (Taylor 1975: 22) that “divides soul from body, reason from feeling, reason from imagination, thought from senses, desire from calculation, and so on” (Taylor 1975: 23), expressivism sees human nature as a whole, as a “single stream of life, or on the model of a work of art, in which no part could be defined in abstraction from the others” (Taylor 1975: 23), and thus emphasizes the unity and wholeness of human nature. In short, Expressivism has four demands: the unity of human being as forming an indivisible whole so that the separation of different levels (like life as against thought, sentience as against rationality, knowledge as against will) is rejected; freedom; communion with human beings and nature (Taylor 1975; 28).

From a general social-theoretic point of view, one can identify four implications of the expressivist position: First, since expressivism emphasizes the category of “meaning” for both human life and history, it entails a hermeneutic position in which interpretative understanding (verstehen) rather than causal explanation is seen as the basic method for social inquiry. Second, since expressivism considers human essence as an integral whole that cannot, or should not, be broken down into different compartments or independent substances, it sees human realm as a whole; that is to say, it adopts a broader, interdisciplinary perspective for social inquiry so as to include economics, sociology, anthropology, etc. Third, since self realization, as the primary goal for human beings, is a fundamental expressivist aspiration, history should be seen as continuous attempts at realizing human potential and freedom in different social and institutional settings. This also implies that, fourth, history should be seen as a dynamic process in which antinomies and contradictions are abound because history, being a constant struggle for human freedom that is necessitated by human essence, can be characterized by an all-pervasive relationship, if not struggle, between those social forces that moves towards more freedom and those that limits human freedom.

However, expressivism has also some disturbing implications regarding social theory. A paradigmatic example to this position is, of course, Hegel’s philosophy, in which history is to be seen as a journey of the “Spirit” (Geist) to realize itself through overcoming self-alienation in a predetermined fashion. In such a setting, it is hard to sustain the idea of human freedom, especially when one thinks of such notions as “the cunning of reason” and “freedom as knowledge of necessity.” That is to say, individual human agency in the sense of “making a difference” through conscious, intentional activity is nothing but an illusion in this philosophy; individuals are to be seen as “puppets” or instruments for the Spirit to realize itself. Yet, it is exactly this problem, the relationship, or actually contradiction between
freedom and necessity, or between teleology and causality, between subjectivity and objectivity, and even between individuality and sociality; contradictions that are all essential for any social theory and history, problems that also haunted all of the four aforementioned thinkers. In this regard, it can be argued that Marx, Weber, Polanyi and Schumpeter all tried to find acceptable answers to these antinomies without dismissing the expressivist aspirations about human self realization and thus freedom, the unity with society and nature, in different ways. The importance of those antinomies can be seen at best in the work of Marx, who also influenced the other three in significant ways.

In fact, as both Taylor and Berlin emphasize, Marx’s whole enterprise can be seen as an attempt to synthesize between two contradictory positions, an attempt that is deemed as impossible by them: Marx tries to reconcile Expressivist aspirations with the basic thrust of the radical Enlightenment thought, which defends the view that for every question there is only one true answer and that, guided by their knowledge of the “laws of nature,” human beings come to shape nature and society to their purposes in accordance with those laws. Such a position implying causality as encompassed within teleology (in the sense of human purposes), or freedom as encompassed within necessity, is a guiding theme especially in Marx’s early writings such as the Economic and Philosophical Manuscripts (Marx 1975).

In fact, not only in the early writings, but throughout his whole work, the notion of human nature is of utmost importance. In this regard, Marx’s distinction between “human nature in general” and “human nature as historically modified in each epoch” (Marx 1976: 759n) seems a necessary starting point. However, although this distinction between the general, or universal, aspect of the human condition and its historically particular form is of crucial importance, this should not be taken to mean that human nature is something that continuously changes throughout the history, depending on the social relations or institutions. On the contrary, since the “essential human nature” is what makes them beings human beings, it should remain constant. However, the basic problem for Marx is the contradiction between human essence as “the inherent development potential of every human being when that development proceeded in the natural or proper way” (Hunt 1986: 97) and the specific form of human existence. This is the key to understand not only Marx’s notion of alienation but even his account of historical materialism.

According to Marx, a human being is essentially a species-being in the sense that “he looks upon himself as the present, living species, because he looks upon himself as a universal and therefore free being (Marx 1975: 327). A person is a species-being in two senses, though these two senses are in effect identical: a person is a species-being, first, “because of the nature of human perceptual and conceptual faculties and human life-activity,” and, second, “because of the social nature of human activity” (Hunt 1986: 97, 98). And the human life activity, whose description is history itself, is an interaction with nature in a social setting: human activity is a social activity, mediated through labor, and in this activity, in praxis, they transforms both nature, their “inorganic body” (Marx 1975: 328), and themselves. In other
words, this activity is to be seen as “either a society-mediated interchange with nature or a nature-mediated interchange with other humans” (Hunt 1986: 99). This conception of praxis, referring to free purposeful activity of human beings to transform nature and themselves, is essential in Marx’s thinking, for only through this activity can man “objectify” his essence: “The object of labour is therefore the objectification of the species-life of man: for man reproduces himself not only intellectually, in his consciousness, but actively and actually, and he can therefore contemplate himself in a world he himself has created” (Marx 1975: 329). Therefore, the notion of praxis must be understood as referring to free, universal, and self-creative activity through which man creates (transforms) his world and himself. On this conception, “thinking” and “acting” are not segregated facultatively: “human action is interested and purposive, and thinking is the reflexive element of distinctly human action” (Margolis 1989: 368-69). In other words, human consciousness is shaped through human life activity, for consciousness itself is “from the very beginning, a social product, and remains so long as men exists at all,” as is emphasized in The German Ideology (Marx and Engels 1970: 51). Such a conception of the “production of life” (Marx and Engels 1970: 50), to be conceived as both a natural and social relation displays the importance of the category of labor in Marx. This category is so important that it is even possible to argue that Marx’s project is actually a “philosophical reconstruction” of the concept of labor, a meaningful process through which the species being both objectifies and recognizes itself in its own product (Ricour 1986: 34). In short, three aspects of the “human condition” need to be emphasized in Marx: First, human beings are social beings, who appropriate nature in a social setting. Second, the terms “labor” and “production” refer to a general activity; what we have here is “production of lives” rather than merely material goods production. And third, this activity, the “labor process” is a general condition which is independent of all specific forms of human existence (Marx 1976: 290). Labor is common to all forms of society because it is the process through which human beings realize their own essence; it actually characterizes what is human. If “labor” is a process within which labor power is used and “labor power” is to be defined as “the aggregate of those mental and physical capabilities existing in the physical form, the living personality, of a human being” (Marx 1976: 270), in short if these are the conditions that characterize human agency, then it is no wonder that labor should be understood as the “objectification” of human essence.

