

**Eastern Civilisation  
and the Breakthrough to Modernity in the West**

**An Essay in the Philosophy and Theory of World History**

*Heinrich Bortis, Université de Fribourg (Switzerland)*

*Provisional and incomplete*

Critical comments welcome

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***Commenting on, and setting in a wider context***

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*Meinem sudetendeutschen Grossonkel*

***Heinz Bartl***

*1900 – 1945*

*Aus Weipert in Böhmen*

*Opfer des Nationalsozialismus*

*In ehrendem Gedenken gewidmet*

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## Preface and Acknowledgements

A first draft of this essay was written in summer 2006. Since then some parts of the argument have been expanded, gaps were filled, complements made, and comments taken account of. However, the basic structure of the essay has remained largely unaltered. In fact, there is a new chapter at the outset on *the importance of the French Revolution and on the significance of the Russian Revolution*, and at the end of the essay three chapters have been added: *Ways ahead*, which contains a few remarks on some important challenges that will have to be faced by humanity in the short run as well as in the long term; in *some final remarks on progress and alienation* the interaction between progress and alienation, is alluded to; and there is also an *epilogue on a suggested interpretation of the course of history and its meaning*. Moreover, the section on *a more complete structure of human history*, which is part of the chapter on *concluding remarks*, has been divided into four subsections: *From the beginnings to the Great Transformation* and *Germany 1871-1945 and the Apocalyptic Age 1914-1945*. Subsequently, two further subsections have been added; the first is on *power in Modernity*, the second on *ethics and alienation*; here the theme of *the Apocalyptic Age 1914-1945* is further considered. In addition, the idea of structuring the *world as a family of nations* through *historical-geographical federations* has been introduced at the end of the section on *the world order of Modernity*; and a short chapter on *the vision and the values underlying the Essay* has been added at the outset to broadly situate the intellectual position of the essay. Moreover, a new, second, chapter on the *philosophical underpinnings of the second Great Transformation* has been inserted in the part on the *long-term policy implications and the underlying philosophy*. Finally, a more modest and also more precise title was formulated in summer 2008: *An Essay in World History* was changed into *An Essay in the Philosophy and Theory of World History*, echoing somewhat Friedrich Meinecke's *Zur Theorie und Philosophie der Geschichte*. The meaning of the full title now emerges more clearly. The problems involved in the subtitle preceding the main title – *Eastern Civilisation and the Breakthrough to Modernity in the West* – had set off the writing of this essay. There was, first, Joseph Needham's question: Why did the Industrial Revolution take place in Europe, not in China, who was scientifically and technically more advanced? And, second, there was the question of Eurocentrism: Is Europe, and the West, really exceptional and superior, or is this an optical illusion (Marshall G.S. Hodgson)? In the main title, the term *Philosophy of World History* is associated to the question: *What is World History?* This echoes E.H. Carr's "*What is History?*" and puts this question, rather immodestly, in a wider context. This immodesty is counterbalanced by the term *Essay*; indeed, the present text is to be considered a *tentative and*, in Keynes's sense,

*probable starting point* for further considerations, including of course *critique*, and *not* a more or less authoritative final account. This also holds true of the *Theory of World History*, which deals with the question *how* World History basically went on. Two *Axial Ages* linked through *Christianity* stand in the centre of considerations. Karl Jaspers' first *axial age* brought the worldwide breakthrough to the problem of *Truth*, the second *axial age* is associated to the *Breakthrough to Modernity in the West*. In this context the particularity of Europe emerges: Europe as the *Laboratory of World History*.

Perhaps, one should also remark that the philosophy of history deals with basic principles of thought or of action, picturing the fundamental forces at work in world history; the theory of history is about implementing, so to say, these principles in some historical situation. Moreover, both philosophy and theory of history are shaped by a specific vision of Man and his destiny.

At the end of December 2008, when the essay seemed nearly completed, Grzegorz Sienkiewicz indicated to me the latest book by Eric Voegelin: *Die Krise - Zur Pathologie des Modernen Geistes*. It has immediately been decided to add it to the works commented on; subsequently, Voegelin's book has been mentioned at several instances, and a special section based on this work has been added in the final chapter of the essay (*Epilogue*). All this seemed justified by the outstanding importance of this book, and, probably, of Voegelin's entire work, which appears to be still largely unknown. The intention was just to establish a connection between the essay and Voegelin's work, which is likely to greatly enhance the overall argument set out here. In any case, Fribourg *Academia* must be really grateful to Grzegorz Sienkiewicz for having discovered Eric Voegelin, to whom he has, in the meantime, devoted a chapter in his thesis (Sienkiewicz 2009). This is the first scientific treatment of Eric Voegelin's *Die Krise* in Fribourg/Switzerland and, probably, far beyond, and will certainly contribute to the growing reputation of this still largely unknown author.

In the final stages of writing up the essay, the fundamental importance of Christianity, specifically of Roman Catholicism, in relation with Europe as the Laboratory of World History, irresistibly moved to the fore. This is not only true for general intellectual and spiritual reasons as are put to the fore by Eric Voegelin, but also on specifically social philosophical and theological grounds. Indeed, the theologian Henri de Lubac conceives of Catholicism as of an *essentially social* doctrine. Given this, the differing significance of the notion of the *social* permits to make suggestions on the meaning of History. For these reasons an additional section has been added to the last – *Epilogue* – chapter, *The essentially social nature of Catholicism and the meaning of history – Henri de Lubac*. Moreover, given its great importance, de Lubac's

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work on *Catholicisme* has been included in the list of books commented on. Obviously, the point is just to establish a link between this essay and Henri de Lubac's immensely important book. It is not possible to allude here to its wide and deep content, not even broadly.

Through Henri de Lubac's book this essay acquires a new dimension, in fact the dimension of social and political *theology*. Indeed, neoclassical economics may be considered the economic theory of liberalism, which, in turn, is the social philosophy of Deism and Protestantism. On the other hand, Classical-Keynesian Political Economy, set forth in Bortis (1997/2006, 2003a), represents the economic theory of Maynard Keynes's Social Liberalism, which, in a wider view, may be considered the social philosophy of Theism and Catholicism. Considering the present socio-economic and political situation worldwide, it will be suggested that the doctrine of Social Liberalism really meets the requirements of the day, and, as is very likely, of the future. This is entirely in line with Catholicism, which, *fundamentally*, is, and has always been, a religion of humility, serving Humanity in all domains. This proposition is set forth repeatedly and has clearly emerged in the very latest stages of writing up this essay and is, on the basis of the notion of the *social*, definitely argued in the final section of this text.

*This is of course not to deny that at the level of accidentals more or less grave imperfections have been, and are, present within the Catholic Church, as is, incidentally, always the case in human affairs. The shortcomings of individuals, the pursuit of power, not taking account of the probable nature of knowledge (Keynes), which may be associated with too rigid an application of principles to a complex real world, are instances in point. It will be suggested that these imperfections all represent some kind of alienation, which, necessarily, is always present to a greater or less degree in individual and social life – human beings will never be able to create a perfect world. The problem of applying principles to complex and more or less alienated real world phenomena will be alluded to in the section on 'Fundamentalism in religion and science' in the chapter on 'Ways ahead'.*

In any case, given these particular implications of the essay, the type of Philosophy of History put to use in this text also has some affinity with a specific Theology of History.

In an advanced stage of writing up the essay, at the end of 2009, beginning of 2010, Theology Colleagues made me aware of problems regarding the neoliberal conception of *Liberty* and of *Human Rights*, taken up in a wider context by eminent representatives of the Catholic Church and of the Orthodox Church; specifically, *the modern liberal system of values is considered a threat to liberty*. However, we shall deal with this controversial issue in an entirely different



way than do representatives of the Catholic and Orthodox Churches who, in our view, put, in some instances, too much emphasis on some aspects of individual ethics. In a pluralistic world, individuals and institutions, including the Churches, may state their position in these and other matters, but, simultaneously, must respect alternative positions.

While agreeing with the Catholic-Orthodox proposition that tradition and religion are *socially* fundamental and adopting the same Aristotelian conception of man, conceived as a rational and social being, implying that man can prosper within a well-organised society only, we shall treat the human rights-cum-liberty issue from the point of view of Keynes's *Social Liberalism* and the associated system of *social and political* sciences, particularly political economy, sketched in Bortis (1997/2006 and 2003a), which is in line with Catholic-Orthodox *social* doctrine. Specifically, this implies dealing primarily with systemic alienation largely caused by the very *unequal distribution* of wealth and incomes, which, in turn, results in massive *involuntary* unemployment in wide parts of the world. Systemic alienation has an enormous impact on the human condition, also on human rights and liberty.

However, we strongly agree with the statement that modern Liberalism is highly intolerant and categorically rejects fundamentally alternative approaches regarding, for example, the position of tradition and religion in society or the interpretation of socio-economic facts through basically different economic theories, for example classical-Keynesian political economy. This evidently violates a basic human right, the right to alternative opinion, and restricts liberty, that is, the liberty of expression.

All this has led on to including a new chapter: *Philosophical Underpinnings of the Second Great Transformation*. Here it will be recalled that distribution is not a market problem, but, positively, an issue of social power and, in a normative perspective, a matter of distributive justice, which lies at the heart of social ethics. The human rights-cum-liberty issue is also alluded to in a system perspective in the section *European leadership in the transition from neoliberal globalised Capitalism to Social Liberalism* (chapter on *Ways Ahead* in the part on *Long-term Policy Implications and the Underlying Philosophy*). Moreover, there are various critical remarks on *Neoliberalism* and *Capitalism* in the final chapters of the part on *Theory and Philosophy of History*, in fact, from the chapter on *Attempts to Master the Effects of the Great Transformation* onwards.

At the end of 2010, beginning of 2011, additional elements have been introduced into the subsection *Germany 1871-1945 and the Apocalyptic Age 1914-1945*. Above all, the causes of the Second World War have been stated more clearly. In fact, a kind of Capitalist International, aiming at destroying the Soviet Union, was, in all likelihood, the driving force for this Second

Great War in the 20th century. This is nothing but the powerful Marxist thesis, according to which Fascism is the ultimate consequence of Monopoly Capitalism and that World War II was *essentially* a war between Capitalism and Socialism, with capitalist rivalries, Germany and Japan versus the United States of America and the British Empire, also playing an important role; in the course of the War a rivalry even developed between the USA and the British Empire. However, contrary to the Marxist thesis, we maintain that the traditional leadership of the *Reichswehr* and, in large part, of the *Wehrmacht* was, in the tradition of Bismarck, strongly opposed to a war with Soviet Russia, as were, incidentally, the overwhelming (silent) majority of the German people; in fact, leading traditional German officers **and eminent politicians** eagerly looked for an occasion to get rid of the Nazi regime; this occasion never came because of western Apeasement Policy and the betrayal and abandonment of Poland. All this led to changing the main purpose of the subsection *Germany 1871-1945 and the Apocalyptic Age 1914-1945*. Until the beginning of 2011 the emphasis was on attempting to understand and to explain the Apocalyptic Age on the basis of the crucial role plaid by Germany; now, based on broadly understanding the time-period 1914-1945, the primary aim of this subsection is *to do justice to Germany and the Germans*. To be sure, *a great many Nazis were criminals*; however, *the greatest criminals are to be found outside Germany*. Moreover, the subsections *Germany 1871-1945 and the Apocalyptic Age 1914-1945*, *Some remarks on power in Modernity* and *Notes on ethics and alienation – the Apocalyptic Age 1914-1945* further considered all imply that *Germany may be proud of her history again*, and *the Germans proud of their country*, in the *same* way as all other European nations, including of course Russia.

Finally, over the years, numerous small points have been added or existing passages extended. Given this and all the complements and extensions mentioned above, this essay has gradually evolved into a large and loosely structured *Flickenteppich* (rag rug).

Originally, the intention has been 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. Given this, 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 a broadly coherent and comprehensive alternative to Eurocentrism, had to be established. This required no less than an attempt to *Rethinking World History* (Marshall G.S. Hodgson) in view of attempting to set up a very broad world historical sketch which, in its being non-Eurocentric, would have to put all civilisations and, equally, so-called ‘primitive’ peoples on the same level, as far as basics or essences are concerned. This broad, but yet unspecified vision would necessarily involve far-reaching and deep-going implications, some of which at least would have to be brought to the open. Moreover, such an outline would inevitably contain a very great number of white spots, mainly due to the limited capacities of a single author dealing with a highly complex problem in a very short period of time, the lack of capacities being aggravated by the fact that the author of this essay 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 originally to be reviewed had to provide the topics and the colours 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, originally, 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 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 establish links between them, and to elaborate and to complete the whole picture. Hence, the role of the literature put to use in this essay is to cover spheres of reality the author is not familiar with, filling thus large gaps in the argument, and to set up connections with wide fields of knowledge, to finally get a reasonably complete picture exhibiting some basic features of the process of world history. In other words, the authors commented on and quoted here have provided larger and smaller elements of a huge puzzle, which the author of this essay has attempted to put together, and to complement in some instances, to end up in a very broad and rough sketch of reasoned world history. Given all this, the authors quoted in this essay, specifically those commented on, should, in a way, be considered *co-authors* of this essay. To be sure, this is an unusual procedure, but is perhaps the only possible way to deal with an immensely complex phenomenon in a very short period of time, in fact, in the spare time left after the normal university teaching and research activities since summer 2006.

This way of proceeding explains the specific nature of this essay and the title page. Indeed, after some time following up the completion of the first draft, a year or so, the books

originally to be reviewed were included under the works to be commented on. Subsequently, the initial idea underlying these lines has been carried on: the books considered had to be put at their approximately appropriate place within a wider framework of historical consideration shaped by a specific vision. A broad, though reasoned, synthesis of all the works quoted and commented on has thus been tentatively established. This specifies the nature of this essay in the philosophy and theory of world history. It may be added that the 'review style', originally adopted to comment on Hobson (2004), Mitterauer (2003) and Seitz (2003), has been maintained.

As just alluded to, a very complex problem can only be tackled on the basis of a vision, and we may already mention here that, on the most fundamental level, the *Creationist vision* underlies this essay - there must have been an outside intervention to create the *various* forms of life -, not the presently dominating evolutionist view, which, as will be suggested, would inevitably lead to Eurocentrism.

*To avoid misunderstandings, the Creationist vision, implying that the whole must, by necessity, conceptually exist before its parts in all instances, seems to be compatible with Evolution to some extent, but not with Evolutionism, which postulates that entities, the various living creatures for example, emerge spontaneously from their basic constituent elements.*

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, mainly because of intricate part-whole relationships; moreover, a very complex phenomenon may be seen in the light of different visions; given this, one can only attempt to convince as to the most plausible vision. This is associated with a specific theory of knowledge, Aristotelian realism to wit, 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 essay is broadly 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*, which, as will be suggested, may be considered another *Axial Age*. What is the world historical significance of *Achsenzeit*, which, according

to Jaspers, had occurred simultaneously in Europe (Greece), India and China, 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. Given this, it can only be tackled on a social basis and is, consequently, an *essentially social* undertaking. The author of this essay is, in the first place, immensely indebted to all the great authors he was privileged to have become acquainted with during his academic life in nearly five decades. In this context, two outstanding introductions into *traditional* philosophy must be mentioned: first, the excellent *Lehrbuch der Philosophie* by Bernard Kälin O.S.B., in use, not only at the *Humanistische Gymnasium* but also at the *Commercial Section (Handelsschule)* - attended by this author - of the *Kollegium Spiritus Sanctus* in Brig (Valais-Wallis, Switzerland) in the 1950s and slightly beyond, and, second, Johannes Hirschberger's great *Geschichte der Philosophie*, which both set out the works of Plato and Aristotle, and Thomas Aquinas, in comparison with other philosophical systems and put them into historical perspective. Both, Plato and, even more, Aristotle, and, implicitly, Thomas Aquinas, have, in turn, been put to use, mostly by implication though, by Karl Marx and Maynard Keynes, to contribute to the understanding and the analysis of complex socio-economic-cum-political phenomena of the modern world, seeing *Man and Society as entities*; this clearly emerges from Fitzgibbons (1988), Carabelli (1988), O'Donnell (1989), Rosdolsky (1974), and Bortis (1997/2006, pp. 118-30 and chapter 7, pp. 349-417). For example, it is well known that, in Keynes' view, the social and political sciences are essentially moral sciences, a fact that permeates his entire work: "[Indeed,] Keynes's innovation was to reconcile economics with the older traditions of moral and political [philosophy](#)" (Fitzgibbons 1988, p. 3).

Given this, the philosophical systems of the two great Greek philosophers and of Thomas Aquinas, and the application in their spirit to the immensely complex socio-economic and political problems of the modern era by Karl Marx and Maynard Keynes, have provided the conceptual foundations underlying this essay.

Secondly, however, the profound debts of this author also go 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 the history of economic theories in the University of Fribourg/Switzerland for about three decades just 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, *Die 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, in French, grandiose lectures on *Hegel, Marx and Lenin*, which, subsequently, were regularly attended by some of Biucchi's history of economic theory 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 political economy** 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: 'Socialism with Central Planning is a War and Crisis System not in line with Marx's humanist project; 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.

Broadly from 2008 onwards, various colleagues, collaborators, former students, and friends, have read, entirely or in part, different drafts of this essay. However, given the fact that the

essay deals with very sensitive and controversial problems, no names of persons still living are mentioned here, so as to implicate nobody. However, I should like to thank all of them most warmly, and I hasten to add that, of course, all responsibility regarding form and content of this essay remains entirely mine and that nobody should be associated to the arguments set forth in this essay. My special thanks go to my teacher in economic theory at Fribourg University, the late Professor Florian Fleck, whose father originated from Stuttgart, and who in 1942, at the age of eighteen, had to join the German navy as a U-boat seaman until the end of the War; as his assistant for four years, I got from him, and indirectly, his father, a precision engineer (*Feinmechaniker*) working in a machine tool factory [at Stuttgart](#) (*Werkzeugmaschinen-Fabrik*), invaluable inside information on German-Soviet relations during the years of the Weimar Republic, and beyond, World War Two and the Third Reich, one can find in no history book.

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 to recall fundamentals or to avoid misunderstandings. Finally, no footnotes have been made; complementary remarks and short digressions have been put into italics or within square brackets, and separated from the main text. All this should render reading easier.

Moreover, several warnings are to be given here. The first is on the way of presenting the argument. The present essay is indeed a *composition* forming an integrated entity and *not* a straight-line argument starting from certain premises and ending up with definite conclusions. This means that each part stands in a specific relationship to the whole of this essay and, as such, also has a definite significance within the text as a whole. Given this, it would, in fact, be illegitimate to consider specific sentences or passages in isolation. Seemingly one-sided statements are, as a rule, counterbalanced somewhere else in the text. Moreover, many passages and arguments, taken for themselves, may be only partly true or even wrong, although the argument as a whole may be broadly sound. Given all this, as Keynes suggested (Collected Writings XIV, p. 470), „much goodwill ... and a large measure of co-operation [will be required from the reader]. [For it is] of the essential nature of economic, [social and historical] exposition that it gives, not a complete statement, which, even if it were possible, would be prolix and complicated to the point of obscurity but a sample statement [emphasizing probable essentials], so to speak, out of all the things which could be said, intended to suggest to the reader the whole bundle of associated ideas.“

The second warning is on *criticism*. Whenever socio-economic systems like Monopoly Capitalism and totalitarian Socialism are criticised, the criticism is directed at the system, not at the individuals who act within the system, and whose actions may be largely determined by the – institutional-technological – system; in this sense, criticism of the system will also be exercised in relation to the modern legal system and to the entire body of neoclassical mainstream economics; again, the criticism does *not* refer to lawyers working normally within the existing legal system and to neoclassical mainstream economics doing economics honestly within the existing theoretical framework of neoclassical theory. The basic idea is that the science of law and neoclassical mainstream economics have, in a way, become autonomous and have, as such, decisively contributed to the falling into pieces of the traditional social and political sciences, which, perhaps, had reached its highest degree of unity in Marx's work. This process of breaking up is perhaps expressed best by the title of two great works in *pure* law and *pure* economics respectively: Hans Kelsen's *Reine Rechtslehre* and Léon Walras's *Eléments d'Economie Politique Pure*. The splitting up of the traditional social and political sciences into quasi-autonomous fractions seems to be a result of the individualistic Enlightenment vision already mentioned above. In our view the *social* must be brought back to the social and political sciences, to political economy in the first place, to give these sciences a unity badly required if these sciences are effectively to come to grips with the immensely complex reality of the modern world. What has been said on law and economics also holds for large parts of the modern education system and all those active in this domain.

This implies that the very great majority of the social individuals act morally and legally correctly, with some even being morally outstanding. An exception arises, however, if some individuals or groups of individuals do not act in line with the "rules of the game" (Joan Robinson), for example, using some kind force to obtain access to final product markets and/or to raw material reserves, or realising abnormally high profits through imposing very bad work conditions on their workers, including excessively low wages.

*In fact, the rules of the game represent a kind of socially accepted second or even third-best ethics in moderately alienated situations. Partly, the rules of the game may be, and, in normal circumstances, are implemented through positive law. Another part of the rules of the game may be made up of mutually accepted social and individual norms and of social conventions; rules of behaviour for individuals and groups in all spheres of life are particularly important.*



*In heavily alienated situations, with strong power concentrations, despotism and arbitrariness will prevail, however, with ethics pushed into the background on the social and political level, though not on the level of most individuals; indeed, in deeply alienated circumstances, wars and persecutions for example, the number of individuals acting in a morally outstanding way is likely to increase. This is to say that an increasing alienation of the system may go along with higher ethical standards for the majority of individuals, which, in the long term, may lead on to a reduction of system-caused alienation through a change of the regime for example. Contrariwise, in a state of natural liberty, with system-caused alienation reduced to a minimum, the principles of natural law, as are in line with the social nature of Man, may potentially be applied to all domains. In the spirit of Gustav Radbruch, the principle of distributive justice would be fundamental in public law, and the principle of commutative justice (justice in exchange, *ausgleichende Gerechtigkeit*) basic in private law. However, we shall argue time and again, that these basic Principles of Law can only be implemented appropriately in all domains of social and individual life if there is a very strong social and political theory, most importantly a solid system of Political Economy, which has become the key social science of the modern era.*

*All this is to say that, in the end, the natural will always and irresistibly win through, even if very long time-periods may be involved. This explains the optimism embodied in the present essay.*

Moreover, criticism involving some country is, of course, not directed at the people of the country in question, but at some power centre operating within a more or less alienated socio-economic and political system. This power centre may comprise socio-economic-cum-political groups exercising directly or indirectly a crucial influence on the policy making of governments at a fundamental level, that is regarding system policy, aimed at maintaining the system; relying upon the system, some individuals pertaining to the power centre may pursue actions that are seemingly in the general interest, which, in fact disguise the pursuit of the interests of the power centre. Quite normally, then, these power centres act in their own interest, making extraordinary profits through not following the generally accepted “rules of the game” for example. The behaviour of the members of such power centres may even be contrary to the general interest of their country.

As a rule, then, in a socio-economic system or in some country, a very few individuals and small social groups are, as a rule, involved in more or less gravely violating the “rules of the

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game” in the widest sense, and, in this way, eventually discredit large numbers of honest people and even entire countries, also great nations.

The *third* warning is about a purely technical element regarding translations from German into English of large passages of the four books in German among the works commented on, that is, Jaspers (1955/1949), Mitterauer (2003), Seitz (2003), and Voegelin (2008). These translations are, in each case, denoted as ‘author’s translation – a.tr.’ and the only aim has been to broadly reproduce the content of the various passages quoted. Nevertheless, linguistic precision has been attempted and perfection of the literary style has been sought as far as this has been possible.

## Introduction

### 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, historical and sociological theories of law; Descartes's philosophical *tabula rasa* leading up to the Copernican Revolution in philosophy through Kant, the optimism of Enlightenment, confident into the ultimately all-pervasive explanatory power of science and linking up with a philosophy of history based upon the notion of unlimited progress. Max Weber's assessment of these dramatic changes in the *Vorbemerkung* to his *Gesammelte Aufsätze 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).

*Michael Mitterauer pointed out to me that, precisely in relation with these Weber quotes, Wolfgang Schluchter, presently perhaps the leading expert on Max Weber, distinguishes between heuristic and normative Eurocentrism (Schluchter, in Hans Joas/Klaus Wiegandt, eds (2006), pp. 244-45). Schluchter suggests that Max Weber used the notion of Eurocentrism in the heuristic sense; he considered Europe specific and, as such, unique, but not superior to other civilisations as normative Eurocentrism would imply.*

Implicitly, Mitterauer also adheres to heuristic Eurocentrism, when he deals with Europe's specific way – *Sonderweg* – (Mitterauer 2003), and so we do in this essay, specifically when we speak of Europe as the Laboratory of World History. Thus, whenever, in the following, we speak of Eurocentrism we have in mind normative Eurocentrism.

The *normative* eurocentric view considers Europe as unique *and* superior since it is in Europe only where the preconditions for fundamental socio-economic, technological and cultural change existed, precisely because of her superiority, 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, with parliamentary democracy and free 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 *normative* eurocentric view it was the work of Europe who, based on Greek culture, seemed to be chosen to lead the whole of mankind to a bright future characterised by scientific progress and economic growth, and, as a consequence, steadily increasing material well-being which, possibly, would be the basis for an ever richer and more refined cultural life. Indeed, the way in which the Great Transformation is perceived largely determines the manner in which we look at the course and the meaning of world history.

The books commented on here, modify or even challenge the *normative* 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 *normative 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 attest. It may well be that, supported by European conceptions, 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 in the premodern Agrarian Age.

*Nevertheless, it will be suggested in this essay, that Europe, the Laboratory of World History, should take the intellectual lead in the movement towards a natural world order, Social Liberalism to wit, which, on the level of doctrine, emerges from Maynard Keynes's New Political Economy (Athol Fitzgibbons). Indeed, in this period of crisis, strong historical lines of force (historische Kraftlinien) are required to lead Humanity on the way toward a natural world order. And these lines of force are present in Europe in the main.*

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, and eventually supported by a system of political economy along classical-Keynesian lines, will more fully master industrial modernity on the social and political level, too. And the West might follow suit through

relying on *Social Liberalism* and the associated political economy founded by Keynes (Bortis 1997, 2003a), which implies a neo-Aristotelian approach to political philosophy (Brown 1986). Indeed, Keynes basically argued that the problems of political organisation of modernity can be tackled only through relying on traditional social and political philosophy which is 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 between civilisations 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 scientific and technological lead (Joseph Needham, taken up by Konrad Seitz)? Moreover, what was the nature of Chinese civilisation, which held a dominating position on the world level, from about 500, when the West Roman Empire broke down, until 1800, when the effects of the Industrial Revolution in England were gaining momentum; and what consequences might ensue from China's return to the world scene (John M. Hobson and 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 essay is to provide a broad sketch of a reasoned World History, through putting the books commented on and quoted here into a wider world historical context. These works in fact picture *aspects* of one great drama, World History, which forms a unity. From the broad world historical sketch set out here it will emerge that *Eurocentrism* is an 'optical illusion' (Marshall G.S. Hodgson) and that all civilisations have, directly or indirectly, actively and passively, 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 essay. In the first place, *the vision and the values underlying the essay* are set forth to broadly situate the intellectual position (*weltanschauliche Position*) of the essay and to relate it to the present situation. Subsequently, in the first part on the Philosophy of History, chapter one is about the *philosophical* stage to be 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 the fundamental forces driving world history and their differing realisations in East and West on a fundamental level, a very wide philosophical view has to be taken. This will allow us to broadly capture the implications of the differences between East and West for the course of world history, that is, to provide a broad sketch of the Theory of World History. In the second chapter of part one, *further remarks on method* are made, concerning links between the socio-economic system, the material basis – surplus scheme, and other spheres of society at large, the legal, political, social and cultural spheres.

The first chapter of part one starts 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 remarks lead to some suggestions on the *human mind and the acquisition of knowledge*; in this context Haas (1956) argues that 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*. In chapter two of the first part, the central *importance of the surplus principle* is emphasised. Subsequently, it is suggested that *Political Economy* has become *the key social and political science* of the Modern Era, that is, the epoch following up Karl Polanyi’s Great Transformation. Finally, some aspects of the use of the surplus are being considered.

The second part, Theory and Philosophy of History, is dominated by the theory of history, with the philosophy of history in the background. The opening chapters are devoted to the first two books commented on in this essay, *John M. Hobson [The Eastern Origins of Western Civilisation]: Asia influences Europe, but does not dominate her*, and *Michael Mitterauer [Warum Europa? Mittelalterliche Grundlagen eines Sonderwegs]: 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 the preconditions for the creation of life on a small and almost insignificant planet of some solar system. In relation with the English Industrial Revolution *the importance of the Great Revolution in France 1789 and the significance of the Russian Revolution 1917* are briefly considered. Next we turn to the East to comment on a third book: *Konrad Seitz [China – eine Weltmacht kehrt zurück]: The Sequence of events in China*, followed by *East and West in a Wider Context*; here, the significance for interpreting world history of Karl Jaspers's immensely important notion of *Achsenzeit (axial age)* is briefly considered. The next chapter - *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 chapter deal with some implications of 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 chapter: *Concluding Remarks: some fundamental issues related to the breakthrough to Modernity*. Next we turn to the *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 chapters 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 societies and states, eventually structured by historical-geographical federations? In the concluding chapter some fundamental issues related to the breakthrough to Modernity are dealt with. There are five sections. The first summarises the overall argument, while extending it somewhat: *A more complete structure of human history*. This section is divided into four subsections: *From the beginnings to the Great Transformation* and the crucial subsection on *Germany 1871-1945 and the Apocalyptic Age 1914-1945*. The next two subsections are on *power in Modernity* and on *ethics and alienation, with the Apocalyptic Age 1914-1945 continued*. In the subsequent sections of this concluding chapter, 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*. There are two final parts, the first being *Long-term Policy Implications and the Underlying Philosophy*. In the first chapter of the part, *Ways Ahead*, some concrete long-term policy measures are suggested to eventually initiate a movement away from the present – alienated - neoliberal order in direction of a – natural – social liberal world order. The second chapter of this chapter deals with the *philosophical underpinnings of the Second Great Transformation*. The final part of the essay – Philosophy and Theory of History – contains two chapters: *Final considerations on progress and alienation* and an *Epilogue on a suggested interpretation of the course of history and its meaning*.

The content of the essay is broadly structured through its title. *The vision and the values underlying the essay* is the object of the next chapter. The chapter on *setting the stage: putting to the fore some fundamentals* and the two final chapters on *progress and alienation* and on *the course of history and its meaning* are essentially of a philosophical nature, dealing with principles, and, probably and tentatively, addressing the question: What *is* World History? All the central chapters (part two on the Theory and Philosophy of History) are predominantly theoretical, that is about the implementation of principles, attempting to tentatively answer the question on *how* World History probably went on; however, in these chapters, the philosophical underpinnings are always, implicitly, in the background, or are more or less explicitly put to the fore. Part three is on some long-period policy implications, and, in part four, the philosophy of history is, again, put to the fore, with the theory of history in the background.

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*). In fact, given the limitations of time, the evidence that could be taken into account is, necessarily, utterly limited in relation to the immensity of the object considered. 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 eleven books commented on. 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, sheer ignorance or simply because of limitations of time. However, relying heavily upon the core books just mentioned has enabled the author of this essay 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 world historical picture sketched here.

In this essay, we have attempted 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 essay is to put the books commented on and quoted into a wider perspective such that they appear as representing different parts of one great picture. The various theories, explanatory frameworks and theoretical visions considered here, are, therefore, not, in the first place, competing, but essentially complementary.

The complementarity between theories arises because the present essay is based on a specific *comprehensive* vision of Man as a reasonable social being having a specific destiny. This metaphysical basis, and reference point, enables us to put the various elements of analysis – principles and theories, pure and applied - used here at their approximately right place. In fact, each theory has something to say on some positive or normative dimension of the real world. The problem is to find out which principles are more plausible when complex phenomena are to be understood or which theories are more successful in explaining specific facts. We have already suggested that the main subjects considered in this essay, set out in the main title, are a very rough outline of a *philosophy of history*, related to the question: *what is world history?* On account of the Creationist vision underlying the essay, the philosophy of history set forth here also has some affinity to a specific *theology of history*. The *theory of history*, telling us *how* world history went on in some selected spheres, builds on the philosophy of history. Given this, the theory of history comprises, most importantly, selected aspects of *socio-economic and political history*. These core domains have been linked to other spheres: to *theology and philosophy* through Jacques Maritain (1984/1935 and 1984/1936), Kehl (2006) and Eccles (1984), to *social philosophy* through Brown (1986), Schack (1978) and Bortis (1997/2006, ch. 2), to *metaphysical social psychology* (Haas 1956), to the *social and political sciences* in general and to *political economy* in particular through Bortis (1997/2006 and 2003a) and to the *natural sciences* through Eccles (1984) and Kehl (2006). More specifically, it has been suggested above that classical-Keynesian political economy emerges from Keynes's Social Liberalism; on account of Henri de Lubac's *Catholicisme*, the social philosophy of Social Liberalism implies a specific *social and political theology*.

The possibility to link some scientific domain 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 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 on the basis of the underlying visions. In this undertaking, the vision selected, creationist or evolutionist, neoliberal or social liberal, provides the reference point.

The method put to use in this essay may perhaps be illustrated most appropriately by an analogy. Indeed, on account of the surplus principle political economy is already basic for understanding and explaining what went on in premodern, agrarian societies. However, as far as thinking on modern world history, that is, world history since the Industrial Revolution in Great Britain and the Political Revolution in France, is concerned, political economy stands at the centre of our intellectual endeavours to come to grips with what has happened since the Great Transformation. In a way, *political economy* has emerged as *the key social science of Modernity* and may, as such, be considered the *trunk* of the tree of the social and political sciences, history, the humanities in a wider sense, and even theology. The *branches* of the tree are given by the social and political sciences in a wider sense: sociology, law and politics, with various ramifications; philosophy and the fine arts would form the cultural branches of the tree. The roots of the tree are made up of anthropology and ethics, social and political philosophy, dealing with the nature of man and of society, social and political ethics, inquiring about the good life and the good society. These fundamental considerations on human nature inevitably lead on to the supranatural dimension inherent to man as a social and political being, that is, theology. Of course, the roots are also ramified to a large extent. Finally, in the course of history the fundamental forces pictured by the tree of sciences are implemented in most various ways, and scientific history attempts to come to grips with the development in time of facts and ideas. As such History emerges as the universal science dealing with the origins, the path in time and the destiny of Humanity.

Given this, it should be noted that the argument of this essay is based on political economy, the trunk of the tree of sciences. Implications for the branches and the roots are brought out whenever required. To avoid misunderstanding it should be noted that political is considered the key social science and even the key human science in the widest sense of the term from a *methodological point of view only*. The underlying idea, due to Karl Marx, is very simple, but highly relevant: each human activity, social, political, intellectual, or spiritual, requires some material basis; before human beings may think and act, they must be able to live decently; at least they must be able to survive. However, if the *content* of the sciences making up the tree of sciences is considered, the roots and the branches are of course more important. In a way, political economy is an ancillary science in the same way the economy is ancillary for society and the state, comprising the social, intellectual, cultural and spiritual activities going on within political societies.

The methodological difficulty is that there are various and basically different systems of science, that is, several trees of science. The problem is to select the most appropriate tree to come to grips with the philosophy and theory of world history in the most convenient way.

Given all this, it should be evident that this 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. Most importantly, this means to broadly sketch a *philosophy* of world history, trying to probably answer the question as to *what* world history is; subsequently, building upon the philosophy of history, it has been endeavoured to work out a probable *theory* of history, which aims at tentatively answering the question on *how* world history fundamentally went on.

It has already been suggested that, certainly, many partial arguments set forth in the present essay are likely to be problematic or even wrong. Given the scope of the essay, this is quite normal and not very important, since knowledge about complex phenomena is bound to be more or less probable. What is important, however, is that problematic arguments should give rise to criticism and discussion. This also holds for the basic, Creationist, approach underlying this essay. All in all, we do feel, however, that the argument as a whole, grounded upon the Creationist vision, is rather solid, in spite of the problematic character of some partial arguments.

Given all this, we turn, in the next chapter and in the next part, to some issues related to the philosophy of world history. In the subsequent chapter, some remarks are made on the vision and the values underlying the essay. In the following part, the stage is set through putting to the fore some fundamentals in the philosophy of history, which, it could be said, are all basically Aristotelian-Thomistic, adapted to Modernity through an elaborated version of Maynard Keynes's theory of knowledge, social philosophy and political economy.

### The vision and the values underlying the Essay

Dealing with fundamentals in the social and political sciences, including of course economic theory, is always a highly complex undertaking, above all if the historical dimension is taken account of as is the case in this essay. Given this, reasoning and analysing must necessarily build upon a pre-analytical vision as Joseph Schumpeter, the great Austrian political economist, wrote in his celebrated *History of Economic Analysis* (p. 41). There are indeed no

realistic hypotheses to serve as a starting point for a scientific argument if the problem is complex. There are too many interrelated factors to be considered; consequently, the empirical test becomes impossible. Moreover, these factors change in historical time, rendering each historical situation unique. Given this, the hypotheses shaping an argument must emerge from a vision; *hypotheses* here stands for most probable or most plausible *principles*, whereby *probable* is used in Keynes's sense to be broadly sketched subsequently. As a consequence, the meaning and the significance of a complex social and historical argument appears much more clearly if the vision underlying it brought to the open. To do so for the present essay and to allude to the values associated to the vision is the purpose of this short chapter.

In this essay it is suggested that neither Capitalism nor Socialism are adequate doctrines to master the socio-economic and political problems of the immensely complex world that has emerged from the Great Transformation in the second half of the 18th century. As a consequence the essay builds on the *social liberal* vision of man and society, and the associated social and political philosophy, broadly based upon Aristotle and Aquinas, and closely linked to Maynard Keynes's vision, articulated in his political philosophy and his political economy. The social liberal system of political economy and its links to other social and political sciences and to social philosophy are sketched in *Institutions, Behaviour and Economic Theory – A Contribution to Classical-Keynesian Political Economy* (Bortis 1997/2006); the analytical foundations of Classical-Keynesian Political Economy are set forth in *Keynes and the Classics – Notes on the Monetary Theory of Production* (Bortis 2003a); extensions of the argument are in Bortis (2013a and 2013b).

*In Bortis (1997/2006) the – middle-way - alternative to Liberalism (Monopoly-Finance Capitalism) and Socialism (with Central Planning) is denoted Humanism or Comprehensive Humanism. Subsequently, this term has been replaced by Social Liberalism, which seems far more appropriate to designate the elaborated form of Maynard Keynes's social philosophy of the intermediate way. In this essay, the term Humanism is given a wider meaning through Jacques Maritain's Humanisme Intégral, comprising the natural and supranatural dimension of human nature.*

At this stage, we just mention two salient features of the political economy of Social Liberalism. First, classical-Keynesian political economy implies that, in a modern monetary production economy, there is no tendency towards full employment at all.

Given this, the state must, in cooperation with society, persistently pursue an employment policy, aiming at approaching full employment as closely as possible. Second, distribution is, in the social liberal vision, not a market phenomenon, but is the outcome of complex socio-political processes; in fact, distribution is, positively speaking, a matter of social power, normatively an issue of distributive justice which is at the heart of social ethics. Since asymmetrical power relations, reinforced through involuntary unemployment, may lead on to increasing inequalities, incomes and employment policies are therefore required to get as nearly to full employment as is possible and bring about a socially acceptable distribution of incomes, with the principle of distributive justice realised to the largest extent achievable by fallible human beings. In a Keynesian vein, a high employment level and a broadly fair distribution of incomes, are essential socio-economic pillars of an orderly functioning economy (Keynes 1936, specifically pp. 372 ff.) on which, in turn, the good society, realising the Common Good as far as this is possible for human beings, can be erected.

For reasons to be set out below, the wider world historical view taken in this essay builds upon the Creationist vision, which implies the existence of a Natural Social Order, intimately linked to the state of Natural Liberty, conducive to the prospering of the social individuals. And the state of natural liberty is about the pursuit, in very different ways, of the fundamental values of Goodness, Beauty and Truth in all domains.

The *state*, the *family* and a *public education system*, all in line with human nature, would be fundamental social values associated to the Natural Order. To this natural order within states would add a natural international order. It will be argued that the social liberal world should be conceived as a *family of nations*, structured by historical-geographical federations.

Given the immense complexity of the modern world, and given the fact that monetary production economies are not self-regulating, the *state* should be relatively small or medium-sized to be governable, and good government should aim at realising as closely as possible the Common Good within a polity, in cooperation with neighbouring and other polities. It has already been suggested that, in a Keynesian vein, employment and distribution are the fundamental issues to be broadly solved. Given the difficulty of governing, large states would have to decentralise according to the principle of subsidiarity. Given this, the *souvereign* small and medium-sized state, which has grown historically, stands at the center of the natural world order to be sketched subsequently. This state might, as a rule, join a historical-geographical federation of neighbouring states. The federal authorities would deal with common problems of the states making up the Federation. On the top of the *supranational* hierarchy, the United Nations Organisation would have to take care of problems common to

all historical-geographical federations of the world, for example, the problems of exhaustible resources and of the preservation of the natural environment.

The essentially *public* nature of the *education system* on *all* levels is crucially important, since access to education must be possible for all and without substantial fees for students. This is essential for social mobility and the continuing renewal of the social and political elites. According to social liberal political doctrine these elites would not be there to exercise power, and to eventually enjoy privileges, but to serve the country. Moreover, it will be argued that education in line with human nature should produce generalised openminded and emancipated thinking. This way of thinking is a precondition for a good and proper functioning of the human, social and political sciences, but certainly also for the natural sciences, as well as for public affairs, that is, democracy in the proper sense of the term, consisting in a dialogue between the government and the people, mainly through the intermediation of the Parliament.

The *traditional Western family* is an essential factor of social stability. The institution of the family must, however, be adapted the modern conditions of life. For example, day nurseries, financially accessible to all families, are fundamentally important for the professional activity of women.

In this social liberal order the social individuals would gradually develop into persons unfolding in most diverse ways their invariable human nature with each person having her own substance and, as such, being unique.

All this may sound conservative and anti-modernistic and, as such, frightening, because of eventual totalitarian implications. The contrary is true, however. Indeed, in the spirit of Jacques Maritain, what seems to be *anti-modernistic*, turns out to be *ultra-modernistic*. For example, according to social liberal doctrine, the fundamental role of the state is, precisely, not coercion through law and order, but to create institutions or to encourage the coming into being of institutions such that the scope of freedom for the social individuals is as large as possible. This social liberal view of the state implies the existence of a specific economic and monetary world order along Keynesian lines. According to this order, all international transactions are to be carried out on the basis of an international currency, Keynes's Bancor. Each country should have its own currency in order to be able to pursue an incomes policy aimed at establishing a broadly fair distribution of incomes and, very importantly, a full employment policy. Given this, the stability of the world real and financial system would be greatly enhanced.

In fact, these policies are required because monetary production economies are not self-regulating. And, a broadly fair distribution of incomes and full employment are preconditions for co-operation within and between states, and the state of natural liberty leading on to the prospering of the social individuals. Contrariwise, a very unequal distribution of incomes and heavy involuntary unemployment may result in a struggle for survival, and, eventually to conflicts between social, ethnic and religious groups within polities, and even to conflicts between states. Indeed, in subsequent chapters, it will be argued that to implement the natural social liberal order within states and on the world level mutually imply each other.

According to social liberal doctrine, the nation and the nationalities state, are thus of fundamental importance. Indeed, within each country orderly socio-economic and political conditions have to be brought about, as well as a specific cultural life. This provides the basis for co-operation between states and societies in the economic, social and political spheres and for mutual enrichment on the intellectual and spiritual level, rendered possible through cultural diversity. It will be argued below that the social and political situation could be stabilised worldwide through setting up historical-geographical Federations bringing together countries with a common historical background and/or linked through geographical factors, and having, as a rule, common problems, for example the sharing of water resources. The world as a family of nations structured through historical-geographical Federations would, as follows from Bortis (1997/2006), be compatible with high levels of international trade based upon the principle of comparative advantage (Bortis 2003b), sustainable economic activity worldwide, and, very importantly, full mobility for all individuals on a world level would be possible with high employment levels everywhere.

A world order along these – Keynesian - lines implies replacing the external employment mechanism through the internal mechanism of output and employment determination. Here economic activity would not be export led, but be governed by public expenditures and private consumption; economic activity would be set into motion by government expenditures and private consumption would crucially depend upon income distribution, which, given broadly stable prices, governs the general purchasing power of the population; indeed, the demand for consumption goods increases with given income if income distribution is more equal (Bortis 1997/2006, pp. 190-98). And, once again, the internal mechanism of output and employment determination would be compatible with high levels of international trade, which is a necessity, for small countries above all.

Hence, with the internal employment mechanism international trade would become a matter of peace and cooperation, not a possible source of conflict, a struggle for world market shares



for final products and for access to raw material and energy resources to wit, as is the case with the external employment mechanism (Bortis 1997/2006, pp. 319-48). Maynard Keynes had expressed this idea in the midst of the Great Depression of the 1930s: „If nations can learn to provide themselves with full employment by their domestic policy there need be no important economic forces calculated to set the interest of one country against that of its neighbours. There would still be room for the international division of labour [based upon the principle of comparative costs and on the exchange of surplus production against goods lacking domestically] and for international lending in appropriate conditions. But there would no longer be a pressing motive why one country need force its wares on another or repulse the offerings of its neighbour, not because this was necessary to enable it to pay for what it wished to purchase, but with the express object of upsetting the equilibrium of payments so as to develop a balance of trade in its own favour. International trade would cease to be what it is, namely, a desperate expedient to maintain employment at home by forcing sales on foreign markets and restricting purchases, which, if successful, will merely shift the problem of unemployment to the neighbour which is worsted in the struggle, but a willing and unimpeded exchange of goods and services in conditions of mutual advantage“ (Keynes 1973/1936, pp. 382–3). This implies a socially appropriate management of imports, i.e. adapting the import coefficient relating to non-necessary goods to full-employment output (Bortis 1997/2006, pp. 333-37). This type of policy action restores, in the first place, national sovereignty with respect to long-period economic, social and environmental policies. Pursuing a full-employment policy by stimulating domestic demand, private and public, and securing an equitable distribution of incomes becomes possible again. Second, and of equal importance, freedom with respect to organizing a country-specific way of life, based upon the system of values prevailing in each country, is also restored. This would contribute greatly to maintaining cultural diversity worldwide, which is, in fact, threatened by the very strong and standardizing domination of the *economic factor* presently at work. Indeed, the essence of freedom consists in the possibility of individuals organizing their social and individual lives in accordance with a generally accepted hierarchy of values. Perhaps, the citizens of some countries want to work very hard to achieve material aims. However, the international economic order should be such that this does not lead to a disruption of the way of life in other countries through the external employment mechanism.