From this discussion, one can infer two important properties of praxis, free and purposeful human activity directed towards objectification or realization of human developmental potential. First, as to historical materialism, the (in)famous terms “base” and “superstructure” (Marx should be taken as metaphors rather than exposing the outline of a causal account to explain the whole of history. This “architectonic analogy” (Tönnies 1974: 79) is a crude first approximation to the human life activity as embracing the material and mental, emotional and aesthetic aspects of human existence (Hunt 1979a: 291-92). In other words, in order to understand the practical activity of human beings we should regard this
unity of mental and material aspects of the reality. This account gives us a method of integrating human activity in a way that makes possible to attribute a “meaning” or a “skeleton” to history: the categories of historical materialism should be used as questions, or queries to understand the recognizable pattern in history; but beyond this, they should not be taken as “canons” or strict “laws” which explain everything, irrespective of the specific aspects (Krieger 1962: 375). This also implies that historical materialism, as Marx warns, should not be understood as a “historico-philosophic theory of the marche générale imposed by fate upon every people ... Events strikingly analogous but taking place in different historic surroundings led to totally different results. By studying each of these forms of evolution separately and then comparing them one can find the clue to this phenomenon, but one will never arrive there by the universal passport of a general historico-philosophical theory, the supreme virtue of which consists in being superhistorical (quoted in Manicas 1987: 115).

Second, as to the role played by the actions of individuals in human societies, an important point to be stressed is that Marx’s historical materialism is actually a “fusion” between (material) causality and teleology; that is, teleology in the sense of purposive human action is encompassed in the causal framework (Colletti 1973: 212): Although every human being is a free creator of himself and of his world in a social setting, at the same time he is partly unfree, passive, inert effect of his environment. For this reason, human activity “must be understood in terms of both material causation and conscious, purposive (or teleological) causation,” not in the sense of the “inevitable unfolding of history” but in the sense of “the purposive action of a particular person” (Hunt 1979b: 115). Therefore, we should regard human activity as “both causality and finalism, material causality and ideal causality; it is ... man’s action and effect on nature and at the same time nature’s action and effect on man” (Colletti 1973: 228).

Thus, human history should be seen as the purposeful activity of human beings to realize their own potentialities and to attempt at influencing the society in accordance with these purposes. However, as Marx warns us, “men make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly encountered, given and transmitted from the past” (Marx 1963: 15), human volition and freedom is always restricted by both nature and society, or by the “realm of necessity” in general (Marx 1981: 958-59). For one thing, although human history is being continuously made by intentional actions of individuals, unintended effects of these actions is the reproduction of social structures, independent of individuals’ purposes. In this conception, human purposive activity always presuppose preexisting social relations for it is the existence of these relations which makes the coordination and integration of individual acts possible and thereby makes the process a social one. Yet, these very social relations, which are prerequisites of individual action, are themselves the end result of the collective activities of the individuals involved in the process. Therefore, social relations, which both enable and constrain individual intentional actions, are
continuously created and recreated by individual actions (Hunt 1979a: 285). And for another, although the object that labor produces should be considered as the “objectification” of labor, under specific social relations this process also becomes a form of alienation. Alienation, in the sense that “the object of that labour produces, its product, stands opposed to it as something alien, as a power independent of the producer. … In the sphere of political economy this realization of labour appears as a loss of reality for the worker, objectification as loss of and bondage to the object, and appropriation as estrangement, as alienation” (Marx 1975: 324) is a chief cause for Marx of the loss of freedom, or the obstacle for self realization of human beings.

Although Marx emphasizes alienation and fetishism predominantly with reference to capitalism, these notions also occupies a central place in Marx’s understanding of history as well. That is to say, it is possible to argue that the whole of human history, independent of some specific social and economic forms, or the “modes of production”, can be seen as a constant interplay and contradiction between the objectification and the alienation processes, or a constant interplay and contradiction between freedom and the loss of freedom. As long as human beings’ own products, as the specific forms of objectification of their essences, are appropriated by other individuals because of private property, this antinomy arises. Since the particular form that this contradiction manifests itself depends on the particular institutional matrix, or the constellation of “forces” and “relations” of production, history can be, and apparently is, quite a dynamic and even turbulent process. Marx’s account of historical change, not as a result of the contradiction between the “base” and the “superstructure” but as a result of the contradiction between objectification and alienation or between freedom and necessity, resembles an evolutionary “punctuated equilibrium” process. It is not a teleological account, as in Hegel or as conceptualized within “automatic Marxism” (Jacoby 1971, 1975), towards a predestined end but full of bifurcations, leaps and –sometimes random– mutations. Once a specific “path,” i.e., specific “mode of production” is chosen, for a certain period, until the internal contradictions are ripe to necessitate a new change, a certain period of stability can be secured. What makes this process a dynamic one is the interplay and the conflict between relatively autonomous social forces and human purposes and intentions. History, in short, can be comprehended as a whole series of the unintended consequences of intentional human action. And this process need not create socially or humanly desirable consequences or orders.

Therefore, from this brief exposition, it can be seen that the aforementioned four Expressivist aspirations haunted Marx all along. He considered human essence as an indivisible whole, and his work can be seen as an attempt to find out preconditions of realization the unity of human beings with society and nature in order for human beings to be free. Such a position implies essentially a “humanistic” and therefore ethical position, which also requires a hermeneutic methodology along with causal explanations. Of course, he is not the only thinker whose work is inspired by expressivism. Weber, who has been called
the “bourgeois Marx” (Mommsen 1989: 53), also tried to develop a general outlook regarding both human history and capitalism, both of which presupposes a particular view of human beings (Löwith 1960).

According to Schumpeter (1954: 818), Weber’s historical and sociological theory rests on two important notions: The notion of ideal type and the “Meant Meaning” that requires interpretative understanding of culture, thus leading to the “interpretative sociology.” In fact, the two notions are inherently connected, because in Weber ideal types are meant to apply only to limited segments of the historical reality, rather than presenting a general theory of history. For Weber, history from the standpoint of an observer is meaningless in itself and appears as chaotic. Only when ideal types are applied to these limited segments of reality, can history, or its specific portions, become meaningful (Mommsen 1989: 54-55). That is to say, the category of meaning and the resulting hermeneutics, ideas inherited from the expressivisit tradition, are essential for social science. The ideal-typical constructions of economics have no pretension at all to the general validity. For example, the “laws” of economics are paradigmatic “teleological rationalizations,” ideal-typical constructions which make sense of economic activity. The economist who understands what she is doing is not saying that her deduction explains, still less predicts, concrete acts or that the real actors are “rational.” Weber asserts that the economist’s schema makes acts intelligible because her theory is a subjectively and empirically adequate interpretation. On the other hand, if the “laws” are empirically valid generalizations, they cannot explain, since their causal interpretation is problematic (Manicas 1987: 134-136). However, this should not be taken to mean that the category of causality and causal explanations have no place in history and the social science. On Weber’s view, whatever happens is made intelligible by the theory, after it happens. Weber denies predictability as the goal of concrete science because of causal complexity. He takes a second best: the capacity to provide a “comprehensible interpretation.” That is to say, Weber defends theoretical economics by restricting its claims (Manicas 1987: 135). Once again, we have thinker who struggles with the contradiction between explanation and understanding.

However, maybe the most significant aspect of Weber’s work for our purposes is his reconstruction, through ideal types, of (at least Western) history on the basis of the distinction between formal and substantive rationality, a distinction which is also essential in his analysis of capitalism. Weber distinguishes between two forms of rationality: formal rationality, or instrumentally-rational behavior, and substantive rationality, or value-rational behavior (Mommsen 1989: 152-53). Whereas formal rationality is relevant for those actions that rest on “quantitative calculation or accounting which is technically possible and which is actually applied,” the substantive rationality applies to those actions that are “interpreted in terms of a given set of ultimate values no matter what they may be” (Weber 1947: 184-85). Whereas in the first type of rationality, the neoclassical conception of optimizing behavior in a way to ensure a maximum degree of performance and efficiency, seems relevant (Mommsen 1989: 38), the other is based
on the social system of shared values and meanings, in the sense that rationality implies that actions of individuals are to conform to social values, no matter how they seem as “irrational” from the standpoint of formal rationality.9

Even though Weber’s analysis of capitalism rests on the thesis that this system is characterized by increasing formal or instrumental rationality, which will be examined in the next section in greater detail, this distinction is used to characterize human history as well. That is, human history can be characterized by an antinomy or contradiction between the formal rationality and substantive rationality. Although Weber’s own attitude towards rationality is ambivalent (Mommsen 1989: 133), it can be argued that history (Western history at any rate) according to Weber moves in the direction of continuous increase in formal rationality, a process of ever-lasting “disenchantment of the world,” a phrase by Friedrich Schiller that Weber uses frequently (Gerth and Mills 1989: 51). In this regard, it should be emphasized that whereas formal rationality refers to instrumental action that can be seen as ways of adapting to prevailing circumstances in terms of material self interest (Mommsen 1989: 152), substantive rationality refers to a “rationalization of life-conduct oriented by certain ‘ultimate’ or ‘otherworldly’ ideals” (Mommsen 1989: 161). Since the process of formal rationalization also implies the “intellectualization” of world views, including religion and science, as opposed to some “cosmic” order, the progressive rationalization of Western civilization is characterized by the development of a “rational science, a rational relationship of man to nature (being the precondition for its progressive subjection to human control), and the creation of a rational state” (Mommsen 1989: 157). But this implies that history can be seen as a contradictory process characterized by two antagonistic principles and life-conducts, namely between self interested adaptation of everyday life and value-attitudes derived from “non-everyday” beliefs that make life meaningful (Mommsen 1989: 152). In other words, we have two distinct processes of social change in Weber (Mommsen 1989: 154): a value-rational change that involves “otherworldly” world-views, “ideal” interests, value-rational social action, on the one hand, and an instrumental-rational change that involves “innerworldly” world-views, material interests, formal-rational life-conduct, instrumental-rational social action, on the other. A direct implication of this distinction is an antagonistic relationship between “charismatic innovations” or the “creative forces of the charisma” and rationalization leading to routinization and bureaucratization that restrict human spontaneity and freedom (Mommsen 1989: 112). For charisma is the basis of substantive rationality in the sense that some extraordinary individuals possessing the “Grace of God”10 and the accompanying innovative ideas are constitutive of “otherworldly” world views, In this regard, charisma is essential for the value-rational change that amounts to challenges to given social order on the basis of otherworldly life-conduct ranging from forms of asceticism to restless innerworldly activity (Mommsen 1989: 154). Although Weber does not dismiss the importance of autonomous social forces, he emphasizes the rise of charismatic leaders that create some
enthusiasm which could change or at least threaten the existing social order (Gerth and Mills 1946: 52). Yet, this does not minimize the role of institutions for the “routinization of charisma” infuses a deterministic element into history (Gert and Mills 1946: 54). Charisma, according to Weber, when it becomes successful enough to have domination “hardens into lasting institutions, and becomes efficacious only in short-lived mass emotions of incalculable effects, as on elections and similar effects” (Gerth and Mills 1946: 262). Such a routinization of charisma, creates a new order with a new privileged social strata whose social and economic positions should be legitimized in a way that their power relations is transformed “into a cosmos of acquired rights” (Gerth and Mills 1946: 262). Therefore, the conservation of charismatic elements is guided by material interests and aimed to establish some kind of social or political domination. But for Weber, “genuine charisma is absolutely opposed to this objectified form. It does not appeal to an enacted or traditional order, nor does it base its claims upon acquired rights. Genuine charisma rests upon the legitimation of personal heroism or personal revelation. Yet precisely this quality of charisma as an extraordinary, supernatural, divine power transforms it, after its routinization, into a suitable source for the legitimate acquisition of sovereign power by the successors of the charismatic hero” (Gerth and Mills 1946: 262). Therefore, history can be conceptualized as formed by periodic charismatic breaks or innovations, which is followed by the routinization of charisma into a new social strata and bureaucracy with the accompanying means of legitimization, such as ideology. However, throughout this routinization, almost all forms of individual activity will be progressively eliminated and in the end all social interactions become increasingly uniform and the incentives for innovations are gradually lost, and therefore “petrified” in a way that eventually precipitate its failure (Mommsen 1989: 116). History therefore moves not necessarily in a unilinear way, as the progressive rationalization and disenchantment process implies (Gerth and Mill 1946: 51), but as an eternal struggle between charismatic innovations and routinization, in a cyclical or more accurately in a spiral fashion: charismatic innovations, rationalization and routinization, bureaucratization, petrification, and new breaks formed by a new charismatic innovation, once again, a “punctuated equilibrium” perspective. In this perspective human history can be perceived as continuous attempts to reach a balance of charismatic movements (leaders and ideas) with rational routinization (Gerth and Mills 1946: 55), even if such a balance is almost impossible to achieve. For this is a process of a continuous struggle between human creativity and spontaneity, and its petrification into social structures that prevents human beings from acting spontaneously and freely. Once again, “the road to hell is paved with good intentions.”

That history is a dynamic process which is occasionally interrupted by some “charismatic” breaks is a clear implication of Weber’s theory. And this process need not lead to some kind of predetermined end such as complete freedom for all human beings, even if individuals’ aim as human beings is to reach self-relatization. Whereas there is a certain tendency
in one direction, towards rationalization and disenchantment, this tendency is also checked by some, mostly unforeseen, breaks, thus causing history to be a discontinuous process.

Nevertheless, it is Schumpeter, another “bourgeois Marx” (Catephores 1994), and also the most impressive follower of Weber (Mommsen 1989: 180), who emphasizes most passionately this conception of history, which can be conceptualized as continuous interruptions in the form of “novelties” in the existing states of affairs. Although this idea is best conceptualized in his famous “creative destruction” process, developed essentially as a conceptual tool to understand particularly capitalism, he seems to adopt this conception also for the history as a whole. Schumpeter, in his recently published “Development” article written in 1932 (Schumpeter 2005), without even mentioning neither entrepreneurial activity as the source of novelty, nor capitalism at all, argues that “there is no difference between novelty in the economy and elsewhere. He then goes to argue that development should be understood as “transition from one norm of the economic system to another norm in such a way that this transition cannot be decomposed into infinitesimal steps” (Schumpeter 2005: 115). The notion of development implies that the idea of adaptation does not apply in cases of changes in the norms themselves: “When starting from the old form, the new one must not be reachable by adaptation in small steps” (Schumpeter 2005: 113).