Hence import management also renders possible the elimination of the external – mercantilist – employment effect aimed at increasing the level of economic activity in some countries at the cost of others, and the elimination of the potential sources of conflict associated with this

effect. Keynes was very explicit on these issues: “I sympathise . . . with those who would minimise, rather than maximise, economic entanglement between nations. Ideas, knowledge, art, hospitality, travel – these are things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible; and, above all, let finance be primarily national” (Keynes 1982/1933, p. 236). In this context he went on to argue, that „a greater measure of national self-sufficiency and economic isolation than existed in 1914 may tend to serve the cause of peace, rather than otherwise. At any rate the age of economic internationalism [broadly from 1850 to 1914] was not particularly successful in avoiding war [...]“ (Keynes 1982/1933, p. 237). These statements of the greatest importance are still valid today. They constitute an essential element of the argument regarding the natural world order set out in this essay.

Later on Keynes elaborated his conceptions for shaping the post-war world (Keynes 1980/1940-1944). The Clearing Union was an essential element of this post-war order. Each country would have her own money and international transactions would be carried by means of a world currency, Keynes’s Bancor. The Bancor would certainly greatly enhance the stability of the world real and financial system. This point seems of considerable importance in view of the instability of the world economic, monetary and financial system as emerged in the 2008/09 crisis. In any case, Keynes’s Bancor will certainly be an essential element of a peaceful social liberal world order.

It is of the greatest importance to note that Keynes made all these propositions in the midst or at the climax of the Apocalyptic Age. In the face of the terrifying events that took place in this age, Keynes made, out of a very deep conviction, all the efforts possible for a human being to elaborate an alternative to Capitalism and Socialism on the level of socio-economic theory and policy. Indeed, during his whole life, Keynes worked relentlessly on his social liberal project and, as a consequence, he died of his third heart attack at Easter 1946 at the age of sixty-two. In the third volume of his great Keynes biography, Robert Skidelsky says that Maynard Keynes died on the battle-field, fighting for the international position of post War Britain; and one could add, that Maynard Keynes had been struggling for the whole of his life to work out an alternative to Liberalism and Socialism, to contribute to improving the general human condition, in fact, to fight for a better world. This social liberal alternative implies, as Athol Fitzgibbons suggests, a New Political Economy (Fitzgibbons 1988), which culminates in Keynes’s celebrated *General Theory of Employment, Interest and Money*. Joseph Schumpeter plausibly argues that this work grew out of a vision, which took form in his *Economic Consequences of the Peace* (1919). Given this, it can reasonably be assumed, that

Keynes's vision was decisively shaped by the First World War. The Great Crisis of the 1930s and the Second World War strengthened the vision once acquired.

At this stage, a possible misunderstanding regarding Keynes and Keynesianism must be eliminated. Indeed, after the Second World War, broadly from 1948, the year Samuelson's *Economics* was published, to 1973, when the Monetarist counterrevolution set in, Keynes's vision implying a New Political Economy has been reduced to monetary and fiscal policies. These policies are based on specific, liberal-neoclassical equilibrium interpretation of Keynes through the IS-LM-model, which pictures a simultaneous equilibrium on the markets for goods (IS) and money (LM). This specific theoretical interpretation of Keynes's work, and the associated fiscal and monetary policies, represent minor, and debatable, aspects of Keynes's overall work. Following up the oil-price crisis that started in the early 1970s, Keynes was even squeezed into a Walrasian framework through Neo-Keynesianism (Walras without auctioneer; disequilibrium prices may result in quantity restrictions and thus to unemployment) and New Keynesianism (unemployment occurs because of imperfect competition, leading on to sticky money wages and prices above the fully competitive prices). At present, the *dynamic stochastic general equilibrium model* constitutes the core of present mainstream economics; however, the mainstream economists themselves get increasingly aware of the grave shortcomings of the neoclassical-Walrasian approach (Caballero 2010, p. 85). In spite of the immense problems linked with the mainstream approach, the neoclassical-Walrasian framework still constitutes an impressive fortress protected by almost undestructable mathematical walls.

To successfully attack the pre-modern neoclassical-Walrasian market or exchange citadel, based upon the *principle of supply and demand* intimately associated to the *marginal principle* and *rational behaviour*, heavy classical-Keynesian monetary production artillery is required. The guns must be made up of the fundamental principles governing the functioning of modern monetary production economies. Two principles are of classical origin: the *labour value principle* summarizes the *essential features* of the immensely complex social process of production, the *surplus principle of distribution* implies that the distribution of incomes is, positively, a problem of social power, normatively, of distributive justice situated at the heart of social ethics. Keynes has provided a third principle, the *principle of effective demand*, as is related to determining the scale of economic activity. These three principles imply that money plays a fundamental role; in fact, the processes of production and circulation simply could not go on without money, since goods are never exchanged against other goods, as is the case in a neoclassical-Walrasian framework, but always against money, which also acts as a store of

value and, as such, is intimately connected to the financial sector. It is of the utmost importance to bring together these principles in a coherent theoretical scheme that may be set into opposition to the neoclassical-Walrasian framework. Indeed, as emerges from Keynes's economic and philosophical work, *to act on the basis of principles is the most appropriate way to act rationally in a complex and rapidly evolving real world, about which we have imperfect and probable knowledge only and where uncertainty about the future always prevails* [on *probability* in Keynes's sense see O'Donnell (1989, specifically Part I)]. The great problem is to uncover the most plausible principles on which to base our actions. Given this, to *make economics fit for purpose* requires working out a fundamental classical-Keynesian system of pure theory to bring to the open how monetary production economies essentially function and to compare this theoretical system with the neoclassical-Walrasian one. This will enable us to tentatively judge as to which of the two approaches is more plausible and, as such, fit for purpose.

Given this, we have, in this essay, attempted to work in the spirit of Keynes, not always taking him literally. It has simply been tried to elaborate Keynes political ideas on the basis of Aristotelian social philosophy and to associate his fundamentally important principle of effective demand with those of *classical* political economy, specifically François Quesnay and David Ricardo. The result is the social philosophy of *Social Liberalism* and the corresponding system of *Classical-Keynesian Political Economy*. Both are broadly sketched in Bortis (1997/2006 and 2003a). In the social liberal view, the state is, in an economic perspective, not a repair shop to redress market failures, as is the case with liberalism, but is of a long-period, in fact, of a permanent nature, that is, to create institutions or to favour the coming into being of institutions adapted to the mentality of the people of some polity, such that the social individuals may prosper in conditions of Natural Liberty, that is, within a well-organised state, with involuntary unemployment absent and with a socially acceptable distribution of incomes, allowing thus to strive freely for the fundamental values of Truth, Goodness and Beauty.

This is the place to eliminate another possible misunderstanding as is related to religion. Indeed, in several passages we shall stress the immense importance of religion for the stability of the modern world. Indeed, Man is not only a natural, a social and rational being, but inevitably also a supranatural being. Given this, social liberal humanism is necessarily Comprehensive Humanism, *Humanisme Intégral* as has been conceived by Jacques Maritain. However, it is very important to note that *all passages on issues related to religion are written from the standpoint of the historically minded social and political scientist*, not from

the theological perspective of course. Nevertheless, in the process of writing this essay, the immense importance of Christianity in general and the Catholic Church in particular has emerged more and more forcefully. Indeed, Christianity links the two *axial ages*, in which the breakthrough to Truth and the breakthrough to Modernity respectively took place. Without diminishing the merits of other religions, and admitting that within the Roman Church, too, alienation has prevailed at times and probably goes on prevailing to some extent, the historical performance of the Catholic Church is unique and of fundamental importance for the destiny of Humanity. This is linked to the facts that Europe may be considered the Laboratory of World History, and that Western and Central Europe have been decisively shaped by the Roman Church after the breakdown of the West Roman Empire until the Great Transformation, and, in part, beyond.

In fact, alienation within a religious institution may arise on account of human weaknesses and imperfections, which are always present to a greater or less degree; specifically, knowledge may be lacking to a greater or less degree when principles of social ethics are applied to immensely complex phenomena, or principles of individual ethics to complex situations; this lack of knowledge as to the application of principles does not exclude that there may be clarity about the principles themselves. Too much rigidity in the implementation of selected principles of individual ethics may also be a source of alienation; in this case, alienation may appear in the form of fear and guilt with the believers. In fact, in a complex and, eventually, alienated world, involving various imperfections, including probable and imperfect knowledge, the believer may, under the guidance of ethical principles, *attempt* to realise the *Good Life*, which is a complex and multidimensional entity. Given this, one should bear in mind, that the essential and constitutive elements of Man are *reason and the free will* and the *social dispositions*, implying that a society is much more than the sum of individuals. Accidental elements may give rise to minor alienation, which is of secondary importance for the Good Life.

Nevertheless, in spite of inevitable shortcomings as are always present in human affairs, the Roman Church has laid the foundations for the breakthrough to Modernity, literally on the ruins of the West Roman Empire. In fact, the conditions in which the Church was working were, as always, most difficult. Indeed, after the breakdown of West Roman Empire, the Roman Church was the only stable institution remaining, when socio-economic and political chaos prevailed. Gradually, the Church associated to strong Frankish rulers managed to increasingly enhance social and political order. This process of stabilisation and ordering ended up in the grandiose construction of the Carolingian Empire, out of which modern

Europe and the modern world has developed (see the subsequent chapter on *Michael Mitterauer: Europe sets the state for the road to Modernity*).

On a fundamental level, the Roman Church has established a most harmonious body of principles of Faith over the centuries through relentless and most profound thinking. Faith and philosophy have been brought together through the great Scholastic theologian-philosophers. The position of Man in the Universe has been specified and the relation between the Natural and the Supranatural clearly established. There is a clear separation between Creation and Creator, avoiding thus any pantheistic temptations. Nevertheless, Creation and Creator are intimately linked through the person of Christ, and, as a consequence, through the Church. Based on the principles of Faith, an immensely rich spiritual life developed, and the arts flourished. Within this framework the spiritual care of the believers was systematically undertaken. In this context the Polish Slavist Vladimir Szykarski mentions Solovjev, who, after having criticised the Roman Church, started to change his mind from 1881 onwards. According to Szykarski, 'Solovjev gradually came to the conviction that the historical ways of Rome were not wrong at all. Subsequently, Solovjev pictured with the greatest enthusiasm the immortal and unique achievements of the Roman Church, regarding the shaping of the Christian Body of Principles of Faith, and in the direction of the entire life of Western Christianity' (see Szykarski, in Maceina 1952, p. 324).

Moreover, based on Scholastic philosophy, proto-scientific applications to nature, Man and society and the state were made. Out of these applications modern natural, social and political sciences, as well as the humanities were to develop (William Haas); however, scientific alienation set in through the separation of the sciences from their metaphysical-cum-spiritual foundation, specifically in the Age of Enlightenment. Indeed, the tremendous scientific and technological progress set into motion by Enlightenment developed a dynamics of its own and, as such, became increasingly alienated; growing individualism is associated with the increasing pursuit of materialistic values; simultaneously, the *social* and the fundamental values of Truth, Goodness and Beauty are pushed into the background or realized in alienated forms; for example, science increasingly stands in the service of power and money, instead of being guided by social ethics to enhance the Common Good. Moreover, reinforced through the determinism exercised by the Capitalist system, the great Enlightenment project of limitless progress ended up in the Apocalyptic Age (Jacques Maritain and Eric Voegelin). In a way, the secular Enlightenment project of *Liberalism*, implemented by Capitalism, and *Socialism* with Central Planning, have failed. From this the necessity of *Social Liberalism* on a religious basis inevitably arises.

In this context, it should be mentioned, however, that moderate alienation may be associated to challenges or may constitute a driving force for change, and, given this, may lead on to great performances in science and in the arts. In this perspective, the alienation resulting from the separation of science and technology from their metaphysical-cum-religious foundations was almost certainly necessary to bring about the progress in science and technology Humanity has experienced since the Great Transformation. Regarding system-caused alienation this point will be made in subsequent chapters, specifically in the chapters *on the driving forces of history* and *on final considerations on progress and alienation*. On the level of individuals one may equally observe that challenges and suffering are conducive to realising great works of art or to bring about outstanding scientific achievements. However, it will be argued subsequently that, at present, after a period of immense technological and scientific progress, time seems ripe to bring in again the metaphysical-cum-religious foundations to order, to consolidate and to stabilize the natural sciences, the technical world, and the social and political sciences as well as the various political societies and the life of the social individuals.

Finally, from Carolingian times onwards the Roman Church started to set up an outstanding education system *in line with human nature*, producing extraordinary results. On an Aristotelian basis, profound reflections were made on man and society. The Good Society was defined in principle, the notion of the Common Good coined, and the Principles of Subsidiarity and Solidarity established. Man was seen as a reasonable, spiritual and social being, who may potentially flourish on the basis of society and through social activities. However, given the presence of poverty and misery, that is, social alienation, the Church has, through the centuries, made immense efforts to help the poor, especially those living in most precarious conditions. However, one must not overlook that, in many instance, the upper parts of the Catholic hierarchy have been associated and still are associated with wealth and power. Considering the entire activities exercised within the Roman Church, one may affirm that the tireless work of very high standard of priests and nuns on all hierarchical levels and in most various domains, is simply admirable; and equally admirable is the complete devotion to the tasks to be performed. However, it would seem that laity is gaining in importance. This would be in the spirit of Jacques Maritain, whose *Nouvelle Chrétienté* is profane, with the Sacred remaining basic, of course. Maritain makes this point by comparing Medieval Christianity with his vision of Modern Christianity.

*Indeed, in his Humanisme Intégral Maritain argues that an important characteristic of the historical ideal of the Middle Ages was to consider the worldly, social and political, institutions as means to reach spiritual aims; in fact, the basic aim was to realize a universal Holy Roman Empire: “[Un trait caractéristique fondamental de l’idéal historique du moyen âge, c’est] l’emploi des moyens propres de l’ordre temporel et politique (moyens visibles et externes où les contraintes sociales jouent un grand rôle, contraintes d’opinion, contraintes de coercition, etc.), c’est l’emploi de l’appareil institutionnel de l’Etat pour le bien spirituel des hommes et l’unité spirituelle du corps social lui-même, - pour cette unité spirituelle à raison de laquelle l’hérétique n’était pas seulement un hérétique, mais attaquait dans ses sources vives la communauté sociale temporelle elle-même” (Maritain 1984/36, p. 461). Hence, given the specific construction of the medieval polity, the heretic automatically became a rebel. And, subsequent to the breakdown of the medieval order, and with the separation between Church and State gradually setting in and gaining momentum in the Age of Enlightenment, this political implication was eliminated and heresy became spiritual only and was dealt with, at first, by the Inquisition, and subsequently through a more or less firm grip on the mind of the believers to preserve the Christian values in view of the onslaught of materialistic Modernity.*

*In chapter V of his Humanisme Intégral (pp. 475ff.) Maritain provides a sketch of his Nouvelle Chrétienté, which is sharply opposed to the medieval vision. “Nous pensons que l’idéal historique d’une nouvelle chrétienté, d’un nouveau régime temporel chrétien, tout en se fondant sur les memes principes (mais d’application analogique) que celui de la chrétienté médiévale, comporterait une conception profane chrétienne et non pas sacrée chrétienne du temporel.*

*Ainsi ses notes caractéristiques seraient tout à la fois opposées à celles du libéralisme et de l’humanisme inhumain de l’âge anthropocentrique [réalisé par le socialisme totalitaire] et inverses [our emphasis] de celles que nous avons relevées dans l’idéal historique médiéval du sacrum imperium; elles répondraient à ce qu’on pourrait appeler un humanisme intégral [intégrant le naturel et temporel et le surnaturel, le transcendant]” (Maritain 1984/1936, p. 475). Given this, the supranatural would shape, to some degree, the natural and temporal (pp. 475ff.). Subsequently, Maritain goes on to specify his vision on the level of fundamental philosophical-theological principles. With most of these principles, in line with Christian Humanism (Humanisme Intégral), the social scientist can generally agree. Scepticism arises, however, when Maritain speaks of pluralism in the legal sphere (pluralisme juridique, pp. 479-81). It is indeed difficult to see how this could be realized.*



*This specific issue leads to a basic tenet of this essay. In the following we indeed argue that each economic theory grows out of a vision of Man as a reasonable and social being, who, if the spiritual dimension is taken account of, becomes a Person. Specifically, we argue that neoclassical equilibrium economics grows out of the social philosophy of Liberalism, which, in turn, emerges from Protestantism and Deism. Socialism emerges of what has been called Atheistic Humanism and gives rise to the political economy of a centrally planned economy. Both doctrines, Liberalism and Socialism, and the associated systems of the social and political sciences, political economy in particular, are inadequate to deal with the complexities of the modern world. This leads on to arguing that the social philosophy of Social Liberalism, giving rise to Classical-Keynesian Political Economy and implying a social liberal system of social and political sciences (Bortis 1997/2006), allows to deal appropriately with the great socio-economic issues of the day. Time and again, we shall insist on the fact that political economy has become the key social science of the modern world, and, as such, is also crucial for the way of elaborating the other social and political sciences, law, sociology and politics to wit. This has important implications for legal, social and political practice. For example, socially appropriate laws can only be elaborated if the functioning of the socio-economic system is understood in principle, which, is another way of saying that political economy is the key social science of the modern era.*

*It will be argued further that Social Liberalism, mainly because of its notion of the social, is entirely in line with the Theistic-cum-Catholic vision of Man and of Society. Hence Catholicism, through the social philosophy of Social Liberalism and the associated system of the social and political sciences, would shape theorizing in the economic, social, legal and political domains, and hence socio-economic, legal and political reality through policy-making in line with social and political theory. This, in turn, would be entirely in line with Maritain's Nouvelle Chrétienté. The Sacred and Supranatural shapes the temporal and really existing, with the Natural in all domains becoming an aim, a telos. Since aims can be reached in very different ways this enables the existence of Natural Liberty, which, again, is a crucial element of Jacques Maritain's philosophical-theological system. In the present essay it will be attempted to substantiate the suggestions on Medieval and Modern Christianity, and its implication for theory, policy and reality, alluded to here.*

These considerations on theoretical and practical work lead on to some unconventional remarks regarding intellectual work in the broadest sense. As it should be the Church has dealt and deals mainly with the principles on the nature of Man and society, and on the

relation between the natural and the supernatural. However, the course of history has been dominated by alienation; specifically, system-caused alienation has become particularly important since the Great Transformation, that is, since the advent of Modernity. To understand complex alienated social phenomena through theories, for example involuntary unemployment through political economy, emerges as a precondition to prepare the way in the direction of the natural, largely alienation-free state of the economy, of society and of the polity, most importantly. Now, Karl Marx and Maynard Keynes have done extraordinary work to understand the functioning of the alienated Capitalist system, preparing thus the way to reduce alienation and to move toward a natural state in the socio-economic and political sphere. However, as has been suggested in the above, it would seem that the *Natural* should, as a rule, be of a Keynesian social liberal, not of a Marxian socialist type. In this sense, Marx and Keynes would emerge as eminently Catholic social scientists, mainly because both prepared the way to decisively reduce system-caused alienation, enabling thus Mankind move in the direction of the social liberal system of Natural Liberty, which basically rests on an Aristotelian-Catholic conceptual basis. This has, however, a very important implication: Marx and Keynes can also be used to criticize alienated activities of religions, as have massively occurred in times of Colonialism, or the perverted associations of religions with power and money, contributing to maintain in power dictatorial regimes and/or distressing social conditions.

In any case, to come to grips with the immensely complex socio-economic and political reality of Modernity requires a very solid social and political theory, particularly a very robust system of political economy. In this essay we argue that the eminently Catholic doctrine of Social Liberalism and the associated system of Classical-Keynesian Political Economy provide the conceptual foundations to broadly understand alienated Capitalist reality. On this basis, the movement towards a natural state of the economy, society and the state may be initiated. Given this, it may be reasonably argued, that the Roman Church has, in the course of history, the History of the Church more precisely, laid the foundations for a largely unalienated social liberal Modernity through her philosophical-theological work.

Considering all this, any observer of history must be deeply impressed by Christianity in general and the majestic greatness of the Roman Church in particular, a greatness prevailing without interruption for now two thousand years, and a greatness that always emerged most strikingly when conditions were most difficult. This was the case after the breakdown of the West Roman Empire and could be also the case in the decades, perhaps even centuries, to come, which might be a period of transition towards a new world order, given the breakdown

of centrally planned Socialism and the difficulties experienced by unfettered globalised Capitalism. In this essay, we argue that this new world order cannot but be based upon an elaborated and adapted version of Keynes's vision, which we call Social Liberalism.

In this context, it is very important to note that the movement towards the social liberal natural state may be brought about by ways of *reform*; no revolution and no violence will be required, as was the case with Liberalism (Capitalism) from 1789 onwards, and with Socialism (with Central Planning) in 1917 and the following decades. What is required, however, is very solid socio-economic theory, most importantly, classical-Keynesian political economy, and a wider vision of Man and his destiny, linking the natural and the supranatural. Only strong theory, based on a clear and comprehensive vision, may deliver the policy conceptions required to guide the transition from the actual situation to the order of natural liberty by ways of reform of national and international institutions.

These propositions neatly link up with the essentially Catholic vision of world history implied in this essay. Indeed, in the following we conceive of world history as a movement from the determinism of the original natural state to the natural liberty prevailing in a civilised-ethical state of nature, where the *natural* is an objectively given *telos*, enabling the social individuals living in various polities to pursue fundamental ontological, aesthetical and ethical values in all domains in very different ways. This movement has essentially taken place in the course of the two *axial ages*, which are linked by Early and Medieval Christianity.

## Philosophy of History

This part is divided into two chapters. In the first chapter the stage is set to tentatively get hold *conceptually* of what World History *probably* is [on *probability* in Keynes's sense see O'Donnell (1989, specifically Part I)]. The second chapter, added in 2011/12, is about the *fundamental importance of the social surplus*, which links the socio-economic basis and the socio-political and cultural-religious spheres.

### Setting the stage: putting to the fore some fundamentals

In this essay it is 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 with each other; nobody is superior or inferior; we would venture that, probably, this not only holds for civilisations, but also for so-called 'primitive peoples' who have remained close to the original natural state.

This proposition holds, of course, only for the *essence* of the various civilisations. Obviously, very great differences occur if the historical *existence* of civilisations is considered. The essence of a civilisation, and even more the historical existence of a civilisation, can, of course, only be probably and imperfectly perceived; this point will be argued more extensively in the first section of this chapter. And the above proposition also implies that the achievements of Modernity, science and technology in the main, 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 – countries, regions, social groups, 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; this could eventually be reversed to some extent by the present, 2008-09, crisis, above all if the crisis is going to last. 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 dealt with here requires some *philosophical* considerations based on a specific vision of Man and his destiny. These considerations are of a preliminary and preparatory nature and are required 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, which lead on to an outline of a philosophy and theory of world history. Without a comprehensive vision of man and of society it is simply impossible to render justice to the actors involved in the process of world history, 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 start by considering some problems of method and go on to broadly deal with 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. The remaining sections of this introductory chapter are devoted to the basic forces at work in history and in historical change, to outlining a broad structure of world history, which, finally, is put into a wider context.

*Some remarks on method: probability, principles and theories*

These remarks on method are required to clarify, necessarily to a small extent only, the methodological issues arising in dealing with aspects of our immensely complex problem, East and West and the breakthrough to Modernity in a wider philosophical and theoretical context. In fact, two approaches may be put to use to deal with complex historical, socio-economic and political issues. In the first approach, *principles*, capturing fundamental features and basic 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 distinction also holds for the books commented on here. On the one hand, Henri de Lubac (1983/1938) presents a Vision, and so does Eric Voegelin (2008); Haas (1956) and Jaspers (1955/1949) make use of principles to get a broad understanding of a complex phenomenon; on the other hand, Hobson (2004), Mitterauer (2003) and Seitz (2003) work on the basis of theories and explanatory frameworks to explain complex states of affairs. 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 is required to come to grips with the immensely complex object investigated here.

Indeed, to obtain knowledge about very complex phenomena requires a specific method or way of thinking. This is the logic of *ordinary discourse*, which, if instructed, 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)” (Bortis 1997/2006, p. 59). Keynes’s method involves 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 approximately and, on the basis of the insight obtained by intuition, to be able to set up theories to explain aspects of the phenomenon considered. And very importantly, intuition must be prepared through considering as much empirical-historical and theoretical evidence as is possible for human beings; *insight into a complex phenomenon, by means of intuition, is hard won*, Keynes said repeatedly.

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, that is, some theoretical or empirical investigation carried out on the basis of a specific vision – the premisses - and the conclusions drawn 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. “[Indeed, 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 produces insight and understanding, constituting 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’.

The term ‘refined’ is important in this context, because “not all common sense is capable of complete logical justification. A distinction is drawn between ‘instructed’ common sense, which has proper logical foundations, and ‘uninstructed’ common sense, which, being influenced by other factors, requires logical guidance. What [at first sight and when looking at the surface of phenomena] is plausible or natural is not therefore inevitably logical or rational. Common sense is thus accepted as a reliable guide except when deeper [historical-empirical

and theoretical] reflection reveals reasons for its correction” (O’Donnell 1989, p. 32). As an example, common sense is irresistibly *geocentric*, and a complex and sophisticated scientific argument was required to establish the *heliocentric* view. In analogy, saving seems to be a precondition for investment; however, while this proposition may be true for the individual entrepreneur, it is, as Keynes suggested, very probably wrong for the economy as a whole, that is for the economic system; here, saving is governed by investment; in fact, saving adjusts to investment through variations in output and employment.

„[As already suggested,] 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). In case of complex phenomena, the determination level of employment for example, knowledge about phenomena, the determinants of employment in some country, may be very imperfect; however, knowledge about the basic forces governing employment, that is, how employment is governed in principle, may be quasi-perfect, *if* backed up by a comprehensive argument; in fact, all possible employment theories must be examined to be able to detect the most plausible theory. This points to the fundamental importance of the history of economic theories in the systematic reasoning in economics on the basis of a specific vision.

*Theory, based upon the history of theories, is thus of primary importance to obtain the highest possible degree of probable truth on some phenomenon; empirical and historical investigations, though important, are of secondary significance. In economic theory the capital-theory debate is a prime example (Harcourt 1972). This debate was on the basic principles of economic theory, implying the functioning of the entire economic system. Given this, it is impossible to prove empirically whether there exist permanently well-behaved*



*associations between factor prices and factor quantities, or not. Theory, that is the capital-theoretic debate had to decide, and the outcome of the debate was entirely in favour of the neo-Ricardians, led by Luigi Pasinetti, with Piero Sraffa in the background, and against the neoclassicals, with Paul Samuelson and Robert Solow in command (Harcourt 1972).*

*According to Einstein the primacy of theory also holds for the natural sciences: “On principle it is quite wrong to try founding a theory on observable magnitudes alone [...]. It is the theory, which decides what we can observe. [We] must be able to tell how nature functions [...] before we can claim to have observed anything at all” (Einstein, quoted in Heisenberg 1971, p. 63).*

Given all this, 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 proposition 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, as already suggested above, 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. And this also implies that, as a rule, distilling principles is very hard work, as Keynes has suggested; eventually, this work may go on over very long periods of time.

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 commented on here are all on the level of theories and explanatory frameworks, associated with systematic description and explanation. 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 is also true of Jaspers's *Ursprung und Ziel der Geschichte*. This latter method has not been very fashionable in recent decades, and this is perhaps the main reason why, for example, Haas's book has not found the recognition it deserves.

### *Human mind and acquisition of knowledge*

These very sketchy considerations on the meaning 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, that is, Eastern civilisation and the breakthrough to Modernity in the West as a starting point for some considerations on the *Philosophy and Theory of World History*. 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 Jaspers' *Achsenzeit – (first) axial age*, 800 B.C. to 200 B.C., onwards, until, approximately, the first half of the twentieth century, when a broad and worldwide standardisation along Western, mainly Anglo-American, lines started to set in; this far-reaching standardisation in the way of thinking has perhaps reached its peak at the passage from the second millennium to the third. It will be argued below that the difference between Eastern and Western mind for about two thousand years 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*, representing fundamental causal forces that are *constitutive* to a phenomenon; for example, Keynes argued that, in principle, effective demand determines output and employment in a monetary production economy, not supply and demand on the labour market, as his neoclassical opponents claimed.

As has been suggested above, principles or sets of principles are *not* stylised representations (*Abbilder*) 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, and, in this way, enhance the *understanding* of phenomena, and initiate theoretical and empirical work, i.e. the setting up of theoretical models and explanatory frameworks. Pure theories may, in a further step, lead on to applied theories, eventually in view of setting up testable propositions. Pure and applied theories or

frameworks 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 to note that *reason*, when selecting a specific set of principles, which specify a particular 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 (Joseph Schumpeter). This vision is, in turn, obtained through *intuition*; the vision of man and of society, if elaborated by reason, may result in a general anthropology and in a social philosophy. Intuition, which, in a way, captures the whole of the phenomenon considered, produces thus probable essentials of the object considered, and is obviously of the greatest importance in the process of acquiring probable knowledge. In fact, as already suggested, the principles considered to be essential or constitutive of the object considered emerge from the vision held of the phenomenon under consideration; given this, 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. When dealing with complex phenomena the scientist always works, explicitly or implicitly, 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, that is, between intuition and imagination on the one hand, and reason and analysis on the other.

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 (Keynes). 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 the age of 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 essay. A similar point could be made, in other contexts, for Kant's *Kritik der reinen Vernunft*, Marx's *Kapital*, or Keynes's *General Theory of Employment, Interest and Money*, to give some examples. Incidentally, Joseph Schumpeter argues in his obituary on Keynes (Schumpeter 1946) that the *General Theory*, published in 1936, represents a rationalisation of a vision contained in *The Economic Consequences of the Peace* (1919).

The structure of the human mind can now be broadly sketched. Most fundamentally, there is *intuition*, which produces the vision. *Reason* is of central importance, since reason selects, on the basis of the vision, the fundamentals in view of establishing the principles (*Grundsätze*), in fact, as a rule, 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 powers (Verstand)*, which lead to the vision, the principles and to pure and applied 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 have to be *elaborated* through considerations of statistical data or of historical descriptions and knowledge will inevitably be probable to 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, that is, the link between vision and pure and applied theories, through establishing principles or probable essentials.

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.

Kant's *subjective idealism* stands in sharp contrast to Plato's and Hegel's *objective idealism*, which, in a way, postulates that the human mind has a direct access to the essence of phenomena, a fact subjective idealism denies.

*Hegel's vision, set out in his Phänomenologie des Geistes, is, again, the result of very long and hard work. Hegel once said that he could not start writing before having the whole picture or vision before him. This vision is gigantic indeed. World History appears as rational Theology, that is, self-recognition of the spirit (Geist), which coincides with the Deity.*

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, in 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. Keynes rightly said that Kant's scepticism went too far, and that idealism, subjective and objective, were inappropriate tools to tackle the complexities of Modernity, since it offers no way to come to grips with complex phenomena, for example the broad functioning of a monetary production economy. In another way, this is true also of Hegel's objective idealism, which, on the fundamental level, remains speculative, although Hegel provides very deep insights into complex historical situations and developments.

Given this, Kant's idealism stands 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). Given this, knowledge is necessarily tentative, and *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, also the more 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, an employment theory along Keynesian lines may be worked out; on the basis of this employment theory it may be asked how unemployment is determined in a specific situation, for example in Germany in the 1930s.

Principles represent the essential elements shaping 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, with the history of the various, sometimes contradictory, approaches and theories being particularly important, above all in the social and political sciences; subsequently, this objectively given ‘material’ is dealt with by reason based upon a metaphysical vision which, in turn, is associated with intuition. This implies, as 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 visible surface of phenomena but tries to understand the essential or constitutive forces behind, perhaps better, inside, the phenomena. The mind goes beyond physics to penetrate into the metaphysical forces shaping the physical world. 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 socio-economic 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; this recreation is performed by reason interacting with intuition and is analogous to the bringing to the open 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 fact, fundamental or metatheories, or principles are reconstructions of essential aspects of real world phenomena, and, as such, they illuminate these phenomena from inside and initiate the formation of empirically testable theories, leading thus on to applied work.

We have already mentioned that principles are of fundamental important importance for individual action and socio-economic policy making. Indeed, as emerges from Keynes's economic and philosophical work, *to act on the basis of principles is the most appropriate way to act rationally in a complex and rapidly evolving real world, about which we have imperfect and probable knowledge only and where uncertainty about the future always prevails* [on *probability* in Keynes's sense see O'Donnell (1989, specifically Part I)].

In this context, it should be recalled that William S. Haas, in his *Destiny of the Mind – East and West*, precisely 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) alone. This doctrine implies mistrust towards sense perception, which might be misleading, since phenomena may deceive us: seemingly the sun moves around the earth, but, scientifically, the contrary is true. 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 on reason only would be materially, that is, regarding knowledge about the constitution of the object considered, poor and predominantly formal. *Intuition*, Pascal's *coeur*, is indeed indispensable to obtain a materially rich objective 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 material 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, as is suggested in *Die Philosophie der Inder* by Helmuth 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 (1955/1949) it will be suggested below that, traditionally, in the East reason and analysis have remained closely connected to a highly developed intuition, associated with holistic and comprehensive thinking. Given this, traditional Eastern thinking is harmonious and produces serenity (von Glasenapp 1974, pp. 452-55). This implies that the thinking subject continuously stays 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. The way of thinking became dominated by the autonomous subject, above all in modern times, when the theories of knowledge of empiricism, idealism and rationalism came to prevail. Given this, western thinkers have built models, and have developed theories on increasingly narrow domains of analysis. Specialisation, going along with a loss of perspective, has been and still is a more or less dominating feature of Western type thinking. In some way, the West has frequently taken up the results of Eastern reason, profoundly anchored in intuition, to produce numerous 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, scientific, technical and cultural domains.

Aristotle's system of thought, however, 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 – in fact, for the Greeks *theory* was equivalent to *vision of essence* (*Wesensschau*). 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 is probably due to three main reasons. First, there was the Middle Eastern and Egyptian influence on Greek thought as Bernal (1987, 1991) and Burkert (2003) convincingly argue. Second, after the sudden disappearance of the Bronze Age cultures in Greece around 1200 B.C. (Burkert 2003, pp. 13-14) the Greeks had the chance of a *new start*, and subsequently made *creative* use of Middle Eastern ideas (Burkert 2003). 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, benefiting 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 by their modern followers, Jacques Maritain for example; 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 method to be put to use in the social and political sciences is concerned (Bortis 1997, specifically chapter 2); 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*. Similarly, in the *General Theory* Keynes speaks of the *logical* multiplier which always holds and is very simple, and of the multiplier *applied* to some concrete situation which, as a rule, gives rise to complex dynamic processes going on in historical time. 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 and science, theoretical and empirical. Logical inference must, in fact, be prepared by a discussion on the level of principles to select the most plausible approach to understand and, subsequently, to explain a complex phenomenon. 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, we ought to mention that logical inference and its preparation through a discussion of the principles to be selected, was also there with Plato and Aristotle through dialectics and with the Scholastics through the disputatio.*

Given this, conclusions now get probable, with the degree of probability depending upon the robustness of the principles that have emerged out of a vision, and of the quantity and, above all, the *quality* of the theoretical and empirical-historical evidence. This is in line with common sense; in fact, as already alluded to, both Einstein and Keynes, have defined science as instructed and, as such, refined common sense. Keynes's way of thinking simply represents the *natural* way of thinking – *ratio recta* or *natürliche Vernunft* -, always asking the question as to what is *constitutive* to a phenomenon 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. Given this, theories on complex phenomena can never be proved; one can only say that one theory is more plausible than another theory on theoretical and empirical-historical grounds. For example, as is very likely, classical-Keynesian political economy is, on such grounds, far more plausible than neoclassical economics; this point is argued in (Harcourt 1972, and Bortis 1997/2006 and 2003a).

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 bring things together and to synthesise. In fact, empiricist, idealist, and rationalist scientists deal, as a rule, with precisely defined problems on the basis of given premisses. In a wider view the results produced by these methods are part of the raw material put to use by the realist scientist in his quest for the probably constitutive elements of some complex phenomenon. In doing so the realist scientist will, in some way, have to become an artist since intricate part-whole-relationships will have to be taken account of. Here intuition and imagination play a crucial role.

Given this, the artist and the scientist complement each other. If problems are dealt with seriously, everybody contributes to enhancing the degree of probability associated to the results of scientific activities in the widest sense.

*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. It has already been suggested that, to have such a vision is of the utmost importance for our problem, which is of extreme complexity. In fact, it seems to us, that taking an *essentially* evolutionist view, to be dealt with below, inevitably leads to Eurocentrism. Indeed, in the evolutionist view the breakthrough to Modernity could not but have occurred in Europa, because Europe, building on the unique Greek genius has reached higher levels of civilisation 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, but of course Africa and the Americas, too, 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, in the vision of Aristotle, man is also an *essentially 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. And the prospering of individuals rests *essentially* on social processes: reading as an interaction between author and reader; discussing is evidently social, and so is learning in all domains, including manual activities; studying appears as interaction between students, teachers and great authors.

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; in the socio-economic sphere, the principle of effective demand and the surplus

principle, would be important instances of fundamental laws (Bortis 1997/2006, 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 phenomena requires, however, a comprehensive argument taking account of all the fundamental theoretical options and of historical experience, as far as is possible for human beings; 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, and to the political economy of centrally planned *Socialism*. 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 out 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 permanently 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 (*Individualethik*) deals with the essence of the good and decent life for individuals which, if realized, would result in happiness [and serenity]. 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 [and, as such, a *substance*, which, in turn, is an individualisation of the *essence* of man in general], the value system corresponding to his individual nature [or substance] 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 different forms. Man’s potential of adaptation, the capacity to change and to meet challenges, are simply tremendous. The Agricultural Revolution, which took place around 6000 B.C, and the Industrial Revolution, broadly from 1750-1830, 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 come into being, some lasting for relatively short times (the Roman Empire), others for thousands of years (China and 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*, result 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.

Traditional 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, about 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 her 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 plundering’, Augustine said in the face of the collapsing Empire (quoted in Hoerster 1987, p. 68). Karl Christ (1984, p. 70) suggests 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, carried, however, by all citizens.

In spite of the alienated conception of the Roman polity, her achievements were gigantic: an incomparable material civilisation (towns and 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 preconditions for the triumph of Christianity.

To postulate essences and substances of all the existing in general and in specific form respectively, 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 exclude evolution in a more restricted sense, associated with change and adaptation. 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, even if phenomena are very complex]”(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*. The nature of the mind and the soul is necessarily immutable and as such constitutes the *identity* of each human being through a specific substance, based upon the essence of man defined as a *reasonable and social 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. And structured entities are governed by laws of their own and independent of the laws governing their parts and the basic elements composing them. “[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 1997/2006, specifically chapter 5).

To avoid misunderstandings it should be mentioned here that, considering all manifestations of life, and also nature 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. In fact, not only simple or complex causalities between parts would have to be brought to the open, but immensely complex *part-whole* relationships would have to be taken account of. The latter require a holistic and comprehensive vision of the object considered, leading on to a broad understanding of its functioning. To give an example, in political economy, the relationship between employment and distribution can only be analysed properly if the functioning of a monetary production economy is broadly understood, at least in principle.

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.

For example, 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 are so overwhelming through their monumental beauty as to seem, in many instances, of a superhuman nature as a visit of the British Museum or of the Louvre suggests; the same is true of works of architecture. 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 role.

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 labour. 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). Indeed, as Hobson (2004) impressively shows, with Joseph Needham in the background, 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 ideas, which they *creatively* transformed. It will be suggested below that 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 section on *the structure of human history and the invariable nature of man* of the present chapter.

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, capturing 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 tools and 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 entirely new approaches and 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. Specifically, Aquinas aimed at making Faith intelligible as far as is possible for natural – unalienated - reason through working out a *Theodizee*.

Johannes Hirschberger remarks that the first steps to bring together Faith and Philosophy were undertaken in late antiquity already, not only by the Christians, but also by Islam and Judaism (Hirschberger, vol. I (1984), pp. 317-18). And Augustine coined the proposition that was to become the central and fundamental idea of Medieval Philosophy: *Intellege ut credas, crede ut intellegas* (p. 328). On the one hand, reasoning was seen as a means to make intelligible doctrines of Faith, and, on the other hand, Faith provided, to use a modern expression, the vision upon which reasoning on Man, society and the state, and on nature could take place. The Scholastic system realised this synthesis between Faith and Philosophy to culminate in the work of Thomas Aquinas (Hirschberger, vol. I, chapter 2). Although the *disputatio* brought life into the system, rigidity became more and more pronounced. It was Descartes who, through his philosophical *tabula rasa*, definitely set the European mind on a subjective track, cutting thus the link between science, that is reasoning on society and man, and nature, on the one hand, and Faith and philosophy (metaphysics) on the other. This prepared the way for the breakthrough to Modernity. However, as William Haas suggests, this did not mean entirely abandoning the living and forceful old Scholastic system, dealing with theology and philosophy, including the philosophy of nature; according to him the original, openminded Scholastic method was now increasingly applied to nature and man, gradually pushing its metaphysical foundations into the background. After the breakthrough to Modernity this development resulted, in the spirit of Enlightenment, in a tremendous growth, above all, of knowledge in the natural sciences and in technology, and also in the social and political sciences, that is, the moral sciences at the time. However, the ensuing loss of perspective through excessive subjectivism and relativism and, as a consequence, the growing

intellectual disorder has led Jacques Maritain, and others, to require the return of metaphysics, which, in Aristotle's view, is the ordering science.

To conclude, Christian Theologian-Philosophers took up the results of first (European-Greek) *axial age* to establish the intellectual foundations of the second *axial age*, in the course of which the breakthrough to Modernity occurred. In doing so Christianity and Europe could greatly benefit from Judaism through the Judaeo-Christian tradition, but also, as will be suggested below, from Islam, later from China and India (on this see the chapter on *John M. Hobson: Asia influences Europe, but does not dominate her*). Once again, *the* particularity of Europe as the Laboratory of World History clearly emerges.

### *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, that is, the technology in use in some society. 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, because alienation on a purely individual level is difficult to get hold of, and mainly because system-caused alienation is of overwhelming importance since it strongly influences alienation on the individual level. For example, a very unequal income distribution will, as a rule, result in higher system-caused involuntary unemployment, which, in turn, will bring about an increasing number of crimes and higher levels of drug addiction, and vice versa.

System-caused alienation shows up on two levels. In the first place, alienation may emerge in various shapes *on the level of the polity (the state, society and the economy in Modernity)*, in however form polities may concretely exist, and, second, on the *international level in the shape of relations between polities*. 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*. Here we make some remarks on the natural state and alienation in general.

In pre-industrial times alienation mainly occurred within the social and political superstructure, with economic alienation being a consequence; a feudal oligarchy or a tyrant exploiting the peasantry would be an example. 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, for example, 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 (Individuelethik)*. 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), which has laws of its own, independent from the will of the various individuals. 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 academics may remain unemployed because, on account of their social origin, they have no appropriate connections, whilst less qualified individuals having such connections will get a job (Bortis 1997, chapter 4).

William Haas (1956) has strongly emphasised the fact that the political organisation of society has been very different in East and West. In the East personal rule dominates and institutions remain in the background. Contrariwise, since the conception of the Greek city, the polis, the Greek world produced a great many constitutions; subsequently, institutions dominate in the West, with persons acting within 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 West Roman world; for example, Max Weber has suggested that the Western part of the Roman Empire collapsed because of the *Latifundiae* becoming self-sufficient; this heavily damaged or even destroyed the socio-economic foundations of many Roman cities. Since the Industrial Revolution system-caused alienation dominates worldwide.

The *natural state of Man* 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 *polity* is a *precondition* for the 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 possible, given the limited capacities of the human mind. 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). As already suggested, the natural state of a polity implies social harmony. To realise as much social harmony as is possible for human beings 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.



*It will be argued below that the great religions should, in an entirely openminded and non-dogmatic way, play a fundamentally important role in education. In fact, education is not just about learning something. Schoolchildren and students must also, gradually, acquire a vision of Man and his destiny, in order to achieve a sense of life; given this, stable and responsible persons may emerge from the process of education, capable not only to perform constructive work in some sphere, but also apt to deal with difficult situations.*

Hence in traditional Eastern societies, *alienation* was caused, in the main, 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, as suggested above, the near-autarky of the *Latifundiae* brought about the decay of the Roman cities, which, in Max Weber's view, was the main socio-economic 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 all this may be accompanied by a weakening of the middle classes, and go along with splendid city centers and fabulous luxury consumption by a few. During the whole of his life Maynard Keynes was most preoccupied by the coexistence of immense wealth and utmost poverty.