From a methodological point of view, the idea of development in this sense, not as infinitesimal adaptation to small changes, but the change of the norm itself, has two important implications. First implication is that the existence of novelty gives rise to indeterminacy, which “must be accepted even though, objectively speaking, determination necessarily always exists” (Schumpeter 2005: 112). On this conception, the process of social and historical change, economic change notwithstanding, can be seen as the process of adaptation that lies within two breaks imposed by novelty; once again a “punctuated equilibrium” understanding. This aspect of the idea of development, or evolution in general, is emphasized most by “evolutionary economics” inspired by Schumpeter’s work. In this understanding, evolution is a non-linear and irreversible process characterized by random mutations, or “novelties” in a “one-to-many-mapping” fashion creating “bifurcations” and has some emergent, indeterminate, unknown or unforeseen outcomes. In this process (Foster 2000), the conception of “equilibrium” is understood not as “balance of forces,” as in Newtonian framework, but as the “absence of structural change,” as in thermodynamic equilibrium. Order on the other hand emerges in a self-organized way and it is unstable or “dissipative.” In this regard, between two novelties there lies a period of equilibrium in which the notion of “routine,” or the efforts of adaptation to the novelty, applies. This process can be said to be inspired by Weber’s idea of history as routinization periods lying in between two “charismatic innovations”. Moreover, Schumpeter’s distinction between statics and dynamics rests on the distinction between two conceptions of human beings; the “hedonistic” one who simply adapts to the given conditions, and the “energetic” individual,
who engages in dynamic, creative action (Shionoya 2004: 338; Dahms 1995: 3-6). Whereas the masses are formed by the first type of individual, energetic (or the “charismatic”, to use Weber’s term) individuals are the leader, an important example of whom is the entrepreneur (Shionoya 2004: 338). This distinction between the static-hedonistic action, and the dynamic creative action, or between the “adaptive response” and the “creative response,” forms the basis of Schumpeter’s conception of universal history, which is to be seen as the interaction between “innovation and response mechanism” (Shionoya 2004: 338; Schumpeter 1947). Even if this mechanism can explain the working of the capitalist system, the system itself emerges as a result of this evolutionary process. For Schumpeter, “the evolution of capitalism must be explained in terms of the changing relationship between the economic and non-economic domains, or between ‘mind and society’” (Shionoya 2004: 338). That is to say, since the “material” and the “ideal” are in constant interaction with each other, social and historical study must consider both, in a dynamic framework.

In fact, as the second implication of the idea that development should be seen as changes in the norms of the system, the interaction between “mind” and “society” entails an interdisciplinary framework in which both causality and value systems play a role. According to Shionoya (2004: 335), Schumpeter’s theory of evolution of “mind and society,” which is based upon two sociologies, economic sociology and the sociology of science, is intended to replace Marx’s economic or “materialist” interpretation of history. However, according to Elliott (1980: 66), this aspect of Schumpeter’s work is one of the two overall similarities between Marx and Schumpeter, the other being a concern with a long run, historical vision: both Schumpeter and Marx tried to develop a framework that is not characterized by pure economics, but that places economics within a wider context, as to include history and sociology. Schumpeter argues that since the appearance of novelty infuses an element of indeterminacy, as in the example of an “artistic creation” which is unrelated to the “environmental elements” within which this creation occurs, the idea that novelties are the results of the adaptation to social or material conditions has its limits, because in the case of novelty such causality, understood as the reactions or adaptations to given data cannot explain the emergence of novelty (Schumpeter 2005: 112). For “novelty changes the previously considered matter and substitutes it with another one that reacts differently to changes in the data” (Schumpeter 2005: 113). In other words, social inquiry cannot, and should not, limit itself purely with causal explanations, but also consider the hermeneutical element because history as an evolutionary process is a process of “overdetermination” by different factors. In fact, Schumpeter’s own methodology depends critically upon value-systems. In other words, interpretative understanding is an essential factor of the social scientific study. He even argues in his History of Economic Analysis (Schumpeter 1954: 41-42) that the “prescientific vision,” formed by the values and even ideology of the scientist, constitutes the “raw
material” for the social scientific activity, for these are also constitutitve of self-understandings of individuals about what is going on in society.

A similar conception of human history that emphasizes values and morales of human existence is given in Karl Polanyi’s work, especially on economic anthropology (Polanyi et al. 1957; Polanyi 1977; Dalton 1968), which is directly inspired by Weber’s, and of course Marx’s conception of human essence and history. In fact, Polanyi’s distinction between the two meaning of the term “economic”, that is, between the formal and the substantive meanings (Polanyi et al. 1957: 245-50; Polanyi 1977: 19-21) is a direct extension of Weber’s distinction between formal and substantive rationality. According to Polanyi, the formal, mainly neoclassical, definition of economic considers means-end relationship, whereas the substantive definition “points to the elemental fact that human beings, like all other living things, cannot exist for any length of time without a physical environment that sustains them” (Polanyi 1977: 19). In the substantive definition, the term economic refers not more than to the activity towards satisfying material wants. The substantive meaning considers “an institutionalized interaction” between human beings and nature, a process that is called the “economy” (Polanyi 1977: 20). The formal meaning on the other hand is nothing but the reflection of the working of the market economy, as it is conceptualized in the rational choice theory with its postulate of atomism. That is, the conceptual framework based on the notions of “rationality” and atomism is a distortion of the true representation of human beings in the realm of thought, just like the fact that the market economy is basically a distortion of the real life of human beings in the real world (Polanyi 1977: 12-13). The main thrust of the substantive approach is Polanyi’s proposition that “man’s economy, as a rule, is submerged in his social relationships” (Polanyi 1944: 46), that is, human beings are essentially “political animals”.

On the basis of this distinction between substantive and formal economics, Polanyi seeks to demonstrate that all human history can be described by using three “forms of integration” which are meant to be “ideal types”, as in Weber: namely, reciprocity, redistribution, and exchange, and the corresponding institutional patterns, autarchy, symmetry, centricity, and market pattern, respectively (Sievers 1991: 64). And social institutions, which support the forms of integrations, refer to “the collective actions of persons in structured situations” (Polanyi 1977: 37). These four forms of integration, with the four supporting structures corresponding to them, thus constitute the “substantivist” approach, which can be employed to analyze “all the empirical economies of the past and present” (Polanyi et al. 1957: 244). Such an emphasis on overall human history, empirical character of the inquiry notwithstanding, suggests
that the substantivist account is about the human condition, for its main focus is the general, or universal, aspects of human existence in order to show that the market system is a violation of these human traits.

However, despite the strong functionalist flavor of this conception of history, Polanyi always considers human beings as moral beings, showing his subscription to the expressivist aspirations. He always emphasizes the fact that human beings are essentially political animals, and argues for “the uniqueness of the individual and of the oneness of mankind” (Polanyi 1944: 258A).

Another expressivist aspiration of Polanyi’s is his belief that social “institutions are embodiments of human meaning and purpose” (Polanyi 1944: 254), once again implying both the notion of interpretative understanding and the view that human beings are essentially moral beings who are concerned with the “good life.” Within this position, which underlies Polanyi’s own analysis, individuals are characterized by their inner freedom. Since social institutions are basically “expressions” of the human essence or freedom, human society should be seen as “the transformation of external nature through human nature, which is the realization of freedom through the moral relations created by productive association” (Glasman (1994: 70). However, it should not be forgotten that although institutions are embodiments of human freedom, they also impose constraints upon this freedom, because they both enable and at the same time constrain intentional actions of individuals. That is to say, action both presupposes and in a sense “shapes” social institutions and relations. In other words, purposive actions of human beings, directed to realize their own potentialities, has to operate within the constraints that social institutions created. Such a conception, again, is implied in Polanyi’s insistence that it is “an illusion to assume a society shaped by man’s will and wish alone” (Polanyi 1944: 257-58), when he argues that the market society has collapsed due to a double movement, which will be dealt in the next section.

As a summary, it is possible to identify some general methodological affinities among these four thinkers regarding human essence, freedom, causality, social theory and social change. First, they are all opposed to “scientism” because they think that human beings are, above all, moral (i.e., social/political) beings, who is concerned with “good life,” in which human freedom and flourishing is achieved. Therefore, both ethics and interpretative understanding as an appropriate method for the social science is an important concern for them. Second, they are opposed to reductionism that is especially concerned to find a single causal factor that can be used to explain the whole of human history. Third, again with respect to history, they are all opposed to any “mechanistic” and “fatalistic” view in the sense that history can be explained as a unidirectional process moving toward a particular end-state. They all believe that history is a contradictory process that is guided by some important antinomies emanating from human essence. And last, but not the least, a direct implication of these contradictory tendencies, it is “an illusion to assume a society shaped by man’s will and wish alone.” That is, not every intervention creates desirable
consequences. However, in order to see how important these methodological principles are, we should consider capitalism as seen by these four thinkers.

2. The Particular: Capitalism and the “Iron Cage”

With respect to capitalism, all these four thinkers seem to adopt a view that the two basic but contradictory tendencies apply equally well to the working of the system. That is, capitalism is both “self-reinforcing” and “self-undermining” at the same time. Furthermore, the view that the disintegration or even collapse of capitalism emanates from its very institutional structure, which carries the seeds of their own destruction within itself. Even if this thesis is most energetically defended by Schumpeter in his *Capitalism, Socialism and Democracy* (1943), the remaining three also adopted this view, with highlighted different aspects of the system. Whereas Marx and Schumpeter focus on the inherent contradictions in the capital accumulation and competition processes, Weber and Polanyi adopt a more sociological position regarding the social institutions. However, as will be seen from what follows, both Marx and Schumpeter’s mechanisms of “collapse” is of sociological nature.

Marx, of course, is famous for his crisis theory (or theories) and the thesis that capitalism is doomed to collapse because of the continuous breaks, due to some periodic, in the capital accumulation process. Even if such an understanding of “automatic Marxism” (Jacoby 1975) somewhat distorts the complexity of Marx’s argument, it would still fair to see Marx’s account of crisis as an example to “vanishing investment opportunities” (Schumpeter 1943: 111-120). Against such mechanistic interpretations, is of course, Schumpeter’s idea that “capitalism, … is by nature a form or method of economic change and not only never is but never can be stationary” (1943: 82). Schumpeter emphasizes the dynamic, and inherently instable, aspect of the capitalist accumulation process, just like Marx who always sees capitalism as an inherently dynamic system displaying structural instabilities, be them economic or social. However, these structural instabilities, both contend, is not necessarily a weakness of the system; on the contrary, it is the existing of these instabilities in the economic sphere that makes the system as a dynamic one. In fact, as both Catephores (1994) and Elliott (1980) emphasize, there is “more ‘Schumpeter’ in Marx’s writings than many Marxists are willing to accept, and more ‘Marx’ in Schumpeter than even was willing to recognize” (Elliott 1980: 45-46). In this regard Elliott argues that two forms of the creative destruction process, one regarding the working of competition with its dynamic elements, and the other regarding the institutional collapse, can be found in both Marx and Schumpeter.

On Schumpeter’s conception (Schumpeter 1911, 1928, 1943, 1946, 1947), the process of competition and accumulation of capital is a dynamic and inherently unstable process. The process of accumulation, as a “creative destruction” process, always requires finding new methods of production, new forms of industrial organization, new methods of transportation, and new markets. It is characterized
by the fact that economic structure is revolutionized from within, in the form of the destruction the old one so as to give rise to a new one (Schumpeter, 1942: 83). As is well known, the key for this creative destruction is the notion of innovation introduced by the entrepreneur. In fact, in both Schumpeter and Marx, capitalist accumulation process can be seen as recurrent periods of routinization that are interrupted by some radical innovations, which occur mostly in times of hardship, when the full potential of the old innovation is used within the process of diffusion of this innovation throughout the economy (Keklik 2003). That is to say, accumulation process is continuously interrupted by innovations introduced by Schumpeter’s “superhuman,” the entrepreneur. However, with the advance of capitalism, innovations are “institutionalized” through research and development activities (R&D), which ensures the continuity of innovations in a setting in which the creation of innovations and investment becomes a routine carried out by specialists. In this regard, the oligopolistic, big corporation, which is capable of undertaking R&D activities, is useful to utilize the potentialities of mass production, which cannot be realized within a perfectly competitive environment (Schumpeter 1946: 200). Big corporation is a way of institutionalization, if not bureaucratization, of “creative responses” that involve creation of new products, new production and marketing methods (as opposed to the “adaptive response”, which involves no change in the organizational and institutional structure), to changes in the economic and social conditions, which itself also becomes a driving force for the changes in social and economic environment; that is to say, creative responses can also change the rule of the “game” (Schumpeter 1947: 222). When these responses are institutionalized through the R&D activities of the big corporation, “the element of personal intuition and force would be less essential than it was: it could be expected to yield its place to the teamwork of specialists; in other words, improvement could be expected to become more and more automatic” (Schumpeter 1947: 229). In short, the entrepreneur gives way to an institutionalized “creative destruction”. However, this infuses a contradiction into the very foundation of the system. Capitalism’s dynamism comes from some extraordinary (“charismatic”) individuals, who are different from industrialist and the merchant (as being “static-hedonist” individuals). Bourgeoisie according to Schumpeter is an “unheroic” or “non-charismatic” class (Bottomore 1985: 38), in the sense that “there is surely no trace of any mystic glamour about him which is what counts in the ruling of men. The Stock Exchange is a poor substitute for the Holy Grail” (Schumpeter 1943: 137). But the “rationalization” and the routinization of the creative destruction process with the development of the big corporation means the dismissal of these heroic individuals from the system, which in fact needs them for its dynamism: “Thus, economic progress tends to become depersonalized and automatized. Bureau and committee work tends to replace individual action” (Schumpeter 1942: 133). Hence the imprisonment of the innovation process within an “iron cage” in the form of bureaucratization is the basic source of failure of capitalism; and in the end, “the bourgeois fortress … becomes politically defenseless” (Schumpeter 1942: 143).
The similarity of this argument to that of Weber is obvious. In both, the basic problem of capitalism is that “the capitalist process also attacks its own institutional framework” (Schumpeter 1943: 141), due to the process of rationalization and the resulting bureaucratization which causes charismatic individuals to give way to the productive and administrative machinery. “This order is now bound,” argues Weber, “to the technical and economic conditions of machine production which to-day determines the lives of all the individuals who are born into this mechanism, not only those directly concerned with economic acquisition, with irresistible force. … the fate decreed that the cloak should become an iron cage” (Weber 1930). Yet, the process of rationalization will also have destabilizing consequences in the very social fabric, or the institutional foundations of the capitalist society, since human beings also have the power to rebel against the iron cage. In order to see this, however, the institutional structure of the capitalist society should be considered.