*This does not imply that there should not be some very rich people in a society. Their monetary wealth should be used, however, to finance social and public projects of common interest, for example to maintain the cultural heritage or, in the social domain, to provide relief in case of a natural calamity. In this context, one should mention that Maynard Keynes considered the excessive accumulation of money morbid and also economically damaging: „Depressions arise, Keynes wrote in his *Treatise on Money* [1930], when money is shifted from the 'industrial circulation' into the 'financial circulation'. This emphasis Keynes placed on the function of money as a store of wealth, as an escape from commitment, was one of his original contributions to economics“ (Skidelsky 1992, p. xxiv). The excessive accumulation of*

*monetary wealth leads on to an increasingly unequal distribution of incomes, which, in Keynes's view, is the most important cause of involuntary unemployment, because of a declining purchasing power of the population.*

*The presence of very large amounts of money in the financial sector may lead on to a feverish money making activity, through credit based speculative investments in the financial and in the real sector, making use of leverage effects. Based on the post-Keynesian interaction between investments and profits, huge overcapacities may be created in the real sector, while, simultaneously, long-period effective demand is likely to decline because of a reduced purchasing power, due, in turn, to a growingly unequal income distribution; demand may be further reduced through an excessive indebtedness of the consumers, subsequent to increasing debt service charges. The combination of huge overcapacities and reduced effective demand will lead on to a decline of prices of real and financial assets. This, in turn, may bring about a collapse of the financial and of the real system; as a consequence, part of wealth, that is past savings, will be destroyed, and, in the real sphere, unemployment will sharply increase. Such a collapse occurred in the 1930s, and is threatening at present, mainly in the United States; however, the effects of a collapse in the US would almost certainly spread to other regions of the world. The presently (2011-12) ongoing Euro crisis, if not dealt with appropriately, really constitutes a threat to the real and financial sector in Europe and probably far beyond.*

*For a few theoretical remarks on the interaction between the real and the financial sector, see Bortis (2010 and 2013a); the mechanism of the business cycle is sketched in Bortis 1997/2006, pp. 204-20. In an excellent book, Paul Dembinski presents first an analysis of the reality of finance and its relation to the real economy and then goes on to consider social ethical aspects of this relationship (Dembinski 2008).*

These considerations relating to the first form alienation – *alienation on the level of the polity* – 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 alienated relations between polities*. The two kinds of alienation are obviously not independent of each other. Alienation *within* political societies leads to alienation *between* polities, and vice versa.

In fact, if the general policy of a country is basically of an *ethical* nature, then it is very likely that its foreign relations will also be shaped by social ethics. Indeed, if the aim of a polity 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, traditional 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.

*Given, however, the domination of aggressive capitalism based upon the external employment mechanism (Bortis 1997/2006, pp. 185-98) within presently ongoing Globalisation, might force China and India to practice an aggressive capitalism, too, simply in order to maintain or, eventually, to improve their position in the world economy. Moreover, practising an aggressive capitalism, leads, as a rule, to increasingly hard-line domestic and foreign policies everywhere.*

However, in both countries, 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, and, eventually, regions.

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 or appropriating land and resources overseas, a point put to the fore in Hobson (2004).

Aggressions and wars represent alienation between states, which has been strong from 1500 onwards, when European expansion overseas and nation building in Europe set in. 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 internal alienation, that is, alienation within countries; conversely, the presence of internal alienation may have led on to an aggressive behaviour towards other countries and regions; it is well known that domestic problems are frequently pushed into the background through aggressive behaviour towards parts of the outside world. Industrialisation and Modernisation precisely emerged from survival and power struggles associated with nation building in Europe, with system caused alienation within countries culminating in the Capitalist era, as Marx perceived with incomparable clarity. On the political level, the most striking result 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. Looking ahead to the chapters on *the natural order within states* and *the natural political world order* (see below) it would seem that the small and medium-sized nation state, which has gradually come into being in Europe with increasing intensity from about 1000 A.C. onwards, and gaining momentum after 1500, is, in a way, a historical necessity. Indeed, in these chapters it will be argued that the natural world order can only be built upon the small and medium-sized state, which, together with the Western family and an education system in line with human nature, emerges as a natural institution, absolutely necessary to the unfolding of the potential of human nature and, as such, to the flourishing of *all* social individuals in conditions of freedom. To conclude, it should perhaps be added, that the traditional nation state is likely to become more and more a nationalities state. Given this, it will be of particular importance to bring about orderly socio-economic conditions within each polity. This will enable various social, ethnic and religious groups to live together peacefully and to mutually enrich each other. Contrariwise, with a very unequal income distribution and large involuntary unemployment prevailing within countries, life will become a struggle for survival and conflicts between social, ethnic and religious groups may ensue.

*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 natural and alienated states of societies and polities. In this section, we consider, very briefly, three fundamental driving forces in history, the striving after perfection, the struggle for power, and socio-economic determinism. These forces shape historical situations and bring about historical change. How this goes on concretely can, of course, not be considered here. Consequently, only some principles are set out; at times, historical examples are used to illustrate the principles.

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 as a whole, has become particularly important since the Industrial Revolution.

In Agrarian times (from 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) leads on to alienation in the political, social, cultural and even in the religious sphere.

Hence, in the first place, historical situations may be shaped and change brought about through the *striving after perfection* in the realms of Goodness, Beauty and Truth. This striving, inherent in human nature, is a most 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 existed in the pre-modern, agricultural, age. It may be added that the Persian Empire as founded by Cyrus and the Carolingian-cum-Holy Roman Empire represent more short-lived polities where high levels perfection had been reached, particularly regarding political organisation. 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 spheres. 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. Power may take on various forms, most importantly, political, social, economic, military, intellectual and spiritual. Bertrand Russell went as far as considering *power* the basic social force having the same significance for human societies as Newton's *law of gravitation* for the universe (Russell 1993/1938). On the most fundamental level power is of a political nature, associated with coercion, which represents alienation on the political level. More generally, power is, as a rule, associated with negative and positive elements. Negative aspects of power would be the pursuit of some particular interests, for instance, the excessive accumulation of wealth, conquests, plundering, and exploitation of social groups and even entire regions; these negative aspects may be associated with sheer destruction. The positive elements of power would be to ensure survival in a hostile – alienated - environment, the prevention of anarchy through setting up a socio-economic and political order, perfection in the military and political organisation to secure peace, developing a high level of material civilisation, realisations in the realm of Beauty, frequently with monumental splendour. This type of polity has been given a social philosophical underpinning by Thomas Hobbes in his *Leviathan*. Given the ordering aspects of power in alienated situations, Jacob Burckhardt's suggestion that "power is always bad" seems somewhat exaggerated.

It would seem that these positive and negative elements of power have been most impressively realised by the Roman Empire. And the fall of the Western part of the Empire has created the preconditions for the coming into being of the European family of small and medium-sized states, which, as will be argued below, constitutes a model for the future natural world order. Once again Europe emerges as the Laboratory of World History, in the political domain in this instance.

The example of Rome and the development that occurred in Europe following up her fall suggest that alienation in general, and power in particular, have perhaps a specific historical function to guide humanity towards a natural political order, with alienation reduced to a minimum achievable by human beings within and between political societies.

*Incidentally, Power would continue to exist in natural conditions. In fact, inside polities organised along natural lines a kind of 'natural power', perhaps termed better 'authority', would be required in all domains, political, social, economic and cultural, because there is no self-regulation, and Goodness in all domain has to be realised through purposeful action. However, in the natural state of affairs, power – in its natural form as authority – would take on the shape of serving a cause, for example, in the political domain as serving the country. It should be evident that alienated power and natural power always coexist, in very differing proportions though. These proportions characterise the general political conditions in some country. More generally, the striving for perfection, the struggle for power, and socio-economic determinism coexist in each polity in certain proportions, which change in the course time. The same is true of the natural state and of alienation. The prevailing Zeitgeist and its dynamics, and evolving material conditions (technology) are crucial elements in shaping these factors –the striving for perfection, the struggle for power, the natural state and system-caused alienation -, the proportions between them, and their dynamics in the course of historical time. All these conceptions may be useful for coming to grips with most diverse historical states of affairs and with historical change (on this see also Bortis 1997/2006, pp. 103-30).*

Looking ahead to the structure of human history to be set forth in the next chapter and at the outset of the concluding remarks, the historical sense of power and alienation becomes broadly apparent. In fact, alienation and one of its specific forms, power, are inevitable elements in the march of humanity from the *original* natural state, existing as Man became conscient of his environment and, gradually, of himself to the *unfolded* natural state resulting from *first axial age* – the breakthrough to Truth – and from *second axial age* – the breakthrough to Modernity. In the original natural state the laws of human nature worked *deterministically* through efficient causes: instinct (as related to the subconscious), and intuition and imagination (located in the conscious). With civilisation growing, the realm of reason and analysis gradually extended, pushing instinct, intuition and imagination into the background; and civilisation also reduced, and even partly destroyed nature and increasingly separated Man from the original state of nature. With (man-made) civilisation expanding at the cost of original nature and with human nature unfolding its tremendous potential the laws of nature gradually become *final* causes. Ideally, in situations largely devoid of alienation human action was no longer determined but became increasingly free. Striving for Goodness, Beauty and Truth was embodied in the will, of which freedom is a property. However,

alienation was always present more or less strongly through more or less unstable situations within and between polities, excessive striving for power, imperfect knowledge, and uncertainty about the consequences of actions. These objective and subjective forms of alienation led to restrictions to freedom, and objective factors could even lead to determinism which has become particularly strong with the coming into being of the immensely complex modern world. Hence the reduction of alienation, including excessive concentration of power associated with particular interests, to a level achievable for human beings, goes along with an increasing scope of freedom, as, for example, Hegel and Marx, have perceived with great clarity.

These general considerations on power as a driving force in history now lead on to some specific thoughts on the theme of power. In the first place, power as exercised inside a polity is fundamentally 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 striving for occupying 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, particularly if the striving after power is associated with manifestations of splendour in architecture, and in the arts in general which, of course, are specific ways of realising Beauty.

Second, the struggle for power may, as frequently happens, cross the boundaries of a polity, aiming at the domination of other political societies in order to appropriate a greater or lesser part of their surplus. In the extreme, this expansive 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 to 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 may largely replace plundering in many instances.

If the struggle for power is internal to a polity, civil wars associated to 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. Imperial Rome is a striking case in point.

In Europe, the Crusades, the European discoveries, associated with trade and plundering, 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.

*This vision of Europe and the world as a family of nations implies that the present organisation of Europe, conceived as an area of free trade and free flows of capital, can, probably, not be maintained in the long run. The main reason is that free-market economies are not self-regulating. Given this, employment and incomes policies based upon the internal employment mechanism cannot be pursued in the European economic space, because the external employment mechanism combines with a ferocious competition for workplaces inside Europe (on this see Bortis 1992, 1997/2006, chapters 4-7, and 2003b). In our view, it is the task of each individual country to bring about full employment and an equitable distribution of incomes; this, however, requires that each country have its own currency. In any case, orderly socio-economic conditions within the various European countries, full employment and an equitable distribution of incomes in the main, is the most important precondition for co-operation between European countries, guided by supranational European institutions. In fact, as will be suggested, below, Europe should attempt to form a family of nations, eventually structured by historical-geographical federations, based on a common historical experience.*

The struggle for power and conflicts within and between polities 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 (it has already been mentioned that the term *axial age* – *Achsenzeit* was coined by Jaspers, 1955/1949). 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 through these Empires.

It will be argued in the subsequent chapters that within *second axial age* (roughly from 800 A.C. to 2000 A.C.) the *breakthrough to Modernity* was prepared in Europe and implemented there through the twin English Industrial and French Political Revolution in the *core* period of second *axial age* (1750-1830), and subsequently spread worldwide. 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 (800–1830 A.C., approximately), resulting in the breakthrough to Modernity in Europe, was a time of *intense* power struggles between, at first, feudal polities out of which the European nation states gradually emerged, with the power struggles going on unabated in mercantilist times. 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* (1800-30 – 2000, approximately), resulting in the breakthrough to Modernity on a global level, was a time of gigantic power struggles, first in the colonised regions and in the European dependencies in Asia, the Middle East and Africa. From 1890 onwards, the year of Bismarck's dismissal and the effective exercising of power in Germany by Admiral Tirpitz, the power struggles increasingly concentrated on Europe. These struggles culminated in the Apocalyptic Age 1914-45, the First World War, the Great Economic Depression and the Second World War. Subsequently, the power struggles resumed between world powers, the United States and the Soviet Union, in the form of the Cold War. The end of this 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 in the economic, technical and political domains: China, India, Japan, the United States, the loose grouping of nation-states of Europe, Russia, and Brazil. 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 this struggle for power renders impossible to establish a durable and peaceful world order rendering possible sustainable development.

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 – preceding the concluding remarks - 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 and nationalities states with each country attempting to realise the Common Good as far as is possible for human beings; eventually, the world family of states should be structured through historical-geographical regions, bringing together countries having a common historical experience or strong geographical links, implying mutual dependence – this point will also be elaborated below. 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. Moreover, this would imply consolidating the tremendous, mainly scientific and technological, results obtained from the second *axial age*, ideally in a way that Humanity as whole would benefit from these achievements.

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 and all that had happened since the end of the First World War – itself a terrifying experience for all countries involved -, the conditions of the Treaty of Versailles 1919, the attempted Proletarian Revolution and Civil War 1918-23, the great inflation 1922-23, which had destroyed the savings of the middle classes; to these primarily domestic factors would add international factors, that is, the ongoing struggle between capitalist countries and the irreconcilable opposition between capitalism and socialism. All these powerful factors literally swept a party, marginal in the 1920s, into power, and, mainly on account of the international situation, no action was taken to prevent Nazi-Germany from rearming and expanding, although this represented a deadly threat to France and Great Britain; the ultimate aim really was to bring about a war between Nazi Germany and Stalin's Soviet Union; these crucial points will be taken up in the subsection *Germany 1871-1945 and the Apocalyptic Age*

1914-1945 below. Or, the agony and the breakdown of the West Roman Empire, pictured by Max Weber, but also by Gibbon and Montesquieu, 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 economies 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 which socially appropriate policies may be based (on this see Bortis 1997/2006 and 2003a). In fact, to eliminate system-caused alienation as far as is possible for human beings, is a precondition for the striving after perfection to go on broadly 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 through realising, as far as is within the reach of human beings, the fundamental values of Goodness, Beauty and Truth in all domains. This, as will be argued below, is, as is very likely, 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 between man and nature (Meinecke 1965, p. 209, mentions a forth fundamental value, implied in this essay, that is the *Sacred*). The different ways undertaken to realise these fundamental values is constitutive of all so-called 'primitive' peoples, and of all civilisations and cultures, and brings about equidistance to God of *all* social formations, natural or 'primitive' and refined in the form of civilisations and cultures (Ranke in Meinecke 1965, p. 209). The vertical view of history is also associated with preservation and stability, with change being linked up with the unfolding of human nature.

The horizontal view of history, however, is primarily associated with change, as brought about by expressions of power of differing types, military, political, social and economic. It

must be recalled, however, that power is not the only driving force in history. Meeting challenges, that is improving the means to realise the fundamental values, is closely linked with the striving after perfection; for example, both, the Agricultural and the Industrial Revolution, were also 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 ultimately caused by the pressure of demand, that is, a challenge had to be met. 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*). It is well known that the Industrial Revolution opened up tremendous material possibilities for Humanity, but was also linked with very great dangers, as will be insisted upon repeatedly.

It has already been mentioned above, that, 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 Ancient Egypt. Stability may, however, also be brought about 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, for example 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, for example stability and change, and to the material content of some socio-economic, political, cultural or religious state of affairs, according to which the characteristic or 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. As already alluded to, 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 prepared and 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, while he attempted to come to grips with existence and change by (*probable*) *applied theory*. Hence, this double way of looking at historical phenomena allows, in fact, to integrate theory and history (Bortis 1997/2006, specifically chapter 3, pp. 103 – 130, chapters 4 and 5, chapter 7, pp. 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 capitalist and market-cum-economic relations more and more extending at the expense of feudal or political relations, and the associated social and political implications, with the Church and Nobility being replaced by the Bourgeoisie and the Working Class.

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, quasi Civil War 1918-23, the Great Inflation 1923, and the Great Depression of the 1930s brought National Socialism into power. Of this movement Hermann Rauschning (1938) said 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. This line of reasoning will be taken up very extensively in the first section of the chapter on *Concluding Remarks*, in fact, in the subsection on *Germany 1871-1945 and the Apocalyptic Age 1914-1945*.

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 are related to the vertical and horizontal aspects 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 represents 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 1997/2006, 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 1997/2006, 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 (1997/2006). 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, who, in fact, become social individuals. Society and the state are preconditions for the prospering of the social individuals. Such a state of affairs represents a state of Natural Liberty.*

Given this, *organic causation* plays a fundamental role in social liberalism. 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 of 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 analyses of various kinds in view of setting 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. Keynes's probability moves to the fore in this context.

To conclude this section we make some remarks on the issue of social and cultural change on the basis of *historical realism*, which underlies this essay (on this see, for example, Bortis 1997/2006, 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; for example, effective demand governs output and employment and sets restrictions on individuals and collectives; on the other hand, individuals and collectives shape the system through their pursuing individual and social aims. In the course of time, circumstances, that is, 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 given by 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 produces new or improved *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, and the importance of money and finance, 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 a permanently 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 1973/1936, 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 in line with human nature puts the politician in a position to act in the most appropriate way possible.

At present the socio-economic and ecological situation is such as to require a fundamental change in the relative proportions of the driving forces of history among each other. *Socio-economic determinism* must be largely eliminated through implementing Keynes's Social Liberalism. This would go along with eliminating by and large the *struggle for power* associated to aggressive capitalism embodied in the external employment mechanism, according to which each country attempts to secure high employment levels through a strong position on the world markets. The reduction of both predominantly negative driving forces would imply substantially reducing alienation, which, in turn, would clear the way to greatly increase the weight of the third, positive and natural, driving force of history, the *striving for*

*perfection* in all domains. This is a theme to be taken up somewhat more extensively in the final chapters of this essay.

### *A broad 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 normative eurocentrism, and putting to the fore heuristic eurocentrism, which, in the form of a European *Sonderweg* (Mitterauer 2003), in fact, Europe as the Laboratory of World History, would become an aspect or a dimension of the world historical picture. More specifically, the aim is to set forth a broad structure of *reasoned* world history. To do so, 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* (1955/1949). The broad structure of world history set forth in this chapter will be deepened in the next chapter and considerably deepened and extended in the first section of the chapter on *concluding remarks*, where *a more complete structure of human history* will be presented.

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 and that there is mutual interaction between the various civilisations. Two points have to be made on this. First, 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 broadly 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 (1997/2006) that *Political Economy*, in fact *the key social science of the modern era*, is of particular importance. Second, the breakthrough to Modernity *has* taken place in Europe, in spite of Asian, particularly Chinese, superiority in the technical and scientific domains (J.A. Hobson). This is a point that is given particular emphasis in this essay. It will emerge that Europe is, in fact, the Laboratory of World History. Given this, Europe is particular, but not superior (Michael Mitterauer). Again, very specific conditions had to be fulfilled that the Breakthrough to Modernity could take place in England, and in England only, not elsewhere in Europe, and, even less, elsewhere in the world.

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 brothers 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 1997/2006) 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 commented on 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 perspective. And of crucial importance in this context, the Asian and European civilisations have developed very differently, partly on account of geographical factors, partly due to widely differing structures of the mind. The different ways of thinking have given rise to entirely distinct socio-economic and political structures in East and West (William S. Haas). Given this, one has to explain why these differences and complementarities have brought about the breakthrough to Modernity in the West. Moreover, it must be argued why, in spite of the very large differences between civilisations, the various epochs, peoples and civilisations are, nevertheless, on the same footing.

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*, some implications of which will be dealt with in the next chapter. 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 brought about a dramatic increase in the agricultural surplus in specific regions. This transformed societies and simultaneously enhanced their social potential. Indeed, entirely new possibilities arose for these societies. Urban civilisations emerged, in the West in Egypt, Mesopotamia, Persia and Greece. New institutions and activities come into being: government and administration, military organisation, credit money was created right at the beginning, there was division of labour leading up to the formation of various crafts, and above all an intensive cultural life set in, monumental architecture and sculpture being, perhaps, the most impressive manifestations. Nevertheless, in these urban civilisations, agriculture remained all-important, comprising around 90 percent of the working population. Given this, and the fundamental importance of the agricultural surplus, Gellner’s term *Agraria* is entirely justified. *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*. This age brought about a gigantic increase of overall labour productivity and the social surplus in the industrialised regions of the globe. The social surplus was increasingly made up of industrial goods, which, in turn, were overtaken in significance by services. As a consequence of the rise of productivity, the age of *Industria* witnessed a tremendous increase in the social

potential of societies, and the activities of the social individuals became more diverse and complex, while growing quantitatively. In the age of *Industria*, the social surplus arising out of the social process of production had created the material basis for *Modernity*.

While this first periodization of human history relates to production in general and to the production of the social surplus in particular, 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, as has already been alluded to, 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, which goes together with *sword*, the defence and, eventually, the expansion of the polity, and, *book*, representing culture in the widest sense, including, of course, religion. This broadly corresponds Jacob Burckhardt's three great 'potentials of action' (*Potenzen*) that can be built up through the use of the surplus: State, Religion and Culture (Burckhardt 1978/1905).

„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 [1949/1955] 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). The various civilisations of these four time-periods are all characterised by a specific *use* of the social surplus.

Both periodizations are highly relevant to come to grips with our subject matter, 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*, discovered and coined by Karl Jaspers (1949/1955), represents the *first* of two crucial time-periods in human history, where, broadly speaking, the passage from myth and magic to reason and analysis took place, the *second* being, of course, the breakthrough to Modernity. In this first 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 will be suggested below, that Mitterauer (2003) comes into the picture at this stage. 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.

At this stage, we may already mention that, subsequently, we shall denote Jaspers’ “axial age” (800-200 B.C.), the breakthrough from myth and magic to reason and analysis, the *first* “axial age”. In the course of the *second* “axial age”, (800 – 2000 A.C.), the breakthrough to Modernity took place, the core period being 1750-1830, the years in which the English Industrial Revolution and the French Political Revolution took place.

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.

*It must be recalled that, given the complexity of our subject, an inadequate treatment of the problems considered, and glaring neglects are unavoidable; a lack of knowledge is of course the primary case for these shortcomings. However, while inadequacies cannot be avoided, neglects have to be justified. In fact, regarding civilisations, the most evident neglects are Russia, India and, even more, Islam. Moreover, the pre-Columbian American and the old*



*African civilisations are not dealt with at all, since they are not part of the subject matter considered in this 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, very significantly, an Agricultural Revolution took place on Peruvian territory about 7000 B.C. at about the same time as in Eurasia, and a first civilisation, the Norte Chico or Caral-Supe civilisation, emerged around 3500 B.C., approximately at the same time when the Egyptian and the first Mesopotamian civilisations came into being; given the fact that the Peruvian civilisations emerged entirely independently from the Middle Eastern ones, there is hardly better evidence on human nature being the same everywhere and at all ages. Moreover, the very high standard of old African art is well known; in addition, since it is likely that man has existed first in Central Africa (Chad) about seven million years ago, and, subsequently, in Southern 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 Russia there is the impressive overview on Russian spiritual and intellectual life by Tomas Spidlik (2002): *Die russische Idee – Eine andere Sicht des Menschen*. According to Spidlik the Russian idea is essentially theological-philosophical, and his book suggests that Orthodoxy and Catholicism are complementary, with very large areas of intersection. Suggestions on Trinitarian Theology are fundamental: “The theological reflection on the theme of the Trinitarian Mystery has developed differently in East [Orthodoxy] and West [Catholicism]. Latin Theology starts, as Boëthius suggests, from Divine Unity, in which Faith discovers the relation between the three Persons. According to the Greek Fathers of the Church we first recognise The Father, The Son and The Holy Spirit, and based on this recognition we start longing for their unity [...]”

The Russians follow the Greek tradition, in an original way though. They integrate the reflexions on the Trinity into the domain of culture [at large, comprising the state, society and the economy]” (Spidlik 2002, p. 90; a.tr.). “Why this interest in the Trinity? The basic reason is simple. The Russians want to convey to the world the ideal of “all-embracing unity. This unity is not just something, which overcomes diversity, but primarily as diversity, which embodies the capacity to bring about unity” (Spidlik 2002, pp. 91/92; a.tr.). Incidentally, the idea of the unity of Mankind is also basic to Henri de Lubac’s *Catholicisme – les aspects*

*sociaux du dogme*. And starting from the Social and Political Sciences, most importantly from Political Economy, this idea also underlies this *Essay on the Philosophy and Theory of World History*. In this context, it is very important to note, the social liberal system of Social and Political Sciences as is just suggested in Bortis (1997/2006 and 2003a) inevitably grows out of a philosophical-theological vision, which is but hinted at in Bortis (1997/2006) and somewhat elaborated in this essay. Concretely, the unity of Mankind appears in this essay in the form of interlinked *historical-geographical federations*. The idea of structuring the world seen as family of nations through historical-geographical federations has, in fact, been introduced at the end of the section *on the world order of Modernity*.

And on India we cannot but to refer to Helmuth von Glasenapp's great work on *Die Philosophie der Inder*, which exhibits the incredible wealth, breadth and depth of Indian thinking (Helmuth von Glasenapp, 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 concisely presented by Edmund Burke III in his concluding remarks on Hodgson (1993). Just two sentences are mentioned here to illustrate the paramount importance of Islam as is set out in 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, vol. III*, p. 204). Given this very important statement, we might mention some other important reasons, which, at present, prevent Islam from fully coming to grips with alienated Western-type Modernity. In fact, the personal element still seems to predominate over the institutional one, 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 1997/2006, 2003a). The personal element is associated with the family, the clan, and with larger and smaller religious groups, as well as with the form of government, which, in turn, is, in some instances, linked to religion, and possibly to religious dogma, making thus socially appropriate changes very difficult. Moreover, economic life seems, as a rule - with important exceptions prevailing -, to be individualistic, with individual freedom, as is associated with handicraft production, small trade, and cultural activities, highly valued. This implies that it may be very difficult to impose the discipline of the factory and of the social process of production in Islamic regions, since modern production may be

associated with far-reaching division of labour, frequently implying boring and heavily alienated work.

Most importantly, however, the Islamic countries, above all those of North Africa and of the Middle East, and Iran, but also the Muslims of India and Indonesia, have been continuously and increasingly under direct or indirect foreign domination, Western in the main, since the advent of Modernity in the West. This had a very important consequence. Modernisation, that is, the setting up of an institutional superstructure along Western lines, has set in *before* Industrialisation, the building up of a modern material basis or a modern economy, to wit. The result was a very heavy dependence on the outside world, above all, on the West. Economic development has been hampered further through the presence of massive oil-reserves in vast parts of the Islamic world. Crude oil is exported and industrial goods and services are imported. This renders industrialisation very difficult, a fact known as the *Dutch disease*, a notion coined by the great Hungarian-British economist Nicholas Kaldor in the late 1960s. How indeed to build up a domestic industry when attractive Western consumption goods may be imported very easily?

*The Iranian Prime Minister in the early 1950s, Mohamed Mossadeq, was aware of this problem. His idea can, perhaps, be presented best by hypothetically postulating the existence of two Iran: Iran I with oil, and Iran II without oil. In principle, Mossadeq argued, Iran I should develop in the same way as Iran II; however, since Iran I can export oil, she will be able to import consumption and investment goods in addition to the industrial goods she produces; given this, Iran I will not only be richer than Iran II, that is, to be able to consume more, but she will also grow faster. This would be the normal state of affairs. However, the Dutch disease results in Iran I being poorer than Iran II. This fact can be generalised for large parts of the primary goods producing and exporting world.*

*As is well known, Mossadeq was overthrown through US American intervention on the grounds that Iran might become communist and join the Socialist camp. This event symbolises the heavy dependence of large parts of the Islamic world, in fact, of the economically less developed from the highly industrialised countries. In this essay, we argue that globalisation along Washington Consensus lines, free trade in particular, leads to growing inequalities between economically highly developed and underdeveloped countries. Given this, the underdeveloped countries are literally squeezed into the straitjacket of a highly unjust global system. This explains violent reactions, including terrorism. These violent reactions are*

*largely the result of utmost despair, and are, as Olivier Roy argues, directed against the system of globalised capitalism (Roy 2007).*

*The policy conclusion resulting from this state of affairs seems clear. The highly developed countries, particularly the Western countries, and here the United States in the first place, must stop from interfering into the internal affairs of developing countries. These countries may need some protection to be able to develop economically in an orderly way. In particular, the Islamic countries must be given the possibility to industrialise and modernise in accordance to the values of the great Islamic civilisation. More generally, we shall argue in this essay, that to restore national sovereignty is an essential precondition for building up a natural world order characterised by peaceful cooperation (on this see the two chapters preceding the concluding remarks). Once this is granted, there can be little doubt that a great civilisation like Islam will come to grips with Modernity in her own way. The important book by Youssef Courbage and Emmanuel Todd: Die unaufhaltsame Revolution. Wie die Werte der Moderne die Islamische Welt verändern (2008) is a strong indicator of the fact that the Islamic world is changing fundamentally and moves irresistibly toward Modernity.*

Given, then, the heavy outside dependence of most Islamic countries, the institutions, as far as they are present, are taken from the West and are ill adapted. The Western type institutional superstructure is, in fact, not in harmony with the material basis. For example, regarding the political sphere, Western type democracy could only work properly if the markets were self-regulating. However, since there is no tendency towards full employment at all, unrestricted competition leads, as a rule, on to very unequal income distribution and high levels of unemployment, which, through cumulative processes, may mutually reinforce each other. François Quesnay, the French Physiocrat, already predicted that Parliamentary democracy might result in socio-economic power centres exercising an important, though mostly indirect, influence on government affairs, above all if fundamentals regarding the system are at stake. This, in fact, Marxian proposition has been widely confirmed by the economic history of large parts of the world. In many Islamic regions, high oil revenues contribute to rendering income distribution even more unequal than it would be in the absence of such revenues, strengthening thus already existing power centers.

In unfavourable socio-economic conditions, characterised by a very unequal income distribution and high unemployment levels, parliamentary majority and opposition often form adverse camps, with elections becoming struggles for political and economic privileges, sometimes even struggles for sheer survival. And in countries with a greatly differing social,

ethnic and religious composition, parliamentary democracy may simply lead on to civil war, specifically if the differences between the diverse groups are large, as may be the case between traditionalists and – Western type – modernists in some Middle Eastern, Asian or African country for example.

Since, then, 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 social individuals 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 (on this see Bortis 1997/2006 and 2003a).

A supra-party government implies an alternative type of democracy, which is much more adequate for mastering the complexities of Modernity. On the one hand, the government would be responsible to the Parliament, the representatives of the people, and hence, indirectly, 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, with each member of the government deciding himself about his retirement. 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. This allows, in principle, to pursue long-term policies aimed at increasing permanently the Common Good of the political society.

To conclude this chapter we may recall that the striving after perfection in all domains – attempts to realise Goodness, Beauty and Truth in all spheres – and the struggle for power in all domains of social, political and cultural life – associated with alienation - are mixed up in varying proportions in all *historical situations*. To bring to the open in more detail the striving after perfection and the struggle for power in various places and times is the object of historical work in general. One of the most comprehensive and profound undertakings of this kind is certainly Jacob Burckhardt's *Weltgeschichtliche Betrachtungen* (Burckhardt 1978 / 1905). In this work Burckhardt conceives of three great powers or forces (*Potenzen*) the state, religion and culture (second chapter) which mutually influence each other: the state shapes

religion and culture, religion moulds the state and culture, and, finally, culture influences the state and religion (third chapter).

And, finally, it has been suggested that *historical change* basically comes about through tensions between alienated positive reality and the – normative – natural state of affairs. However, the changes arising out of this tension are not clear-cut because of imperfect knowledge about the existing and the normative situation. Given this the effects of actions are always uncertain to some degree, which implies that actions may produce unintended effects. The nature of change may be shaped further by changing power relations and the determining influence of some objectively given situation, which includes material-technical, economic, social and political elements, and the dominating values in these spheres, governing, in turn, the means used in the attempt to reach specific ends.

### *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, in fact, based upon 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 change more or less rapidly, as was the case in Europe from Greek times onwards. However, historical realisations of the invariable human nature may also 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 the stability of traditional China and her long and painful transition to Modernity in the 19th and in the 20th century, as is pictured in Seitz (2003).

Starting from the fundamental Aristotelian concepts of essence and existence of man as a reasonable and 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, in fact of Evolutionism*, should be *abandoned* and replaced by other concepts, associated to a *Creationist* view. This is to be illustrated here by the example of Man.

However, before going on, we briefly state our stance against evolutionism, making six 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 subjectively conceived moral and natural sciences (post modernism). This reflects the Enlightenment idea of unlimited progress, which ultimately implies the irrelevance of history. Why indeed study history when, in the evolutionist view, the present situation is in all spheres superior to all that had prevailed in the past? This ahistorical idea of unlimited progress is closely associated with evolutionism, and had its, perhaps, last revival just after the breakdown of Socialism when the end of history was hailed (Francis Fukuyama). Moreover, Spengler’s *Untergang des Abendlandes*, picturing the various growing, then flourishing and, finally, decaying civilisations, existing side by side, not understanding each other, is a prime example of *becoming* without *being* in the sense proper. With Spengler, pessimistic cyclical evolutionism coexisted with the optimistic and progressive evolutionism which came temporarily to an end with the First World War, but had a renaissance during the Cold War competition between Capitalism and Socialism, and reached a short-lived *apogee* after the breakdown of Socialism in Central and Eastern Europe.

The Creationist vision underlying this essay leads to an entirely different view on history, which now appears as a teacher (*Geschichte als Lehrmeisterin*). Perhaps most importantly, 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; this is particularly true of the humanities, but also of the social and political sciences. „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 [entities, structured through institutions,] 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 ‘[the] 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 1997/2006, p. 380). In this context, the splendid *Defence of History* against the attacks of Postmodernism by Richard Evans must be mentioned (Evans 1997).

Secondly, in a Creationist view identities and essences are inextricably linked to entities and wholes. This constitutes an additional case against evolutionism, which, in fact, postulates, that the entities or wholes emerge from their basic constituent elements. This contrasts sharply with the Creationist vision, which implies that the entity, some creature for instance, must exist *before* its parts in all instances.

*Incidentally, this holds also for natural social institutions, the state and the family to wit. Aristotle indeed insists on the state being prior to the individuals. On account of their social nature human beings simply could not exist as such outside some community or polity.*

This seems to be compatible with steered Evolution to some extent, but not with Evolutionism. It is indeed highly unlikely that chance has produced the immense diversity of living creatures with all their specific physical characteristics, and, above all, the intellectual and spiritual characteristics of Man. And even more important, it is almost impossible that chance should have produced the *harmony*, which is possible in nature, with all living creatures, specifically human beings, and, above all, in society. The good society and the good life, that is, a state of society and a way of life in line with *human nature*, that is, the *natural* socio-economic and political order to be realised differently in each country and in each epoch and time-period, cannot possibly be the result of evolution.

Third, then, with evolutionism these immutable values and those alluded to in the above would simply not be there. Since the fundamental values – Goodness, Beauty and Truth - are not objectively given for all spheres, striving for perfection in the absolute sense, in our view the most important driving force in history, is not possible. Probable knowledge about the essence of phenomena, that is their constitutive elements, as has been alluded to at the outset of the introductory chapter *Setting the stage*, would not be conceivable. There would be no works of art expressing beauty to a degree such as to be considered beautiful by all



civilisations at all times. And questions about the good life and the good society to be realised in changing material circumstances would remain meaningless.

What is true, beautiful and good is evolving. This implies that, with evolutionism, all values are relative and subjectively determined, that is by reason and empirically. Relative truth is ultimately based upon the empirical test – all propositions that have *not* been refuted empirically, or eventually through a rational argument, belong to the body of knowledge. Beauty is determined by success or failure; in fact, the market decides upon the aesthetical value of a piece of art. And in the realm of ethics, Kant's categorical imperative – to act according to universally recognised laws set by practical reason - and pragmatism – what functions – play an important role. All this might perhaps work in a perfect and self-regulating world, where social mechanisms, for example the market mechanism, co-ordinate individual rational actions in a way that is also socially rational. However, in an imperfect and possibly heavily alienated world without self-regulation, relative truths, aesthetical and ethical values are ultimately governed by *power relations*. Practically, everything – e.g. pieces of art, education – is expressed in money terms or, at least evaluated; the market invades all spheres of life; privatisation of public goods is just one expression of this phenomenon. *Everything becomes a commodity* (Marx), and power becomes essentially market power; *money rules the world* is, in fact, not a new phenomenon, but has become particularly important at present. As has been insisted upon earlier in this essay, *power* is the fundamental driving force in history in *alienated* situations.

*In analogy, the striving after perfection would be the natural driving force in history when a natural social and political order prevails, which renders possible the flourishing of all individuals.*

In a way, with evolutionism history would remain a permanent struggle for power, possibly associated to a Darwinian struggle for survival, with the intensity of the struggle varying in time and place. In any case, history would remain alienated history forever. Of course, the Liberal and the Socialist would claim that there is progress; this claim, however, has been disproved by the course of history itself and by many convincing arguments; indeed, after the downfall of Socialism around 1990, Capitalism experiences just now, by the end of 2008, and by the beginning of 2009, a very heavy crisis. Hence immutable, objectively given fundamental values are indispensable guideposts for humanity on the way to a natural order, within which the social individuals may flourish, that is unfold their dispositions and broaden

their capacities. In fact, mankind would err in the dark if these signposts in the form of immutable values did not exist.

A fourth 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 are 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 Russians in colonial times, Imperial Germany after the Franco-Prussian war 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.

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.

Fifth, 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, seapower has become of particular importance in the modern era. Once again, *power* emerges as the fundamental historical driving force in alienated situations.

In the sixth 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.

Finally, it would seem that evolutionism makes an inappropriate use of the *analogy* of all being (*Analogie des Seins*). In fact, *physical* analogies and similarities, which exist *simultaneously*, are converted into *historical sequences*. This leads to immense difficulties for evolutionism. For example, how to explain the coming into being of the intellectual-cum-metaphysical-spiritual powers of human beings through the evolution of the very limited instinctive capacities of apes? The difficulty becomes all the more pronounced once the human mind produces outstanding results, as is the case with Beethoven, Mozart, Plato and Aristotle, to give some prominent examples. The fact that man is a reasonable being, endowed with a mind (intuition, reason, analytical powers), makes him *essentially* different from apes. There is a very large *gap* between human beings and apes that cannot possibly be explained in a plausible way by evolutionism on the basis of physical similarities. Incidentally, in the above section *Human mind and the acquisition of knowledge* it has been suggested that the acquisition of fundamental knowledge, the knowledge of principles to wit, is essentially a matter of the mind.

The creationist vision shaping the argument of this essay is based on a *clear separation* between Creator and Creation. This is the Catholic-Aristotelian vision of the relationship between the natural and the supranatural. In fact, this Aristotelian-Christian vision had emerged from a struggle with emanationist Neo-Platonism in the early days of Christianity in the third century; with the Creation emanating from the Creator, pantheistic developments were almost inevitable.

Given these arguments against evolutionism, we might now *plausibly argue, not scientifically prove* of course, that the concept of 'evolutionism' should be replaced 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.

*To avoid misunderstandings, evolution is perfectly compatible with these four elements, not, however, evolutionism.*

First, then, *Creationist Interventions* are plausibly required regarding the *Creation of the Universe* and the coming into existence of the various forms of *Life*. This point has been forcefully argued by Medard Kehl in his *Und Gott sah, dass es gut war – Eine Theologie der Schöpfung* (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 and imagination, 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 well-known extraordinary physical and instinctive abilities of North American Indians and of other peoples having remained close to the original natural state is a telling case in point.

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 about his surroundings and, subsequently, 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*, which, in the above, has been defined as the gap between the natural state of individuals and societies and concretely existing reality. There is alienation on the level of individuals, for example a lack of knowledge and an excessive striving after power in archaic, traditional and modern societies; and, sometimes, alienation may be system-caused in *Agraria* (for instance, the agony and the collapse of Rome) and, above all, in *Industria* (the two World Wars and the Great Depression of the 1930s, to give instances). 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, *purposeful human agency* takes, in principle, place *in conditions of freedom*. But freedom is not absolute. There are, at any moment of time, objectively given natural, technical, socio-economic and political conditions, which determine in part or set restrictions

to the actions of individuals. Moreover, 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 sooner or later. 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 possible for human beings, that is, to strive after perfection. This, in turn, is acting in line with human nature. In fact, aiming at fundamental values in some sphere is, as a rule, associated with profound satisfaction; Aristotle even speaks of felicity. 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 about a specific sphere*, that is, of *Good and Bad*.

*Hence, following the Biblical account, specifically the Pentateuch, the first breakthrough realised by Man was the breakthrough to Goodness, that is, the problem of Good and Bad. This was to be followed by a second breakthrough, the breakthrough to Beauty, which reached perfection in the great civilisations of the Bronze Age, in Egypt and in Mesopotamia for instance. And, as has been suggested already and will be insisted upon below, Karl Jasper's Achsenzeit represents the breakthrough to the problem of Truth.*

Man's becoming conscious of his surroundings, and, subsequently, about himself, 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 *Beauty*, as the cave paintings of paleolithic man

attest (see, for example, Cameron 1993, p. 25). The mythical-magical world started to reach perfection, primarily in the domain of Beauty, but, probably, also in the realm of Goodness, with the Agricultural Revolution, which initiated Gellner's (1988) *Agraria*. Near perfection, or at least very high levels, was reached through the Great Civilisations of the Bronze Age in the Middle East and the Eastern Mediterranean area, in India and China (from roughly 4000 to 800 B.C.). Beauty found expression in monumental architecture and sculptures, Goodness was articulated through legal prescriptions, the Ten Commandments and the Code of Hammurabi being eminent instances. 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 Loix*. Probably, adaptation to varying natural circumstances is of crucial importance for plants and animals.

The fourth force explaining historical situations and historical 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.), in fact, *first* "axial age", as will be argued below. 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 [*first*] *axial age* that civilisations become *fundamentally* diverse, where East and West emerged (see on this Haas (1956), but also Goody (1996) and Clarke 1997).

*The notion of differing value systems suggested above does not, of course, imply denying the existence of objectively given fundamental values, Goodness, Beauty and Truth to wit. Value systems differ in various civilisations because the fundamental values are pursued in different spheres and realised in different ways, or by different means.*

It seems likely that the third force, conscious adaptation to the natural environment, most importantly, perhaps, climatic differences, gradually becomes more important the further one goes back in time; consciousness of human being has certainly existed for thousands,

eventually for millions of years. On the other hand *diversification*, associated to the strong drive to becoming *unique*, becomes more and more important during and since *[first] axial age*. Let us state here that diversification and 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 peoples and civilisations of the entire globe may unfold on the basis of diversification, through mutual enrichment in fact. However, materialistic standardization, as we experience it under oligopolistic and global Capitalism, is a tremendous threat to humanity. This form of Capitalism tends bring about Marcuse's one-dimensional Man, who tends to consider profit and utility maximisation as ultimate aims - the existence of one-dimensional masses does, of course, not exclude a refined cultural life of a few. A mass consumption civilisation gradually emerges, deifying economic growth and luxury consumption, and everything is valued in money and is for sale. 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 on 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 declining and agonising 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 science and 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 through the striving after perfection in all spheres of individual and social life.

### Further remarks on method: some notes on the social surplus

The concepts put to use in this essay emerge from the vision of man and of society suggested in the above. We have postulated that human nature, including the basic constitution of society, is always the same everywhere. This implies that unchanging principles exist which

hold at any time and in all places. In the socio-economic sphere the prime example is the surplus principle. The surplus over socially necessary wages (socially necessary consumption) and its distribution is a social and political process always and everywhere; in alienated situations, characterised by mass unemployment and social unrest, *social and political power* will be crucial for regulating distribution; in normal and orderly situations, with social conflicts largely absent, *social ethics*, distributive justice to wit, may shape distribution. However, while the surplus principle is invariable, its realisations are contingent: the production, extraction, distribution and use of the social surplus (G. C. Harcourt) may take on very different forms in space and time and may, as such, be continuously evolving.

Or, to speak of the *immanent* unfolding or development of a civilization does, of course, 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 perhaps 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 *interactions* 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. Again, a specific or particular way of development goes along with the existence of invariable principles regulating human action or the functioning of societies.

Hence this chapter is about the *fundamental importance of the social surplus*, which links the socio-economic basis and the socio-political and cultural-religious spheres. Here, the very simple idea, that all social and political, cultural and religious activities require a material basis, is put to the fore; as a consequence, the economic factor necessarily has a far-reaching influence on the social, political, cultural and religious domain; the influence of the economy on these spheres of human activity has steadily increased since the Great Transformation and seems to have reached a climax by the end of the 20th and the beginning of the 21st century. Variations of this idea have been put to the fore by many great authors, Montesquieu for example. We think, however, that the materialist method, has been most systematical and most fruitfully put to work by Karl Marx, a point also made by Max Weber, who was by no means a Marxist. However, as is also the case with other great authors, Aristotle and Keynes



for example, we do not apply Marx dogmatically here, but use his work as a starting point for some considerations on the surplus principle and its implications.

In the following three sections some methodological issues are briefly dealt with. First, the fundamental importance of the surplus principle for linking political economy and history is set out. Second, the methodological importance of political economy for historical investigations since the Great Transformation is put to the fore. This leads, third, on to make some remarks on a very simple and most useful conceptual scheme connecting the material basis (the economy) and the social-political and cultural-religious superstructure; obviously, to have a system of political economy picturing how the material basis or the economy functions is of the greatest importance here.

### *The importance of the surplus principle*

The *surplus principle* as is put to use in political economy is of particular importance in this essay. This principle is the fundamental concept not only in Classical (Ricardian-Marxian) political economy, but also in Classical-Keynesian political economy (Bortis 1997/2006, ch. 3, specifically pp. 89-103). However, the surplus principle is also of crucial importance for historians (see on this Bortis 1997/2006, pp. 103-30).