Capitalist society is characterized by an institutional separation between the “economic” sphere, and the “political” sphere, as in the distinction between the “civil” and the “political” society. That is to say, capitalism, from a social theoretical point of view, can be represented by a shift from “community” to “society,” or to put it in a terminology of Ferdinand Tönnies (1988), from the Gemeinschaft to the Gesellschaft. According to Polanyi, the sociological background of the distinction was first mooted by Hegel and developed by Marx in the 1840s. Its empirical discovery in terms of history was made by Sir Henry Sumner Maine, who found a disciple in Tönnies (Polanyi et al. 1957: 69-70). For him, “Maine, Toennies and Marx exerted a deep influence on Continental sociology through Max Weber, who consistently used the terms Gemeinschaft and Gesellschaft in the Toenniesian sense,” Gesellschaft for contract-type society, Gemeinschaft for status-type society” (Polanyi 1977:, 48).

According to Marx, Hegel’s distinction between “civil society” and “political society,” the state, is nothing but the manifestation of the fact that economic sphere becomes a separate, autonomous one in capitalism. Marx, in his “Critique of Hegel’s Doctrine of the State,” asserts that the state is an abstraction which is the product of capitalism (Marx 1975: 90). There was no distinction between civil society and the “political state” in the Middle Ages through which “every sphere of private activity had a political character, or was a political sphere” (Marx 1975: 90). In capitalism, on the other hand, not only has the “political” sphere become separated from the “economic” one, the economic sphere itself has come to be defined on the basis of “private egoism.” Hegel’s “civil society” is characterized by “bellum omnium contra omnes” (“war of all against all”) (Marx 1975: 101-2). Likewise in his essay “On the Jewish Question,” he argues that in the civil society man lives an egoistic life, he becomes an “isolated monad who is withdrawn into himself” (1975: 229). This “self-sufficient monad” (1975: 230) is characterized by his egoism, whereas in the political sphere, he becomes an abstract “citizen” (Marx 1975: 220).
This distinction in fact corresponds to two types of rationality, as in Weber, and thus two distinct type of behavior. For example, Tönnies (1988: 234) argues that Gesellschaft is characterized by the “rational,” self-interested individual. regarding minds of individuals living in these two forms of human aggregates, closely associated with this distinction is another one between “natural will” (Wesenwill), which carries the conditions of Gemeinschaft, and “rational will” (Kürwille), which develops Gesellschaft. Natural will (or sometimes translated as “integral will”), as the natural disposition of human beings, is characterized by the spontaneous expression of their drives and desires, whereas “rational will,” which does not have the spontaneity and impulsiveness of the natural will, basically expresses rational calculation (Tönnies 1988: 103-5). In other words, rational will, as the very name suggests, reflects the will of the self-interested individual, or the homo oeconomicus who tries to reach his end by employing the available ends. Here the significance of rational will is that it divorces means and ends, both in personal relations and in works. It even makes human beings as means for each other (Pappenheim 1959: 73). That is to say, the substantive rationality becomes an instrumental one in which even human beings are seen as objects of self-interest.

Although Tönnies uses these four categories as “ideal types,” or, in his own characterization, as “normal types” (1988: 274), he also makes it clear that on essential points Gesellschaft, and its main ingredient, rational will, is identical to the capitalist or “bourgeois society” (1988: 76). In this regard, his analysis is also a historical one that characterizes a real opposition between capitalist and precapitalist societies. For Gesellschaft is characterized essentially with the dominance of exchange relations. In fact, it is the generality of exchange or commodity relations that gives rise to the atomistic individual, but above all, it is the existence of labor power as commodity which distinguishes Gesellschaft: (Tönnies 1988: 100-1). Such a dualistic structure, according to him, only “follows from the premise of commerce. That holds, however, only on condition that commerce is limited to that purely fictitious, unnatural commodity created by human will, which is labor power” (Tönnies 1988: 101).

It appears that there are two significant characteristics of Gesellschaft, or the capitalist society proper: First, the very category of individual in the modern sense appears with Gesellschaft; and second, as the result of the development of the “rational,” self-interested individual, who is nothing but an atom in the society and for whom other individuals appear as particular ends, the bonds between human beings are supplanted by useful associations, formed by particularized individuals (Pappenheim 1959: 81).

A person in Gemeinschaft belongs to a whole, which makes his life meaningful, or in Marx’s words, “the individual has as little torn himself free from the umbilical cord of his tribe or community as a bee has from his hive” (Marx 1976: 452). A person in Gemeinschaft belongs to a whole that makes her life meaningful; such a community is characterized by the sense of security, solidarity, the subordination of economic to human needs, the directness and concreteness of human relations. But though the individual
is not alone and isolated, this community is also characterized by the lack of individual freedom. Therefore, despite its destructive effects upon the social connectedness in a Gemeinschaft-like society (hence a great deal of social control over the individual), market society also creates the preconditions of “free” human beings, who enjoys a great deal of privacy in their lives by emancipating from the “gold-fish bowl of traditional society” (Taylor, 1985: 255).

That is to say, in a traditional society, the individual identity is a misnomer; the individual herself should be defined in relation to a “cosmic” or a “meaningful order” in which everything has a place in the grand scheme of the totality of being, as guided by a logos (Taylor 1975: 6; 1985: 256). This cosmos, in the sense of a hierarchical order of things, is also echoed within the social realm in the form of Gemeinschaft. An individual too has a necessary place in a larger order of the community; on her own, outside this order, she becomes “only a shadow, an empty husk” (Taylor, 1985: 258). Built-in inequalities in this order are a natural outcome of the very logos that constitutes and governs the society; as long as there is no disturbance to this order, poverty would not be seen as a problem, because it is a constitutive part of the very community.

However, with the transition to modern, i.e., capitalist society, individual emancipates herself from the straightjacket of this cosmic order and becomes a free being who is responsible for her own actions and who sees herself in the same footage with other individuals within the society, irrespective of the traditional stratification system. In this “disenchantment process,” she comes to see herself both as equal with other people, and as having the power to transform the world, which also changes the status of the modern individual identity emphasizing the idea of equality; individual freedom and “efficacy” to transform the world; citizenship of the nation-state emphasizing individual rights (Taylor, 1985: 274-278): Living in this “complex society” (Polanyi, 1944), which is characterized by a progressive machinery of production, makes us trust our own transformative power, or “efficacy”, we see the nature and also other individuals around us “as potentially raw material for our purposes” (Taylor, 1985: 266). Such an instrumental attitude towards both nature and other individuals is a hallmark of the capitalist society.