The starting point to understand the significance of the surplus principle is the economy, seen as the *material basis* of a society. At the core of an economy is the social process of production, which had been very simple in traditional agrarian societies and which became of immense complexity in modern industrial societies. The result of social production is the social product. If the socially necessary consumption – equal to the socially necessary wages - is deduced from the social product, the *social surplus* obtains. The social surplus is at the free disposal of society and enables a society to build up and to maintain a social, political, legal, cultural, and religious superstructure. In principle, then, the problem is how the social surplus is produced, extracted, distributed and used (G.C. Harcourt). In all these interrelated processes social and political power relations and considerations of socio-economic and political ethics related to distributive justice evidently play a crucial role. In fact, there is always and everywhere a mixture of power and ethics governing the production, extraction, distribution and use of the social surplus.

This is the content of the surplus principle, which is generally valid. Now, as any principle, the surplus principle may be realised in very different forms. The particular form taken on by the surplus principle, specifically the *use* of the surplus characterises a society, for example a

feudal, capitalist or a socialist society. Moreover, the social surplus will be used differently in a peaceful, rather than in a society, aggressive towards the outside world, or in a society, in which materialistic values dominate over cultural values. In way, then, the use of the surplus characterises a society. Hence to compare how the social surplus is produced, extracted, distributed and used in different societies, and how these processes evolve in time is a most fascinating object of research for social and political scientists, including of course historians. Given the crucial importance of the surplus principle the classical political economists did not speak of economics but of political economy (Bortis 1997/2006, pp. 76-78). In fact, since the process of production of the social product is *essentially* a social process, the production, extraction, distribution and use of the surplus are, fundamentally, socio-political issues, too.

### *Political economy as the key social and political science*

While the surplus principle is most useful to deal with the whole of world history, (classical-Keynesian) political economy is the *key* social and political science required to deal with modern world history as has set in with Karl Polanyi's *Great Transformation* which took place in the second half of the eighteenth century. As such, political economy may be considered the *heart* of the social and political sciences, history, the humanities in a wider sense, and even theology. Indeed, without understanding how modern monetary production economies function it is impossible to pursue appropriate policies, in the economic, legal, social and cultural domains. This implies that the making of laws is also directly shaped by the functioning of the economy; for example, the way in which unemployment payments are institutionalised depends on whether involuntary unemployment is considered possible or not. The premises underlying political economy are shaped by the theorist's vision of man and of society, which, if analytically articulated, becomes a social and philosophy. And more fundamentally, visions and the social philosophies have theological roots. For example, Liberalism and the associated neoclassical economic theory are rooted in Protestantism, whilst Social Liberalism and Classical-Keynesian political economy rest on Catholicism. In a way, Theology deals with the Supranatural, which, of course includes the supranatural dimension inherent in Man.

However, political economy is the key social science of Modernity only as far as *method* is concerned. Regarding the *content* and the *values* associated to the respective contents, all other social and political sciences, as well as the Humanities, are ranking higher than political economy. The most eminent social and political science is, in an Aristotelian vein, *Politics*,

which, relying on political economy, law and sociology, and on social and political ethics, starts from given, possibly more or less alienated societies, to aim at establishing the good society as far as this is possible for fallible human beings. The sciences of law deal with the positive and the normative dimension of the legal set up of a society; political economy investigates the economic aspects of a political society: the problems of value, distribution, employment and money, most importantly; sociology tackles positive and normative issues related to the social structure of a polity. Philosophy and the fine arts deal with the results of the cultural activities of Man associated to values towering above the values linked to the social and political sciences.

The foundations of the system of social and political sciences, and of the humanities, philosophy and the fine arts to wit, are made up, first, of anthropology and social and political philosophy, dealing with the nature of man and of society; second, there are individual ethics and social and political ethics, inquiring about the good life and the good society. These fundamental considerations on human nature inevitably lead on to the supranatural dimension inherent to man as a social and political being, that is, theology. Quite evidently, theology deals with the highest values, for example the sense of life, and, as such, ranks higher than anthropology, dealing with the nature of Man, and individual ethics, the object of which is the good life; theology also towers above social and political philosophy, which is concerned with the nature of society, and social and political ethics, treating with the good society. Finally, in the course of history the fundamental forces pictured by the various sciences, the striving for power, socio-economic determinism in the modern era, and the striving for the fundamental values of Goodness, Beauty and Truth in all spheres of reality, are implemented in most various ways, and scientific history attempts to come to grips with the development in time of facts and ideas. As such History emerges as the universal science dealing with the origins, the path in time and the destiny of Humanity.

In this perspective, political economy emerges as a serving science, providing the clue on how legal, social and political problems are to be tackled. This corresponds to the ancillary nature of the economy in society. Indeed, the economy may be considered the material basis of society and the state, producing the social surplus, which, in turn, provides the material means to erect a social, legal, political, and cultural superstructure upon the material basis. This way of looking at socio-economic and political phenomena is, of course, Karl Marx's. Indeed, in so far as method is concerned, Karl Marx may be considered the founding father of the social and political sciences. Marx's *materialistic method* to carry out socio-economic and political investigations has been and is considered immensely fruitful by a great number of social and

political scientists, many of whom are not Marxists at all if the *content* of their analyses is considered. Max Weber is a prominent example. And Marx's materialistic method may be easily linked to historical analyses. This implies combining socio-economic and political theory, above all political economy, on the one hand, and history on the other (Bortis 1997/2006, pp. 118-30). In this essay, too, Marx's *method*, consisting in a combination of political economy and of history, is put to the fore. Since the Great Transformation this shows up most forcefully in the determinism exercised by the functioning of monetary production economies upon the social, political, legal, cultural spheres. Socio-economic determinism may even alienation in the material basis of a society, involuntary mass unemployment and a very unequal distribution of incomes and wealth most importantly, may lead on to greatly alienated social superstructure; the of alienation is of course shaped by non-economic concepts; for example, the notion of *race*, and its implications, played a fundamental role National Socialist Germany.

*The use of the surplus and the interaction between the economy and the social-political and cultural-religious sphere*

This section we make some casual remarks about the interaction between the economy, the material basis of a society, and the social-political and cultural-religious superstructure. The economy, the social process of production, produces the social surplus, which provides the material foundations to build up the superstructure, for example, university buildings, opera houses, museums, buildings for the government and the state administration, and football stadiums. Hence, as suggested above, the social surplus links the material basis and the institutional superstructure. We may recall here that the production, extraction, distribution and use of the surplus characterises societies, allowing us to compare regions, countries and civilisations as well as to undertake most diverse historical investigations. The methodologically material basis / superstructure scheme was elaborated by the classical political economists, including Marx, who put it in a very wide context of sociology and politics as well as philosophy and history. This scheme and the interaction of basis and superstructure is an implicit methodological device put to use in various forms throughout this essay. In doing so we take the classical and Marx as a starting point for further thinking and do not follow them dogmatically. For example, we consider Marx the greatest political economist of the 19th century who most deeply understood Capitalism; nevertheless, we would not agree with some of his theses, for instance, his law of the falling rate of profits or that a socialist revolution would first occur in the most advanced capitalist countries. In any

case, to work properly with the material basis / superstructure scheme a solid theory on the functioning of the material basis or the economy is required. In this essay we argue that classical-Keynesian political economy (Bortis 1997/2006 and 2003a) seems most appropriate to understand the way in which modern monetary production economies work; however, this system of political economy may also be of some use to understand pre-modern economies through the notions of the external and the internal development mechanism for example (Bortis 1997, 2006 and 2003b).

To illustrate the possibilities of the material basis / superstructure scheme, we start from Jacob Burckhardt's *Weltgeschichtliche Betrachtungen* (Burckhardt 1978 / 1905). Burckhardt mentions three great powers (*Potenzen*) shaping each other mutually: the state, religion and culture. Given this, Burckhardt's considerations on World History are entirely located in the political, cultural and religious superstructure. It would seem that, in a normative perspective, state and religion stand, in Burckhardt's vision, in the service of culture. In a way, the sense of history is to be found in the highest achievements in the arts, as have, for instance, been realised in antique Greece and Rome and in the course of the Italian Renaissance (see Burckhardt 1978 / 1905, pp. 283ff., Nachwort by Rudolf Marx). Burckhardt's view is broadly in line with Keynes's and Dostojewski's. For Maynard Keynes, *beauty* and *friendship* are the prime values to be aimed at, and Dostojewski once said that the world would be saved by *beauty*.

Burckhardt's vision is evidently elitist and so are Keynes's and Dostojewski's. Moreover, Burckhardt entirely abstracts from the socio-economic basis, which produces the surplus required to bring about top achievements in the arts. For example, one may ask the question about the socio-economic conditions, which enabled the extraction and specific use of the surplus.

The approach taken in this essay is much broader. In a society organised according to human nature the social purpose would be to pursue the fundamental values of Goodness, Beauty and Truth in all domains and on all levels. We have termed the general striving for perfection a fundamental driving force in history. To give instances, this may mean to bring about the good state, with involuntary unemployment eliminated and income distribution socially acceptable. Within a well-organised polity, the social individuals would not meet socio-economic restrictions, involuntary unemployment in the main, in their attempt to realise the good life, that is, to prosper through good work, manual, intellectual and spiritual. It is likely that the arts would flourish in a largely unalienated society. However, to bring about a good society it is not sufficient to largely eliminate alienation from the material basis. An

appropriate education system, on which some suggestions will be made later, is certainly essential for a well-functioning society.

The material basis / superstructure scheme can be put to use to deal with a specific and very important type of alienation, that is, alienation as Marx sketched it in his entire work. Indeed, alienation in the economic sphere, brought about by mass unemployment and a very unequal distribution of incomes, causes alienation in the superstructure, that is, in the political, legal, social, intellectual and even religious sphere. The political sphere may get subdued to smaller or larger part to economic interests; in the legal sphere, mass unemployment and a very unequal distribution of incomes, may lead on to increase in criminal activities and to drug and alcohol abuse, requiring a law and order state; with large involuntary unemployment, social institutions, even the family, are heavily damaged by growing individualism and the mobility required by economic life, in many instances associated to the struggle for sheer survival. In the intellectual sphere, alienation shows up in the growth of ideologies in the service of the economically dominating large enterprises in production and finance; the still towering position of neoclassical-Walrasian economics, in spite of its failure to come grips with heavy crises and involuntary mass unemployment, is excellent example of an ideology maintained, as is very likely, by economic interest groups. In the 19th century, religion has been misused in many instances; given the dreadful earthly existence of the working class in the early stages of industrialisation, religion became a promise for a happy heavenly life; religion thus became alienated and Marx, very aptly, spoke of the opium of the people.

Marxian alienation running from the material basis to the social-political and cultural-religious superstructure has become crucially important since the Great Transformation. In the following we make some remarks on the wider implications of the use of the surplus and the way in which the material basis and the superstructure interact as are relevant for this essay.

The use of the social surplus is crucial as to the values dominating in a society. Indeed, the surplus may be used in relation to material values in the widest sense of the term, for example luxury consumption, or in relation to the fundamental values *goodness*, *beauty* and *truth* in some form, for instance, setting up an appropriate legal system, an education system in line with human nature, providing the basis for cultural activities.

The use of the surplus may be linked with two fundamentally different visions of the world and world history, that is, as are *evolutionism* and *creationism*. Evolutionism is associated to ‘enlightenment – liberalism – self-regulating markets’; socialism represents a reaction to liberalism; both liberalism and socialism represents secular strands of humanism. Creationism

associated to ‘Catholicism – social liberalism – no self-regulation of markets, but with employment and incomes policies’. As has been suggested already, *evolutionism* denies the existence of an invariable human nature and, consequently, also *denies alienation*. *Creationism* precisely postulates an invariable human nature and the *existence of alienation*. Evolutionism and Creationism are associated with entirely different views on ethics. Evolutionism is associated with the great secular doctrines that have emerged from Enlightenment, Liberalism and Socialism. Both are necessarily associated to an ethic of consequence since there is no invariable human nature, hence no natural laws. In the liberal view human beings aim maximising utility in a wider sense; the socialist doctrine would advocate social utility maximisation. However, with Catholicism, goodness is objectively given and anchored in human nature, and so is system-caused alienation; given this, ethics is based on principles emanating from natural law. This is by no means obsolete. Indeed, “Keynes’s rational ethics . . . is an ethics of motives rather than consequences. It is similar to the doctrine of *Natural Law*, *the traditional philosophy* [our emphasis] which advocated the performance of duty, which understood rational action as being correlative with the virtues, the major way in which, the medievals believed, reason could be expressed in an uncertain world“ (Fitzgibbons 1988, p. 37). This confirms, once again, our claim that Keynes’s Social Liberalism is essentially the social doctrine of Catholicism.

In this part on the *Philosophy of History* the stage has now been prepared to present the books commented on here. In the next two chapters the works by Hobson and Mitterauer are presented. Three additional chapters put these books in a wider European and World 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. At this stage Jaspers and Haas enter the scene, Jaspers on *Achsenzeit ([first] axial age)* and Haas on the *profound differences between East and West*.

Given this, the eight subsequent chapters are closely related to the theory of history. However, philosophical elements are scattered onto the field of theory. And both philosophy and theory are shaped by the Creationist vision underlying the essay. Positive theory of history goes on with the next two chapters: *Attempts to master the effects of the Great Transformation* and *Assessing and evaluating Globalisation*. To these ten chapters on positive theory follow two chapters on normative theory, relating to *the natural order within states* and *on the natural world order*. In the chapter on *Concluding Remarks* the theory of history dominates in the first section, where a more complete structure of history is presented. The remaining four

sections of this chapter are predominantly philosophical. The chapter on *ways ahead* is, in fact, a policy chapter, which is complemented by a philosophical chapter setting forth the *philosophical underpinnings of the Second Great Transformation*. And the two concluding chapters are also of a philosophical nature.



## Theory and Philosophy of History

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

John Hobson's remarkable book on the interaction between Europe and Asia after the fall of the West Roman Empire "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 [broadly following up 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 over many centuries does not exclude that an *immanent* process of change and development took place in the West as is pictured by Mitterauer's European *Sonderweg*. In fact, in analogy to Greece taking up Middle Eastern ideas and creatively developing them to bring about the breakthrough to Truth in a particularly fruitful way in the course of first axial age (Martin Bernal and Walter Burkert), Europe took up Eastern ideas and appropriated Eastern resources to reinforce immanent factors at work to achieve the breakthrough to Modernity (John A. Hobson).

Indeed, to begin with Hobson draws, precisely, attention to this largely neglected but, in fact, very important point. He mentions 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 just alluded to:

‘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 millennium. 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 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, both Karl Marx and Max Weber could be termed heuristic Eurocentrists. This notion has been defined in the second chapter above – Problem and plan. Weber’s heuristic Eurocentrism rests on the specific way of development taken by Europe, Marx’s upon the determinism exercised by the capitalist system leading on to cumulatively growing differences in technology and wealth. Normative Eurocentrics, that is, the claim that Europe is intrinsically superior, is based on, or at least strongly associated with, racial evolutionism. This notion has been criticised above in the section on “the same human nature and differences between civilisations”.*

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 on this specific point. 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. In analogy, it may be argued, in line with Marx, 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; this is precisely what happened to China in the course of the nineteenth century. This fact, and, as just suggested, the inexorable determinism exercised by the capitalist system, first systematically and very clearly perceived by Marx, explains his seemingly eurocentric stance. Moreover, due to specific socio-economic and political conditions, capitalism could not have come into being in the East. However, we shall argue below, partly in line with Hobson, that this does not imply any superiority of the West.*

“[Indeed,] 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). Hobson (2004), but also Mitterauer (2003) and Seitz (2003) all substantially modify this statement by Marx.

“In Europe [, however, always according to Marx,] the state did not stand above society but was fundamentally embedded within, and cooperated with, the dominant economic class” (Hobson 2004, p. 13), specifically with the mercantile and industrial capitalists from about 1500 onwards. There is certainly considerable truth in this proposition. However, the

relationship between state and society/economy has changed in the course of time: in mercantilist-absolutist times, broadly from 1500 to 1700-50, there was a domination of the state over society and the economy, with the economy standing in the service of the state. This relationship was gradually reversed with the ascent and the domination of Liberalism, from around 1750-1800 onwards, with the state becoming ancillary to the economy (Heckscher, *Der Merkantilismus*, 1932/1930).

Marx's remarks on the close and specific relationship between state and economy/society are very important. This issue will be taken up in connection with Mitterauer's (2003) European *Sonderweg*. Again, it will be argued, in line with Mitterauer, that Europe was different from Asia, but not superior.

“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). On the whole, Hobson is certainly right in arguing that Marx was Eurocentric, though, in our view, on the heuristic level; he probably did not exclude social change and subsequent capitalist development in Asia in the very long run, with Asian workers joining the *Worker's International* one day. However, sometimes, Marx may get near to normative Eurocentrism, which went almost without saying after the Great Transformation during the whole of the 19th century, and far into the 20th century. Marx's vision was also shaped by 19th century *Zeitgeist!*

However, “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”(Hobson 2004, pp. 14-15).

*As suggested in the chapter “Problem and plan” above, Max Weber’s “Eurocentrism” was probably heuristic, denoting the particularity of Europe, without claiming superiority. This appears quite clearly from his “Die protestantische Ethik und der Geist des Kapitalismus” which does not always present a favourable picture of the association of protestant ethics and the capitalist spirit (Weber 1988/1920, for example, pp. 202-06). However, as has been suggested already, normative Eurocentrism, claiming that Europe is unique and superior, was pervasive in 19th century Europe, and far beyond, and it would be normal if Max Weber had adopted it to some degree.*

Two points 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 an individualistic view of society. Individuals become active in the various spheres, economic, social, political, cultural, with their rational actions being coordinated by some mechanism, most importantly supply and demand in the economic sphere. In a way the market gradually invades all the other spheres, with everything becoming a commodity (Marx). Basic to this vision is the notion 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 is basic to the system of Adam Smith and to neoclassical economic theory. Indeed, the basic neoclassical model, Walras’s general equilibrium theory, pictures how a competitive liberal economic system would function *in principle*, and implies that the price mechanism brings about an optimal allocation of resources; this includes full employment of all resources, labour most importantly. 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 pricing, 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, may, directly or indirectly, *effectively* 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, perhaps most importantly technical high schools and apprenticeships in view of securing high quality production, conquered a privileged position for Switzerland in the world economy. Or British economic development has been brought about by an aristocratic/bourgeois elite relying on political and military power (the British navy) to establish British domination 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 (Cain and Hopkins 1993). 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 and satisfactorily in the 1920s, this in spite of a very difficult post-war situation. Thus, the possibility of a rational, democratic way of governing rests on a successful economy. If economies are not self-regulating, economic success is brought about through conquering a strong position in the world economy, mainly through exporting high quality industrial products and services. Hence, as a rule, it is not democracy and economic liberty, a free market economy, which produce economic development, and, finally, a flourishing economy. Rather, parliamentary democracy and a free market economy, and economic development are rendered possible through a favourable economic situation, whereby some kind of imperialism - economic, political, or even military -, and also protectionism may have played an important role in bringing about a strong economy; at this stage, it should be recalled that the United States were extremely protectionist in a crucial economic development period, broadly from the early 1860s to 1914. All this broadly coincides with Hobson's view. He indeed states that Eurocentrists "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" (p. 295).

This is of course not to argue that democracy is not the desirable, even the natural way of government. However, as alluded to repeatedly in this essay, if economies are not self-

regulating, a specific type of democracy is required: the government should stand above the parties and aim at setting up and encourage the coming into being of an institutional system which maximises the scope of freedom for the citizens, while at the same time establishing socio-economic foundations – full employment, fair distribution, and social security - such that the social individuals may prosper, unfold their dispositions and broaden their capacities. In the absence of self-regulation, the great economic problems, full employment and distribution of income most importantly, become problems of political economy requiring the co-operation between the state, on the one hand, and the economy and society, on the other. And, crucially important, a very solid economic theory is required if sensible socio-economic policies are to be pursued. An elaboration of Keynes's economic theory, Classical-Keynesian Political Economy to wit, seems a most appropriate policy foundation for monetary production economies (Bortis 1997/2006 and 2003a).

“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 indeed a forceful way of stating the essence of heuristic Eurocentrism, emphasising different social arrangements in East and West. Here, Max Weber's crucially important notion of the ‘social balance of power’ – echoed by J.K. Galbraith's ‘countervailing power’ - in fact implies that, on the background of a self-regulating economy, an equilibrium may also come into being in the social and political sphere. Hence, if there were sufficient competition, the

self-regulating market would not only bring about a tendency towards a market equilibrium, but also create the preconditions for a social and political equilibrium. The social equilibrium would, in principle, come into being through free flows of information, tolerance and non-discrimination, the political equilibrium through free elections. This is a powerful argument which, explains why the West has been propagating, and still is propagating ‘liberty, competitive free-markets and democracy’, and with particular intensity in this neoliberal age.

*It has already been alluded to what happens if markets are not self-regulating: Cumulative processes leading economies away from an imaginary equilibrium may set in, most importantly, involuntary unemployment and unequal income distribution may mutually reinforce each other; as a consequence, the sea of poverty and misery grows larger while, simultaneously, islands of immense wealth and luxury consumption expand. On account of economies of scale wealth differences between countries and large regions may also grow. Moreover, the market invades all spheres, even the state and education. With ferocious competition and struggles for economic, social and political position, even struggles for survival dominating, little or nothing can be done for the environment. In a way, social disaster is already there, and environmental disaster seems inevitable, if a fundamentally different approach in political economy and in politics in general is not implemented. Indeed, it will be suggested repeatedly, that Keynes’s Social Liberalism as set forth in Bortis (1997/2006, 2003a) seems the only way out.*

However, *normative* Eurocentrism is still very solidly established, in theory and in practice. Given this, 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, p. 20). 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 inevitable 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, frequently, an ideological 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 sets out his really impressive 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 (chapter 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).

In chapter 4 Hobson 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 European 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 medieval 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. Moreover, it would have to be taken into account that Christian Europe reacted, as would seem normal, against powerful Arab (Islamic) expansion. However, tragic excesses happened, above all at the end of the First Crusade “the massacre of Jerusalem profoundly impressed all the world” (Runciman 1992, p. 188). Finally, in this context, Mitterauer (2003) and Barbero (2004) very convincingly argue 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. This particular way was crucially shaped by

Christian values, profound faith, and the striving after perfection in the spheres of goodness, beauty and truth in all domains, and, very importantly, the promotion of the individual on the basis of performance, initiated by the Roman Church. Again, excesses cannot be denied. The Church became involved in power politics at times; this included the persecution of heretics, which was associated with exerting coercion over the minds. However, it has been mentioned in the section on *the driving forces in history* above that *the striving after perfection* and *the struggle for power* were always there in varying proportions in the course of – alienated - history.

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 regarding the clock, the most complex mechanical device existing at the time: “The greatest challenge in making a clock lay with the escapement mechanism (a device which regulates the movements of the shafts and dials 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 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). Here might have an explanation why in Western Europe, and in French-speaking Switzerland in particular, fabulous watches could be made and astonishing mechanical devices could be built, some of which are exhibited in the *Musée International d'Horlogerie* at La Chaux-de-Fonds (Switzerland).

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), a point already mentioned quite extensively in the above. 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 normative Eurocentrists. In fact, normative Eurocentrism is based upon an ideologically dominated reconstruction of history, telling a story of pure immanence, which, as Hobson rightly argues, does not square with the facts.

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 (fortuitous accident or good fortune), for example “that the Spanish stumbled

upon the Americas where gold and 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 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 immanence 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 Europeans 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. Once again, this is not to deny the crucial contribution of the East to Western development. However, Europe, the Laboratory of World History, *on account of immanent processes* going on precisely in Europe, was able to benefit from and to appropriate Eastern resources.

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). On this pertinent statement one cannot but fully agree.

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 and Africa 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-technological and political-military 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 civilisation 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 way in which Europe and Asia have reacted at impacts 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, heuristic and normative 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 predominantly heuristic Eurocentric view the breakthrough to Modernity has its origins in Humanism and Renaissance, the gradual coming into being of Modern Science, Protestantism, 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, without claiming any European superiority. In fact, while Mitterauer's book is essentially on the

European *Sonderweg*, it is also an exercise in *comparative civilisation* (on this see the last section of the chapter on *concluding remarks*). However, in contradistinction 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, possibly of Germanic origin, involving local self-government and participation at the government of the Empire. In fact, Christianity united and shaped the Graeco-Roman and the Germanic elements. 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; at best one could speak of heuristic 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 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).

*In this essay, we argue that parliamentism and democracy are typically elements of government of the winners of the economic development process, which set in after the Great Transformation (1750-1830). The winners may allow for a kind of democratic self-government because of a very good economic situation, brought about by exporting successfully for example. It will further be argued here that, since the economy is not self-regulating, the government should, as a rule, stand above the parties, governing should be for the people, and assessed and supervised by the Parliament.*

In addition to the constitution of Medieval Estates, 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.

*It may be plausibly argued that the crucial difference between Michael Mitterauer and Max Weber can be found, to say so, in the 'treatment' of Christianity. With Mitterauer Christianity is fundamentally important to European development, and the Middle Ages appear as an epoch of technical, economic and social change, and even progress. Max Weber, however, tends to consider the Middle Ages as a retarding factor, due to obscurantism and dogmatism – abolished by Enlightenment! – and technical and economic stagnation. Weber's view has*



*dominated until recently, and Mitterauer (2003) is certainly crucial in reassessing the significance of the Middle Ages.*

Let us now have a glance at the content of Mitterauer's book. 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 Europe on the way to Modernity. Each chapter deals mainly with European developments. Regarding specific topics, differences with 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 chapter. It may already be mentioned here that the firm hand of the Roman Church was crucial to overcome the chaos prevailing after the breakdown of the West Roman Empire through establishing the Carolingian Empire.

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 watermill. In Mitterauer's view, the watermill 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 watermill 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). Indeed, these generalised applications of the water mill certainly resulted in 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, and 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 in England.

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. Given this, the peasants, even if bondmen, could improve their economic situation through better work initiated by ‘private initiative’, to use this modern term. Thus, there was a crucial difference between the early medieval bondman and the slave of antiquity who had no interest at in improving his situation – a fact of the *highest*

importance for the economic development of Europe. The feudal lord held the other part of the feudal tenure (*terra salica, Salland, Herrenland*), 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 up 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, military in the main. Similarly, the *monasteries*, specifically Imperial Monasteries (*Reichsklöster*), played an equally important dynamic role. In a way, the monasteries represented agricultural and industrial 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; indeed, the Emperor and his court moved 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, out of large feudal tenures, increasingly centralised nation states – England, France, Spain - began to take shape, with the process of nation building accelerating after 1500. In this context, Mitterauer explicitly 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 laboratory, 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 nationalities 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. Once again two basic forces active in history, that is, the natural striving for Beauty in the main, and the alienated struggle for power are inextricably mixed up. Ranke's vertical and horizontal dimensions of history co-exist.*

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, 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 comes 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. Crucially, 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 assistance (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 ‘assisting his lord’ could imply heavy obligations, above all in times of war, or if large projects had to be realised, building castles for the lord, to give an instance. 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 interests 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 created in the Early Middle Ages, and subsequently elaborated. As in Mitterauer’s book in general, the argument is very carefully worked out. Starting with the origins, the coming into being and the development of each institution is minutely sketched. Comparisons between civilisations are made and the particularity of European developments is focused upon.

The Pope and universal orders in relation with the Medieval Church as a highly organised community is 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; however, the Church also participated 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 rule 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 a 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 had to be acquired or, or more appropriately, to be conquered. This was rendered possible by the European *Sonderweg*, of which the first part has been pictured by Mitterauer, the second part 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 counsellors of Charlemagne were high-ranking ecclesiastical dignitaries led by Alcuin this broadly corresponds to the Christian idea of governing in view of approximately realising 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 goods 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 of 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, artisans and merchants to wit; 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 world history. Europe already was and continued to be the Laboratory of World History.

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 Emperors did not manage to break the power of the feudal lords, also because of their imperial policies in Italy, which used a great deal of political energy; in a way, the German Emperors neglected domestic affairs; given this, 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, with foreign interference greatly adding to the appalling devastations. This war and her geographical situation were the main factors causing Germany’s economic backwardness under feudal conditions until the beginning of the 19th century; however, following up the Stein-Hardenberg Reforms from 1807 onwards, Prussia



and Germany became, in the course of the second half of the 19th 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. It turned out to be of crucial importance for the Breakthrough to Modernity that the Huguenots, France's economic elite, were 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 grew rapidly in importance. However, the merchant was still the steward of the Kingdom's stock (Thomas Mun), implying that the economy was ancillary to the state. The gradual merging of the Bourgeoisie with the 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 and the ethical and, consequently, 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 on the basis of imperialism, colonialism and political-military domination, crisis-ridden, but nevertheless triumphantly, leading up through two terrifying World Wars and the ultimate destruction of the Socialist rival system, to the neoliberal Globalisation movement of the day.

However, a great number of eminent political economists, Maynard Keynes in particular, have argued that modern capitalist economies are not self-regulating at all, hence not viable in the long run, and that (Soviet War) Socialism, associated with central planning, was, equally, not viable in the long run, above all in peace-times. Given this, it has been argued (for example, in Bortis 1997/2006 and 2003a) that a social liberal alternative is strongly 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: the social individual and his liberty are all-important; however, the individual can only prosper, that is unfold his dispositions and broaden his capacities, on and through a social-cum-institutional basis, with full employment, a fair distribution of incomes, and an education system in line with human nature being of primary importance.

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, forming the background of medieval political ethics, specifically within the framework of the Holy Roman Empire. 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 wars 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 in the widest sense) and the Protestant (liberal) vision of society and man became ideals hovering far above contradictory and alienated 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.) prepared and produced the breakthrough to Modernity, first in Europe and, subsequently, all over the world. Basically, this breakthrough occurred in science and technology, and in the economy, and raised a new challenge: 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. A – strong - supra-party government is a central characteristic of this doctrine, and also implies a natural world order, the world as a family of co-operating states, possibly structured through historical-geographical regions and federations.

One might reasonably argue that the second *axial age* (800 – 2000 A.C.) should be divided into two subperiods, linked by a crucial *focal period* 1750-1830, the period of Karl Polanyi's Great Transformation, in which the English Industrial Revolution and the French Political Revolution took place. From the establishment of the Carolingian Empire (around 800) up to the Industrial Revolution and the French Revolution (around 1750) the second *axial age* was predominantly a European matter, *preparing* the Great Transformation. From approximately 1830 onwards the entire globe was more and more involved into the turmoil of dramatic change going on ever faster, reflecting the *effects* of the Great Transformation. Indeed historical developments accelerated in what could be called *World Axial Age* (around 1830 – 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; on account of the present (2008) financial

crisis, the highest priority is indeed required; the environmental situation makes the need for fundamental change even more pressing.

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 Oriental Globalisation 500-1800, with Europe benefiting from Asian resource portfolios through diffusion and assimilation as well as through imperialist appropriation to prepare the breakthrough to Modernity. Breaking new ground, Mitterauer shows how modern European social and political institutions grew out of Carolingian foundations. The – normative - 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 this argument, and set it out more systematically.

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* elaborated this heritage (Burkert 2003), the whole intellectual development process 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 (even uniqueness as Max Weber would say, but not superiority) 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, and one should add, without being crushed by her.

Indeed, no Asian power ever conquered Europe: The Persians were overcome by Athens (around 500 B.C.), the Romans finally vanquished Carthage in the three Punic Wars (264-146 B.C.), the Huns under Attila were defeated by Aetius on the Catalaunic Fields (451), the Franks under Karl Martell stopped the Arabs at Poitiers (732), the Magyars were contained by the Germans around the middle of the 10th century (*Lechfeld, 955*) and were 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).

*The victorious outcome in favour of Austria and, in fact, Europe of the battle at the Kahlenberg near Vienna in 1683 was brought about by the decisive intervention of the German-Polish armies led by Jan Sobieski III, King of Poland. The immense importance of this European victory is twofold. First, there is the religious aspect. Indeed, an Ottoman victory could have meant a decisive blow, perhaps even the deathblow for Western Christianity. Second, the importance of this battle is also political, social and economic. What was at stake was the particularity of Europe, in fact, her role as the Laboratory of World History. A European defeat might have implied that the English Industrial Revolution and the French Political Revolution would never have taken place. The Breakthrough to Modernity prepared in Europe since about 800 would have been aborted. Chance or Providence once again!*

*One may even go a step further. An Ottoman victory before Vienna in 1683 might have led to the destruction of Eastern Christianity, too. Indeed, Russia was still traditional and backward, since indeed, in 1683, the reforms of Peter the Great had not yet taken place. It is very likely that the relatively modern armies of the Ottoman Empire would have crushed the backward Russian militia quite easily. This is all the more likely, since Ottoman economic and military strength would have been greatly enhanced by the access to Western economic power and to the highly developed military technology of the West.*

Moreover, 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 their 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 and the *domaine bipartite* 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, as 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 Hanse towns and the Champagne fairs, the latter linking Northwestern Europe to Italy. The great discoveries enabled Europe to appropriate American and Asian resource portfolios from broadly 1500 onwards. It is at this stage that John M. Hobson (2004), which has been set forth above, enters the scene to capture ongoing Eastern dominance and interactions between East and West.

The time-period of mercantilism, from, broadly, the great discoveries around 1500 to the end of the Seven Years' War (1763) 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 able to potentially dominate 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 for military and administrative requirements of the nations in genesis (England, the Netherlands, France and Spain, 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 an increase in the quantity of money, consisting of precious metals at the time; as a consequence, interest rates tended to decline, investment increased, which, finally, resulted in an additional cumulative process of consumption demand. European wealth was further increased through trade, of spices for example, and the appropriation of overseas, also Eastern, resources.

*In this context, it ought to be mentioned that the flow of precious metals from Central and South America to Spain, and, subsequently, to all over Europe was perhaps most important. Carlo Cipolla estimates that, from, broadly, 1500 to 1800, about 82'000 tons of silver flew from Spanish America to Spain and Europe; presumably, a largely unknown quantity of gold would have to be added. These precious metals were basic for the expansion of European trade on a global level in the mercantilist era and, of course, also for European economic development in general.*

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 waterpower carried out different operations, for example 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 these 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 most importantly. But the energy problem was solved in 1769 only, 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, consequently, an abundant labour supply, related to a fear of unemployment, were presumably important factors for the destruction of watermills there. Hence, there was a machine-building tradition in Europe, and this brings us to the second point, a somewhat unexpected resistance against innovations in the 16 century, and beyond. The crucial point is, that, in mercantilist times, the time-period preceding the industrial revolution, *labour-saving innovations were frequently heavily resisted*, mainly from fear of unemployment, even in England.



*Probably, the most important reason for unemployment was the price revolution that had set in following up the inflow of precious metals, silver in the main, from Latin America after 1500. The strongly rising prices led to a more unequal income distribution, a declining purchasing power for large parts of the population and, thus, diminished effective demand. Given this, unemployment was bound to rise, in spite of increasing state expenditures due to the setting up of standing armies and of a state administration. The employment effect of state expenditures was, probably, offset, totally or in part, by a rising population.*

On resisting labour-saving innovations in mercantilist times, 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 France under the reign 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 be 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 presumably have added, as emerges from the exposition of Konrad Seitz set forth below. As is indeed 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-selfregulating* World Economic System and by 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 set out, very tentatively though, the causes that brought about the Industrial Revolution in England and to provide additional hints at 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 inside Europe since Carolingian times (Mitterauer 2003) and regarding the relations of Europe with the outside world, particularly the East (Hobson 2004), 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 fact, 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 neatly separate the single causes, and to precisely evaluate their importance, 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 economic-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 more and more the rationality of the individual; the problem was to increasingly master the world (society and the state), and nature, in a way as to enhance, 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 very strong drive 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) were perhaps most important and reinforced each other as Karl Marx, Max Weber and many others had clearly perceived. Progressively, the Europeans, the English in particular, started to dominate the world from 1815 to 1914 similarly to the Romans in the Mediterranean area. After the Second World War the world was dominated by the Soviet Union and the United States for about 40 years; and, after the breakdown of the Cold War equilibrium of forces, the United States attempted to become the world dominating superpower; very quickly, the US were constrained, however, by newly emerging powers, China in particular, India and, presently, Russia again.

*Perhaps, the year 2008, shaped by the events around Georgia and by the widening real and financial crisis in the West and globally, might herald a world historical turning point. The East might gain global pre-eminence at the expense of the West, who had increasingly and, finally, almost completely dominated the world in the last 500 years. To prevent this, a Eurasian power block with an axis Paris-Berlin-Warsaw-Moscow seems the only way out. [It will be suggested below that this axis should appropriately be extended to an axis Paris-Berlin-Warsaw-Moscow-Ulan Bator (and Karakorum)].*

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 embodied 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, all steadily enhancing their world-market position, the Western World, Western Europe and North America, in fact the entire World Economy, because of interdependencies, might collapse, similarly to the Roman Empire, if no fundamental change of direction is undertaken. Or, in an Orwellian vein, shifting alliances between powers and superpowers, might lead to a moving equilibrium, in between stalemate and disequilibrium, associated with a struggle for influence in the thinly

populated regions of Africa, the Middle East and Central Asia, richly endowed with raw materials and energy resources.

The *political* forces are those set forth by Mitterauer (2003): The European *Sonderweg* originates in the Carolingian Empire which laid, ideally, 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 through the *Glorious Revolution* in 1688.

It has already been alluded to that, for purely political reasons the bourgeoisie could not have taken power in France, where the Huguenots, France's economic elite, 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) led 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 his *Unbound Prometheus*, Landes (2003), chapter 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 substantially contributed to enhancing European knowledge (see also Hobson 2004). From Landes 2003 (chapter 2) and other accounts it seems to emerge, 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 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, in spite of the resistance of manufacturers and of the workers mentioned above. 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 became 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 emphasises 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 preconditions 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 was an irresistible consequence of the aggressive and outward directed capitalism which emerged from the core period of the *second axial age, approximately 1750-1830*.



*Second axial age extends from around 800 to 2000 A.C.), which first period, 800 to 1830 A.C., European axial age to wit, prepared and resulted in the breakthrough to Modernity. Second World axial age, 1830-2000, spread Modernity all over the world.*

Indeed, Britain was the dominating world power from 1763 to 1815, and dominated almost absolutely from 1815 to 1914, although Germany became an ever more serious rival from, broadly, 1890 onwards. However, Marx in the 19th century and Keynes in the 20th century perceived with incomparable insight, that the socio-economic-cum political system that had emerged from the Great Transformation, capitalism to wit, not only brought tremendous advantages, mainly the stupendous rise in labour productivity due to capital accumulation and technical progress, but was also associated with very great dangers: heavy crises, precarious conditions of numerous workers, massive involuntary unemployment, wars, specifically, the two World Wars, individualisation accompanied by the partial annihilation of social institutions, the family for example. The determinism exercised by the immensely complex socio-economic system of capitalism became all pervasive and irresistible. 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”(Nef 1963, p. 413).

*Incidentally, the Industrial Revolution could eventually 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. Today we realise that the Tower cannot be completed. In Goethe’s terms, the Faustian project cannot be realised, the Zauberlehrling has lost control over events, that is, deterministic capitalism. In fact, in times of profound crisis, real and financial forces overwhelm individuals similar to a tsunami devastating broad coastlines.*

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, above all with his postulate of self-regulation, 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, precisely because there is *no* self-regulating market mechanism; this also emerges from the classical-Keynesian argument set out in Bortis 1997/2006 and 2003a. We shall return to this issue, very briefly though, in connection with China in the chapter *Konrad Seitz: The sequence of events in China*. Before doing so some very brief remarks on the significance of the French and the Russian Revolutions are made.

### The importance of the Great Revolution in France 1789 and the significance of the Russian Revolution 1917

A great many alternative states of the world would have been possible if crucial events had not taken place, or if the outcome of important historical events had been different. However, ‘hanging-in-the-balance’ or ‘silk-thread’ elements - chance for the scientist, Providence for the believer - brought about precisely the present situation, characterised by the failure of Socialism, resulting from the Russian Revolution, and shaped by the glaring deficiencies of ultra-liberal Capitalism, as emerged subsequent to the French Revolution and, of course, to the English Industrial Revolution. This situation, if appropriately made use of, might enable Humanity to bring in the harvest of – hitherto alienated - history. More concretely, this would mean moving in the direction of a - *social liberal* - natural socio-economic and political state of affairs in which the social individuals of all societies would potentially be able to prosper.

*Let us state right here that the point is not whether the French and the Russian Revolution were desirable. Edmund Burke and, of course, the European monarchs were against the French Revolution. And almost everybody in the West abhorred and goes on to dislike the Russian Revolution and its effects. However, both Revolutions took place and the point here is to bring out their world historical significance.*

Indeed, without the French Revolution, the Breakthrough to Modernity would have been half-made only. The English Industrial Revolution established, in fact, the material basis of

Modernity. This process is usually called Industrialisation, a process resulting in *monetary production economies*. Given this, industrialisation brought the technological end of the agrarian age, dominated by agriculture, handicrafts, and trade. However, the process of Modernisation, which fundamentally changed the institutional superstructure of a society, was the result of the Great Revolution in France. The Bourgeoisie took economic, social and political power. Feudalism was literally wiped out; the King, Aristocracy and the Clergy were deposed. Enlightenment brought a new *Weltanschauung*: Science moved to the fore and Religion become private, and, gradually, did no longer shape society directly. While the English Industrial Revolution gradually brought about ever stronger links between the economy and the natural sciences, thus giving rise to dramatic technological progress, the French Political Revolution gave an immense impetus to the social and political sciences in the widest sense of the term. Alexis de Tocqueville required an entirely new system of social and political science, because, he argued, an entirely new epoch had come into being; he may be considered as one of the founders of modern Political Science; Montesquieu related Law with Sociology and Politics, and with the Natural Environment, and, specifically, coined the notion of the division of power into executive, legislative and judiciary; Auguste Comte founded Sociology, François Quesnay established the first system of Political Economy and Adam Smith may be considered the founding father of Economics. On the real side, the French Revolution brought about Capitalism in a pure form, devoid of any feudal remnants, as were still present in England. Roman Law came to dominate uncompromisingly, private property became nearly absolute and even sacred, yet almost devoid of any social dimension; State and Religion were sharply separated, the – largely isolated - individual moved more and more to the fore, with society and the social greatly reduced, even decaying in some instances. Human rights were emphasised in theory, though not always practically implemented, and, as a consequence, frequently remained formal.

It was, in fact, Napoleon who rendered the achievements of the French Revolution permanent, preventing through his conquests the annihilation of the results of the Revolution through the feudal powers of the continent, allied to still semi-bourgeois, in fact aristocratic-bourgeois, England, where Edmund Burke condemned the Revolution. Subsequently, the Napoleonic reign enabled French revolutionary ideas to spread all over Europe and to get implemented there. Incidentally, Napoleon was not only one of the greatest military leaders of all history, he was also a great lawyer. To be sure, the fall of Napoleon in 1815 was followed by the *Restoration*. However, 1848 and, definitely, 1918 brought the total triumph of the Bourgeoisie, immediately constrained, however, through a working class who had gained

strength during the First World War; and working class strength was greatly enhanced through the Communist takeover of power in Russia.

Indeed, almost at the same time when the triumph of the Bourgeoisie and of Capitalism seemed complete, Socialism came into being in 1917 in still semi-feudal Russia. This was in contradiction to Marx's view. Indeed, according to Marx, Socialism should come into being first in highly developed capitalist countries. Marx perhaps overlooked the possibility that advanced capitalist economies, though crisis-ridden, would form a group of aristocratic countries, with the socio-economic conditions being favourable enough to prevent a revolution.

The Russian Revolution was, in a first stage, more of a *coup d'état* rather than a revolution, which really occurred during the Civil War 1919-1921. Indeed, the German High Command promoted the 1917 October Revolution, which, as such, appears as a crucially important 'silk-thread' element directing the course of history in a specific direction. In fact, Socialism in one country, the Soviet Union, constituted a dialectical counterpart to Western Capitalism. The socialist Soviet Union grew indeed strong enough to withstand the attack of National Socialist, in fact, National Capitalist, Germany. After World War Two, the Eastern Socialist and the Western Capitalist block mutually balanced each other in the Cold War Equilibrium. Given this, the Russian October Revolution had a twofold world historical significance. First, it enabled to carry out the socialist experiment, complemented through the coming into being of Communist China in 1949, rendered possible only by a strong Soviet Union in the background; to be sure, both Soviet and Chinese socialism were heavily alienated and, as such, far away from *Marx's humanist Socialism*, given the fact that both come into being in most difficult domestic and international circumstances. Second, the existence of a strong socialist block prevented the worldwide triumph of Capitalism, which, perhaps, would have definitely impeded world history to move on to a higher socio-economic level as is now possible with Keynes's doctrine of *Social Liberalism* and the associated system of *Classical-Keynesian Political Economy*.

Indeed, after the breakdown of Socialism in Eastern Europe and in the Soviet Union and following up the breakup of the latter, the 21st century seemed, as Jacques Sapir (2008) notes, to become an American century. However, Sapir goes on to note that the economic and social disaster in Russia, culminating in the financial crisis of 1997-98, and the Asian and Latin American financial crises occurring simultaneously, resulted in a strong nationalist reaction. Russia recovered and China became an economic and political world power. Simultaneously, the United States experienced growing economic, financial and military difficulties, reflected

in the humanitarian disasters in Afghanistan and in Iraq. At present, the economic and financial difficulties of Capitalism seem to be steadily growing, reaching a climax in the 2008 crisis of the financial system.

Hence, as will be suggested below, in the course of modern history, two great answers have been provided to tackle the immense complexity of the modern world that resulted from the Great Transformation. Industrial Capitalism resulted from the English Industrial Revolution and was definitely shaped by the French Political Revolution. Socialism came into being through the Russian Revolution in the form of a completely planned War Economy. Capitalism now faces growing difficulties and centrally planned Socialism has failed.

The historical significance of the French and of the Russian Revolution now emerges. Both have enabled to carry out the Capitalist and the Socialist experiments, in an alienated form though, and the course of history has been such that neither Capitalism nor Socialism could achieve world dominance. This has led the movement of world history to the threshold of a new world order. The material and intellectual basis has indeed been laid to realise Keynes's doctrine of *Social Liberalism* on the basis of the corresponding system of Political Economy, Classical-Keynesian Political Economy to wit. It will be argued below that the small and medium-sized state will play a central role in this *natural* world order which, ideally, would constitute a family of nations structured through historical-geographical federations.

### 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 and now, again, from modern China in various respects, perhaps in the art of governing and certainly in conducting foreign relations.

*This is not to ignore the presence of a strong government in China in these days, practising rather tough methods of governing occasionally; incidentally, this is true also of many other developing and transition countries. Indeed, the country is now in a profound transition process from Socialism to Capitalism, and struggling to improve her position in the world economy. Moreover, China is contending for an important political position on a global level. In this alienated Orwellian world, national and international power relations are crucial and, given this, a strong government may simply be a necessity. Incidentally, all the successful industrial countries of the day developed under strong governments, which, at times, did not hesitate to apply drastic protectionist measures to protect nascent domestic industries, to give an example.*

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; there is, indeed, 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 Liujia 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 considered 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 seafaring 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 countries tributaries of China, would an industrial revolution eventually 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 monasteries, and castles in the High Middle Ages – and by 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 insufficiency 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 elites aimed at stabilising state and society. The respect of order should go together with reasonable prosperity. Merchants 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 impressing economic development above all under the Song Dynasty, Konrad Seitz mentions very favourably Joseph Needham who, aided by Chinese and Western collaborators, started publishing his great *Science and Civilisation in China* from 1954 onwards, 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 seafaring 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 *[first] axial age* in



shaping the great civilisations in East and West. In this context, Seitz notes that during *[first] 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 *[first] 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 became 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! This is also broadly in line with Keynes’s Social Liberalism. Indeed, Keynes had explicitly advocated that an intellectual *elite* ought, at least indirectly, to govern a country.

‘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 to 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 system 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). This is certainly true regarding the nature of the family – the Western family is entirely different from the Chinese family -, but not for tenure. 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. However, 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.

*Here we have a definite difference to Catholic-Thomistic doctrine, which postulates that the principles making up Good Life and the Good Society are both objectively given and anchored in human nature. To approximately realise these ideals requires permanent ethical efforts. Due to greater or less imperfections of human beings the Good Life and the Good Society, can, as a rule, never be realised perfectly, but to some degree of perfection only.*

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 government and people through the intermediation of the Parliament (see also Bortis 1997/2006, chapters 6 and 7).

In chapter 6 Seitz 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 1997/2006, 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 an economic and social burden, China was governed by a learned and performed 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 Platonic 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. ‘Through the example of Europe the worries of the Chinese Confucian elite became true: that an opening up 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 and political 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. Given this, China played a crucial role in the breakthrough to Modernity in Europe. China’s science and technology contributed to paving the way to the English Industrial Revolution (John Hobson), on the cultural and political level

she contributed, decisively perhaps, to shaping the ideas which brought about 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).

*In fact, to refuse trade was considered barbarian in industrialising Europe on account of Say's Law, which states each supply creates its own demand. Given this, general overproduction, implying involuntary unemployment was considered impossible. In this view, to refuse trade meant that work places were destroyed in the economies of both trading partners. Concretely, if China refuses to exchange silk or porcelain against English textiles or machines work places are destroyed in China and England. This proposition rests on the premisses of a self-regulating exchange economy. Given this, based on this theory of international trade, Western countries – the US and England in the main - forced Eastern countries, specifically Japan and China, to engage in trade relations with the West. Incidentally, this liberal argument is presently also advanced to promote Globalisation. In a monetary production economy, which is not self-regulating, things look entirely different. Exports may create work places, imports may destroy jobs; given this, foreign trade may be at the origin of growing differences in wealth and incomes between regions and countries – on this see Bortis 1997/2006, pp. 185-98.*

Subsequently, 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 they 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 industrial products presented at the Imperial Court was 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 chapter 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 (pp. 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 (p. 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 assets 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, p. 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, 2003a), then serious doubts about Seitz's optimism might arise, doubts which are in fact confirmed by the 2008 financial crisis, which is likely to be followed by a crisis in the real sector, showing up, in the main, in rising unemployment. Indeed, China's effort to maintain fast growth as far as is possible, 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, for example, China and India, Eurasia (Europe and Russia) and North America could occur, perhaps accompanied by smaller or larger trade wars, or even military confrontations. In this context, protectionism, formal and informal, could increase.

*At present, a more realistic scenario is, perhaps, simply given by a developing struggle between the East (Asia and Russia) against the West (Europe and North America). However, the potentially always present Eurasian tendencies of Russia might change this East-West scenario temporarily or permanently.*

And, in such a conflict situation, there will be little room for policies aiming at the preservation of our environment. 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 domestic 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 Europe 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 chapters the books commented on here are to be put into a wider context, making use of the remarks made in the introductory section where the philosophical stage for this essay has 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, and 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, elaborating, first, a philosophy of nature, and subsequently, 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 chapter – *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 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). Moreover, Beauty became an important 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 chapter ‘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. The diversity of ideas corresponded to political fragmentation. *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, and the Han-Dynasty in China. Certainly, one of the main aims was to ensure peace. However, within these empires a dissemination of the ideas developed in *axial age* took place, and the achievements of *axial age* were preserved and consolidated. For example, Imperial Rome was – also – a vehicle to preserve and to spread Greek ideas, as was, of course, Alexander’s Hellenistic Empire. 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 Good and 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 – approximately from 800 to 1800 –, which brought about the breakthrough to Modernity in Europe broadly between 1750 and 1830. The subsequent World Axial Age (broadly from around 1830 until 2000) 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 in 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 *close* of the *first axial age* (around 200 B.C.) onwards until the beginning of systematic Western domination of the East, coinciding with the *outset* 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.

In the introductory chapter – *Setting the stage* – it has been suggested that the immutable human nature may come into existence in very different ways. This is not to fall into the Eurocentric trap. As Michael Mitterauer says, Europe went her particular – not superior - 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 unsharable 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 to in the introductory part of this essay, particularly in the first two sections on method and acquisition of knowledge.

This important difference in 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 analysis] as the ultimate and superior datum” (Haas, p. 10). This 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 is 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 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, gradually, the common good would be, approximately, achieved on a global level. In this way, the social potential of humanity could unfold in most diverse spheres, spiritual, cultural, social, economic and technical.

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, their works of art look surprisingly modern, 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 great 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), that is with profound change; here impressive scientific and technical progress coexists with growing alienation between man and nature; materialism is associated with a decline in religious and spiritual life; social and, possibly, moral and cultural regress may set in; too much division of labour may lead on to ‘over-specialisation’; as a consequence, a kind of ‘one-dimensional man’ (Marcuse) may emerge. 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 chapter 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. It marked man’s departure from a primitive way of life. This detachment from the primitive and entrance into a new and higher sphere did not entail the abandonment of the instinctive world. [...] Just as this conception of the magic world lived on in some way in all consecutive civilisations – and

by now means merely as a dead relic – so did the compound of animal drives live on. It is the position, the influence, and the value attributed to this magic inheritance that alone have changed ”(Haas 1956, pp. 96-97). Based on Haas’s outstanding work, the relationship between myth and magic on the one hand and reason and analytical powers in East and West will be dealt with in the next chapter.

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’ *Achsenzeit* (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). In a way, the basic constituents of human nature are always present and exercise their influence on human behaviour, although some elements may move into the background at times.

Moreover, all 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 example 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 Konrad 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 terms Rome a *Timokratie* - 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 became a great subject in historical writing. Augustine provided the fundamental reason for the breakdown of the Roman Empire: 'Rome was not a true state, based on social justice, but a powerful machine of domination and exploitation' (Augustine, 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 essay: 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. In heavily alienated situations *power* inevitably becomes the fundamental historical driving force, and Ethics (Goodness) is pushed into the background.

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, relying on his capacities, to complete Creation, with all the tremendous scientific-technical achievements brought about in the eras of *Agraria* and, subsequently, *Industria*. A hallmark of the latter epoch is the dramatic acceleration of scientific-technical progress. But progress has ever been accompanied by setbacks and dangers. New forms of alienation in all spheres of individual and social life have come into being since the Industrial Revolution, but also alienation between man and nature, showing up, for instance, in environmental problems.

In fact, alienation – setbacks and dangers - occurs because the achievements of man are, to varying degrees, not in line with the laws of nature, including, of course, human nature.

However, dangers largely vanish and vast setbacks may be prevented if man adapts to, and attempts to perfect the situation produced by Creation, that is nature, including human nature – with the potential of human nature realised in differing degrees. 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). The old *pre-axial age* civilisations of China, India, Mesopotamia and Egypt are grandiose examples of perfection reached within the magical world, with nature and civilisation being fully integrated. These civilisations were, in fact, characterised by tremendous achievements in the realms of Goodness and Beauty, and also Truth, but yet acquired through *intuitive insight*, and *not* based on argument, as was the case in the time period following up *[first] axial age*. For example, it is well known that ancient Egypt produced considerable knowledge in astronomy. Subsequently, Haas considers 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 world of the Celts and of the North Germanic peoples (Haas, p. 98) represents the rural equivalent of the urban civilisations 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.



*However, Haas does not use the term 'axial age', although his book was published in 1956, seven years after Jaspers' work came out. This is somewhat surprising since Haas, a contemporary of Jaspers – both were born in 1883, Haas in Nuremberg, Jaspers in Oldenburg -, was teaching and doing research at Columbia University in New York from 1943 until his death in 1956. Presumably he knew about Jaspers' book and the term 'axial age', but did not want to mention it since he had discovered the axial age-phenomenon independently of Jaspers, and looked at it differently. In fact, Haas' analysis of axial age is on the basis of structures of the mind, which emerged from the passage of myth and magic to reason and analysis, giving rise to a fundamentally different Weltanschauung in East and West. Jaspers, however, just captures the axial age – phenomenon and focuses on its world historical significance.*

*(Incidentally, 1883 is a crucial year for the intellectual history of the West. Karl Marx died in this year, and William Haas, Karl Jaspers, Maynard Keynes and Joseph Schumpeter were born then.)*

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 one of the fundamental questions 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 fundamentally changing 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 supremacy unknown to the magic conception. The relation between subject and object became problematic. It had to be determined anew.

*[The general human condition of the mythical-magical world 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); given this, fatalism is, probably, explicitly or implicitly dominating in the mythical-magical world, governing the general human condition. The axial age breakthrough to reason and analysis also involves the attempt of the subject to escape from the determinism of fate to understand what happens to him, in view of eventually becoming master of his destiny.]*

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. However, if the creations of Faustian man are not in line with his nature, alienation of some kind comes into being.

“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 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-mythical] 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-mythical] 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 the basic ideas just alluded to in the above. Geography serves as illustrative introduction. Europe characterised by “the structural principle of *unity in variety* [as] is expressed in its geographical shape” (Haas 1956, p. 12). 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 the Greek genius penetrated and assimilated it.

*[In fact, as has been already suggested, Middle Eastern influence on Greece must have been considerable, as, for example, Bernal 1987 and 1991 and Burkert 2003 both emphasise. Having had the opportunity to start anew around 800 B.C, the Greeks made creative use of these Middle Eastern elements to build their systems of natural philosophy and of philosophy in general.]*

*[Indeed, Haas goes on to say, 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 last 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 [in the context of this essay *change – progress and decline* - might be more appropriate than *evolution*]. 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 unity]"(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. In fact, the individual becomes a social individual being shaped by society and civilisation.*

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 God 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 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 [Kantian!] 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 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, chapter 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*, and, within a natural political order, the economy, science and technology would emerge as *means, not as ends*, as seems to be the case presently (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-cum- monetary 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, producing insight and understanding, Keynes's first form of knowledge (see on this Bortis 1997, chapters 2 and 7, and Bortis 2003a). In fact, Keynes, like Haas, was aware of the danger associated with the divorce of science and metaphysics that has occurred in the West. Hence, Keynes is not only of paramount importance for the conception of a new, comprehensively 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; however, the benefits accruing are very unevenly distributed among the various countries and regions. Moreover, science has also been put into service of political power, to enhance military strength, 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? (Of course, *terrorism* as is based upon the actions of a small and very well organised group of people, is entirely different from *popular upheavals*, which are broadly based and, as a rule, in part spontaneous.)

*General, non-nationalist, terrorism of the Al Qaida type, for example, is indeed directed against the presently prevailing socio-economic and political system of aggressive globalised capitalism and the immense injustice created by this system. This point is convincingly argued by Roy (2007).*



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 Brazil. Supply will increase 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 appropriate 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 1997/2006 and 2003a). 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-mythical 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 establishing a New Middle Ages to master the complexities of our age. Jacques Maritain goes in the same direction in his *Humanisme Intégral* in which he proposes a *New Christianity*, no longer essentially sacred as in the Middle Ages, but secular, that is, present everywhere in the world. The sacred would of course continue to provide the foundations of the secular.

In any case, technical progress may become true progress only if technology in the widest sense, including information technology for example, is considered a means to reach individual and social ends, material and cultural, in line with human nature, with alienation

largely eliminated. 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 1956, p. 36). Significantly, Michael Edwardes opens thus his *History of India – Geschichte Indiens*: ‘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 upheavals. 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 [China, India, Japan, Persia]” (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. This is totally opposed to the traditional Russian who would humbly and stoically accept his fate, forged, precisely, by the immensity of the landscape, which to shape would be a hopeless undertaking.

### *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’s entire 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 *unsurpassable* 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’s fascinating account here. In chapter VI ‘Wonder versus Awe’ Haas 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 – normative - 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. It is indeed through diversity only that higher levels of civilisation may be achieved through unfolding the potential of human nature, which, in turn is effected through social activities in all spheres, leading up to mutual enrichment.

Here just one point to hint at the potential of interchange between civilisations, 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 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 chapter, *Setting the Stage*.

In any case, Haas entire book is a very strong case against – normative -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 put to use in East and West 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 and insight, 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 (Haas 1956, chapter 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 through applying the powers of reason to the sphere of the social and, above all, to the realm of the political*. The aim was the enhance the Common Good, that is the good and happy life of the social individuals on a socio-economic basis within society, through mutual enrichment in the social and cultural spheres in the main.

*In terms of Catholic Social Doctrine the social individuals become persons, precisely through social activities in all domains of life, that is, the social individuals are made richer spiritually, intellectually and materially through society. This, of course, implies that society is much more than the sum of the individuals composing it.*

The *polis* was an act of deliberate creation in the fields of the social and political, with the – implicit - aim of reaching higher levels of the social than was possible through the natural – in the sense of original - social institutions, the large family and the clan, to give examples. And unfolding the potential inherent in human nature implies reaching higher levels of civilisation through social activities, which cannot but take place than in the *polis*.

“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 [here, 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 goods 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. In fact, both realised that governing was too complex an activity to be self-government.

Both, Thomas Aquinas and François Quesnay, 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 prosper, 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 of political philosophy underlying Keynes's *Social Liberalism* set out in Bortis (1997/2006).

In fact, the ideal – self-government of free citizens in the sovereign city-state - rarely worked in a closed and self-sufficient polity. The material basis for a democratic society, made up of free citizens, had, as a rule, to be secured through aggressive trade policies, frequently accompanied by expansion and imperialism. Indeed, Michael Rostovtsev points to the aggressive and expansive character of the Athenian democracy, above all regarding foreign trade, which led to a destructive war with Sparta, the Peloponnesian War to wit, with the Greek world ending up in Alexander's Hellenistic Empire (Rostovcev 1941, ch. 19). Similarly, the Roman Republic reached her *apogee* around 200 B.C., in fact, between 264 to 146 B.C, when she remained victorious against Carthage, to end up in a terrible civil war, resulting in the foundation 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, the collapse of the Empire by the end of the fifth century (Rostovcev 1931). To complete the picture one might add that the preparation to the breakthrough to Modernity, in principle, to free and competitive markets and representative democracy, and the effect of the breakthrough, in the course of *second axial age* (roughly 800 – 2000 A.C.), was a period of intense conflicts, Colonialism and Imperialism, culminating in the two World Wars, destroying European pre-eminence in the world. However, in a way similar to the Peloponnesian War resulting in the triumph of Greek ideas, the two World Wars, initiating and ending the Apocalyptic Age, may herald an epoch of domination of European socio-economic and political ideas, summarised by Keynes's *Social Liberalism*. Hence, similarly to ancient Greece, post Apocalyptic Age Europe might exercise, not political and military, but intellectual and spiritual influence, in the domain of the social and political sciences in the main.

*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, which has to support the economy in view of securing a strong position on the world markets, the central reason being that modern monetary production economies are not self-regulating. Given this, modern capitalism is necessarily conflict-ridden. In principle, self-government could work durably only if the economy were self-regulating. This liberal postulate underlies, in fact, the associated concepts of free markets and democracy.*



*Now, if capitalist market economies are not self-regulating then socio-economic conditions of the individual countries and regions will crucially depend upon their position upon the world markets. Successful exporters of high quality industrial goods and services with large value added will, as a rule, enjoy high employment levels and favourable socio-economic conditions, and vice versa. Subsequent to increasing unemployment levels, the socio-economic situation may durably worsen: there will be a tendency to more inequality in income distribution, an erosion of the middle classes may set in and crime and violence may increase. Given this, there will be a tendency towards a strong law-and-order government. In particularly dramatic socio-economic conditions, there may even be a tendency towards Fascism and totalitarian government. The 1920s and 1930s are an evident case in point. The Marxist theory that Fascism is a consequence of the internal contradiction of aggressive capitalism, based upon the external employment mechanism is certainly not entirely mistaken. In analogy, peaceful and humanist Socialism, as was probably developing in the Soviet Union in the 1920s, when the New Economic Policy (NEP) was pursued, changed into ferocious totalitarian Socialism once the struggle for survival between Capitalism and Socialism set in. Given this, aggressive Capitalism inevitably produces conflicts situations and strong governments, either on account of struggles between capitalist competitors, or else through a struggle against an alternative system. Hence, Keynes's Social Liberalism, based on Maritain's Humanisme Intégral and associated to Classical-Keynesian Political Economy is, as will be argued repeatedly, the only way out.*

Nevertheless, the Greeks related the problem of unfolding the social potential contained in human nature to the impetus provided by a new start, the *first* for Greece and Europe, that is, first *axial age*. In fact, we have already mentioned the next great attempt to systematically develop the potential set in human nature was made by the Carolingian Empire, which constituted the *second new start* for Europe, leading Europe, and subsequently the entire world, 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 possible for human beings; 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 1956, p. 88). China has, as Konrad Seitz points out, perhaps best realised this idea. Indeed, her Emperors had to reach 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, *if not in line with human nature*, may lead to *alienation* of man and society from their natural state in which man would flourish, i.e. unfold his dispositions and broaden his capacities. There may be too much regulation of behaviour through various parts of government administration developing a life of their own, resulting in an ever-growing bureaucracy. 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, crushes the individuals, 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 fifth 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; this problem of institutions 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 for about eight thousand years, covering thus the still dimly conscious Goody/Haas/Jaspers magical-mythical age of the old civilisations. This era was followed by Jaspers' *Achsenzeit* (800 to 200 B.C.) 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.). In both eras the Middle East acted as a mediator between orient and occident, as is, for example, evident from Burkert (2003) for *axial age* and from Hobson (2004) for *post axial age*. The differences between East and West showed up not only on the level of the mind, but also in the political sphere, to give an additional example. 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); every 500 years, approximately, 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 modern Europe

(Barbero 2004, Mitterauer 2003) around 800, from 1000 onwards the High Middle Ages, its crisis, Humanism and Renaissance (around 1500) which definitely prepared the second Great Transformation (Polanyi) of Humanity, the Industrial Revolution in Britain, associated to the Great Political Revolution in France. At present, around 2000, that is, 500 years after the gradual emergence of the Modern World from 1500 onwards, the West, and this time, the whole of Humanity, is, 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; this implies the issue of sustainable world development on the background of climate changes, possibly accompanied by food and water shortages. Moreover, the question of the world monetary, economic, and political order will have to be asked. Should Globalisation and the associated reduction of the role of nations and states, go on unabashed, or, is a new political organisation of the world required, with the nation and nationalities states gaining in importance, and with the World Family of Nation and Nationalities States eventually to be structured through Historical-Geographical Federations? In the subsequent chapters, these issues will be sketchily dealt with.

*It has already been suggested that the Russian intervention in Georgia in August 2008, and the political and military helplessness of the West in the face of this event, could signify a turning of the tide in East-West power relations. The West has increasingly dominated the world in the last 500 years. Now, this Western domination is, eventually, gradually coming to an end, and an Eastern, Asian-Russian period of world domination is, perhaps, about to begin.*

*However, this is in no way the beginning of the end of Western influence on world affairs, specifically of European influence. Quite the contrary, there could be yet another new start for Europe, the Laboratory of World History. Indeed, looking back briefly, the Peloponnesian World destroyed the Greek political world; however, through the Empire of Alexander the Great and the Roman Empire, Greek ideas spread all over the West and deeply into the East. Similarly, the breakdown of the Roman Empire in East and West brought about Christian Europe, Catholic, Protestant, and Orthodox. And finally, the two World Wars resulted in the end of European political domination in the world. However, as has already been suggested, European social, political and educational ideas could, eventually, rise to world significance presently. Indeed, Europe has, on account of her intellectual and political history, ideal*

*preconditions to become a model for the social and political organisation of a new world, in line with Keynes's Social Liberalism, and its wider implications.*

These brief considerations allow us to put Haas's remarks on individuals 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 prevailing selectively in space and time. 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', the Prince in most instances. Institutions were, in fact, not required. Personal rule was possible, and the emphasis could be laid, as Haas pointed out, on the improvement of individuals. Many historians and social scientists argue that Eastern societies have approached perfection in the organisation of society. This was particularly true of China, as Konrad Seitz points out. As mentioned above, in such societies fundamental changes were, in principle, impossible, precisely because of the high degree of perfection achieved. 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" (Marshall Hodgson 1993, p. 318).

In contrast, however, Gellner's *Industria* (from 1770-1830 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 was 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 minimum achievable by human beings, 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 potentially enables their rational behaviour. However, social irrationality or alienation, most importantly system caused by involuntary mass unemployment, may lead to struggle for survival between individuals and collectives, specifically between social, ethnic and religious groups. And an alienated system leads to irrational behaviour of individuals and collectives. Indeed, 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. In contradistinction, a society organised in line with human nature will tend to produce *social harmony* and *harmony for the individuals* composing it. This conception of the good society implies according to Catholic social doctrine that the rights of the individuals must be delimited and shaped by duties; for example, social duties arising within the family, or duties associated to the workplace; or else, an academic may be largely free to choose his domain of activity; academic teaching is, however, closely linked with the duty to relentlessly pursue the search for Truth. Fundamentally, the right to individual liberty does not imply the liberty to do anything compatible with positive law; liberty is, in fact, constrained and shaped by the duty to permanently aim at realising the fundamental values of Goodness, Beauty and Truth in the domains in which the social individuals are active.

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 or the political society, 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, even much more, than the sum of the individuals composing it. Through social activities, mainly in the domains of production and culture in the widest sense, 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 co-ordinated, 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.

*This proposition is not only true of practical politics, but also of theoretical politics. Specifically, the question as to the nature of Man must be relentlessly asked, including the relation between the natural and the supranatural. In this field, Christianity, specifically Catholicism, has done great work. The essentially social nature of Man has consistently been put to the fore. Henri de Lubac, in his Catholicisme (1983/1938), even argues that the social, implying common aims, cooperation, coordination, mutual enrichment in all spheres of life, constitutes the essence of Catholicism.*

*However, one of the most important results obtained by Catholicism is certainly the clear, Aristotelian, distinction between natural and supranatural, between Creator and Creation. This does of course not exclude that the Supranatural is present in and permeates the Natural. But the Natural and the Supranatural do not coincide, as is the case with Pantheism. The great importance of the Catholic doctrine will become apparent in the long subsection*



Germany 1871-1945 and the Apocalyptic Age 1914-45, *contained in the first section of the chapter on Concluding Remarks.*

Now, in this context it is of the utmost importance to note that human nature is *not* something given, *natural in a narrow sense*, in fact, the natural in the original sense, as Haas seems to imply for the East. With the Greeks, Aristotle above all, the *natural* refers to an *end* to be reached, a *telos* to be aimed at, 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 evolving 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, *shaped by Christianity*, 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. This permanently ongoing institutional change had *mentally prepared* the West to for the immense shock of Great Transformation and its consequences. In fact, the twin English and French Revolution opened the door to Modernity. Here, Liberalism and Socialism gave, once again, 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*). *Europe* definitely emerges as the *Laboratory of World History*.

And, we have already suggested, that Europe had now the duty to go on being the Laboratory of World History. Indeed, Europe is by far best prepared to set the world on the way from presently ruling aggressive Capitalism to Keynes's Social Liberalism which would constitute a state of natural liberty. In doing so, Europe should not in the least interfere in the affairs of polities outside Europe. In fact, the European polities should just try being models of well-organised political societies, potentially enabling the social individuals to flourish. Given this, non-European countries would be in a position to take the European institutions in all spheres of individual and social life as a *reference point*, enabling them to bring into existence an institutional set-up in line with their specific ways of life to realise the fundamental values in all domains. In this view, the Western, in fact, Greek-Christian, obsession with institutions, and, eventually, with institutional change, is also the search for the Good Polity in ever changing material and intellectual conditions. In fact, the mode of production and the *Zeitgeist* have been continuously evolving since Carolingian times, to dramatically accelerate after the Great Transformation.

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 precondition 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, the fundamental value of which is the Common Good.

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. This, it will be argued, is Maynard Keynes's social and political philosophy of *Social Liberalism*, associated to *Classical-Keynesian Political Economy* (Bortis 1997/2006 and 2003a), and based on Jacques Maritain's *Humanisme Intégral*, which takes a comprehensive account of human nature, that is, of the natural and supranatural dimension of human nature.

### Attempts to master the effects of the Great Transformation

In the above section on *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, and 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, in fact still estates, of the Ancien Régime, Aristocracy and Clergy. The immense significance of this Great Transformation (Karl Polanyi), which brought about Modernity, has been repeatedly 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, *was replaced* by pure self-interest, that is profit and utility maximisation. Given this, it is important to note that Adam Smith's Liberalism essentially 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 Weltanschauung*. 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. The autonomous individual acting in various spheres, political, economic, cultural, was put to the fore. Freedom was seen as the basic 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 August 1914, when the

Apocalyptic Age began. Ernst Jünger's *Stahlgewitter* definitely destroyed the remnants of the pre-modern world.

This already points to the fact that the historical implementation of the liberal doctrine of through Capitalism showed less bright a picture. 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 Stone Age human being 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 capitalist picture has been less bright, however, 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 disintegration 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, the Holocaust, and various Genocides. Politicians literally lost control over the immensely complicated system, particularly in Germany where the shocks of a lost World War, an attempted Socialist Revolution and Civil War 1918-23, a hyperinflation 1922-23, and mass unemployment in the early 1930s 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 of specific countries, regions and individuals, and almost unbelievable technological performances. And all this goes on at the background of an erosion of the middle classes, even in the rich countries. Incidentally, islands of wealth in the midst of a sea of poverty were Maynard Keynes' fundamental preoccupation. The capitalist system has indeed an inherent

tendency to producing widening wealth gaps on account of the external employment mechanism and increasing returns to scale; this is, in fact, the law of mass production: unit cost decline as quantities produced increase. Consequently, in free trade conditions, the enterprises of the highly developed countries using technologically advanced methods of production crush handicrafts and nascent industrial production in the developing countries on account of lower unit costs of modern final products. This fact has been put to the fore by Nicholas Kaldor in his *Economics Without Equilibrium*. In this context, an Indian economic historian once said that *development and underdevelopment are but the two sides of the same coin*. This is illustrated by the relationship between England and India, on which Michael Edwardes writes: ‘following up the battle of Plassey 1857 trade and production in Bengal broke down and the flourishing country declined rapidly to reach a state of utmost poverty. In fact, in the first half of the 19th century India lost her 2000 years old worldwide supremacy in trade and industry, and became a supplier of raw materials and an outlet for Western final products’ (see Edwardes 1961/1960, pp. 256-57, a.tr.).

Very great authors have pictured in dramatic words the dangers associated with the highly unstable capitalist system. Karl Polanyi writes in 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, Socialism to wit. 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. Indeed, Socialism emerged from War and Civil War, and immediately after the Socialist Revolution the Soviet Union got involved in struggle for survival with Western Capitalism. Socialism ended up in a centrally planned economy, the absolute domination of the Communist party and, in fact, tyranny. This brought

about a specific type of alienation, that is, the frightening terror of the Stalin era. Subsequently, the Second World War brought death and destruction to the Soviet Union to an extent unknown so far in human history. After the Great War, the lack of personal liberty remained persistently, with the individuals continuing to be 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. A number of impressive achievements: a good education system, a satisfactory general infrastructure, no open unemployment, social security, day-nurseries, and others, could not prevent the breakdown of the socialist system, which brought about the end of the 'short twentieth century, 1914-1991' (Eric Hobsbawm). Probably, the system was destroyed from inside; many high ranking party members wanted to enjoy the privileges of their Western counterparts occupying similar positions. Moreover, finance capital, above all foreign, was ready to appropriate large parts of real capital built up in the socialist era. So the revolution was initiated from above.

*In China, too, Socialism emerged from War and Civil War and resulted in the destruction of traditional Confucian society and in a very authoritarian regime.*

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 C' 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 a '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 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 of 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). Moreover, 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 there were considerable social achievements. This was, probably, also due to the fact that Socialism had come into being in economically backward countries, and in very difficult conditions subsequent to War and Civil War, not in the most advanced countries, having enjoyed tranquil conditions. Marx was, in fact, very sceptical about a Socialist revolution in Russia.

In fact, Marx did perhaps not sufficiently pay attention to the fact that the capitalist system would produce growing inequalities between capitalist countries, giving rise, in the extreme, to highly developed and greatly underdeveloped capitalist economies. And, of course, it would be impossible to bring about a revolution in the former, which were, in fact, a kind of aristocratic capitalist countries. This implied, first, that the workers of the highly developed



industrialised economies would remain nationalistic, basically wishing to maintain their privileged position. This nationalism clearly showed up before the First World War. And, second, historical reality confirms that socialist revolution came into being in less, or even underdeveloped countries, in Russia and China to wit, and not, as Marx would have thought, in Britain and in Germany.

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. Given this, Keynes devoted his life to working out 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, which produced the vision and, subsequently, the social philosophy. This has been suggested in the first section of the introductory chapter *Setting the stage*. Bortis (1997/2006, 2003a) 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 is associated to a strong, but non-interventionist state. As just alluded to, this requires setting up an institutional system, including the social 'full employment-cum-fair distribution' basis, such that a maximum scope of freedom for all citizens comes into being. Thus, the state has to set up a possibly harmonious social system through creating or favour the coming into being 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, ten thousand years before Christ, than to a person living at the outset of the 21st 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 generalised 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, overuse 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.

*In her Mondialisation Conspiratrice the Greek economist Maria Negreponi-Delivanis provides a poignant picture of the actually ongoing process of globalisation.*

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 may indeed become a tool in the hands of the ruling classes. This state of affairs results from a triumph of neoliberal 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 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 in monetary production economies (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, which will be alluded to below, when the natural political order within and between states is briefly considered.

At this stage, 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*, reflects precisely 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'.

And, perhaps, the most important postulate underlying the economic theory of Liberalism, neoclassical economics to wit, is that competitive markets should produce a tendency towards a full-employment equilibrium. Subsequently, the size of the market is associated to a higher degree of specialisation and of division of labour, more intensive trade. All this is supposed to raise labour productivity and welfare inside large markets. In the liberal view, a maximum welfare effect will obviously be achieved in a *global* market. However, it is evident that

Globalisation requires gigantic structural changes. Indeed, every country and every region will have to find its appropriate position in the world economy. This means producing those goods, which allow for the largest comparative cost advantages possible. Given this, it should be evident that Globalisation is associated to gigantic structural changes. However, in the liberal view, the suffering and the sacrifice required to bring about these structural adjustments on a global level are worthwhile, since, in the long run global welfare will be maximised.

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 (Leontief). 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  $M$  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. Now, effective demand ( $M'$ ) may not be sufficient to buy output or production ( $C'$ ) at full employment. System caused, involuntary unemployment may come into being as a consequence.

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. This law states that supply creates its own demand, saving is always invested; hence general overproduction and involuntary unemployment are not possible. Say's Law 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).

Hence, according to the Keynesian law of effective demand there is no tendency at all towards an equilibrium at the full employment level. Involuntary unemployment is thus permanently possible, that is in the short, medium and long term. This is the central message of Bortis (1997/2006): *Institutions, Behaviour and Economic Theory – A Contribution to Classical-Keynesian Political Economy*, which puts Keynes’s theoretical edifice into its appropriate environment, that is, classical (Ricardian) political economy; on this, see also *Keynes and the Classics – Notes on the Monetary Theory of Production* (Bortis 2003a).

In a modern monetary production economy, the law of effective demand is complemented by the law of mass production, which states that there are forces at work tending to change the structure of employment and output levels. As already alluded to, the law of mass production states that average unit costs of industrial products fall if larger quantities are produced. The main reason is that technologies involving higher capital-labour ratios may be put to use if production expands, due to growing sales on domestic or foreign markets. These involve higher fixed costs and lower variable costs, hence the absolute requirement to expand sales in order to reduce average unit costs as much as possible. And, as a rule, more capital-intensive techniques also imply a more advanced technology. Given this, labour productivity increases and average unit costs fall, *if* production can be expanded. Now, on the basis of the law of mass production, Friedrich List has convincingly argued that large markets, made up of various countries and regions, with differing development levels, may greatly harm the less developed countries and regions, if free trade prevails. Contrariwise highly developed economies may be enormously benefit from trade relations with less developed ones. The obvious reason is that the more advanced economies will be able to export to the less advanced countries precisely because average unit costs are lower and technological standards

higher, on account of superior techniques of production and of a modern and attractive output-mix. Output and employment levels in the highly developed economies will expand, and, consequently, average unit costs decline further. However, infant industries and crafts of the underdeveloped countries will be crushed. In this context, two great political economists, Nicholas Kaldor and Gunnar Myrdal, have spoken of the *law of cumulative causation*, which leads to increasing inequalities in large, even globalised markets. In this way large markets and free trade tend to result in growing income and wealth gaps. The rich countries get richer, while the poor countries and regions get poorer. Simultaneously, the industrialised countries will, as a rule, enjoy higher employment levels, and vice versa.

*The Austrian economist Heinz Kurz has aptly remarked that two great books represent the fact that the Great Transformation has brought about winners and losers in terms of technological change and economic development. The story of the winners, Western Europe and subsequently the United States, is told by David Landes in his significant The Unbound Prometheus – Technological Change and Industrial Development in Western Europe from 1750 to the Present (first edition 1969, second edition 2003). The fate of the losers, India and Asia, is considered by Amya Kumar Bagchi in his highly important Perilous Passage – Mankind and the Global Ascendancy of Capital (2008). The present essay is, in fact, largely on the lines of Bagchi's book as far as the interpretation of socio-economic facts is concerned. Free market capitalism does not produce a tendency towards a harmonious full employment equilibrium, but brings about cumulative processes, resulting in growing inequalities between individuals, social groups, regions, countries and continents, and in massive involuntary underemployment or unemployment worldwide.*

*However, such states of affairs are not going to last for ever, specifically if a powerful transition economy, China in the main, manages to attract Western technology, which, combined with low wages, renders the Chinese economy extremely competitive on the world markets. As has been already suggested, there might well be a turn of the tide just now. The East is gradually gaining ascendancy, mainly due to the forceful development of China, and the West might have to face growing difficulties. The present – 2008-09 - crisis might accelerate these tendencies, mainly because the United States might be hit hardest.*

A complex argument is now required to give a probable answer to the question which theory, liberal neoclassical theory or social liberal classical-Keynesian political economy, is more plausible. In our view, there is *overwhelming* theoretical and empirical-historical evidence in

favour of *classical-Keynesian political economy*. There are, to begin with, several theoretical reasons (see Bortis 1997/2006, chapter 5, specifically pp. 281-93). In the first place there is the result of the capital theoretic discussion. Since capital is a produced factor of production it is not independent of value and distribution and, as a consequence, larger quantities of capital cannot be associated to lower interest rates and vice versa. Hence the demand functions on the market for real capital goods in particular and on factor markets in general, are not well behaved, that is downward sloping. This implies that there is no necessary tendency at all towards a full-employment equilibrium (on this, see Harcourt 1972). Second, a tendency towards an equilibrium at full employment is unlikely because markets are interrelated; for example, if wages decline in an unemployment situation, employment will not necessarily increase, because falling wages may lead to a decline in demand for consumption goods and unemployment will rise, not fall, as neoclassical theory postulates. Third, institutions may influence the position of supply and demand curves in a way that full employment cannot be reached; cases in point would be too low a level of government expenditures, a chronic export weakness or a heavy dependence on foreign products.

There are also weighty historical reasons indicating that there is no persistent tendency towards a full-employment equilibrium. Most importantly, there are the great crises of the last quarter of the nineteenth century and of the 1930s. But there is also the precarious present situation, which has already been alluded to. Indeed, according to eminent international organisations, about two thirds of the world population lives in misery, and about one third of the potentially active population is underemployed or unemployed.

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, that is, 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, and environmental problems, already now represent an intolerable situation. The present – 2008-09 – situation is made worse through the crisis in the real and in the financial sector setting in now - perhaps we are faced with the downswing of the fifth Kondratief cycle (forth cycle: upswing 1950-73, downswing 1973-85; fifth cycle: upswing 1985-2008; downswing beginning in 2008). Given then the breakdown of Socialism and the past and present difficulties of Capitalism, 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 1997/2006, 2003a). 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 to be dealt with very briefly: 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, the empire, not persist? To answer these questions requires an argument of considerable complexity; a tentative and probable answer has been attempted in Bortis (1997/2006 and 2003a).

A possible starting point for a brief answer to the *first* question 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 2003a) 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, alternative, 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 merely known *in principle*; this has been argued in Bortis (1997/2006, chapter 2) and in the first section of the

introductory chapter of this essay – *Setting the stage*. In any case, to establish the natural social and political doctrine, Social Liberalism to wit, requires a very complex argument based, in the main, on the history of socio-economic and political ideas, associated to a *discussion of the principles* underlying the fundamental approaches in social philosophy social doctrines, and, of course, on the effective course of history itself. Once the probably most plausible social philosophy is established, Social Liberalism to wit, the associated system of political economy may be elaborated; Classical-Keynesian Political Economy and the links to the associated social and political sciences emerge almost spontaneously (Bortis 1997/2006 and 2003a).

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 as is in line with the Creationist – non-evolutionist – vision underlying this essay. And it is of paramount importance to note that the Aristotelian-Thomistic, hence the Catholic vision of man and society underlies Keynes’s entire work: “Keynes’s rational ethics . . . is an ethics of motives rather than consequences. It is similar to the doctrine of *Natural Law, the traditional philosophy* [our emphasis] which advocated the performance of duty, which understood rational action as being correlative with the virtues, the major way in which, the medievals believed, reason could be expressed in an uncertain world“ (Fitzgibbons 1988, p. 37). This statement can be extended without problems to Keynes’s economics and his vision of law.

We may already note here that to distil principles of Natural Law or of political economy requires a comprehensive study of the history of legal and socio-economic theories. As Keynes perceived, in an immensely complex world, principles cannot be immediately established by intuition, but must be won by hard work. Moreover, to implement sensibly the principles of Natural Law requires, as Oswald (1957) postulates, a good knowledge of the real world (p. 41). However, *one may only come to grips* with the real world, most importantly *with the functioning of the very complex socio-economic and political system of Modernity through socio-economic and political theories. Facts are silent, only theories make them speak*, the German political economist Erich Schneider rightly remarked. Here again, the problem is to find the most plausible theory, in fact, the theory reflecting most appropriately

human nature. This will enable us to represent the natural state in its most probable form. This is not sufficient, however, because the real world is never in its natural state. Indeed, smaller or large deviations from the natural state may occur, that is, there is *alienation* to a smaller or larger extent. In addition to a theory of the natural state, this requires, in turn, a theory of alienation. We shall argue that Marx's theory of alienation is most appropriate: alienation in the economy, the material basis, given, most importantly, by a high level of system-caused involuntary unemployment and a very unequal income distribution, is fundamental, and brings about alienation in the legal and political superstructure. We may recall here that all the political economists of the enlightenment period, the classical political economists to wit, had a theory of the natural state and a theory of deviation from the natural state, which, in accordance with Marx, we call alienation; and the corresponding general policy was always aiming at a reduction of alienation, that is, to get nearer to the natural state.

On the whole, as is implicit in Oswald (1957), sensible law-making activities require a very solid knowledge of the social and political sciences, political economy and the science of politics in the main. All this is a plea to restore again the unity of the social and political sciences: social and political philosophy and ethics, politics, law, political economy and sociology. A comprehensive Aristotelian-Thomistic vision of man and society is required more than ever, conceiving of Man a rational *and social* being. One cannot cut Man and Society into pieces in order to study the parts – the economic, political, social and legal spheres – in isolation in an individualistic Enlightenment sense.

Ethical objectivity has, then, important implications for the conception of law. Indeed, law, like the other social and political sciences, is based upon a vision of society and man. Since the period of Enlightenment, the liberal vision has been dominating. It is important to remember here that enlightenment liberalism was considered a natural law system on an individualistic basis. Consequently, it has been attempted to set up rational legal system based upon individualistic natural law. Given, however, the clash of socio-economic reality prevailing under the realisation of economic liberalism, that is, capitalism, with the ideals of natural law, such attempts were abandoned. Indeed, involuntary unemployment and immense inequalities in income distribution, widespread poverty and misery and concentration of wealth and power among a few, did not square with the natural law ideal of liberty within a self-regulating economy associated with a harmonious society. Subsequently, individualistic natural law has been abandoned and replaced by positive law. The purest expression of the positive law doctrine seems to be Hans Kelsen's *Reine Rechtslehre*, which is purely formal, and, in a way, is analogous to Walras's equally purely formal *Eléments d'économie politique*

*pure*. Given this, Law and Economics have become autonomous and self-contained. This reflects the consequence of individualism, which has led to the splitting up of the social and political sciences.

Individualism-cum-positivism ultimately leads to legally regulating all domains of economic life on the level of phenomena, losing increasingly sight of the principle of justice underlying each legal situation. In his *Reine Rechtslehre* Hans Kelsen even pushes legal positivism to its ultimate consequences and goes as far as to deny the relevance of justice in law; condemning an innocent is for him making a new law (Oswald 1957, pp. 44-45)! This highlights an important implication implied in positive law, that is, the postulate of near-perfect knowledge in the legal domain; if the lawyer and the judge have a comprehensive knowledge of the system of positive law nothing illegal may happen. This reflects the Kantian approach to law: What *Justice* fundamentally is cannot be known. All we can do is to be legally correct on the basis of positive law subjectively established by law-making activities.

It would seem that the underlying idea is to establish ethical minima everywhere and, simultaneously to define the space of liberty. What is not legally determined by rules (*Gebote*) or declared illegal (*Verbote*) can be done. This is supposed to bring about legal certainty (*Rechtssicherheit*). This reflects the liberal vision of man, society, and, above all, the functioning of the economy: competitive markets bring about socially optimal results; the market price is the just price, and the distribution of incomes becomes a market problem. The legal system and the requirement of *Rechtssicherheit* belong in the liberal view to the framework surrounding the market and making sure that the economic agents act in a legally correct way. The market itself is considered a kind of natural institution, implying that any interference in the market mechanism is against nature. In a way, the market is the core of the liberal natural order. And the general market equilibrium at full employment of resources also implies a harmonious society. The legal system bringing about legal certainty (*Rechtssicherheit*) was supposed to complete the harmony of the social system.

However, eminent lawyers point to the tension existing between *justice* and *legal certainty*, for example Oswald (1957, p. 43). This specific tension is an expression of a more general tension between *form* and *content* in legal reality (Oswald, pp. 32ff.). The liberal lawyer will emphasize the form, implying that the competitive market brings about the right legal content; indeed, legal formalism presupposes that competitive markets bring about economic efficiency, which is the basis to increase equity through, for example, regulating markets which do not work efficiently, the market for health being an instance, or through some redistributive measures, a negative tax to ensure a minimum income. In the liberal view the

market price is, in principle, the just price and the functional distribution of incomes is a market problem. Hence the market complemented by some redistributive measure brings about *justice in exchange* and *distributive justice*; the market solves to a large extent the fundamental *material* problem of law, that is the problem of *justice*, and the liberal lawyer may concentrate on the form. As a consequence, in legal disputes, civil or penal, not solved by the market, the economic factor dominates increasingly, and the ethical element, fundamentally justice, is more and more excluded. Given this, for the liberal lawyer the tension between form and content does, in principle, not exist. Both form and content are, in principle, independent of each other. This is the consequence of the basically individualist liberal social philosophy: individuals act in differing domains, economic, legal, ethical, and social. Most importantly, competitive markets are supposed to solve the most important economic problems: value, distribution and employment. Given this, governing and law making become relatively easy in so far as the liberal view is concerned.

However, the liberal legal system becomes ever more complex because it concentrates on the regulation of behaviour; moreover, the real world does not function as the liberals think because *the economy is not self-regulating*. This leads on to system-caused alienation. In the economic basis involuntary unemployment and very unequal distributions of incomes may arise; this has consequences for the institutional superstructure: families fall into pieces, alcohol and drug problems arise, and violence and crimes increase rapidly; these types of systemic alienation require new laws and the legal system grows to become extremely complex. Moreover, contradictions may occur, accompanied by the ever-present gap between positive and natural law along Keynesian social liberal lines, which, on the level principles, is in accordance with the Aristotelian-Thomistic vision of man and society. In this context, conflicts between positive and natural law based on instructed common sense may arise.