Yet, at the same time, the development of industry, with the increasing social character of production requiring both cooperation and exchange, makes individual realize her dependence on other people. This “discovery of society,” somewhat paradoxically, is an important ingredient of the “market society”, which is a complex one that has to live side by side with the productive machinery. In fact, it is actually the existence of an ever-growing productive machinery that makes us feel more and more powerful. Nevertheless, such a society, characterized by a complex division of labor and an extended bureaucratic network both in the economic and the political realms, also make individual feel more and more powerless through “its paralyzing division of labor, standardization of life, supremacy of mechanism over organism, and organization over spontaneity” (Polanyi, 1947: 109).
Therefore, regarding the fate of the individual, we have two tendencies that work against each other in a market society: while emancipation from the ties that bind individual makes her more and more independent, self-reliant and critical, increasing alienation makes him more isolated, alone and afraid (Fromm 1941: 104). As Weber thinks, while rationalization process is “a precondition for the optimal possible social action which is oriented to ultimate ideal values and thus as well for maximum individual self realization” (Mommsen 1989: 133), it also poses a threat for the human creative action. In other words, while the possibilities of realizing and developing the potentialities of the individual seem to increase in a market society, market system also destroys the very sociality of the human beings by depriving them of the direct, personal relationships with other individuals, and their social relations are mediated by exchange or money, which reduces them into abstract, functional units.

In other words, with the market system, the reality of society is both recognized for the first time, and denied because of the perverse existence of human beings who are forced to behave as *homo oeconomicus*, as “isolated monads” within the market sphere, whereas they affirm their sociality only in the political sphere. This dual character of human beings, is only another way of stating the breakdown of human beings into distinct entities and the development of a “one-sided” individual, to an extent that the totality of the “self” that characterizes the individual will be lost. Although the notion of the “self,” as the “self-defining subject” as opposed to the one who should be defined in relation to the “community,” is a product of modern times, the reduction of the individual to *homo oeconomicus* means even the annihilation of the self. In other words, here we have a gap between our sense of “efficacy” and the feeling of powerlessness, for we are now reduced to a “cog” in this runaway machine, the market. As we are drawn into exchange relations more and more, we also give way our own individuality and efficacy to the machine through an alienation process in the sense that commodities themselves become “fetishized”, endowed with the properties of the life to which they are supposed to serve, as if the more we consume, the more powerful we will be (Marx, 1975).

In other words, what we have a “dehumanization” process: Capitalism, by reducing both human creative action and nature into commodities, is characterized by alienation and the resulting fetishism in the sense that social relations between human beings are reduced into relations among things, a process that results from alienation. According to Marx, alienation should be seen from from four “vantage points” (Hunt 1979a, 304): (1) the relation of a human beings to the product she produces, (2) the relation of human being to her own productive activity, (3) the relation of a human being to her own “species-being,” and (4) the relation of a human being to other human beings in the society. Therefore, alienation, seen from all four vantage points, characterizes a ‘dehumanization’ process within which an individual loses all the qualities that make her a human being. That is to say, labor as an abstract category comes to be completely separated from its “bearer,” human beings, and it becomes a “thing.” Put another way,
commodity fetishism characterizes the process of the inversion of the “subject” into its “predicate” and the “predicate” into the “subject”: Human labor-power, a predicate, becomes an alien entity which transforms real subjects, human beings, into “things.” Therefore, we have a twofold process here: on the one hand things seem to acquire human attributes while on the other human relations take on the character of things and thus have a “phantom objectivity,” that is, these relations are “reified” (Lukács 1971: 83). Human relations, however, appear as relations between things only when both the products of labor and labor power itself become alienated. In other words, whereas the objects produced by human beings appear as the bearers of social relations, i.e., fetishism, the social relations between real people appear as the relations between things, i.e., reification. Hence both the terms fetishism and reification refer to the same process, which is itself the result of alienation (Schaff 1980: 80-82). Here, it should be stressed that capitalism needs to function as though abstractions are real; in capitalism, individuals see each other as commodities, purely as means to be exchanged for the sake of continued existence (Hunt 1979a: 309). Although the effects of alienation seem to be restricted to the worker, in fact it is an all-pervasive social relation in capitalism. For example, not only does the fertility of soil seem to be an attribute of the landlord (Marx 1975: 311), but the powers of labor, of human beings, appear as the powers of capital, since “what is lost by the specialized workers is concentrated in the capital which confronts them” (Marx 1976: 482). Moreover, even the capitalist himself is “only capital personified. His soul is the soul of capital” (Marx 1976: 342). In short, the process of commodity fetishism/reification has the disintegrating effect on the social bond through the expansion of the market sphere. However, with capitalism, not only does the old bond within society, which is based upon the directness of relations between individuals, dissolve, but it is replaced by a new kind of bond: the bond of exchange, or, more accurately, of money.

However, this process of fetishism, or “petrification” in Weberian terms, will also create a reaction on the part of the society, which is imprisoned in an “iron cage”. This process is conceptualized best by Polanyi’s notion of “double movement,” which presents an important framework to understand the contradictory character of the capitalist society. In this regard, two aspect of this framework can be stressed: First of all, the capitalist society, characterized by the institutional separation between the economic and the political spheres, is unstable because the institutional strains inherent in the organization of the system are further aggravated by the tensions between social classes which arise out of these strains and which make it difficult to maintain the economic-political separation for these tensions are constantly carried back and forth between the two spheres. In this perspective, different agents, such as social classes and sections, interact or struggle with each other, which makes the whole process a dynamic one that need to have a definite end, such as collapse or inevitable revolution.26 In a sense, then, the double movement is a continuous struggle between the “economic” interests of one stratus of the society, embodied as the extension of the market, and the general interest of the society as a whole, embodied as the protective
countermovement. More accurately, the double movement, seen from a “societal” perspective, refers to the struggle between those forces that represent the “disembedded” economy and those that represent the attempt to “reembed” it into the society. That is to say, the protective countermovement refers to a social, or institutional, tendency to resist to, or to rebel against, the inhumane, i.e., fetishistic, reified conditions of capitalism.

The process of double movement should be taken as “the self-organization of the society, sometimes with the help of the government and sometimes in spite of it, to protect people and land against the disintegrating forces of the market system” (Baum 1996: 10, 55). In other words, the double movement represents the resistance of human spontaneity, creativity, and freedom that is imprisoned within the iron cage against the market as the locus of fetishism, rationalization and bureaucratization. The double movement represents two contradictory features of the capitalist reproduction process: in this process, although a social institution, be it family, the state, or science, is an expression or objectification of human essence, because of fetishism, rationalization and petrification, it also becomes a means to reproduce capitalist relations, thereby infusing an important contradiction into the reproduction process of capitalism. The result of this process cannot be known or predicted.27