*This may be illustrated by a very simple example. At an annual conference of the Swiss Society for the Philosophy of Law (Schweizerische Gesellschaft für Rechtsphilosophie) at Neuchatel (Switzerland) around 1990, the former Federal Judge (Bundesrichter) Otto Kaufmann presented a legal dilemma. According to a legal prescription (positive law) a man of foreign nationality should be expelled from Switzerland because of a drug offence. However, the man in question was happily married to a Swiss woman and the couple had several children. As a consequence, expelling the man would destroy a sound family. Federal Judge Kaufmann reported that he desperately sought for a legal prescription related to the*

*protection of families or something similar. His efforts were vain and the expulsion could not be prevented.*

Hence if positive law, unilaterally imposed by the liberal legislator, does not grow out of natural law, *accessible through refined and instructed common sense, that is, through rational argument*, grave injustice may occur. Positive law will always contain loopholes and, as the present example illustrates, the most important matter may be forgotten, perhaps because it goes without saying.

Given this, Wilhelm Oswald rightly says that the legislator must have a vision of the conditions of existence of man and society, which have to be legally shaped: “Der Staatsmann und Jurist muss auch Synthetiker sein und eine gute Wesenschau über die Dinge und Lebensverhältnisse besitzen, die zu normieren sind, sonst werden die Gesetze obsolet, bevor sie richtig in Kraft getreten sind” (Oswald 1957, p. 41). The struggle for the metaphysical foundations for the Sciences of Law and of Politics is of paramount importance (p. 41); in Bortis (1997/2006) it is argued that the vision of man and society and the associated social philosophy is also crucially important for political economy and, in fact, for the entire body of the social and political sciences, including the Science of Law.

Oswald now goes on to say that there is no science that produces good laws. To bring about an appropriate legal and economic order the legislators must cooperate with other social and political sciences: social and political philosophy and ethics, political economy, sociology and politics. The social and political sciences must deliver the raw material, which has to be shaped the lawyer to build up a coherent legal system (see Oswald 1957, p. 61).

We now arrive at the crucial point. The social and political sciences cannot deliver the raw to the lawyer just like that because there are different and rival systems of these sciences. This implies that there are differing visions on the Natural State and hence of Natural Law. Three visions have dominated Modernity: the liberal, social liberal and socialist vision. In this essay we oppose the presently dominating *liberal* vision of man and society with the *social liberal* one. Most importantly, the struggle between both visions has taken place on the level of the corresponding economic theories. The economic theory of liberalism, neoclassical-Walrasian economics, was set into opposition to the economic theory of social liberalism, that is, classical-Keynesian political economy. On the theoretical level the victory of the classical-Keynesian critics was total as the outcome of the capital-theory debate and the Debreu-Sonnenschein critique show: there is no self-regulation of market economies, a fact also confirmed by the great economic crises, for example the crisis of the 1930s or the heavy crisis

that started in 2008/09. Given this, the liberal exchange or market paradigm has to be abandoned in favour of the social liberal monetary theory of production. This means to abandon the pre-modern neoclassical-Walrasian market or exchange model, based upon the *principle of supply and demand* intimately associated to the *marginal principle* and *rational behaviour*, and to adopt the classical-Keynesian monetary theory of production. Three fundamental principles govern the functioning of modern monetary production economies, two of which are of classical origin: the *labour value principle* summarizes the *essential features* of the immensely complex social process of production, the *surplus principle of distribution* implies that the distribution of incomes is, positively, a problem of social power, normatively, of distributive justice situated at the heart of social ethics. Keynes has provided a third principle, the *principle of effective demand*, as is related to determining the scale of economic activity. These three principles imply that money plays a fundamental role; in fact, the processes of production and circulation simply could not go on without money and the existence of a financial sector, since goods are never exchanged against other goods, as is the case in a neoclassical-Walrasian framework, but always against money, which also acts as a store of value and, as such, is intimately connected to the financial sector.

Given this, we may reasonably claim that social liberal classical-Keynesian political economy is far superior to its liberal neoclassical-Walrasian counterpart. Moreover, the social liberal vision of man and of society, conceiving of man as a social and rational being, who can prosper on the basis and through society only, seems greatly superior to the individualistic liberal conception of man, which gravely neglects the social dimension of human beings. This means that the social liberal view of human nature, based on Aristotle and Aquinas, seems far superior to the individualistic liberal vision. It is thus be reasonable to build a Natural Law system on the social philosophy of Social Liberalism, which has very large intersections with Catholic social philosophy and social ethics.

This crucial point is greatly enhanced by the fact that, in social liberal classical-Keynesian political economy, *distribution*, based upon the surplus principle, is, in a normative perspective, a *social ethical* issue. This means that the two Aristotelian principles of distributive justice and justice in exchange enter the scene; distributive justice would be associated with determining the great shares in national income, the determination of wage structures and of relative prices, and the normal rate of profits; once distributive justice has done its work justice in exchange is realised, too; specifically, in exchange, taken in the widest sense, both partner would get their due.

Now, Gustav Radbruch suggests that the two Aristotelian principles of justice should constitute the basis of the legal system (for example, Radbruch 1980 / 1925, pp. 37); given the fact that the same principles underly the social liberal classical-Keynesian system of political economy, we may now speak of a natural legal system, directly associated with Natural Law, not postulated dogmatically, but won by hard scientific work. Since political economy and law start from the same principles of justice Wilhelm Oswald's claim for a close cooperation between lawyers, legislators most importantly, on the one hand, and political scientists and political economists on the other, can now be realised. This implies that the material content of socio-economic and political matters is fundamental and the legal form becomes of secondary importance; in Oswald's terms, *materiale Rechtsethik* would now dominate the *Formalismus in der Jurisprudenz* (Oswald 1957, title page). This reflects a very important fact. Before the Great Transformation, with the economic conditions relatively simple and changing very slowly, the science of law, of course in the service of politics, had been the dominating social and political science. This is immediately evident for Rome, where a system of private law was elaborated and put into practice. In the Middle Ages, the Church, the Nobility and the Citizens (*Stadtrechte*) developed an intense legislating activity. This continued after the Great Discoveries around 1500, whereby the absolute state and the bourgeoisie were increasingly implementing Roman law within the framework of the nascent nation states. The Great Transformation brought immensely complex monetary production economies into existence; consequently, political economy became the key social science of Modernity, a fact blurred by the *mistaken* postulate of a self-regulating economy; given this the science of law seemingly continued to dominate. Presently, after the terrifying depression of the 1930s followed by a Second World War and with the onset of the 2008/09, the belief in the self-regulation seems to fade away gradually. After along preparation through Karl Marx and Maynard Keynes, and their followers, political economy seems, as is very likely, definitely to emerge as the key social science of the modern era, with the science of law losing its privileged position to become integrated into the system of social and political sciences; similarly, mainstream neoclassical-Walrasian theory will have to give way to classical-Keynesian political economy. Specifically, in the spirit of Oswald (1957), a very close collaboration between lawyers, legislators in the first place, and political economists will presumably get crucially important.

Given the above, positive law ought, as is implicit in Radbruch (1980/1952), to be based on natural law, with the principle of *distributive justice* (*iustitia distributive*) 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, *justice in exchange (iustitia commutativa)* ought to govern the ethically appropriate relations between individuals and collectives. Based on these principles legal theories to be applied to specific domains and particular cases may be set up. As suggested above, the link between legal theories and political economy is probably most important. For example, to set up an appropriate legal framework for the system of social insurance, specifically of unemployment allowances, requires a theory of employment determination. Law making activities require knowledge about the phenomenon to be shaped by legal arrangements. The aim of a legal arrangement, for example to legally shape a social insurance system, requires, in turn, probable knowledge about the phenomenon giving rise to establish a social security system, for example the forces governing involuntary unemployment or the distribution of incomes. In any case, as Maynard Keynes suggested, legal arrangements in any sphere, economic or political for example, have to be such that the economist and the politician may act sensibly in any situation, “and, above all, [the lawyer has] to devise means by which it will be lawful for [an economist or politician] to go on being sensible in unforeseen conditions some years hence”(Harrod 1951, p. 583). As we argue in this context, Keynes’s requirement for law can be met best through acting on the basis of principles.

Given these intricate complexities and interrelations, ethical and legal judgements related to complex phenomena are always of a probable nature, *probable* in Keynes’s sense. The probable nature of legal judgements is bound to increase with the legal system and the objectively given situation getting ever more complex. Large gaps between positive law and probably perceived natural law may develop as a consequence. In fact, positive law is on the level of phenomena, and these are bound to change in the course of time; natural law, however, is on the level of *invariable* principles, which have to be distilled through very broad and deep historical and theoretical considerations. Principles are, in fact, applicable to *all* situations, however fast these situations may change; yet, with systems of positive law loopholes will always exist, inconsistencies may arise if the system gets very complex, and different interpretations of specific prescriptions are possible.

Given this, positive law cut off to various degrees from probably perceived natural law, may procure more or less certainty of application of the law (*Rechtssicherheit*) in a first stage; however, if objective circumstances change parts of positive law may no longer reflect the original intention of the legislator; moreover, loopholes always exist or new one may come into being, and may be used by skilful individuals to their advantage; as a consequence, the

legal system runs the danger of becoming the law of the financially stronger, and possibly also of the more shrewd; social power may be relevant, too. Given all this, even minor cases may lead on to very long legal procedures, possibly enhanced by delaying tactics of one the parties; it is evident that delaying tactics are frequently associated with financial interests of the lawyer and the party he defends. All this may happen, and increasingly so, because the practice of law increasingly concentrates upon objective and quantifiable, purely economic-scientific factors, excluding subjective-ethical elements related to the individuals involved in a legal case; on the socio-economic and political side the social-ethical dimension of phenomena moves into the background, also because there are very diverse doctrines on this subject. And very importantly, the problem of asymmetric individual and social power, including asymmetric information, is not taken account of sufficiently in legal systems shaped by the liberal vision, which postulates the basically equal autonomous and rational individual, ideally endowed with perfect knowledge. Given this, with positive law and the legal system, the fundamental danger is that justice may be replaced, in some areas at least, by power to a less or greater degree. All these deviations from natural or common sense law based on the nature of a legal case could be called alienation of law or alienation in the legal sphere.

*A particularly dreadful case of legal alienation is provided by the football club Sion / Sitten (Valais / Wallis – Switzerland) during the Swiss football championship season 2011/12. Accused of having acquired a player still under contract some years ago, the international football association (FIFA) did not allow the FC Sion to integrate newly acquired players into the team for 2011/12. However, the Swiss football league, finding the FIFA orders inappropriate, took the opposite decision. Given this, the splendid Sion team – by 2015, the FC Sion was 13 times in the Swiss Cup Final and obtained 13 victories!! – had a good start in the Swiss championship and eliminated a European football giant, Celtic Glasgow, from a European competition. Now, the FIFA reacted strongly. The Swiss football league was put under threat if the FC Sion was not harshly punished: Swiss teams, including the Swiss national team were to be excluded from international competitions! As a final result the FIFA excluded the FC Sion from European competitions and the Swiss football league ruled that 36 points had to be deducted from the points won by the FC Sion in the Swiss football championship; according to the regulations of the Swiss football league the maximum number of points that can be deducted is 12!! The final result of legal tribulations for one year, involving a great number of lawyers and with millions of Swiss francs squandered, was distressing: The Swiss championship and a European competition have been heavily*

*distorted, and an excellent team had lost the fruits of its efforts during an entire season; in fact, the FC Sion was one of the favourites of the top Swiss league; however, because of the deduction of 36 points the club ended up on the last place at the end of the season; to this adds the unjust exclusion from an important European competition after having knocked out a prestigious Scottish team. And the affair has not yet come to end because the FC Sion rightly asks for a financial compensation. And what would have been a common sense judgement? Simply an appropriate fine – the innocent players of the FC Sion would not have been affected and the Swiss and European competitions could have gone on regularly. The time to take the decision would have been ten minutes or less, and plenty of time would have been left for a drink.*

Fortunately, however, it is very likely that most lawyers, when they are dealing with some case, rely, implicitly or explicitly, on the *principle of justice* putting to use instructed common sense. The same is true of judges when they render a judgement. This means bringing positive law nearer to natural law as far as this is possible, given certain legal conditions (*Rechtslage*) and an ever-present imperfect knowledge. Instructed common sense is, in all situations, the great door to natural law.

The problem involved here is that objective elements may, in many instances, be interpreted very differently, or may be arranged appropriately by a party engaged in a legal dispute; given this, theoretical, ethical and subjective elements may become fundamentally important in the proper applications of laws. The rising importance of objective elements *per se* in Law cases, and its implications, frequently results in more or less large gaps between law and Justice. However, we have already mentioned the German Lawyer Gustav Radbruch who suggests that positive law should directly emanate from the principles of Justice (*Gerechtigkeit*); as a consequence, a gap between Positive Law and Justice might be interpreted as alienation in the legal sphere. In his introduction to the Science of Law, Gustav Radbruch gives an excellent account of these issues (Radbruch 1980/1952, for instance on pp. 41-43). In this context, Radbruch argues, as has been suggested in the above, that the Principle of Distributive Justice (*iustitia distributiva*) is basic in Public Law; in Private Law the Principle of Justice in Exchange (*iustitia commutativa*) is fundamental. Given this, in a Natural Law System the Principle of Distributive Justice would have to be applied to all parts of the public and social sphere, and the Principle of Justice in Exchange to all possible relations between the social individuals. In Bortis (1997/2006) it is insisted upon that, to apply both principles broadly correctly, requires a solid system of the social and political sciences; here, Political

Economy in its being the key social sciences of Modernity is of particular importance. Without *probably* knowing how modern monetary production function in principle, good legal work, above all in the social and public spheres, and good politics are both difficult to realise. As Oswald (1957) suggests, a close collaboration between the lawyer on the one hand, and the political economist, the sociologist and the political scientist on the other, is utterly necessary in a complex and rapidly evolving modern society. The latter have to tell the lawyer how the economy, society and the state function. Subsequently, the lawyer has to legally shape the objects presented to him, the economy, society and the state to wit, in such a way that the applied political economist and social scientist and the politician can act sensibly in conditions of uncertainty, that is also in unforeseeable circumstances. This means the lawyer has to rely on legal principles, which allow the applied social scientists and the politicians, in collaboration with the lawyer, to adapt their action to all possible circumstances.

Given this, the basic problem of law consists in setting up the legal structure for the political institutions existing in a polity, and their relationship with social and economic institutions, and, in fact, with the entire population. This is a matter of Public Law. Ideally, this institutional system ought to be conceived in a way such that the scope of liberty for the social individuals is as large as possible, which, in turn, implies a harmonious institutional set-up at the full-employment level; the absence of involuntary unemployment would realise the right to work. Maximising the scope of liberty implies that the regulation of behaviour of the social individuals, including collectives, through Private Law ought to be minimised. The setting up of a legal system requires a very solid socio-economic and political theory, whereby Political Economy, the key social science of Modernity, is fundamentally important, a point insisted upon repeatedly in this essay. Hence, according to the social liberal vision and contrary to presently prevailing doctrine, Public Law is of primary importance, and Private Law emerges as of secondary concern.

To conclude these considerations on law, we may say that, in the spirit of Oswald (1957), the *content* must dominate the *form*. The content consists of the immensely complex real world, which can only be approximately captured by socio-political theories, among which political economy as the key social science of the modern era is most important. The lawyer must now legally shape this content, to give it a legal form through legislation. But it is crucial to recall Oswald's dictum: the form is necessary to avoid arbitrariness, but should never dominate the content. Given this, in law as in the other social and political sciences, particularly political economy, action must be based on principles, giving rise to robust laws to enure security of law (*Rechtssicherheit*). Indeed, as emerges from Keynes's economic *and* philosophical work,

*to act on the basis of principles is the most appropriate way to act rationally in a complex and rapidly evolving real world, about which we have imperfect and probable knowledge only and where uncertainty about the future always prevails* [on *probability* in Keynes's sense see O'Donnell (1989, specifically Part I)]. The great problem is to uncover the most plausible principles on which to base our actions. In this essay, we suggest that Keynes's social liberal vision, which conceives of man as an *essentially* social being, is far superior to the individualistic liberal vision of the modern world.

In this context, Pierre Aeby (1884 - 1957), Professor of Civil and Commercial Law at the University of Fribourg / Switzerland (1911 – 1952), is reported to have said: *I only teach principles based on Natural Law; it is up to the students to apply these principles in their practical work*. This proposition seemed to reflect the basic position of the entire Fribourg Faculty of Law around 1950. Again, this points to the unity of the social and political sciences and to the consequent requirement of close collaboration between lawyers, political economists, sociologists and political scientists to shape policy making on all levels, including legislation. And policy making in the spheres of the economy, society and the state, including legislation, must be based upon principles, emerging from a coherent system of social and political sciences. This system of social and political sciences must, in turn, be based upon a vision of man and society, analytically articulated by a social philosophy. In fact, the sciences of politics and law, sociology and political economy must be based on a social liberal view, which conceives of man as a rational and social being in the Aristotelian-Thomistic sense. Indeed, the social liberal system of the social and political sciences emerges as the most plausible one, if compared with the corresponding liberal and socialist systems as is alluded to in (Bortis 1997). In this context, it is important to note that both the liberal and the socialist system of social and political sciences are, fundamentally, also conceived as *natural law* systems as clearly emerges from the writings of liberal and socialist writers. This implies that, to work out a system of the social and political sciences as closely in line with human nature as possible, requires studying in depth the history of social and political ideas. This leads on to the emancipation of the mind, which, in a Keynesian vein, is required to distil the most probable essentials of socio-economic, legal and political phenomena (on probability in Keynes's sense see O'Donnell 1989, specifically chapter I). This is why the great social and political scientists and their theories are so important, particularly since the coming into being of the modern world in the second half of the eighteenth century.

In this context we should remember that governing, including legislating, is, as Aristotle insists on, 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 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 broadly understanding how monetary production economies function and how they are related to society and the state, appropriate political action, including legislating, is not possible. **Political economy had become and has remained *the key social science of the modern era*.** Without a coherent system of political economy, a coherent system of the social and political sciences cannot be developed. In this essay we have insisted on classical-Keynesian political economy, grounded on the social liberal vision of Man and Society, being the most plausible system of socio-economic theory (Bortis 1997). Given this, classical-Keynesian political economy must provide the basis on which a complete system of the social and political sciences, including the science of law, is to be built.

This leads to the second question, the appropriate size of the polity (see on this Bortis 1997/2006, 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 of the social individuals are themselves structured entities. From this the fundamental policy problem arises, that 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 1997/2006, chapters 6 and 7), a fact already perceived by Aristotle. And the difficulty of governing has dramatically increased with the coming into being of modern monetary production economies with a sophisticated division of labour, and with money and finance being of fundamental importance. Given this, policy principles and their application now require a very solid theoretical foundation. This is why *political economy* has become, and has remained, the *key social science of the modern era*. From the complexity of the policy problem 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 1997/2006, chapters 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, in collaboration with society, the social foundations on which individuals and collectives (various associations) may prosper (Bortis 1997/2006, 2003a). 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.

However, appropriate social foundations render 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. A strictly public education system tends to ensure the equality of opportunities and contributes to a high social mobility.

Full employment has to be brought about by the internal employment mechanism (Bortis 1997/2006, 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 principle, the tax rate  $t$  must be set at a level to ensure that the state budget is in equilibrium at the long-period full employment output  $Q_f$ :  $G = t Q_f$ . And, in a Keynesian vein, state expenditures  $G$  set the economy into motion and bring about the tax revenues  $T = t Q_f$  required to finance these expenditures. Hence government expenditures bring about the tax revenues required to finance these expenditures. This is analogous to Keynes's fundamental axiom saying that investment calls forth the saving required to finance it, and not the other way round.

*In this context it is important to note that a distribution policy should not necessarily 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. At full employment we would have  $S + (T - G) = I$ ; hence if  $S$  exceeds  $I$  at full employment, the state should spend more than he gets ( $G > T$ ), which would absorb the excess saving and prevent the formation of speculative money balances. Thus monetary wealth would be held in the form of treasury bonds. The individuals having bought state bonds could of course dispose of their wealth at will through selling these bonds.*

Moreover, foreign trade must be broadly managed such that the current balance is in equilibrium in the long run (Bortis 1997/2006, chapter 6). In fact, given long-period exports and export earnings, the import of the necessary goods required in production must be ensured first. Subsequently, the imports of non-necessary goods, making up part of consumption out of the surplus, have to adjust in a way to ensure the long-period equilibrium of the current account. 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 and reduces system caused alienation, which implies approaching the Common Good as much as is possible for human beings. 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 favouring 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 in production and finance, 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.

Given this, *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 1997/2006, chapter 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 1997/2006, chapter 6, and 2003b).

*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 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 1997/2006, chapters 4, pp. 190–9, and 6, pp. 326–43). As already suggested in the chapter on the *vision and the values underlying the Essay*, Keynes's *National Self-Sufficiency* (1982/1933) is very important here. Some import management is, in fact, 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 1997/2006, chapter 6, pp. 338–39). 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 1997/2006, 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. This, as will be suggested below, is fundamentally important to realise the aim of history in a more complete and, consequently, richer way.

### 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, given the fact that market economies are not self-regulating.

This endeavour may, in the target countries, that is, in 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 the ruling classes of these countries. Given this, democracy may become purely formal without any material content.

*This is, of course, not to argue against democracy, which, however, must take on a differing shape. In fact, we have repeatedly argued that democracy in the sense of self-government is possible on the local level only. On the national level there must be a government for the people. That is, 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 in Switzerland. However, to be able to formulate appropriate policies, the government must be able to rely on a very solid socio-economic and political theory, particularly a very robust system of Political Economy (on this see Bortis 1997/2006 and 2003a). To elaborate such theories is task of the Universities, specifically Faculties of Social and Political Sciences.*

Moreover, in the present age of globalisation, very large countries or blocks of countries will, as a rule, 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 vast regions of 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. However, possible influence spheres have become relatively small. Africa, the Middle East, Central and South East Asia are the most important cases in point. George Orwell's *1984* vision seems to get realised gradually.

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. Hence the question as to the natural world order and the problem of the natural political organisation of the various societies are inextricably linked. In fact, both questions 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 primarily on justice and social harmony, that is on ethics; this weakness causes their breakdown, a fact echoed in a different way 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 Western Europe, 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; a.tr.; our emphases). 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 defence 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, with co-operation, not conflict, between states and continents dominating]' (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 social 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. However, 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 occurring if required. 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 *Ursprung und Ziel der Geschichte* Karl Jaspers sees the post World War Two era ‚as a preparation for the struggle for a planetary order’ (Jaspers 1955/1949, 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 1955/1949, 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, Jaspers 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 1955/1949, 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 concentrate on questions of existence only, which are of general significance and link together 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 the relations between them, that is, a design for the economic, financial and political order of the world as a whole.

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 of *Unity in Variety!*]; modern civilisation which has taken possession of the globe during the past hundred years is nearer disunity in standardization“(Nef 1963, p. 5). This is a very accurate proposition indeed.

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 driving out, or 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; and, in an Aristotelian vein, the good life is essentially social, implying that the question of the good is inextricably linked to the problem of setting up the good society. Nihilism implies that ends fade away and that the means become ends: indeed, in modern civilisation, science, technology, and the economy tend to 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. This may be the case with the market mechanism, the legal system, public administration, administration and bureaucracy in general, 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 purposeless mechanical devices, constructed by the Fribourg/Swiss artist Jean Tinguely. This gives rise to alienated or unnatural societies, which Karl Marx, Emile Durkheim, William Haas, Herbert Marcuse, Ernst Jünger, 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 extensively the crucial problem of *education* in this essay; only some casual remarks will be made here and there; nevertheless, it must be emphasized that, as is very likely, *education on all levels will be the fundamental problem of the future*.

At this stage, we cannot but refer to John Nef (1967, chapter 9) who writes at the outset of this chapter, which, precisely, is 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 the powers of reason and analysis get enhanced through strongly developed faculties of intuition and imagination; just let us recall Keynes who said that insight obtained by intuition was the first form of knowledge.

The teaching of religion from a very early age onwards seems to be of particular importance, for several 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. These faculties enhance the capacity of comprehensive reasoning, that is, holistic thinking (*ganzheitliches Denken*) and perceiving relations between phenomena (*Zusammenhänge sehen*). This, in turn, renders possible higher-level analytical performances at later stages of education. Given 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, some religious knowledge enhances the understanding of historical, social, political and cultural phenomena. These have indeed been crucially shaped by religion everywhere and at any time. Fourth, and perhaps most importantly, a comprehensive and compulsory teaching of religion stabilises and strengthens the social individuals emotionally *through providing a sense of life*. On the basis of education, 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. And, least but not least, religion develops *consciousness* about the great problems of Truth, Goodness and Beauty on the basis of a vision provided precisely by religion. The issue is about integrating Religion (Faith) and Knowledge, Religion and Ethics, social and individual, and, to some extent, also on Religion and Beauty. It must be admitted that the Catholic Church has done very great work in this domains through the centuries. Indeed, in providing a vision to deal with the fundamental values of Truth, Goodness and Beauty through an excellent education system based on very solid *curricula*, the Catholic Church has done immense and unequalled work in shaping Christianity, starting from the Fathers of the Church, passing

through the Carolingian Empire and the Scholastic system, until the present days. All this has very far-reaching implications. For example, without consciousness about ethical issues, social and individual life tends to get alienated to greater or less degrees. The legal system and the economy, and politics, simply cannot function properly without ethical foundations. All this has a very important institutional implication: The State and the various Churches must *not* be separated, as was fashionable following up the French Revolution, but they should *collaborate*. It has already been suggested that this would fortify the personality of the social individuals, resulting thus in a more stable society.

Moreover, as has been 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, without any perspectives, may be counterproductive and may be equivalent to utter cynicism, if this goes along with fatalistically accepting and maintaining a heavily alienated socio-economic and political situation. In such circumstances, there is a great danger for religion becoming alienated. Marx's *religion as the opium of the people* may become reality. Just to remember, Marx has criticised alienated religion, not true religion.

Of course, speaking about religion is highly appropriate if this is associated to providing hope and relief. However, this should go along with undertaking permanent efforts to reduce system-caused alienation. Most important in this context are the creation of new workplaces, also through public employment programmes, and an incomes policy aiming primarily at establishing higher minimum wage levels. The perfectly organised Catholic Church would be in particularly favourable position to vigorously press for profound reforms. This would be part of the *civilisatory mission of the Church* Eric Voegelin speaks about (see the second section of the final chapter, *Epilogue*). The Latin American Theology of Liberation is certainly on the right track in matters of social reform. Moreover, it has already been suggested that, regarding the reduction of system-caused alienation, Marx and Keynes can be powerful allies of the Catholic Church. In these days, ideological quarrels should move into the background. The point is to co-operate to improve the socio-economic situation worldwide.

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 and to improve 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, and to enhance 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. As already suggested, education in line with human nature will be the crucial issue of our future. Given its importance, the theme of education will be taken up in a later chapter, *Ways ahead* below.

### *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; moreover, the social surplus, mainly produced by agriculture, was increased through conquest and plundering and the exploitation of slaves acquired through conquests. In fact, late or post *[first]* 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 civilisations, can only be mentioned here. 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. In fact, *Goodness*, was applied to *the social and political sphere* in old Persia.

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 her own characteristic features*. Taxes should be levied in an orderly way and the defence 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, that is, founded on the principle of Goodness. 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 the 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 and 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, that is, 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 1997/2006, pp. 190-99, and chapter 6; and Bortis 2003b). 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. Given this, the employment effect of foreign trade will be particularly strong if exports mainly consist 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 labour, indirect labour as is embodied in intermediate products, and past labour stored up in real capital, that is machines and equipment. However, primaries are essentially land-intensive, creating relatively few workplaces; moreover, the distribution of the export revenues, oil for example, represents a difficult problem.

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, seen as a whole, is a closed system (Bortis 2003b, pp. 72-77). 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.

Now, 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). Now, more unequal income distribution reduces the purchasing power of the population and, consequently, the demand for consumption goods; and stagnating or eventually declining government expenditures reduce the demand for public goods. Given this, long-period world economic activity – output and employment – tends to remain more or less constant or may even decline. 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. Indeed, 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 1997/2006, chapters 4 and 6). Hence, an alienated world order maintains or even increases alienation within countries, most importantly in terms of a widening wealth gap.

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. This is definitely confirmed by the 2008 financial crisis, which will greatly reduce the relative socio-economic, political and military position of the hitherto dominating West, specifically of the United States.

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.

*It has already been suggested, that, at present, a simplified Orwellian scenario might emerge, that is, East versus West. The East would comprise Asia and Russia. This scenario is volatile, however, mainly because Russia may go together with Asia or with Europe. Given this, Russia is a crucial element in the Orwellian power game. In our view, Russia and the Commonwealth of Independent States should, ideally, be independent of power blocks and form a bridge of peace between Europe and Asia. However, to render possible such a state of affairs presupposes a specific world order, that is, the world as a family states, structured through historical-geographical federations. This issue will be taken up at the end of this section.*

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 even 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.

*The argument just suggested has been greatly elaborated and specified by Jacques Sapir in his excellent Le nouveau XXIe siècle – Du siècle "américain" au retour des nations. Sapir*



*argues that after the breakdown of Socialism and of the Soviet Union, it was generally expected that the 21st century would be shaped by the United States. Subsequent to the international financial crisis of 1997-98, the world went into a new direction, characterised by the reemergence of the nations, with Russia, China, India and Brazil gradually emerging as power centers of their own. A multipolar world is coming into being. This tendency is strongly enhanced by the present, 2008, financial crisis, to be probably followed by a crisis in the real sector.*

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 still 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 Brazil.

In the last instance, the fact that monetary production economies are not self-regulating implies, as already suggested, 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, *natural* way would be *in line with human nature*, with the world as a peaceful family of co-operating small and medium-sized nations or nationalities 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 (1997/2006 and 2003a).

To escape the determinism exercised by the socio-economic system, as is implied in the first alternative, and the alienation associated to it, 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 a crucial role in every respect. 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 1997/2006 and 2003a) 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 Brazil 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 neoliberal 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, absolutely necessary 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 – craftsmanship - might become of crucial importance again; Richard's Sennett's very important book *The Craftsman – Handwerk* is greatly significant in this context; indeed, the fundamental theme of the book is to reconcile Man and the world of Labour 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 achievable for human beings (Bortis 1997/2006, 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 *government and administration* must stand above the political parties if government is to be efficient in view of realising as much social harmony as is possible for human beings. Moreover, Parliament would have to take on a new role. The members of Parliament, representing the people, would supervise and assess government activity. 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 possible for human beings, is 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, 2003a) 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 immense 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-Thomistic political science. This implies that state should not too large, in order that the great political problems may be tackled successfully. Small and medium-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 deal with common problems, to promote the collaboration between member countries and to defend common interests, including, eventually, representation within the *supracontinental* United Nations.

To end this section a problem arising with the notion of a world order conceived as a family of states has to be dealt with (see on the following suggestions Bortis 2007). In fact, history has not produced a harmonious world where all the states can coexist in peace. For example, Europe had to go through a large number of conflicts culminating in two World Wars until a politically reasonably stable situation could be reached in Western and Central Europe. Nevertheless, many frontiers still seem fragile. Moreover, in the Balkans the break-up of Yugoslavia has created a new area of conflict. Similarly, the break-up of British India into three states has produced the Kashmir conflict and the division of the Punjab, with great problems for the people of Kashmir and the ethnic community of the Sikhs. More generally, problems arise because of population movements resulting in a differing ethnic composition in some region, the division of former political entities, the creation of new states claiming the same territory, common resources to be shared, water and oil-fields, for example. And certainly there are other factors producing conflicts, for example, new frontiers drawn after a war.

International conflicts, above all related to frontier problems, might possibly be solved to a greater or lesser part, according to the circumstances, and the conflict potential greatly reduced, as well as potential conflicts prevented, *through structuring the world family of nations through forming sub-families of nations having a common historical experience; to this geographical factors may add, for example Euphrates and Tigris linking Turkey and the Eastern part of the Fertile Crescent*. If present in the mind of the people of some historical-geographical sub-family of nations through history manuals, commemoration of great events, the cultural heritage, architectural and literary for example, the common historical experience may create a very strong feeling of community among most diverse social, ethnic and religious groups. For example, there are large historical intersections between Germany and Poland (Silesia, Pommerania, and East Prussia, with the northern part of East Prussia also belonging to another Historical Federation, that is the Community of Independent States). These intersections might become a very strong link, not a source of conflict, if both countries were to join a Historical Federation on the lines suggested below.

Bangladesh, India and Pakistan would be another prominent example of a historical-geographical entity, and so would, for example, Turkey and the countries of the Fertile

Crescent. This historical-geographical criterion to form sub-families of nations seems to underlie Alexandre Adler's *l'Odysée américaine* (Paris, Grasset, 2004). On p. 173 Adler speaks, tentatively, of six powers that could ensure the stability of our world: North America, China, Europe, Iran and Turkey, South America, and the Centres of the Islamic-Arab World (Saudi-Arabia, Egypt and others). Other criteria to form sub-families of nations are possible, most importantly along religious or ethnic or religious-ethnic lines. This seems to be the criterion underlying Samuel Huntington's *The Clash of Civilizations and the Remaking of World Order* (New York, Simon & Schuster – Touchstone, 1997), who considers the following civilizations: Western, Latin American, African, Islamic, Sinic, Hindu, Orthodox, Buddhist, Japanese (pp. 26-27).

This historical-geographical criterion to form sub-families of nations is, it seems to us, the appropriate criterion, whilst the religious or ethnic or the religious-ethnic criteria are highly dangerous, ethnic purifications being one possible implication. In the historical-geographical view, religious, cultural and ethnic diversity appears as an asset, favouring an exchange of ideas, which, in turn, constitutes an enrichment, and provides the basis for a larger social potential, that is a socially and culturally richer society. Just let us remember here that in the social liberal view, the basic policy aim is of a social ethical nature, that is, to approximately realise the good society. The way to the good society will differ, according to the concrete circumstances, shaped, for example, by ethnic, cultural and religious factors. Regarding the Indian subcontinent, one may remember in this context that Emperor Akbar the Great (1556-1605) aimed at ruling over India through the reconciliation of religions (Hottinger 1998).

However, to form sub-families of nations along religious-ethnic lines, associated to the external employment mechanism, means establishing a variant of the Orwellian scenario of international power politics. Economic conflicts, mainly the struggle for raw material and the energy resources, for outlets for final products, and thus for market shares and work places would intensify. The competition for work places would bring down taxes and government expenditures, but also wages; financial capital being constantly in search of more profitable investment opportunities would lead on to even more inequality in income distribution. Stagnating or lower government expenditures worldwide and a more unequal income distribution would result in a lower employment levels world wide, and intensify the competitive struggle for survival.

In an Orwellian vein, conflicts could also become political and military. Such struggles would take place mainly in thinly populated areas, but richly endowed with raw materials and energy resources. Orwell thought of Africa and the Middle East; now Central Asia might be added.

Moreover, we may add that within an Orwellian scenario, social-cum-redistributional policies, and environment protection are almost impossible, except perhaps in some small and very rich countries. The world would be heading towards social and environmental collapse. Finally, to form sub-families of nations along religious-ethnic lines might, in some cases, lead to the tragedies of ethnic purification.

*Contrariwise, to break up existing federations may also lead to the horrors of ethnic purification. The break-up of Yugoslavia is a tragic example. The Yugoslav Federation should, in fact, not have been destroyed, but enlarged into a Balkanic Federation and put on new basis, in fact putting all social, ethnic and religious groups on the same footing. In a first step, Albania should have been included in this Balkanic Federation, which, incidentally, would have broadly solved the problem of Kosovo; incidentally, a Balkanic Federation was suggested by an Albanian sociologist, just at the moment, when the NATO bombing of Kosovo and Serbia started. But power politics and strong economic interests have been stronger. In any case, the great French diplomat Gabriel Robin (Robin 2004, pp. 15-30) is very severe with the diplomacy of the European Community regarding the handling of the Yugoslavia conflict; in our view, Gabriel Robin is entirely right.*

Unfortunately, the world is presently moving along the ethnic-religious variant of the Orwellian scenario. In this context, almost unnoticed, a gigantic arms race is taking place. In fact, according to the Stockholm International Peace Research Institute, arms production has increased worldwide by 46 percent from 1999 to 2009. Also according to the IPRI, defence expenditures in 2008 were equally impressive: USA 607 billion dollars, China 85, France 66, the United Kingdom 65, Russian Federation 59, Germany 47, Japan 46 and Italy 41.

And the struggle for final product markets and for raw materials and energy resources intensifies. And the international financial and monetary system is probably going to face heavy disturbances, mainly because of huge disequilibria: the US current balance deficit and the very large dollar reserves accumulated by China, Japan, Russia and some Arab countries. To this would add speculative activities and an excessive drive to make money in the financial sector.

*Significantly, the financial crisis has greatly intensified by the end of 2008. Governments and Central Banks have to step in massively to prevent a breakdown of the world financial system.*

Moreover, how long will the real economy be able to produce ever larger profits to be transferred to share holders, bearing in mind that higher profits imply lower real wages and, consequently, less effective demand, output and employment. Moreover, huge amounts of financial capital are desperately looking for investment opportunities. Recently, Imre Kertesz, Holocaust survivor and Nobel Prize winner of Literature 2002, judged the present situation more dangerous than the one prevailing before the First World War.

Given this, to form sub-families of states along historical-geographical criteria seems the only way out. Such sub-families could be called Federations. The very first political step would consist in establishing a Supranational Institution that would take care of *common* problems of the Federation. Such problems could be foreign policy, defence policy, the administration of certain areas, and co-ordinating activities between the member states of the Federation. It is crucially important that, in a first step, the member states of the Federation should be *equally represented* in the Supranational Institution, irrespective of their geographical size or of the size of the population. The members of the Supranational Institution should be eminent stateswomen or statesmen, recognised in all member states of the Federation. Moreover, in the start period decisions would have to be taken unanimously. This would remove any mistrust from the weaker members of the Federation. As time goes on the Federation could become a Confederation and the Supranational Institution could evolve into a Federal Government, with the Federal Parliament representing the People indirectly, that is through the States making up the Federation. In any case, various political forms between Federation and Confederation should be possible. There would be no danger of authoritative government – the small or medium sized states or regions of large states would deal with the basic socio-economic problems, employment and distribution for example, by means of the supra-party presidential democracy briefly outlined above; in this form of government, the president and his government stand above the political parties, and the government would be responsible to the Parliament (on this see also Bortis 1997/2006, pp. 401-10). And, according the Principle of Subsidiarity, the higher-level political institutions should only carry out tasks the lower level entities are not in a position to carry out. This would create maximum spheres of freedom for the social individuals living within States and Federations.

*Incidentally and interestingly, traditional Switzerland is an excellent example of a Federation as just sketched, which has evolved into a Confederation. In fact, before 1798 Switzerland consisted of independent states (Cantons). Common problems, most importantly foreign policy and economic questions, concerning domestic and foreign trade in the main, were*



*dealt with by the 'Tagsatzung', precisely a Supranational Institution in the sense just mentioned. The 'Tagsatzung' lasted from around 1400 to 1848 to give way to two Houses of Parliament of a Confederation who elect a governing body ('Bundesrat') made up of seven members. 'De iure', the members of the 'Bundesrat' are elected for four years, 'de facto', however, for an indefinite time, since each member of the governing body decides himself on his retirement. The most important parties represented the Parliament are also represented in the government (Bundesrat), which, therefore, stands above the parties and is, as such, also of a supranational – supracantonal - nature. The fact that the members of the Bundesrat decide themselves on their retirement enables the Swiss governing institutions to adopt a long-period view in matters of government. Moreover, its supraparty character renders the Swiss government remarkably stable since it is not dependent on election outcomes, which, in any case, leave the relative strength of the parties largely unchanged, because of the proportional election system; or if there are changes in the relative size of parties, these go on rather slowly, as a rule.*

An excellent example of a sub-family of nations having a long common history and form a geographical unity would be Bangladesh, India and Pakistan - eventually Afghanistan could be added as Linking Country belonging also to another subfamily. This sub-family has obvious common problems: Kashmir and the Punjab to begin with; a common foreign policy and defence policy, which would prevent outside interference in relation with internal problems, might be additional common issues. In the spirit of both the Principle of Solidarity and the Principle of Subsidiarity, a Supranational Institution would deal with these common problems. On account of the principle of subsidiarity, Kashmir and the Punjab would have a very great autonomy in order to build up an orderly economy and an institutional superstructure in line with her values. This would also hold for all the other states and regions of Bangladesh, India and Pakistan. Of course, autonomy is not equivalent with autarky. Domestic exports and imports would link all the states and regions of the sub-family. Based upon the principle of solidarity the Supranational Institution could bring about a transfer of resources from higher developed states and regions of the Federation to economically less developed ones. This would be in line with a further task of the Supranational Institution, that is co-ordinating activities. After some time, a common currency could possibly be established for all the States of the Federation, with each State nevertheless having a specific money to render possible an autonomous economic and social policy. This would be in analogy to the United Kingdom where there is an English, Scottish and Northern Irish pound, all having

equal value, but being specific to each region.

To complete the picture one could imagine the formation of other sub-families or Federations the formation of which would constitute important steps to establish a more peaceful and more harmonious world. In each state, development could go on the basis the internal employment mechanism. The aim would be to organise the economic basis in a way such that full employment and an equitable distribution of incomes obtain. The social surplus emerging from the economic would enable to build up an institutional superstructure in each state and region in line with its values. A crucial value would now be the environment and sustainable economic activity worldwide. To realise a broad harmony between man and nature on the world level would require co-operation between subfamilies of states and continents. This co-operation would have to be co-ordinated by a strong supranational United Nations Organisation.

Some examples of other possible subfamilies or Federations may be now mentioned. In forming such sub-families, it should be possible that there may be intersections between Federations. This would mean that there are states that may belong to two, or in specific cases even to three Federations. Such states would be Linking States (Verbindungsstaaten).

An obvious Federation would be the Community of Independent States (CIS), which, ideally, would form a bridge of peace between Europe and Asia.

It might eventually be appropriate to reorganise Europe. It might indeed be the case that Europe in its present form may not be viable in the long run in a world where markets are not self-regulating simply because fundamental issues like employment and distribution cannot be dealt with in a satisfactory way. One might conceive of setting up two European state families or Federations. First, Western Europe: France, Germany and Austria, the Benelux Countries, Switzerland (!), Italy, Spain, Portugal, Great Britain and Ireland, and the Scandinavian countries. Historically this would be an extension of 'Old Europe', the Carolingian Empire, which, in turn, had emerged from the West Roman Empire.

Second, Central-Eastern and South Eastern Europe: Germany and Austria (Linking States); Poland, Czechia, Slovakia, Hungary; the Baltic States, Byelorussia, Ukraine (Linking States); former Yugoslavia, Albania, Romania, Bulgaria, Greece; Turkey (Linking State). This Federation would be based upon an extension of the Austro-Hungarian Empire merging, on the one hand, with Poland-Lithuania, and with the Western part of the Ottoman Empire, on the other hand (in a different form, such a Federation was suggested by Winston Churchill after the First World War). Going further back, an evident link to the East Roman Empire and Byzantium emerges.

The Mediterranean States might form another Federation (as suggested by President Sarkozy) with links to Europe, the Middle East and Africa. The Historical Reference point would, of course, be the Roman Empire, superseded in part by the Arab conquest.

Turkey and the countries of the Fertile Crescent (Kuwait, Iraq, Syria, Lebanon, Israel-Palestine, Jordan) would make up another Federation based upon history (these countries form a unique cultural unity since Biblical times and later became associated to the Eastern part of the Ottoman empire) and on geography; indeed the Euphrates and Tigris River link Turkey on the one hand and Syria and Iraq on the other; to share these water resources would be one great common problem arising in the Fertile Crescent – Turkey Federation. For historical reasons, Egypt should also be included in this Federation, because of her very strong Biblical links with Israel – it is indeed the Egyptian captivity, which formed the Nation of Israel out of the Israeli tribes. This Federation might provide the basis to solve the great problem of Israel-Palestine. The Turkey-Fertile Crescent Federation would be of particular significance and importance for the people of Israel. Indeed, the historical space of Israel stretches from Ur in Southern Mesopotamia through Israel-Palestine to Egypt.

Finally, we might mention a Federation based on the historical experience of (Cyrus's) Persian Empire and of (Alexander's) Hellenistic Empire: Iran, Turkey, Greece, Iraq-Kuwait, Afghanistan, the southern part of Central Asia. In the framework of this Federation, the Kurdish question might be solved. A Kurdish state could be formed with the corresponding regions still belonging to Turkey, Iran and Iraq.

These are of course just suggestions. Other historical-geographical configurations of Federations and Linkages between them are possible.

A strong, truly supranational UNO would be required to guide and to maintain the existing viable states, to favour the coming into being of new states and to form sub-families of states or Federations. The UN would also co-ordinate co-operation between Federations and, moreover, would prevent conflicts. Finally, within the framework of the UN a World Resources Agency ought to be created, to husband non-renewable raw material and energy resources at present but also in the interest of future generations. Presently, the natural resources are controlled by individual states, and sometimes even by interest groups. The uncontrolled squandering of resources resulting from this might lead the world to the brink of environmental collapse. Indeed, in a world of ferocious competition with conflicts between power blocks permanently existing, it will be impossible to stop this squandering of resources.