To recapitulate, all of these four thinkers adopt the view that capitalism is an inherently unstable process due to its very institutional structure. Since it rests on an institutional separation between economic and the political spheres, two spheres that carries the condition of “Gesellschaft-like” properties and “Gemeinschaft-like” properties, and that requires two distinct forms of rationality, “instrumental” and “substantive,” respectively, it means a “breakdown” of the integrity, the “wholeness” of the human essence. Furthermore, since the sphere of market continuously extends its reach over the “rest of the society” in a way to imprison human creativity and spontaneity within the boundaries of the market, it should be no surprise for human beings to resist this process of rationalization. This process, the contradiction with the extension of the market and the protective countermovement as the expression of the struggle of the two forms of rationality, will eventually lead to the disintegration not only of the social fabric, but also the market institution itself for it takes the form of direct, political interventions into the working of the market system, which will create constant tendencies for “hitches” (Schumpeter 1954: 565) in the accumulation process, if not for periodic crises. The irony here is that the more capitalism establish itself firmly, the more it will get closer to the verge of the collapse.
Conclusion: Theses of Apocalypse

The present paper is an attempt at showing not only that there are some striking similarities among the “four horsemen” with respect to human essence and history, but also that they also advance similar theses regarding the working of capitalism. In this regard, three important theses can be formulated on the basis of their respective accounts:

1. Historicity: Human history can be understood as displaying two antinomical tendencies at once: human self expression through creative action vs. the loss of freedom due to increasing rationalization, alienation, and domination;

2. Iron Cage: Capitalism should be seen as a big leap towards more rationalization and therefore the loss of freedom, even if it creates the preconditions of the self-realization of the “species-being”;

3. Self-Destruction: The very success of capitalism is the basic cause of its failure. (“Rationalization towards the irrational” (Löwith 1960: 48).
References


Notes

1 See Taylor (1975), for a detailed account of Hegel’s philosophy, and Taylor (1979), for its social-theoretic importance, and Colletti (1973), for its relationship to Marxism.

2 Consistent with his hermeneuticist position, Taylor believes that Marx’s synthesis between these expressivist aspirations and the Enlightenment thought, especially with its emphasis on the laws of nature and perfectibility of society is not viable, for the two are by nature incompatible. Yet, Taylor’s own attitude toward Marx and Marxism is also quite ambivalent (Fraser 2003).

3 “‘Man,’ the agent of Marxist narratives, is not the equivalent of Homo Sapiens, though that agent is biologically enabled to emerge (uniquely) by the species-wide uniformities of Homo Sapiens” (Margolis 1989: 385).

4 A similar, admittedly more Weberian, idea that sees the reproduction of social structures through unintended consequences is given by Giddens (1984).

5 See what Karl Popper, an ardent enemy of Marx, says in his Open Society and Its Enemies: “I owe the suggestion that it was Marx who first conceived social theory as the study of unwanted social repercussions of nearly all our actions to K. Polanyi who emphasized this aspect of Marxism in private discussions (1924)” (Popper 1950: 668, n. 11).

6 For the importance of estrangement due to the iron cage, see Mitzman (1970).


8 Weber thinks that Marx’s historical materialism is significant, not when it is taken as a general theory of history, but when it is taken as an ideal-type construction (Mommsen 1989: 55). In this regard, Weber’s own work can also be seen as an attempt to ‘round out’ Marx’s economic materialism by a political and military materialism (Gerth and Mills 1946: 47)

9 In what follows, it will be argued that Karl Polanyi’s work on economic anthropology can be said to be centered around this difference between formal and substantive rationalities.

10 This emphasis on charismatic individuals reminds Nietzsche’s idea of “superhumans.” For Nietzsche’s influence over Weber, see Mommsen (1989: 26-27).

11 For this reason, perhaps, Weber is opposed to Marx’s “solution” to alienation in the form of a socialist revolution, even though he agrees with Marx on alienation. As Löwith (1960: 25) says, whereas “Marx proposes a therapy while Weber has only a ‘diagnosis’ to offer.” The reason is that the same problems, i.e., routinization, rationalization and petrification again will pose similar threats to human creative activity (Mommsen 1989: 60). The solution for Weber to correct bureaucratization and petrification of the social fabric is to establish a kind of “plebiscitary ‘leader democracy’ with a charismatic element” (Mommsen 1989: 68), which would satisfy “the need for dynamic, future-oriented leadership and an effective system for the selection of qualified political leaders” (Mommsen 1989: 67).


13 Shionoya argues that the scope of Schumpeter’s universal social science is constituted by three blocks: “the evolution of a society at large as the subject matter, instrumentalism as the scientific methodology, and rhetoric as the persuasive method.” (2004: 345).

14 In fact, Schumpeter himself thinks that “Marx did not hold that religions, metaphysics, schools of art, ethical ideas and political volitions were either reducible to economic motives or of no importance. He only tried to unveil the economic conditions which shape them and which account for their rise and fall. The whole of Max Weber’s facts and arguments fits perfectly into Marx’s system” (1943: 11).

15 Conceptual relationships between Polanyi and Marx are explored in Özel (1997).
For Polanyi’s relationship to Aristotle, see (Polanyi 1944: 114; Polanyi et al. 1957: 64-94; Polanyi 1947: 112; Polanyi 1977: 30-31).

In a letter written in 1950, Polanyi says: “Max Weber’s posthumous work would have achieved it if it hadn’t used types which were too complicated” (quoted in Litvan 1991: 266-67).

In fact, even the (liberal) Austrian economics is haunted by these expressivist ideas. For a good example, see Hayek (1942, 1943) who had always been against “scientism” of any sort.

See Hirschman (1982), for the idea that capitalism is both “self-reinforcing” and “self-undermining” at the same time.

It seems that Marx has three related but different crisis theories: “underconsumption,” “disproportionality,” and “the falling rate of profits” theories (Sweezy 1942: 96-100 and 156-186).

For recent accounts of Schumpeterian notion of the entrepreneur, see McDaniel (2005) and Ebnar (2006).

For a recent work considering the relationship between Schumpeter’s notion of entrepreneur and the phases of capitalism, see Ebner (2006).

In fact, two other important sources of Schumpeter’s idea of “creative destruction” are claimed to be Nietzsche and Sombart (Reinert and Reinert 2006). Since Nietzsche is an inspiring source for Weber also, this should be no surprise. On the other hand, Schumpeter’s and Sombart’s views of capitalism seem to have developed independently (Chaloupek 1995). For a claim that the source of Schumpeter’s idea of development is Hegel, see Prendergast (2006). But all of these claims are consistent with the view defended here: they are all haunted by basic aspirations of “expressivism.”

Weber’s own terms are “communal” (Vergemeinschaftung) and “associative” (Vergesellschaftung). He makes it clear that in a communal social organization subjective and traditional feelings are dominant whereas in an associative society, rational conduct is of primary importance (Weber 1947: 136).

Polanyi also explains that Richard Thurnwald himself, though praised as an anthropologist, was a pupil of Max Weber (LM, 50), thus linking himself to that tradition, for Thurnwald’s work influenced Polanyi’s substantive approach to a great extent.

After all, Polanyi’s Great Transformation aims at showing that the double movement led to fascism in the 1930s.

This point seems as a basic source of disagreement among the four. Whereas Marx thinks that a socialist revolution could be a cure, Weber is pessimistic about such a “solution”. For Polanyi, on the other hand, different “solutions” can be devised, among which socialism and fascism represent the two extremes. Interestingly, Schumpeter thinks that this process may peacefully lead to socialism, though not in the Marxian way.