The starting point for managing appropriately the world's natural resources could be the propositions made by Sheikh Yamani in the 1970s already. Very high prices for primary products, oil in particular, would force all countries, above all the industrialised countries, the United States in the first place, to switch to alternative energies, foremost solar energy. This would greatly contribute to preserving our natural environment. Moreover, precious non-renewable resources would be preserved for future generations through a reduction of the quantities produced. In this context, paying primary goods producing countries, above all poor countries, for leaving raw materials and energy resources in the ground, to preserve these for future generations, is certainly an excellent idea.

However, an orderly management of the world's natural – non-renewable - resources benefiting all the nations of the globe, and, above all, future generations, can only be achieved within a world order based on co-operation, with all Federations and Confederations being led by a strong UNO. The various Federations and Confederations of the world would have their representatives in a kind of World Parliament. The members of this Parliament would, in turn, elect the UN Governing Body.

This may sound somewhat utopian, but seems the only way out. Indeed the argument is simple and robust and may be realised without major difficulty, provided there is sufficient statesmanship available worldwide. The main reason why the argument is both simple and robust is given by the fact that all existing state frontiers remain untouched; moreover the Principle of Subsidiarity ensures that all the important objects of policy making remain with the existing states.

We might add here, that to be able to act effectively, the UN, that is the World Government, should be endowed with a military force possessing the most advanced weapons, including nuclear weapons for example. However, this military force, to be provided by the Great Powers, should *not* be placed under the control of the World Government, but under the *control of the World Parliament*. This proviso would render impossible any misuse of the UN military forces, and would remove any mistrust from the Great Powers. And, such an arrangement would constitute a solid basis to start serious discussions on disarmament. An almost total and worldwide disarmament could become a serious possibility.

The paramount importance of the United Nations, enhanced by the creation of a World Parliament and a UN Governing Body, in fact a World Government, implies that these top UN institutions cannot be based in some large country or federation, for example, China, India, the United States of America, Russia and the CIS, the Eastern and Western European Federations, or Brazil. The country and its capital city that would host the top UN institutions

should be small and nevertheless be of fundamental world historical significance. One city in the world only fulfils this requirement: *Jerusalem, the capital of Monotheism*. In this context, it will be argued below that religion, specifically monotheistic, but of course also other religions, will play a crucial role in a future, largely unalienated world. Another reason for making Jerusalem the capital city of the world, is the destiny of the people of Israel, who, after the destruction of her state by the Romans in 70 A.C., has been dispersed all over the world.

*Incidentally, two splendid works on Jerusalem came out just now (at the end of 2007). The first is by Othmar Keel and is about the history of Jerusalem and the emergence of Monotheism (Keel 2007), the second is by Max Küchler who wrote a handbook and a study guide on Jerusalem (Küchler 2007).*

The world historical significance of Jerusalem is of course directly linked with the role of the people of Israel in world history, which will be alluded to below, that is, at the end of the first subsection (From the beginnings to the Great Transformation) of the section on *a more complete structure of history* set out in the concluding remarks of third part of this essay (Theory and Philosophy of History).

To conclude these considerations on the natural world order, it may be restated that 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, as has just been suggested, conceives of the coming world as a family of nation states, structured through Historical Federations and strengthened through continental institutions, culturally diverse, and, consequently, each polity having a way of life of her own, co-operating with each other, within the framework of Federations in the main, with a strong *supranational* United Nations, maintaining the existence or favouring the coming into being of viable states and stabilising Historical-Geographical Federations.

In the movement towards the natural world order of Modernity a moderate transformation of Capitalism *through reforms* will play an essential role. Basically, the external employment mechanism will have to be gradually replaced by the internal employment mechanism; this issue is dealt with and put in a wider context in Bortis (1997/2006, chapter 6). Moreover, the relationship between real and financial capitalism will have to be put on a new basis. The concluding remarks of this section are devoted to these issues; some implications will be taken up below, mainly in the subsection *Germany 1871-1945 and the Apocalyptic Age 1914-*

45. Given this, these concluding remarks are made to avoid misunderstandings, also in relation to certain exceptional activities mentioned in this subsection, which cross the behavioural boundaries associated to the normal 'rules of the game' (Joan Robinson) prevailing in oligopolistic capitalism.

*It is very important to note that the transition to Social Liberalism can be carried through reforms, whether one starts from a socialist regime, Cuba for instance, or from Capitalism prevailing in most countries of the world. Perhaps, the basic reason why the reform path to a social liberal state of affairs is possible in every country, is that Social Liberalism implies a mixed economy, whereby the mix-up between public and private sector may vary from country to country, according to the differing mentality of the people.*

To start with it should be recalled, that, in this essay, it is postulated that Capitalism, the realisation of Liberalism, is highly unstable and is associated with cumulative processes leading on to growing inequalities between individuals, social classes, regions, countries and even entire continents; and, as a consequence of the growing inequalities in the distribution of incomes and wealth, involuntary unemployment increases. The social consequences are growing poverty and misery. These tendencies are reinforced by 'Washington Consensus' factors: increasingly free international trade and growing integration of all countries and regions into the world economy, reduction in the size of the state sector and growing privatisation. The final result consists in enhancing a specific world division of labour associated to a dual economy worldwide: highly developed regions and countries on the one hand, and utterly underdeveloped regions and countries on the other. The limits between the two extremes may be shifting: some underdeveloped countries may be on the way to becoming transition economies and eventually rise to the status of a developed or even a highly developed country, and vice versa.

This way of functioning of the capitalist economy is associated with the external output and employment mechanism; economic activity is governed by the volume of exports and by the export multiplier (Bortis 1997, pp. 190-98). Obviously, actually ongoing globalisation is based on the external output and employment mechanism and is, as such, associated to largely unfettered capitalism; and the economic theory of Liberalism, that is neoclassical economics, postulating a tendency towards a harmonious full-employment equilibrium in competitive conditions, appears either as naïve and wishful thinking or as an ideological cover-up.

Opposed to the external output employment mechanism is the internal mechanism governing economic activity. The latter is, in fact, associated to Keynes's Social Liberalism and Classical-Keynesian Political Economy (Bortis 1997/2006, 2003a). According to the internal mechanism output, employment, growth and development depend upon factors acting inside a socio-economic system. The economy considered is, in fact, a 'mixed economy' where a strong public sector co-exists with a large private sector. Small and medium-sized enterprises are, as a rule, privately owned; large enterprises may be private or public. Since, in a social liberal view, the economy is ancillary to society and the state, capitalism in a social liberal economy is, as a rule, fair and constructive; employment and incomes policies are pursued to achieve high employment levels and a socially acceptable distribution of incomes. In such an economy, foreign trade is, in a way, of an auxiliary nature: Exports are governed by natural endowments and historically grown specialisations; the size of imports and the overall import coefficient – the share of imports in gross domestic income – have to be compatible with full employment. As a rule, the fundamental policy aim is to build up the good society, that is, to attempt to realise the Common Good: the social surplus is to be used to realise political, social, and cultural values. And, very importantly, *each* small and medium-sized country should, in fact, have its own money to more easily realise these policy objectives. Given this, the internal output and employment mechanism is the natural socio-economic mechanism to be put to use in the small and medium-sized states referred to in the above chapters on 'the natural political order within states' and on 'the natural political world order'. Hence, this social liberal view of the economy and of society is associated to a constructive capitalism, which, in turn, is linked to a mixed economy. There is a solid private sector made up of small and medium-sized enterprises, and some large enterprises, which may be privately or publicly owned. There is also a strong public sector. The education system and the general infrastructure – railways, telecommunication, postal services, and eventually others – should be public. In principle, the economy should be a means to build up a well-ordered society, in fact, the good society in which the social individuals enjoy a maximum scope of freedom and may prosper as a consequence.

As has been suggested repeatedly, the actually ongoing globalisation process is obviously based upon the external output and employment mechanism. Each country aims at achieving a high employment level through high export volumes and through minimising the import coefficient. The employment effect of exports crucially depends upon the nature of exports and imports. If a country predominantly exports labour intensive technologically advanced products, and imports land-intensive primary products – raw materials, energy products - and

standard industrial products, the employment effect of international trade will be particularly strong, and vice versa. Given this, the external employment effect is basically about struggling for market shares for industrial products and for services and about securing the supply of raw material and energy resources. This type of aggressive capitalism, relying upon the external output and employment mechanism, is, as alluded to above, associated with cumulative processes resulting in growing inequalities, rising involuntary unemployment, and, finally, in the globalisation of poverty and misery worldwide.

Aggressive capitalism, based upon the external employment mechanism, may become destructive capitalism if the external output and employment mechanism is imposed through exercising some kind of power, economic, political, or even military. Economies functioning according to the internal output and employment mechanism are forced to enter large free trade areas or even the globalised economy through exercising some kind of power; hence, these economies have to be opened and to become export-oriented; moreover, such economies, frequently heavily indebted, are forced to reduce their public sector and to privatise. This kind of activity is likely to be exercised by powerful countries possessing a military-industrial complex; frequently, international monetary institutions are associated to such undertakings.

Colonialism and imperialism has been practised by the West European countries from the Great Discoveries onwards, and has gained momentum after the Industrial Revolution. Since the end of World War One, and, particularly, since the Second World War the United States have exercised the role of the dominating, sometimes even imperialist power, practicing neo-colonial policies, with the military-industrial complex certainly playing a crucial role. In many cases, neo-colonial policies may, as will be hinted at below, be associated to activities of a very few, but extremely powerful and well-organised groups, violating to more or less degree the ordinary 'rules of the game' of oligopolistic capitalism. In these activities, powerful absentee ownership, that is, concentrated fractions of financial capital associated to the ownership of big industry, commerce and banking, may play a crucial role, as Cain and Hopkins (1993) have shown in their study on British Imperialism.

Now, a military-industrial complex has also existed in the Soviet Union, but was subordinated to the political forces, that is, the communist party and its central committee. It is significant that the dissolution of the Soviet Union went on peacefully, without the Red Army intervening. The lack of power of the armed forces in the Soviet Union is perhaps symbolised best by the suicide of Marshal Sergei Akhromeev on the fall of the USSR in 1991. The Red



Army was indeed a tool of the political forces, and not backed by powerful economic forces, the Soviet Union being based upon a closed economy, also dominated by political forces.

Finally, two types of financial capital must be mentioned, socially productive and social unproductive, even damaging financial capital. Socially productive financial capital results in productive investment enhancing thus economic development through maintaining, improving and extending the productive forces of an economy, thereby creating new workplaces. However, socially unproductive financial capital may lead on to expanding the modern sector at the expense of the traditional sector, if effective demand is given, destroy workplaces and deepen the cleavage between the traditional and the modern sector; moreover, foreign investment in the primary sector, agriculture and mining, may just lead to a transfer of precious resources abroad without promoting economic development at all; finally, unfriendly takeovers in the primary and industrial sector may lead on to a rise of share prices and a more unequal income distribution, a transfer of financial and real resources abroad, while at the same time reducing employment; a few development islands may be created, with no impact on the overall development of an underdeveloped country. In fact, to render foreign resources socially productive in developing countries requires solid policy conceptions on a social liberal theory basis (Bortis 1997/2006, 2003a), and stable institutions, especially stable political institutions.

*Unproductive financial capitalism may also be associated to speculative activities and excessive moneymaking within the financial and the real sector of an economy. This may result in excessive prices for real and financial assets and to the creation of large overcapacities in the real sector. As soon as effective demand is no longer sufficient to absorb output, profits and investment decline. A stock market crash will normally ensue with the prices for real and financial assets sharply declining. Heavily indebted banks and individuals will get into difficulties. The present, 2008, crisis of the financial system broadly operates along these lines.*

Hence, regarding capitalism, two tendencies ought to characterise the movement from the presently prevailing alienated situation shaped by Globalisation towards a modern natural world order in line with human nature. First, the aggressive capitalism based upon the external employment mechanism ought to be transformed in a constructive capitalism based upon the *internal* employment mechanism.

*In this context it is very important to note that the internal mechanism is perfectly compatible with high levels of international trade based upon the principle of comparative costs. As a rule, small or medium-sized countries without noticeable natural resources have to specialise and will, therefore, have high export and import shares in national income. Switzerland and Japan would be cases in point. Contrariwise, large countries, richly endowed with natural resources, will, as a rule, have relatively low foreign trade activities in relation to their gross domestic product. Examples would be the United States, China and Russia.*

And second, unproductive financial capitalism must be gradually eliminated to prepare for the domination of socially productive financial capital; this means that the financial sector has to stand in the service real, that is, the productive sector, where values are created. Both tendencies are central themes of the political economy of Keynes's Social Liberalism, that is, classical-Keynesian political economy, as is set forth in Bortis (1997/2006 and 2003a).

As has been insisted upon repeatedly this is not to deny the fundamental importance of the financial sector in a monetary production economy. Without a financial sector a monetary production economy simply could not function. Nor does the above imply that no money should be located in the financial sector, nor that large fortunes should not exist. All individuals, all enterprises and third-sector institutions need to hold some money for precautionary purposes. However, the largest part of great fortunes should be used to set up foundations or be held in treasury bonds so as to channel money from the financial to the real sector. This is to prevent the latter from gradually becoming ancillary to the former.

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

### *A more complete structure of human history*

#### *From the beginnings to the Great Transformation*

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, there is 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, we have 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); these factors, and a specific geographical situation, made of Europe the Laboratory of World History. Fourth, there was 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*). The starting point of the considerations undertaken in this essay, 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. These considerations will be taken up somewhat more extensively in the two final chapters of this essay.

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. In this unfolding of human potential *social* processes taking place within communities or, later on, societies play a crucial role. Following Karl Marx, we may divide history into two parts. First, there is *alienated history*, inappropriately called *Vorgeschichte* (*prehistory*) by Marx, and, second, we have *true or natural history* (*eigentliche oder natürliche Geschichte*), or, also, *history proper*.

*In accordance with common practice we shall use the term history throughout and employ the qualifications alienated, true or natural, only when needed.*

Hence 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 dispositions and broaden their capacities. Of course, the objectively given ideal society in which the Common Good would prevail can never be fully realised; this is due to human imperfections and weaknesses, for example imperfect knowledge or excessive striving for power of some individuals or groups.

Given this, *alienation* is, in a way, the *gap or a tension* between *ideal* societies, in line with human nature, and *historically existing* societies, characterised by shortcomings of various kinds and to various degree, for example, exploitation, poverty and misery, involuntary unemployment, 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 achievable for human beings, 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 theological 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. As has been suggested repeatedly, 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.

In a way, fundamental alienation represents the distance between Man and his Creator, a fact that is appropriately captured by the German *Gottferne*. Given this, alienation would 'measure' the distance between concrete human existence and the natural state of society, enabling the social individuals to prosper. In this perspective history may be seen as the permanent effort of man to do better, to realise the fundamental values – Goodness, Beauty and Truth – as perfectly as is possible for human beings 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 social and political consequences that may ensue from this type of alienation. 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 tends to produce a new – alienated - situation and *knowledge* is required to master this new situation and to bring it into line more closely 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 knowledge 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 dissemination of the ideas developed in *axial age* took place. What was achieved in first *axial age*, the breakthrough to *Truth*, was preserved and consolidated 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. And, perhaps, Goodness was consolidated through Truth – principles of government - on the political level through the founders of the Persian Empire in the midst of first axial age.*

Second *axial age* (800 to 2000 B.C.), prepared the breakthrough to Modernity in Europe (800 – 1800) and realised Modernity 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, technical 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 and the French Political 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.

*Indeed, after the breakdown of Socialism and the growing difficulties of oligopolistic global Capitalism, illustrated by the 2008 financial crisis, time has come to initiate the transition to Social Liberalism through reforms based upon Classical-Keynesian Political Economy. In a way, this transition would constitute yet another Great Transformation, in fact, the third, the second being the breakthrough to Modernity, Gellner's *Industria*, and the first being the Agricultural Revolution, which gave rise to the great Bronze Age Civilisations.*

In the preceding chapters it has, indeed, been suggested that Liberalism-Capitalism and Socialism with Central Planning 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 Classical political economists, specifically François Quesnay and David Ricardo. 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 provides the basis for sensible policy making in the social and economic spheres. To set up a system of economic theory 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 (1997/2006 and 2003a), 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 economic, 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, to be considered more deeply in the last two chapters of this essay, 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 so far in this essay.

To start with we may imagine man living, *unconscious* of his existence, in harmony with animate and inanimate nature, with his immense potential dormant. The breakthrough to *consciousness* must have been a momentous event – for the believer this might coincide with the exit of the Garden of Eden! Probably, consciousness was at first about existence, and, gradually, about potentials. When man started to realise his potentials in *free-will* conditions, *fundamental alienation* in the form of imperfect knowledge and striving for power presumably came into being at once, and very heavily. It may well be that natural communities broke up and individualisation and social fragmentation set in (Henri de Lubac).

*Perhaps Man was erring in the dark for very long time-periods as to the fundamental values of Goodness and Beauty, and later on Truth. And to reach consciousness about the existence of a transcendental Deity and a natural order required very firm supranatural guidance as the whole of the Old Testament suggests. The New Testament brought the breakthrough to consciousness about a state of natural social harmony as an aim, a telos, to be reached. The attempt to realise concretely this natural state of social harmony was rendered extremely difficult through ever new forms of alienation coming into being, including imperfect knowledge. It has been suggested that alienation culminated subsequent to the double Revolution at the end of the 18th century. Liberalism and Socialism had been vain attempts to come to grips with the immensely complex situation brought about by Modernity. The notion of Social Liberalism worked out in the course of the Apocalyptic Age 1914-1945 by Maynard Keynes and, implicitly others, Jacques Maritain for example, and elaborated and specified subsequently will, perhaps, definitely allow to reduce alienation decisively and to realise a natural state within and between the various polities of the world. This natural state would be characterised by social harmony since it would be broadly in line with human nature. The meaning of world history in the vision of Henri de Lubac now begins to emerge. It is the movement from the crude original social harmony, governed by determinism, that is, the efficient cause to, eventually, a state of social harmony as a telos, to be aimed at through the free will of Man. In between alienation prevailed, and still prevails, in most various shapes and intensities. And states of alienation bring about immense challenges that have been overcome more or less perfectly by Man, guided by chance in the course of evolution or, in the view of the believer, by Providence in the course of Sacred History. It will be suggested below that the course of World History has been such as to lead Mankind to the threshold of the social liberal natural order.*

*Self-consciousness proper came, perhaps, into being only in the course of first axial age. In any case, with gradually increasing consciousness about his environment, 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 and in very different and ever-changing circumstances, had begun; however, as is very likely, heavy alienation in the form of struggles for domination and survival was there from the beginning. Man's journey through history 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, immensely impressive urban civilisations came into being, in Mesopotamia, Egypt, and in the North-Eastern Mediterranean, as well as in Northern India and in China. How this was possible seems to remain mysterious for the scientist; the believer would possibly invoke revelation.

*In the above, it has been suggested, that, perhaps, proto-civilisations may have existed in Africa of which no traces remain. Indeed, in Central Africa the remnants of humans having lived seven million years ago have recently been discovered. The eventual existence of African proto-civilisations, of which no trace remains, could eventually and very tentatively explain the sudden emergence of the Bronze Age Civilisations.*

A similar mystery, eventually related to revelation, surrounds the value of Goodness, which became Commandment (through Moses, eventually 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 superhuman beings having created the monumental sculptures of the first civilisations, a scientific mystery once again. 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* ([first] axial age), 800 to 200 B.C., which is yet another gigantic 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. [First] 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 (Haas, Jaspers, Seitz). The treatment of *Achsenzeit* has been prepared in the introductory chapter *Setting the Stage*. [First] 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. 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 was still founded 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 *Metaphysics*, *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 made up and regulated by *man-made institutions*, which are *purposefully created*. Individualistic institutions regulate behaviour, for example, the regulations of private law. Or, within social institutions, individuals, equal in principle, 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, it is the task of the government to set up and to encourage the coming into being of appropriate institutions. These institutions provide the framework for 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 the *unfolding of 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 became 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 to be realised to various degrees of perfection and in very different circumstances.

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 a 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 socio-economic and political theory only. Both themes, the *necessity of theorising and institutions and Modernity*, will be taken up subsequently within the framework of two sections within the present chapter on *Concluding Remarks*.

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. Perhaps, the Christian hostility to

descent and the Christian tendency to create institutions independent of persons were the most important elements favouring the coming into being of Modernity. 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 Western 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, on ever-higher material and intellectual levels, the Common Good through man-made institutions. On the level of reality there was, in the West, a movement from community to society. The conception of *polis* linked to the question of the good polity was decisive for the breakthrough to Modernity in the West in the course of second *axial age* (800 - 1800), with Modernity gradually spreading over the entire globe (1800 – 2000).

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 the course of post-*axial age Agraria* (Gellner), a political order

broadly in line with human nature. This, in turn, would explain the widely admired extraordinary stability and long duration of the Chinese political society 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 anti-ethical nature of the Roman Empire was a most fertile ground for Christianity to unfold and to decisively shape Europe and, subsequently, the entire World.

Indeed, as has been suggested already, *Christianity* was at the basis of the *second new start* for Europe provided by the *Carolingian Empire*, which led 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 around 800 A.C. and perhaps gradually 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, only European, *axial age* (about 800 A.C. to 1800 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, and the 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 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, most importantly the two World Wars, the Holocaust, various Genocides, deep economic depressions, and huge financial crises; moreover, there were and still are social 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 preceding the chapter on *concluding remarks: 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. Hence the state, in fact *the small and medium-sized state, remains of fundamental importance*. Indeed, the state will be essential during the transition to a natural, social liberal world order, and will remain essential in this world order.

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, at least in part, and their implementation has produced an immense amount of alienation.

There are, in fact, several types of alienation. System-caused alienation within Capitalism 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 state on the one hand, and religion on the other, produces nihilism – the fading out of fundamental values -, which is also a type of alienation. Socialist alienation is mainly due to the paralysing influence of central planning,

resulting in economic and technological stagnation, and is associated to a lack of personal liberties.

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 (1997/2006, 2003a), which exhibits, sketchily though, Keynes’s *Social Liberalism*, and the associated system of classical-Keynesian political economy. Given this, it has already been suggested that Europe should go on playing her role as the Laboratory of World History. It has even been argued that Europe has a *duty* to do so. Given the fact that Europe has benefited greatly from the Middle East and from the East, she has now the obligation to return something in the form of socio-economic and political ideas and policies. In fact, Europe should provide the example through setting up well-organised polities in line with human nature.

Having very briefly considered the *structure* of human history we return for a moment to the *meaning* of history, a subject to be taken up again in the *epilogue* to this essay. 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, and cultural – such that a fundamental change was impossible. H.B.] Consequently, we Europeans are nearer to China and India than to old 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 fact, *Judaeo-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.

In modern times, various Jewish writers have, from a secular point of view, given a more concrete content to the idea of hope. Karl Marx's vision of Humanist Socialism, put to the fore in his *Frühschriften*, and *Das Prinzip Hoffnung* by Ernst Bloch, are certainly of crucial importance in this context.

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 minimum achievable by human beings. 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 his Creator which had been broken when man stepped out of the Divine order at the moment he become 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 enabling the social individuals to prosper. That the natural state should be founded on ethics, implying the reduction of alienation to a level achievable by human beings, 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.

*Whether Biblical tales have some historical background or not, is not of decisive importance. It is indeed the content and the significance of some Biblical passage, which is crucially important. Nevertheless, it is certainly interesting and relevant if a historical background for Biblical tales may be established since this would greatly reinforce the significance and the importance of the Bible as a whole.*

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: credit and money creation through the banking system constantly lead on to investible financial resources, permanently supplemented by new saving, exceeding investment volumes; this process of money flowing into the financial circulation is enhanced through a high saving-income ratio due to an unequal distribution of incomes. This implies an *excessive* wealth accumulation. Moreover, too much speculation could prove very damaging to the real economy in terms of high levels of involuntary unemployment, making thus distribution even more unequal, mainly through the large profits that have to be realised to pay the dividends on shares, possibly overvalued through speculative activities, exercising thus a downward pressure on real wages. 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 (1997/2006). 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 Judaeo-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 in 2000 B.C. with Abraham, one might be tempted to say that this tradition forms, in a way, the backbone of World History. Given this, the birth of Christ and the foundation of the Roman Empire around the year zero would seem to constitute the *crucial turning point* of world history – it is indeed remarkable that the two events occurred broadly at the same time. From this precise point of history onwards, Humanity seems to move towards a new age. Here the natural gradually emerges as an *aim*, a *telos*, given by the finality of human nature, and, as a consequence, the *final cause associated to freedom* becomes potentially active, leaving behind the old age, characterised by the state of nature in the original sense and the determinism connected to it.

The significance of the two *axial ages* now emerges somewhat more clearly. The first *axial age* made Humanity conscious about the problem of Truth and initiated theorising in the broadest sense, covering philosophy and the natural and social sciences. Theorising intensified in the course of the second *axial age*, first in the domains of theology and philosophy, reaching a peak with Thomas Aquinas, and, subsequently, medieval thinking was, as Haas notes, applied to nature and society. In this process, the links between philosophy and the sciences loosened and was definitely cut in the age of Enlightenment. Modern science and technology came into being following up the core period of the second *axial age* (1750-1830) when the Great Transformation took place.

The knowledge acquired through systematic reasoning is not only an aim in itself. Knowledge is also a precondition for ethically correct action in all domains. This link between Truth and Goodness was already perceived by Aristotle. Keynes added that, in the complex situations of Modernity, probable knowledge is a prerequisite to approximately correct action having some ethical purpose. In this context, it should be remembered that the most probable theory can only be found through a comprehensive theoretical argument, mainly based on the history of

thought and dealing with alternative theories; this issue has been alluded to in the first two sections of the first chapter *Setting the Stage* above.

In this context, two factors are of the greatest significance. Firstly, the two *axial ages* emerge as crucial stages in the process of unfolding of human nature. In the first *axial age*, in which the breakthrough to Truth occurred, the intellectual tools were forged that were applied to man, society and, above all, nature and technology, in the second *axial age*, which brought the Breakthrough to Modernity, in the West at first, and, subsequently, in the entire world. And secondly, *Christianity* brought about the movement from nature and its deterministic laws to the natural governed by moral laws in line with the finality of human nature. Ideally, this ought to go along with the elimination of modern system-caused alienation in view of establishing a state of natural liberty, that is, Keynes's *Social Liberalism* set into the wider framework of Jacques Maritain's *Humanisme Intégral*. As Keynes clearly perceived, this implies bringing Ethics and the Sciences, natural and social, together again; this would have to go along with putting the all the sciences on a metaphysical basis as has been emphasised by Jacques Maritain in *Science et Sagesse*. To bring about the synthesis between Science and Ethics on a metaphysical basis *in a way in line with human nature* is the fundamental task of Christianity. Realising this task as far as is in line with human possibilities would mean eliminating alienation to the greatest possible extent, that is moving from alienated history to *natural* history. This would constitute true progress.

#### *Germany 1871-1945 and the Apocalyptic Age 1914-1945*

However, there is no linear progress towards the natural state; in fact, 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 – of which a moving account is provided by Ricarda Huch - was heavily damaged by the terrifying Thirty Years' War (1618-48) and became involved in world power politics after the formation of the Second Empire in 1871, to end up in the abyss of National Socialism in 1933-45 (later in this subsection it will be suggested that, in fact, Germany was *pushed* into the abyss of National Socialism and *kept there*). Indeed, the Thirty Years' War was *the* turning point in German history. According to

common estimate, this terrible war reduced the German population from seventeen to eleven million, to five million after pessimistic estimates. A French historian said “that a war like this would have broken the backbone of any other nation; Germany, however, more than a century later, produced her second classical period in literature led by Goethe and Schiller.” Moreover, one could add, an *incomparable musical creation* took place in Germany-Austria over more than two centuries following up the end of this greatest of all religious-cum-social and political wars in the pre-modern West. Finally, building on Descartes, and taking account of the Greeks, very great work was done in Philosophy and History by Leibniz, Kant, Hegel, and Leopold von Ranke, to name but a few; and, starting from Hegelian philosophy, Karl Marx became the towering figure of 19th century political economy, the first political economist to have understood capitalism with unequalled depth, masterly combining economic theory and sociological-cum-political and historical analysis. And, significantly, the longing for peace remained deeply anchored in the German mind. Indeed, Friedrich Schiller’s great poem *Die Glocke* ends by *Friede sei ihr erst Geläute*.

The terrifying devastations of the Thirty Years’ War produced, in a *defensive* vein, the Prussian military state to prevent outside aggression or interference [and, simultaneously, to fill up the political and military vacuum in the North of Germany, in view of politically and militarily stabilising the North German plain; this was also to secure peace in the very centre of Europe, Brandenburg and her environment to wit, which was one of the regions that had suffered most during the Thirty Years’ War.](#) Subsequently, the profound humiliation inflicted to Prussia and Germany by the defeats against Napoleon resulted, quite understandably, in an upsurge of nationalism, but also lead on to the great Prussian reforms associated, in the main, to the names of Stein, Hardenberg, and Wilhelm von Humboldt, which made of Prussia one of the most modern states in Europe; the military reform and strong nationalism finally resulted, in 1871, in the setting up of the Bismarck Empire; here, the modernised Prussian army constituted one of the tools to bring about German unity. Parallel to this, the Industrial Revolution in England left Germany and the European continent no choice: ‘Industrialize or Perish’, Marx stated forcefully. Gradually, Germany became economically and politically increasingly *offensive*, almost by necessity, since the great depression of the last quarter of the 19th century - 1873-1896 approximately - brought heavy unemployment and forced millions of Germans to emigrate to the United States. The only way out was seen in the acquisition of colonies and dependent territories, from which primary products – raw materials and energy resources – could be obtained and which served as an outlet for final products. This led Germany into a gradually intensifying struggle with the British Empire for economic, military

and political predominance on the world level. Two British authors, P.J. Cain and G.A. Hopkins, state on this: „The essence of [the British-German] conflict was expressed with remarkable bluntness [in a letter written] in 1907 by Viscount Esher, an important member of the Committee for Imperial Defence: „Meanwhile the Germans proceed unabashed on their way, and have their objectives clearly in view. The German prestige rising steadily on the continent of Europe, is more formidable to us than Napoleon at his *apogée*. Germany is going to contest with us the Command of the Sea, and our commercial position. She wants sea-power and the carrying trade of the world. Her geographical grievance has to be redressed. She must obtain control of the ports at the mouths of the great rivers which tap the middle of Europe. She must get a coastline from which she can draw sailors to her fleets, naval and mercantile. She must have an outlet for her teeming population, and vast acres where Germans can live and remain Germans. These acres only exist within the confines of our Empire. Therefore, *L'ennemi c'est l'Allemagne*”“(Cain and Hopkins 1993, vol. I, p. 456). Robert Massie's *Dreadnought – Britain, Germany and the Coming of the Great War* vividly pictures the way to catastrophe.

The intensifying struggle between the British and the German Empire was, perhaps, the basic cause for the First World War, which, following up quasi-civil war 1918-23, the great German inflation 1922/23 and the profound economic crises of the 1930s, hitting export dependent Germany hardest of all industrial countries, led to the Second World War, where National Socialist Germany wanted to obtain her *Lebensraum* - Viscount Esher's *acres* just mentioned -, in analogy to the British and French colonies and dependent territories, in South Eastern and Eastern Europe, Russia most importantly. Finally, the war against the Soviet Union was to become a war of civilisations, the East against the West, and, as such, also a War between Capitalism and Communism. However, Capitalist rivalries turned the Soviet-German War into the Second World War.

In relation with the destiny of Germany, two points are interesting to note: first, a great number of intellectuals of the German language area, among them Jacob Burckhardt and Friedrich Nietzsche at Basel (Bâle), were *opposed* to the creation of the Second German Empire in 1871, arguing that Germany must remain a *Kulturnation*, with Prussia being sufficiently strong to defend German territories; an Imperial Germany, devoting her energies primarily to exercising economic, political and military power would inevitably disturb the European equilibrium of forces, with severe consequences for the entire world. In this context, Charles de Gaulle remarked after the First World War that France had committed a world historical mistake in 1866, because she had not intervened militarily against Prussia and

in favour of Austria after Sadowa (Königgrätz), preventing thus the formation of the Second German Empire and eventually favouring the coming into being of a North German state led by Prussia and of a South German State, possibly dominated by Austria, or, eventually by Bavaria at the exclusion of Austria.

*Probably, the main reason why France did not intervene after Sadowa was that she considered Austria still her archenemy. Indeed, when the Ottoman armies were advancing towards Vienna at the end of the 17th century, France, led by Louis XIV, had concluded a – weak – alliance with the Ottoman Empire! In this context, it has been said that, in 1919 at Versailles, Clémenceau, like Louis XIV, had continued to consider Austria-Hungary as France's archenemy and wanted, and obtained, her destruction, against the advice of Winston Churchill, who clearly perceived the importance of this great polity for the stability of Central and South-Eastern Europe. Churchill, in fact, proposed to enlarge Austria-Hungary, most importantly, to include Poland, and to put all peoples of this polity on the same level, that is, with the same rights and duties. Moreover, a great power would have separated Germany and Russia, creating thus the basis for peace in Eurasia ranging from the Atlantic to the Pacific.*

*We may add here that Austria-Hungary was, at the time, typically a 'cultural polity', as was Italy, to which have added by now France and Poland, for instance. All these polities are examples of polities made, in the first place, for peace, no longer for war, economic or military, and, as such foreshadow the future world order, that is the world as a family of nations mutually enriching each other in all domains. In relation with Austria-Hungary as a cultural entity there is a little anecdote on the great political economist Joseph Schumpeter who, around 1910, should have become Professor in Vienna, but for some obscure reason, was sent to Czernowitz in the Bukowina. Much later he said: 'They intended to send me into exile; however, because of the immensely intense cultural life there, the years I spent at Czernowitz were the happiest of my life. This extraordinary cultural life grew out of ethnical diversity. The Jewish community was the largest, and all peoples of Central, Eastern and South Eastern Europe were represented'. It has been mentioned above and elsewhere that, after the First World War, Winston Churchill had proposed not to destroy Austria-Hungary, but to enlarge her, while putting her on a new basis, equitable for all peoples living within this polity.*

This leads to the second point regarding the destiny of Imperial Germany. Indeed, to delimit in time his great work on the most recent world history (written in the 1950s): *Weltgeschichte der neuesten Zeit*, the Swiss historian Jean-Rodolphe von Salis selects precise points in time: 1871-1945. He thus wants to suggest that this part of World History is intimately linked with the destiny of modern Imperial Germany from the foundation of the Second Empire to the fall of the Third Empire.

Hence the Thirty Years' War transformed the peaceful, and ethically and culturally high-ranking Carolingian-cum-Holy Roman Empire into the increasingly power-minded Prussia-Germany which 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), the whole movement ending up in yet another terrifying World War, producing immense suffering for the civilian population all over Europe, above all in Poland and Russia, and culminating in the horrors of the Holocaust.

However, we shall argue subsequently that Germany was *deliberately pushed* into the abyss of National Socialism and kept there; in fact, Germany was put on *Gestapo* and *SS* chains after January 1933, enabling to disfigure her by a most perfidious propaganda system; as such, National Socialism is *not* a phenomenon that emerged naturally from the German character, but represents an *organised violation* of this character ending up in the *Apokalypse der Deutschen Seele*, which is equivalent to systematically produced *alienation of the German Soul*, to paraphrase Hans Urs von Balthasar.

*In our view, the wider meaning of Hans Urs von Balthasar's three-volume work directly emerges from the respective titles. The title of volume one – Der deutsche Idealismus – could be interpreted as Man refusing to submit to Divine-Natural Law and taking command of his destiny – Goethe's 'Faust' and Marx's 'Prometheus' are born; in an idealistic vein, Man shapes reality and is, as such, the measure of all things. In line with volume two – Im Zeichen Nietzsches – Faust-cum-Prometheus goes beyond the limited and narrow bourgeois existence to create the extraordinary and the outstanding, in fact to perform superhuman feats. The Übermensch enters the scene. However, the Übermensch can only realise his potential through setting himself superhuman tasks, which, necessarily must end up in failure, implying his perishing (if the task could be successfully accomplished, it would be human, not superhuman); death, however, means returning to the Absolute, to God, comprising in a Pantheistic vein Man and Nature; through death, der Übermensch becomes, in turn, a Hero,*



*the highest manifestation of God – hence, the title of the third volume: Die Vergöttlichung des Todes. This deification of death represents the apocalypse of the German soul; also, this implies a return to paganism, in fact to Greek tragedy, on a gigantic scale though.*

*The possible manifestation of the Apokalypse der Deutschen Seele may be illustrated appropriately by a scene in a Nazi propaganda film produced around 1935. A damaged U-boat is sinking to the bottom of the sea. There is no hope for rescue. The commander addresses his crew for the last time and concludes with the words: Zu leben verstehen's wir Deutschen vielleicht nicht so recht, im Sterben aber sind wir unerreich.*

*In the apocalyptic age 1914-1945, alienation – Gottferne – had reached its peak. This is due to the unlimited character of political, military, and economic power, money making for instance, and due to the striving of Man after infinity. In Goethe's terms, alienated infinity is represented by a straight line; given this, Man's striving can never be satisfied; for example, the conqueror always attempts to extend his empire or the greedy aims at accumulating ever more money; as suggested above, alienated striving after infinity is necessarily destructive. However, Goethe went on to say, that Man's natural striving after the infinite can be represented most appropriately by the circle. This means striving after perfection, that is, striving for Goodness, Beauty and Truth in all domains. Since absolute perfection is outside the reach of human beings this striving is infinite and nevertheless limited: always doing the same thing, while trying to ever improve the result. It is intuitively evident that the striving after perfection in all domains results in a harmonious and stable society.*

*The very short remarks on Hans Urs von Balthasar's Apokalypse der deutschen Seele, made above, relate to two themes taken up in this essay. First, the meaning of striving for power and of striving after perfection as the driving forces of history emerges somewhat more clearly. Second, the distance between the natural or circle-type striving after the infinite (the Carolingian-cum-Holy Roman Empire of German Nation) and the alienated straight-line type striving after the unlimited (National Socialist Germany) has perhaps been greatest in Germany in all human history. This may be due to the Faustian striving after the endless having been particularly pronounced in Germany, and, associated to this, is the German tendency to do things thoroughly, without compromise (deutsche Gründlichkeit).*

In the process that led to the coming into power of National Socialism, economic determinism associated with the functioning of the immensely complex world economic system certainly played a crucial role. How indeed could a political movement, marginal in the 1920s, become

by far the strongest political party in the early 1930s? And how could a ‘country, that had gradually established a well-functioning democracy after having lost a terrifying war, and, subsequently, had to abandon several centuries old stable political institutions’ (Sforza 1931, pp. 15-20; American original 1930), end up in a most ferocious dictatorship? Indeed, three years after Carlo Sforza had expressed his admiration for Germany and deplored the situation in Italy, where Mussolini was already in power for several years, Hitler came to power in Germany, just at the moment when the economic depression was deepest, with involuntary unemployment standing at about one third of the work force. In fact, Hitler was *brought* into power to combat communism and social democracy in Europe and, in the longer run, to destroy the Soviet Union.

*Carlo Sforza was a most eminent Italian diplomat and a leading Liberal of the excellent 1848 vintage, who had left Italy for the United States after Mussolini’s coming into power.*

An attempt to answer these questions must take account of additional factors, which amplified the stream of economic determinism acting on the scale of economic activity (on determinism see Bortis 1997/2006 and 2003a). Indeed, from 1918-1923, Germany was near to a full-blown civil war, opposing bourgeois-nationalist sections of the population on the one side, and working class and internationalist forces on the other, with the Social Democrats moving in between, probably knowing that the Western powers would never tolerate a socialist revolution, and a subsequent Communist take-over of political power in Germany. Moreover, an unprecedented hyperinflation destroyed the wealth of the middle classes and was accompanied by misery and starvation. Inflation, in turn, opened the way for foreign money and finance capital to acquire very cheaply real assets of high value in Germany, increasing thus greatly the bitterness of the population.

The *immense suffering* of the German population *after* the First World War and the hatred produced by the near civil and the Great Inflation war must indeed be emphasised. In his excellent work on *the lost revolution – Germany 1918 to 1923*, Chris Harman points to both, suffering and hatred. Suffering peaked in the inflation year 1923: “The inflation had a devastating effect on a whole section of the middle class – those who lived off pensions, fixed interest bonds, their accumulated savings and rents from property. Even those with jobs had usually depended on such extra sources of income to keep themselves ‘respectable’. Now they suddenly found their dividend coupons and savings books were worthless. The most ‘respectable’ elements in German society were on the verge of starvation – the civil servants,

the retired army officers, the university professors, the former policemen. People who had spent their lives carefully preserving a lifestyle that kept them a cut above the ‘common herd’ suddenly found themselves thrust down below it: the elderly gentlewomen would be queuing at the soup kitchen [and her son might desperately try to get some hard currency by selling objects of value to foreigners – life had become a struggle for sheer survival]“ (Harman 1997, p. 230). And, of course, the suffering affected also the working classes. Real wages declined and erratically rose when money wages were adjusted. Nevertheless, starvation became a reality for the workers, too, and looting was a normal consequence.

William Guttman and Patricia Meehan are very precise on a *particularly* sensible aspect of the Great Inflation, the *transfer of wealth to foreigners*, which, from a formal point of view may have gone legally, but immensely added to the bitterness of the German population: “[...] there is no doubt that foreigners with their own currency did in fact acquire a considerable amount of wealth in Germany, especially property and shares in limited companies. It has been estimated that by 1923 foreigners had acquired 10 per cent of the total share capital of German businesses. The value of house property bought by foreigners is said to have amounted to several milliard gold marks; 25’000 houses in Berlin alone passed into foreign ownership. Again, these estimates are to be taken with a pinch of salt, but it was only too obvious to anybody who lived in Germany at the time that the sales of property to foreigners were indeed on a staggering scale.

It is a fact that some foreign students at German universities bought out of their monthly allowances entire streets of houses” (Guttman/Meehan 1975, pp. 95-96). One may easily imagine the immense bitterness of those who were forced to sell or were persuaded to do so.

On this event Stefan Zweig said: “Nothing made the German people so embittered, so raging with hatred, so ripe for Hitler, as the Inflation” (Stefan Zweig, quoted in Guttman/Meehan, p. 238). To be sure, besides the foreigners, German citizens were among the winners of the inflation, too; the Industrialist Hugo Stinnes, who also speculated against the Mark, won on a gigantic scale. “[Moreover, in] an odd way the Nazis themselves profited from the depreciation of the currency, which they so vociferously denounced as the work of Jewish speculators and the new democratic State. The young party was short of cash and relied very much on voluntary contributions from sympathisers, of whom plenty were to be found abroad, in countries with strong currencies. [A Nazi leader even remarked that for] 100 dollars one could buy a minor revolution” (Guttman and Meehan 1975, p. 94).

To be sure, some members of the Jewish community were involved in currency speculation and buying real estate at a large scale, accumulating thus enormous wealth. This was well-

known in the Germany of the 1920s and, in fact, produced very strong anti-Jewish reactions as emerges from a really terrifying passage to be found at the end of Maynard Keynes's small account of his 1926 Berlin meeting with *Albert Einstein* in his *Essays on Biography* (Keynes 1972 / 1926, Collected Works, vol. X, pp. 383-84). Thus, the behaviour of a *very few* Jewish individuals, through enriching themselves excessively in the course of the German hyperinflation, added to the more or less strong anti-Semitism prevailing in Europe, laying thus the basis for the catastrophe that was to follow.

Moreover, the Nazis and others associated Jewish intellectuals to the leadership of Communism and to the *Dolchstoß*, the legend that the German army was not beaten on the battlefield but was stabbed in the back. However, the vision of life seen as a social Darwinist struggle for survival, a vision greatly enhanced by the horrors of World War I, and the racial theories developed by Gobineau and Chamberlain decisively contributed to directing Nazi hatred from *some* Jewish individuals to the Jewish people *in general*. To these elements added the terrible *post-war* suffering of the German population associated to the determinism of the socio-economic system to produce the terrifying blast, that is, the Holocaust, that occurred in the final years of the Apocalyptic Age 1933-1945. The humiliating conditions of the Versailles Peace Treaty 1919, the Great Inflation 1922-23, the quasi-Civil War 1918-23, the Great Depression 1932-33, subsequently, the immensely complex events which led to the Second World War as are hinted at in this subsection and dealt with extensively in Tansill (1952) and Schultze-Rhonhof (2007) and, finally, the almost certain prospect of loosing the war already after the Battle of Moscow and definitely after the Battle of Stalingrad, were the crucial elements that made the deadly mixture explode. Based on Ralf Georg Reuth's *Hitlers Judenhass – Klischee und Wirklichkeit*, we shall suggest at a later stage that *the factual entry into the War of the United States in late summer 1941 without declaration of War, was, as is very likely, the crucial element, which led on to the Holocaust.*

In the months of Civil War at the beginning of 1919, opposing the social democratic government and the military on the one hand to the workers and associated soldiers on the other, hatred rose to immense proportions, as a passage taken from Harman (1997) illustrates: “[The workers were asking for the socialisation of big industry. But the workers’ request were countered by the social democratic government, which,] while pretending to draw up its own plans for socialisation, had been making careful preparations with the military High Command. Freikorps units began to move from Bremen towards the Ruhr and General Watter used them to disarm the local security force in [Münster] and arrest the soldiers’ council. From [Münster] the units crossed into the Ruhr itself, entering the mining village of Hervest-

Dorstein. Their entry was resisted by a group of about a hundred armed miners. But Freikorps artillery soon smashed such resistance and the mining villages of the area were occupied, with the usual mass arrests. At the end of the day 40 miners were dead, including Fest, the leader of the workers' council, who was battered to death while hiding in a church" (Harman 1997, p. 104). Or, on March 4, 1919, a large and very effective strike began in Berlin. "All industrial activity in Berlin ground to a halt, the electricity supply was cut off, and the buses, trams and trains stopped" (Harman 1997, p. 109). However, on March 6, "the Social Democrat Union leaders in Berlin [...] called for an end to the strike. When they found themselves a minority in the assembly of workers' councils, they simply withdrew from it and issued their own leaflets and posters calling for a return to work.

The *Freikorps* immediately took advantage of this betrayal and the splits within the workers' ranks. They began to break the strike, ensuring the distribution of supplies to the bourgeois part of the city. Within two days the strike was no longer effective, and the strike committee felt compelled to call for an unconditional return to work. By 9 March, the strike and the fighting were over.

But Noske and his friends were not satisfied. They were out to win a war, not merely a battle. And they felt that neither the revolutionary left, nor the working class movement were now in a position to defend themselves. The attack which followed 'far exceeded in frightfulness that which Berlin had experienced in January [1919]. For days the government soldiery conducted a campaign in the eastern quarters of Berlin with all the resources of modern warfare – with cannons, bombs and aeroplanes. Innumerable houses were damaged, and some were completely demolished by grenades and explosive bombs. In many cases workers in whose homes rifles were found, were shot dead' [Heinrich Ströbel, *The German Revolution and After*, London 1923, p. 134]. The death toll has been estimated at between 1'500 and 2'000, with 20'000 wounded. The number of those killed on the left was ten times the number on the government side" (Harman 1997, pp. 112-13). Finally, the fatal year 1923, when inflation peaked, saw the fascist movement gain in strength. "The fascists are advancing, said [Heinrich Brandler, general secretary of the Communist Party in summer 1923]. Their attacks on the working class could take different forms: 'The attack of the fascists need not begin with a Kapp putsch; it can begin with the imposition of military rule in Saxony and Thuringia; or with the proclamation of a separatist Rhineland-Westphalian republic. It can follow on from an attack on the wage struggles of workers. In any case, we are on the verge of bitter struggles. We must be entirely ready to act' [Brandler].

It would be necessary to draw Social Democratic and non-party workers into this action, said Brandler. ‘Our party must develop the combativity of its organisation until they are not surprised by the unleashing of civil war. The attack of the fascists can only be put down by opposing Red Terror to White Terror. If the armed fascists shoot on workers, we must be prepared to annihilate them. If they put up against the wall one worker in six, we must shoot one fascist in five. In the spirit of Karl Liebknecht and Rosa Luxemburg, into battle!’ [Brandler]” (Harman 1997, p. 257). One fact immediately emerges: in heavily alienated socio-political situations, only power counts, and ethics is largely eliminated; ethics tends to become ridiculous, since it means weakness, and, as such, ethics may even become dangerous, because, in a merciless struggle, the weak will inevitably be on the losing side. It is in such situations Hitler and Stalin were acting.

This terrible post-war suffering and the hatred accompanying it, must be seen in the perspective of Germany, and Austria-Hungary, who, on account of their geographical position, have endured a much greater ordeal than France and England in the second half of World War I, because of very precarious food supply conditions, with the hardship in Russia having been out of proportions. Indeed, as Ernst Jünger mentions, towards the end of the Great War, German soldiers had not enough to eat in many instances, and, consequently, had to fight with an empty stomach, while French, English and American soldiers were, as a rule, very well fed. Hence while the sacrifice made on both sides was immense, German suffering was still greater. Given all this, Germany was a deeply shocked country in 1923-24, and the immense amount of suffering was emphasised by all political movements, the National Socialists in the first place. This extremely difficult situation sharply contrasts with the euphoria that accompanied Germany’s steep ascent from 1871 to 1917. In this time-period the economic and political latecomer Germany become a serious challenger to the most powerful polity of the time, the British Empire, setting her into opposition to almost the entire economically developed world. The deep fall of Germany after the Great War, accompanied by the immense suffering of very large parts of the German population, goes far to explaining the terrifying political and intellectual earthquake of 1932-33, at a time when the world economic crisis peaked.

*Incidentally, similar events occurred in Russia after 1991. A great inflation destroyed the domestic currency and, thereby the savings of the population, clearing the way for foreign finance capital to buy cheaply valuable assets. This resulted in the formation of some of the very large fortunes in a very short period of time; again, this produced adverse feelings*

*against the West in general, and specifically, against Western finance capitalism in large parts of the Russian population. And, significantly, the notion democrat has become a swearword in Russia! Indeed, in a heavily alienated situation a strong government is required to put a country on the track again. Or else, if the government is weak, informal, sometimes hidden power centers will effectively rule in a disintegrating society, as was Russia after the breakdown of the Soviet Union.*

How, then, could democratic Germany, almost at a stroke, two years after the publication of the above-mentioned book by Carlo Sforza in 1931, end up in a most ferocious dictatorship? Many questions still remain unanswered and will, probably, always remain unanswered. In our opinion, two points are crucially important. First, what has really happened during and immediately after the Great Inflation in Germany 1922-23 in matters of redistribution of incomes and wealth? Who acquired wealth, eventually at very advantageous terms, and who lost? There can be little doubt that these wealth transfers compounded the suffering of the German population and opened new dimensions in the hatred already prevailing. And the effects were absolutely devastating: “Das Jahr 1923 machte Deutschland fertig – nicht speziell zum Nazismus, aber zu jedem phantastischen Abenteuer. Die psychologischen und machtpolitischen Wurzeln des Nazismus liegen tiefer zurück, [...]. Aber damals entstand das, was ihm heute seinen Wahnsinnszug gibt: die kalte Tollheit, die hochfahrend hemmungslose, blinde Entschlossenheit zum Unmöglichen, um am Ende, nur durch die reine Willenskraft und Brillanz über Allem zu stehen; das ‚Recht ist, was uns nutzt‘ und ‚das Wort unmöglich gibt es nicht‘. Offenbar liegen Erlebnisse dieser Art jenseits der Grenze dessen, was Völker ohne seelischen Schaden durchmachen können“ (Haffner 2008/2002, pp. 54f.). The last sentence of this Haffner quote is indeed significant: „It would seem that an experience like the Great German Inflation lies beyond the boundaries, a people may support without heavy psychological damage.“ The terrifying blast that was to occur in Germany at the beginning of 1933 was prepared already in 1923, after civil war and inflation, after terrible suffering and with boundless hatred in place. These elements combined with the inexorable determinism of the capitalist system and led Germany to highest degree of alienation in the whole of human history.

Second, then, a profound knowledge about the functioning of capitalism, specifically the interaction between the financial and the real sector, on the basis of very solid economic theory is indispensable in this context. As has been argued repeatedly in this essay and elsewhere, political economy had become and has remained the key social science of the

modern era. In any case, there was a complex and tragic interaction between the functioning of the world economic system and the behaviour of the German population and politicians, with strong economic interest groups, associated to capital and labour, in the background, in an objectively given situation. Indeed, the crisis hit Germany ferociously, mainly because of the breakdown of international trade; by the help of an ingenious graph, Charles Kindleberger impressively pictures the dramatic breakdown of international trade, the volume of which declined from about three billion dollars in 1929 to less than one billion dollars at the outset of 1933 (Kindleberger 1979, p. 179)! As a consequence, more than thirty percent of the German working population was involuntarily unemployed; part of the urban population was temporarily starving and plundering set in. On the top, an entirely inadequate liberal (neoclassical) economic policy precipitated the country into the abyss; indeed, government expenditures were cut down to prevent deficits in the state budget which came into being as output and employment declined; in fact, liberal doctrine held that government deficits would reduce saving, hence investment and thus the creation of future workplaces. In these chaotic conditions, almost everybody welcomed the strong leader who was supposed to restore order and to set people to work. And the role of powerful social forces should not be forgotten. Indeed, the sinister *Nacht der langen Messer* indicates that National Socialism had *moved away* from being a party of *all* the German working people, possibly organised through professional corporations (*Berufsstände*), that is, the vision of a hierarchically structured, but classless society (*Volksgemeinschaft*), to become a party in which economic forces, large capitalist industry to wit, played an important, perhaps even a decisive role.

This is a crucial point. It is indeed frequently argued that National Socialism was anti-capitalist. This is only partly true. The Nazis despised unproductive, even damaging *financial* capitalism. However, the National Socialists heavily relied on productive *industrial* capitalism – productive is of course used here in the technical sense; anything may be produced, bread or weapons. In any case, big industry associated to military power, played a crucial role in the process of the democratically correct coming into power of Hitler and his National Socialist movement. Chris Harman has an excellent passage on this event: “Hitler could not have come into power if he had relied just upon the stormtroopers. He also depended upon the active collaboration of those forces in German society which had been given a new lease of life by Social Democratic governments in November-December 1918 and April 1920 – the generals, the top government bureaucrats, the great industrialists and landed interests. [...]

The generals and industrialists still had to reckon, however, with a powerful, Social Democrat led labour government. To retain a minimum of Social Democrat compliance, they had to stop



just short of an all-out onslaught on the working class. In the years 1930-32 they used the Nazis as a counter-balance to the workers' movement, retaining their own freedom to manoeuvre by allowing each to keep the other in check. But as the crisis dragged on, they found the price they had to pay for Social Democracy – the continued toleration of certain gains made by the workers in the past – was too high. The generals and industrialists estimated late in 1932 that ruling with a Nazi movement that would destroy the working class organisations was preferable to ruling with a Social Democratic movement that would try to buy off the workers. [...]

Early in 1932 Social Democratic support had ensured Hindenburg's re-election as president. Now he repaid the Social Democrats. He agreed to the **removal** from office of the democratically elected, constitutionally sound right wing Social Democrat led government of Prussia [...] by the [help of the] Reichswehr that had been built from the *Freikorps*.

This was only the dress rehearsal. At the end of 1932 Goebbels confided to his diary the fear that the Nazis had missed their chance; they had received fewer votes than the combined SPD-KPD total in the second general election of 1932; [the combined left-wing parties threatened to take power,] and disillusioned stormtroopers were going over to the Communists by the thousand. The future, Goebbels wrote, 'is dark and gloomy: all prospects and hopes have completely vanished.'

But at this [crucial!] point the old rulers of Germany threw their weight behind Hitler. *The industrialists Thyssen and Krupp met Hitler and were reassured that he would follow their interests [this does not imply at all that Thyssen and Krupp were true Nazis; both underestimated Hitler and wanted simply to use him to contain the Left and to destroy the Soviet Union; incidentally, Fritz Thyssen later joined the Resistance against the Nazis]*. The former Chancellor from the democratic Centre Party, Papen, negotiated with Hitler. Then Hindenburg gave the Nazis control of the government. Those who had been saved from 'socialisation' by the Social Democrats in 1919 now worked with Hitler to destroy the Social Democratic labour movement" (Harman 1997, pp. 303 – 305, our emphasis).

Moreover, by "the time of the third great crisis hit Germany in 1929-33 the Communist Party was no longer a *positive* factor, pointing a way forward as it had in 1918-20 and 1923. [...] Certainly it was capable of attracting millions of workers, especially unemployed workers, who saw no future in Social Democracy. But it could not translate that into a challenge to the hold of the Social Democrats over the organised labour movement, because of an insane, Moscow-ordained ultra-leftism [...]. Moscow had decreed that social democracy was the same as fascism and the German Communist leaders then ignored the threat of real fascism.

[...] While the Nazis made their way towards power, the KPD continued to talk gibberish about the danger of ‘social fascism’ and to lull workers to sleep with the slogan, ‘After Hitler, us’. The degeneration had come full circle. The whole world has had to pay the price” (Harman 1997, p. 307).

Harman’s excellent account may be complemented by a few additional points. First, Stalin did, perhaps, not want a Communist take-over of power in Germany, because he wanted to maintain the leading role of the Soviet Communist party in world communism. Second, Lenin and, subsequently, Stalin probably knew, that the Western powers would never have admitted a Communist take-over of power in Germany. It is highly likely that the Social Democrats and the ‘industrial-military’ power centre knew this, too. This might explain in part the more or less intense tacit collaboration of these two, opposed, socio-political formations from 1918-1932; the problem was to forestall a Communist seizing of power and, simultaneously, to prevent foreign intervention into an eventually ongoing civil war, which might have resulted in a partition of Germany, for example in Rhineland-Westphalia, including Baden; Southern Germany (Württemberg and Bavaria), and Prussian dominated North Germany. And, third, the German military-industrial complex and its US counterpart both wanted the destruction of the Soviet Union. A National Socialist Germany was certainly the most efficient tool to reach this aim. Stalin, in turn, knew that a confrontation between Capitalism and Socialism was inevitable; indeed, the Rapallo Conference 1922 was the starting point for modern re-armament of Germany and the Soviet Union; tanks and aircrafts were produced in the Soviet Union under German technical direction in the 1920s and the early 1930s; there were even common manoeuvres to make the Russians familiar with combining infantry, tanks and aircraft.

*The appropriate combination of these three arms, fundamentally important in modern warfare, had to be ensured technically by cordless telephone. In fact, in his War Memoirs Charles de Gaulle maintains that, in 1940, France had enough tanks and airoplanes, but that the communication between them, and infantry was largely lacking, and if there were possibilities of communication, training had not been sufficient to bring about efficient coordination. General de Gaulle considers this lack of coordination as a major reason for the crushing defeat of France in 1940.*

Moreover, from 1933 to 1941 Germany continued to transfer modern technology to the Soviet Union in exchange for precious raw materials, of which stocks were built up in Germany to

prepare for war. The Soviet armament factories were established just behind the Ural, in Western Siberia, out of reach for any aggressor. Historical determinism inexorably made its way.

In this context, the sources of the ferocious anti-Semitism that emerged after the Great German Inflation in 1922/23 must be taken up again. Two long-term factors stand out, a 'scientific' element and social-political one. The 'scientific' element is represented by racism associated to Social Darwinism on evolutionist foundations (Gobineau and Chamberlain). This factor was greatly enhanced by direct battlefield experience of many Nazi-leaders and members of the movement and by the terrible suffering after the war, and the hatred accompanying this suffering, as has been alluded to above. As a consequence, the life of individuals and of nations and races was seen as a merciless struggle for survival. The social-political element, represented by various anti-semitic formations in Germany is set forth in Peter Pulzer: *Die Entstehung des politischen Antisemitismus in Deutschland und Österreich 1867-1914*. Finally, there is a short-term factor, the immense hardship and the limitless hatred produced by the events of 1918-1923 (Revolution, near Civil War, and the Great Inflation), which has also been alluded to above. The hatred of the Nazis was directed against two socio-economic formations, the Communists and the representatives of finance capital having access to foreign currency; as suggested above, real assets of high value could be acquired very cheaply with foreign currency during and just after the Great Inflation; even if such transactions went on legally, they must have caused greatest bitterness among the population in the climate of immense hatred and suffering that prevailed around 1923.

*It is frequently argued that foreign capital was on the losing side in the Great Inflation. This is true of foreign capital that had been invested before the inflation started. However, during and immediately after the Great Inflation huge fortunes could be made through acquiring real assets of high value, as has been the case in Eastern Europe and Russia after the breakdown of Socialism and of the Soviet Union. An important reason was that, at times, the external value of the Reichsmark, expressed by the exchange rate, declined more sharply, than the internal value of the German currency, measure by the rate of inflation.*

Now, the National Socialists considered members of the Jewish community as leading figures of the Communist party and as important representatives of financial capital. Subsequently, based on the racist theories alluded to above, the hatred engendered by a very few individuals, most of whom were well-intentioned and strongly engaged Communist idealists, turned

indiscriminately against the Jewish people *in general*. The immense injustice of this attitude emerges most clearly if it is considered that a great number of German Jews had fought for Germany in the First World War. However, in a heavily alienated situation, not only ethics is eliminated and replaced by crude and ruthless power, irrationalism may come in heavily, too. In fact, irrationalism is nothing but alienated reason.

In this context, it may be appropriate to reiterate some remarks made on the relationship between National Socialism and Capitalism. Indeed, it is only partly true that National Socialism was anti-capitalist. In fact, the Nazis came into power by the decisive help of *industrial* capital, big industry to wit, and subsequently were closely associated with the military-industrial complex. Industrial or real capital was considered highly productive and socially, politically, and, above all, militarily useful, given the merciless struggle for survival, which, in Nazi view, governed the relations between the various races, the First World War being a striking example. The hatred of the Nazis was, in fact, directed against *financial* capital, which was considered of a parasite nature, an attitude, which, incidentally, is gaining ground at present among populist movements. The ongoing 2008 financial crisis will certainly reinforce this view.

*In modern monetary production economies, the relationship between real and financial capital is indeed delicate, and difficult to grasp. For example, in his Treatise on Money, Maynard Keynes suggests that 'depressions arise because money is flowing from the industrial circulation to the financial circulation' (on these notions see Keynes 1930, vol. I, chapter 15); a short and very tentative attempt to set forth the meaning of this Keynesian proposition regarding the relationship between the financial and the real sector is to be found in Bortis (2010 and 2013a). In our view, the financial sector is of the greatest importance in a monetary production economy. Indeed, a modern monetary economy simply could not function without money and a financial sector. However, finance must stand in the service of production, and not the other way round. Indeed, if finance dominates production, that is, the real sector, the entire economy may be damaged through increasing inequalities and growing unemployment, associated to more precarious work places. The domination of finance may even lead to a substantial change in society. Indeed, social relations, based on confidence, are damaged or even destroyed and increasingly replaced by financial transactions, resulting more and more in an atomistic society, governed by mistrust; on this Dembinski 2008 provides an excellent account.*

Hence irresistible objective socio-economic forces combined with economic, social, political and military power, and frightfully enhanced through immense suffering and limitless hatred, made the fatal outcome inevitable, the behaviour of the main actors, for example of President Hindenburg, being of secondary importance; probably Hindenburg was simply set under immense pressure, which is also a kind of determinism. Once in power, the Nazi regime ruthlessly crushed any resistance, and its reversal was impossible. All this proves, once again, that Karl Marx was a very great political economist indeed; he understood the fundamental determinism exercised by the capitalist system like no other.

Now one could argue that Germany was nevertheless historically guilty because she had started the First World War and thereby brought about the sequence of events that followed, governed by iron determinism. It is true that Germany had an evident interest that the war started as early as possible. Indeed, in a long-term view, Germany stood largely alone against three great powers, the British Empire, France and Russia; her allies Austria-Hungary and the Ottoman Empire were economically less developed, as such dependent upon her, and, above all, politically unstable. Many of the various nationalities making up both Empires were in fact striving after independence, which made their long-term future uncertain. Most importantly, however, Russia was industrialising fast and her population of 130 million around 1910 was already far superior to Germany's (65 million), *and the Russian population was growing at a tremendous pace*. Moreover, an increasingly stronger Russia would weaken Austria-Hungary, Germany's most important ally, through enhancing the striving after independence of the Slavic peoples of the Empire and, eventually of Hungary. Given this, her enemies could wait, Germany could not; in fact, Germany was in a trap, time was working against her. As a consequence, she urged Austria-Hungary to take severe measures against Serbia after the assassination of Archduke Franz Ferdinand and his wife Sophie at Sarajevo.

This objectively given power constellation and its evolution was the most important reason for the outbreak of the First World War, precisely in August 1914. In fact, only Russia did not want war at that time, because she was not yet ready. However, many, secretly, wanted the war, for various reasons: to put an end to the armaments race, to display one's military strength; France wanted to reconquer Alsace-Lorraine; England aimed at containing German economic political and military power, naval power above all. There were even joyful demonstrations in favour of the war, above all in Germany, confident in her military strength, but also in France. Generally, a few great battles were expected to take place, as had been the case in the war between France and Prussia-Germany in 1870-71, possibly embellished by heroic deeds. When the war broke out in August 1914, people in France and in Germany

expected their soldiers back home by Christmas of this year! And some, rather naïve economists argued that the War would have to end by November 1914 approximately, because there would be no more money to finance it! This was to overlook the fact, that money is only a representative of value; as long as there were real resources, men, weapons, and food, the War could of course go on.

So the war was started almost lightheartedly. Nobody foresaw the horrors to come, not even military experts - later, it was argued that the machine gun, preventing Infantry to move freely, transformed the war of movement into the stalemate of the trenches war. In any case, subjective factors, like the oft-mentioned rather bold statements of the German emperor or not very skilful German diplomacy were of secondary importance in the outbreak of the war. After the War everybody wanted to prove that all efforts had been made to maintain peace, which seems indeed evident from diplomatic documents. But, as E.H. Carr once said, good politicians or diplomats never write down what they *really* think, when the issues are crucially important, complex and delicate. Indeed, in the power game it is normal to hide one's true intentions, which, however, are brought to the open through strong action.

*However, it must be emphasised that the harsh statements, for example the infamous Hunnenrede of the Kaiser in 1910, and the frequently 'reckless behaviour of the German leadership around Kaiser Wilhelm II' (Keynes) probably greatly contributed to the almost complete isolation of Germany after the Entente Cordiale in 1904, and to the very severe treatment of Germany at the Versailles Peace Conference. Given this, the Treaty of Versailles became the starting point for a new war, instead of becoming the beginning of an era of peace in Europe – indeed, just after World War I nobody could imagine another war of this kind. In any case, the words and deeds of Wilhelm II stand in sharp contrast to the cautiousness of Bismarck who did everything to consolidate the international position of the new German Empire; Bismarck might even have sought an arrangement with France on Alsace-Lorraine once it had become clear that the British Empire could no longer be considered an ally of Germany. All in all, it was perhaps Wilhelm II who initiated the destruction of Bismarck's unification achievement. Economic and military power was given primacy over cautious foreign policy, specifically good relations with Russia in the tradition of Bismarck (Carr 1951, pp. 112-13). In fact, military power had moved in the service of the economy. This domination of the economy over sensible politics through a military-industrial complex is itself an expression of the implacable determinism exercised by the capitalist system. Historically, economic factors had been at the origin of major wars: in fact, both the*

*Peloponnesian War and the Punic Wars were, basically, economic wars as Michael Rostovcev argues in his Geschichte der Alten Welt (Rostovcev - Rostovtzeff 1941-42, vol. I: chapter 19 and vol. II: chapters 5 and 6).*

*In any case, a fair treatment of Germany at Versailles, as might have been possible without the excesses of the era of Wilhelm II, would probably have brought about German frontiers as they existed in 1937, simply because these were, broadly, the historical frontiers of Germany in the West and in the North East. These German frontiers would have preserved the essence of Bismarck's unification achievement, while at the same time rendering possible normal relations between Germany on the one hand, and France and Poland on the other. As such, the 1937 frontiers of Germany would have constituted the basis for peace in Europe. However, the Versailles Treaty and the sequence of events that followed brought Hitler into power. Subsequently, it was Western Apeasement Policy, culminating in abandoning Poland in 1939-40, ultimately aiming at the destruction of the Soviet Union by keeping Hitler in power that prevented this peaceful solution. Churchill was right in his desire to get rid of the Nazis right at the beginning, in 1933, but he was largely isolated. And there can be little doubt that a good number of high-ranking Wehrmacht officers, General Werner von Fritsch for example, were aware of the appropriateness of the 1937 frontiers and desperately tried to depose Hitler; this was rendered impossible by Apeasement Policy. Moreover, many high-ranking officers of the Wehrmacht who knew about Hitler's aggression plans in the East after November 5, 1937, probably also knew Bismarck's saying: As the Prussian Ambassador to Russia at St. Petersburg I looked into the icy eyes of the Russian Bear, and I got frightened – Ich blickte in die eisigen Augen des Russischen Bären, und Angst ergriff mich. Indeed, to have good relations with Russia was a constant in Bismarck's foreign policy.*

In relation to the horrors of the First World War as set out in his *In Stahlgewittern*, Ernst Jünger once said “that, in the Middle Ages, the military leaders of both sides would have come together and would, on ethical grounds, have put an end to hostilities; however, in the modern materialistic and nihilistic era, when power and money are the top values, millions of human beings had to die for nothing.” This became true at an even greater scale in the Second World War, various Civil Wars, the Holocaust, and the frequent Massacres of Civilian Populations, above all on the Eastern Front and in the Balkans. To speak of the Apocalyptic Age for the time-period 1914-1945, as we do in this essay, seems entirely justified. Alienation, termed as *Gottferne* in the above, reached indeed its peak.

These considerations on the fate of modern Imperial Germany 1871-1945 (von Salis 1951 ff.) quite naturally lead on to some reflections on “determinism and chance in history”, with determinism being associated to the functioning of the socio-economic-cum-political system governing output and employment levels, and chance linked to behaviour of groups and of individuals, given economic activity levels (Bortis 1997/2006, specifically pp. 103-18, and chapter 4). Of course, system and behaviour are always interrelated: at any moment, actions of individuals and collectives take place in an institutional and technological set-up making up the system; in turn, action gradually modifies the system, and sometimes directs it in a completely unforeseeable way.

The starting point is 1871, the year of the foundation of the Second German Empire, made up, broadly, of the industrialised Northwest and Silesia and the predominantly agricultural South and East. Bismarck realised the precarious situation of the new German state, which run the risk of being isolated and surrounded by powerful enemies: France, the British Empire and Russia. This required a new type of equilibrium in Europe. Given this, there had been rumours that Bismarck, perhaps, did not want to annex Alsace-Lorraine and was contemplating France as a future ally against the British Empire on the one hand and Russia on the other. Certainly, these rumours were not unfounded. The British Empire, France and Russia had many areas of conflict, mainly regarding colonies and spheres of influences in the non-European world. Not humiliating France in 1871, as Austria-Hungary was not humiliated in 1866, would have been yet another ingenious move by Bismarck. The whole of the European Continent and, in addition, the entire Ottoman Empire would have been united against the British Empire and the Russian Empire. World history would have taken an entirely different course. Possibly, Europe would still be the leading world power at present. But just to think just of one possible implication: Yugoslavia would never have come into being, and Poland and Greece would perhaps not be independent yet. In a way the whole of history seems to lead to the breakdown of empires, a kind of political dinosaurs, and to the formation of viable small and medium-sized states which, as has been argued above, may come together in subfamilies of states in the form of Historical Federations, having common problems and a common historical experience, putting thus to use the Principle of Subsidiarity in a modern way.

However, at least three powerful reasons led to the annexation of Alsace-Lorraine. First, Germany argued that the cessation of Alsace-Lorraine to France laid down in the Peace Treaty of Westphalia (1648) had been highly unjust, since, at the end of the Thirty Years War she was destroyed, weak and helpless and had to accept all the points of the peace treaty



which were, in fact, imposed on her. Through annexing Alsace-Lorraine this injustice was to be repaired, a point strongly argued by the German writer Theodor Fontane (whose grandfather was a Bordeaux Huguenot, named Fontaine!). Second, through annexing these already industrialised territories, the agricultural South of Germany wanted to strengthen her relative position compared with the industrially already powerful North dominated by Prussia. Since Bismarck wanted to include the South German States in his Second Reich at any price, he had no choice than to give in. A third most powerful reason was advanced by the Prussian-cum-German military command. For security reasons the entire left-hand side of the Rhine river had to be in German hands to be able to defend the country more easily against France, the most formidable military power in Europe since about 1500. French armies had, in fact, invaded Germany at a large scale twice: towards the end of the Thirty Years' War, from 1642 onwards, led by Condé and Turenne, and, of course, in Napoleonic times.

The annexation of Alsace-Lorraine made France a mortal enemy of the new German state who had no choice than to seek an alliance with the British Empire. This, however, obstructed German economic expansion overseas and prevented Germany from acquiring substantial colonies and dependent territories to get hold of primary goods (raw materials and energy resources) and outlets for final products. Indeed, any attempt to acquire colonies and dependent territories of substantial size would have led to a clash with England and her Empire. In the heavy depression in the last quarter of the 19th century, a Kondratiev downturn probably caused by overcapacities set up through the preceding railway upswing (broadly from 1848 to 1873), there was, very probably, limited room for economic expansion; a struggle for survival between enterprises came into being, leading on to a concentration process in industry: cartels and *Konzerne* were built up; moreover, unemployment must have stood at high levels, since millions of Germans had to emigrate to the United States. The German industrial bourgeoisie considered this situation increasingly untenable and pressed for expansion overseas. Moreover, a new sharing out of the colonies between the European colonial powers, specifically between Great Britain and Germany (*Neuaufteilung des Kolonialgebietes*) gradually became a theme of discussion. To fundamentally reorient German policy, Bismarck was dismissed in 1890 and Tirpitz was to decisively shape German policy subsequently.

*In fact, Bismarck did not want to acquire colonies at a large scale, because he wanted the British Empire to remain an ally of Germany, to prevent her isolation. However, the German industrial bourgeoisie and Admiral Tirpitz considered that Bismarck's foreign policy was still*

*shaped by tradition, and that Bismarck did not appreciate the importance of colonies for a powerful country as a source of raw materials and as an outlet for final products.*

The drive overseas required building up a strong navy. This definitely started an armaments race. The stage for the deterministically unfolding events sketched above was set: the *Belle Epoque* constituted a cover-up for a heavily ill Europe with the traditional religious, moral and political order gradually weakening and with science and belief in unlimited progress gaining in momentum. Thomas Mann's *Zauberberg* is a vivid picture of the *Belle Epoque* and its cruel end brought about the Great War, followed by the Great Depression of the Thirties and the Second War, accompanied by the Holocaust and by Genocide, above all in Russia and Poland.

The German decision to build up a navy after the dismissal of Bismarck is an excellent example to illustrate the unintended effect of decisions taken under uncertainty and imperfect knowledge, or, eventually, with the intent to disguise the true motives. Indeed, Alfred von Tirpitz argued after the First World War (Tirpitz, *Erinnerungen*, 1919) that Germany had started to build up a navy in order to increase German bargaining power in view of an eventual new sharing out of the colonies worldwide; in fact, Germany complained bitterly that the overwhelming English position regarding the possession of colonies gravely hampered German economic development. This sounds plausible. However, the English argued equally plausibly that Germany wanted to get into a dominating position on the world level - economically, militarily and politically - and that the combination of a powerful German land army and a strong navy constituted a deadly threat to England and her Empire. This situation had been aptly analysed by the Swiss historian Willy Schenk in his doctoral thesis: *Die deutsch-englische Rivalität vor dem Ersten Weltkrieg in der Sicht deutscher Historiker – Missverständnis oder Machtstreben?* (Schenk, 1967). The confrontation of two equally plausible, but contradictory positions inevitably leads to a violent outcome (Marx), and this is what happened through the First World War.

The time-period between the two World Wars may perhaps be understood best by having a look at the highly important, but apparently not very well known review of Maynard Keynes's 1919 *Economic Consequences of the Peace* by the Norwegian-American sociologist Thorstein Veblen (Veblen 1920). In this review Veblen points to the irreconcilable opposition between Western Capitalism, above all concentrated fractions of finance capital associated to the ownership of big industry (Monopoly Capitalism), commerce and banking (*absentee ownership*), and Soviet Communism, which had come into being through the Russian

Revolution in 1917. In fact, the struggle was about the distribution of large parts of the economic surplus. The Communists, and eventually the Social Democrats, wanted to socialise the profits of large (joint stock) companies and the land rents accruing on large estates and to spend these profits and rents in a socially useful manner. Diametrically opposed to this, the shareholders obviously wanted that large parts of profit were paid out in the forms of dividends, and the owners of large estates wanted their rents in full. Evidently, there was an irreconcilable conflict here.

This argument is broadly in line with the single tax movement in France and in the United States in the main advocating that land should be nationalised, and that the state should rent out the land to get tax revenues. Even the founder of the economic theory of Liberalism, Léon Walras, argued for the nationalisation of land in view of getting tax revenues for the state.

*Incidentally, the Russian Revolution, an event of world historical importance, was, in fact, brought about by chance. Indeed, it was the German High Command who financed the revolution, in fact, a coup d'état in a first stage, and rendered it possible through transporting Lenin by train from Zurich, via Germany and Sweden, to St. Petersburg. The peace treaty of Brest-Litowsk seemed to pave the way for German victory. In fact, after the First World War General de Gaulle argued that, in normal circumstances, Germany should have indeed won this War, following up the breakdown of the Eastern Front. He went on to suggest that the U-boat war, wanted by Germany's military leadership, Hindenburg and Ludendorff, had caused the defeat of Germany, because this specific war was the main reason for the United States to enter the Great War; had Germany been ruled by a civil, not a military government, she could, in de Gaulle's view, have remained victorious. Once again fate was suspended at the silk thread of chance, directing the stream of determinism in a certain direction.*

In face of the still ongoing civil war in Russia, Veblen now states: "The [...] central and most binding provision of the [Versailles] Treaty (and of the League) is an unrecorded clause by which the governments of the Great Powers are banded together for the suppression of Soviet Russia. [...] Bolshevism is a menace to absentee ownership. At the same time the present economic and political order rests on absentee ownership. The imperialist policies of the Great Powers, including America, also look to the maintenance and extension of absentee ownership as the major and abiding purpose of all their political traffic. Absentee ownership, accordingly, is the foundation of law and order, according to that scheme of law and order which has been handed down out of the past in all the civilized nations, and to the

perpetuation of which the Elder Statesmen are committed by native bent and by the duties of office. This applies to both the economic and the political order, in all these civilized nations, where the security of property rights has become virtually the sole concern of the constituted authorities [incidentally, Adam Smith makes similar statements in Book V of the Wealth of Nations!]“ (Veblen 1920, pp. 468-69).

*Veblen's argument does not exclude the fact that the Versailles Peace Treaty was very harsh to Germany as Keynes states in his 1919 Economic Consequences of the Peace, above all regarding reparations payments. However, one must understand France, who insisted on high reparation payments, given the very large destructions on her and on Belgian territory; moreover, France had paid large reparations in 1815 and in 1871; given this, it was quite understandable that she insisted on Germany paying large reparations following up the Treaty of Versailles 1919. In fact, the great winner in Versailles was the British Empire because the strictly applied parts of the Treaty decisively weakened Germany's overseas trade, and her export capacity in general; most importantly, Germany's navy was destroyed and her commercial fleet substantially reduced. Moreover, Germany was held down militarily, however, only as long as the Soviet Union was militarily weak.*

Given Veblen's irreconcilable conflict between Bolshevism and absentee ownership, an abyss of mutual mistrust and hatred between the Capitalist and the Socialist camp came into being in the time-period between the World Wars. This objectively given situation explains many actions of politicians in this period. For example, the Western Powers, in line with the Peace Treaty of Versailles prevented the democratic Weimar Republic from rearming, but did not intervene, when Nazi-Germany started to rearm and when Hitler occupied the Rhineland in 1936.

*In this context it must be mentioned that a considerable number of high-ranking German officers, Generaloberst Werner von Fritsch for example, were eagerly looking for an occasion to overthrow the Nazi regime, also for personal reasons: most high-ranking Wehrmacht officers, in fact, deeply despised the böhmischen Gefreiten! Here one must add, however, that to overthrow the Nazi regime in periods of peace would have been exceedingly difficult since the Gestapo certainly kept the top officers of the German army under very close surveillance. Incidentally, the fate of General von Fritsch is a telling example. Right from the beginning National Socialist Germany was in fact a totalitarian police state with freedom of thought*

*and, even more, the possibility of alternative action completely abolished. Only a major setback in foreign policy or a strong military reason (an intervention of the Western powers) would have provided the possibility to depose Hitler. Such a strong military ground had, in fact, arisen several times: in 1933/34 when Germany started to rearm on a grand scale, in 1936 when the Rhineland was remilitarised; twice in 1938, first, on the annexation of Austria and, second, on the annexation of the Sudetenland; in March 1939 when the remainings of today's Czechia became the Protektorat Böhmen-Mähren; and, finally and most importantly, in 1939-40 when the Western Powers should have intervened in favour of Poland. Already in 1936 the Wehrmacht officers could have easily deposed Hitler, had the French or the British sent a battalion only in the direction of the Rhineland; and by the end of September 1939, when it was definitely clear that the Western powers would not intervene in favour of Poland, Generaloberst Werner von Fritsch chose to die honourably before Warsaw, realising that Germany was lost. And after the rapid fall of France in May 1940, Hitler was promoted Gröfaz and, as such, his power could no longer be challenged, even by the Generals in wartime. The tragedy could now take its inevitable course, and the Stauffenberg Attentat on July 20, 1944, even if successful, occurred too late to save Germany.*

*A terrible fate awaited the officers who had conspired against Hitler. For example, Marschall Erwin von Witzleben was, like others, hanged at a cable attached at a butcher's hook (Fleischerhaken mit Stahlkabel). Such was the appalling end of a member of one of the finest officer corps Europe had produced - realist, responsible and noble men, who, in the tradition of Bismarck, never wanted that war with Russia, just as the great (silent) majority of the German people.*

*However, Europe and the world paid attention to the Nazi rowdies (Schreihälse) only, a miserable tool in the hands of the Capitalist International, who, in driving Germany into a war with Russia, misused the finest qualities of the German people, for example the sense of duty, loyalty, thoroughness, in a situation of turmoil produced by the First World War, followed by a quasi-civil war, the Great Inflation 1922-23 and the Great Depression of the 1930s, which had hit Germany hardest of all industrialised countries. Germany was entirely disoriented and was ready to follow a strong-willed ruler to lead the country out of the crisis [however, the traditional leadership of the Reichswehr and most responsible politicians and intellectuals as well as men and women of common sense did not want Hitler and the Nazis who, in fact, were put into power through a cloak-and-dagger operation (Nacht-und-Nebel-Aktion)]; indeed, as will be suggested below, Hindenburg had been lying to two eminent German officers, Hammerstein and Bussche-Ippenburg, in asserting that he would never*

*nominate Hitler Reichskanzler, although he had already taken the decision to do so]. In this situation the Capitalist International, by skilfully using power and money, had a relatively easy game in bringing about war against Communism, a war, which, simultaneously, would also overcome the Great Depression of the 1930s. In this context, one should recall that, since mercantilist times at least, wars have been considered an efficient means to overcome an economic depression. In this vein many economists and economic historians suggest that the Second World War decisively contributed to getting the US economy out of the Great Depression of the 1930s, and, subsequently, the tremendous military expenditures in the Cold War period were an important cause of the unprecedented economic upswing following up World War Two.*

*In fact, in the early 1930s, when the economic crisis set in with full force, and with the German people in deep turmoil, Germany would have needed a strong, but wise government; perhaps a non-partisan government of experts led by a general, for example Ludwig Beck or Werner von Fritsch, would have been most appropriate; general Hans von Seeckt had in fact created the doctrine that the Reichswehr should stand above the parties; President Hindenburg would have had the power and the prestige to form an independent expert government. Incidentally, General Kurt von Schleicher wanted to move in this direction. However, his proposal to dissolve the Reichstag without fixing a precise date for new elections, as was required constitutionally, was rejected by Hindenburg who, this time, did not want to act against the Constitution. Here the consequences of legal formalism most crudely emerge. In fact, private and public law ought to be based on material (concrete) ethical principles (Oswald 1957), maintaining Germany as a polity based on justice in this case; grounded on social ethical principles in the spirit of Aristotle and Aquinas a common sense decision (Keynes!) in line with evident real facts could have been taken (it is highly likely that Gustav Radbruch would have agreed on this notion of law and the subsequent way of proceeding). Given this, Hindenburg could have accepted Schleicher's proposition without major problems, eventually in modified form; for example, he could have required that governing be based on decrees, as had already prevailed under Chancellor Brüning. This would have maintained the Reichstag, and, as is very likely, the Nazis would have lost in political importance very rapidly. However, Hindenburg was perhaps too much of a Prussian, eager to fulfil his duty through following formal rules, hereby rigorously applying Kants kategorischen Imperativ. Incidentally, the Nazis were perfectly aware of the danger represented by Kurt von Schleicher, who, as a consequence, was murdered together with his wife on June 30, 1934, in the course of the Röhm-Putsch. And let us also remember that*

*Gustav Radbruch, in the evening of January 30, 1933, pronounced the significant words: Mit denen will ich nichts zu tun haben; given his uncompromising opposition to the National Socialist regime, Gustav Radbruch, the highest-ranking German lawyer at the university level, was the first German University Professor to be removed from office by the Nazis.*

Moreover, Gustav Radbruch's son Anselm fell in 1942 in the Battle of Stalingrad, as did two of Anselm Radbruch's friends, Ernst Gieser and Albrecht Hördt. As a rule, the sons of the opponents to the Nazi regime, and even friends of the family, had to fight in the front line; on the other hand, the sons of Nazi bigwigs (*Nazi-Bonzen*) were allowed to distribute letters and parcels far behind the front line.

*Finally, Hindenburg's refusal to consider Schleicher's highly sound common-sense proposition on legal grounds clearly shows that Maynard Keynes was entirely right regarding positive law, which perhaps may, in normal circumstances, provide an appropriate basis for action, but may completely fail in unforeseeable exceptional circumstances; in fact, Keynes said: "[I do not want a lawyer to do the thinking for me.] I want him to tell me how to do what I think sensible, and, above all, to devise means by which it will be lawful for me to go on being sensible in unforeseen conditions some years hence. Too often [some legislators and lawyers] busy themselves to make common sense illegal [this is exactly what happened in the Hindenburg-Schleicher-Hitler case alluded to above]" (Harrod 1951, p. 583)).*

*However, in any case, Big Capital wanted Hitler, with the fear of Communism playing a decisive role. And just after Hindenburg had nominated Hitler as Chancellor, "Ludendorff, who had participated in Hitler's failed putsch of 1923, sent him a prophetic letter: 'By appointing Hitler as Reichskanzler you delivered our sacred German fatherland into the custody of one of the greatest demagogues of all times. I solemnly predict that this man will be the ruin of the Reich and will bring down unspeakable sufferings on our nation. Coming generations will curse you in your grave for this deed'" (Bagchi 2008, p. 281, quoting Diether Raff, History of Germany, p. 263). It is appropriate to reproduce here the German original of this terrifying and highly important letter which shows that the problem about Hitler and the implications of putting him into power were very well known among the German officer corps, and, certainly, also among most moderate and responsible politicians, as well as most intellectuals: "Sie haben durch die Ernennung Hitlers zum Reichskanzler unser heiliges deutsches Vaterland einem der grössten Demagogen aller Zeiten ausgeliefert. Ich prophezeie Ihnen feierlich, dass dieser unselige Mann unser Reich in den Abgrund stürzen und unsere*

Nation in unfassbares Elend bringen wird. Kommende Geschlechter werden Sie wegen dieser Handlung im Grabe verfluchen”(Raff 2001, p. 320).

Interestingly enough, almost immediately after the publication of Raff’s book it has been attempted to show that the letter is a forgery. What could be the motives? Probably, some people would like to claim that only specific, for example, leftwing social groups and political parties were true anti-Fascists, implying that most Germans had been either indifferent or else more or less enthusiastic followers of the Nazis. Throughout this subsection we want to suggest that this is *totally wrong*. A first element to support this proposition is that the large percentage of Nazi votes in the two general elections of 1932: 37.3 (31st of July) and 33.1 (6th of November) was an expression of despair in a very deep depression with the number of involuntarily unemployed broadly ranging from 30 to 35% in 1932! Indeed, in the 1920s the Nazis represented a ridiculous fringe party, obtaining around 2% of the votes only, and this in spite of the fact that the 1920s had also been years of bitter suffering for most Germans: the humiliation inflicted by the Peace Treaty of Versailles 1919, the quasi civil war 1918-23 and the hyperinflation 1922-23 and its economic and social consequences.

It is, of course, true that after January 30, 1933, the number of Nazis increased at a tremendous pace, for two main reasons: First, reponsible politicians, intellectuals (journalists, teachers and professors most importantly) and *Wehrmacht* officers in important positions were gradually dismissed or given unimportant posts, and replaced by opportunists who quite naturally became blind followers of the regime. Second, Nazi indoctrination was systematic, total and extremely efficient, aiming specifically at indoctrinating the German youth; this powerfully emerges from the first great Nazi propaganda film *Triumph of the Will* (*Triumph des Willens*). In fact, the Nazis masterly made use of the psychological laws uncovered by Gustave Le Bon in his *Psychologie des masses* (Le Bon 2008 / 1895). Brought together in mass meetings for example, individuals are transformed into exceedingly self-confident and potentially aggressive beings; they are invaded so to speak by a superhuman social force exhibiting irresistible strength; in fact, a state of euphoria sets in. In a way, Nazi propaganda was a kind of sweet poison injected into German society, Hitler and Goebbels being the preparers of poison of incomparable ability; they were really the masters of the devil’s workshop. And following up the terrifying experience of the First World War, the humiliation by the Treaty of Versailles, the quasi-civil war 1919-23, the hyperinflation of 1922-23, and the Great Depression of the early 1930s that had reached its peak in 1932, Germany was in a turmoil and thus particularly receptive for the propaganda drugs administered to her. The final result of the state of euphoria brought about by the Nazi propaganda machinery was the



*Apokalypse der deutschen Seele* masterly pictured by Hans Urs von Balthasar (1998 / 1937-39).

And the whole country was in the **iron grip** of the *Gestapo* and the *Schutz-Staffeln (SS)*; moreover, **denunciation** certainly played an important role, creating mistrust between individuals and within social groups and social entities, even families, where the younger members could eventually be Nazis, while the parents and grandparents tacitly and implicitly remained moderate members of the political centre. Given this, alternative thinking or even resistance became impossible. All this was very well known in Western government, diplomatic and above all, intelligence, circles. This is the main reason why Western non-intervention between 1936 (the re-militarisation of the Rhineland) and 1939 (the destruction of Poland who was shamefully left in the lurch), just to use Germany and the German people as a means to crush the Soviet Union, is *highly criminal*. The attitude of the Western powers was particularly disgraceful because the plot plans of important German generals were certainly well known through intelligence; in fact, Admiral Canaris, the head of German Military Intelligence, belonged to the group of conspirators, **consisting mainly of high-ranking officers!** Given all this, the Hitler regime could have been wiped out with very little effort by the Western side.

*In any case, whether Ludendorff's to Hindenburg letter is a forgery or not, is not very important since it is the expression of the silent responsible overwhelming majority of the Germans, above all of informed Germans like politicians, army officers and intellectuals who intuitively grasped the terrible ultimate consequences of a seizing of power by the Nazis. In this sense, Hindenburg and Ludendorff were both brothers in spirit since it is well known that Hindenburg also utterly disdained Hitler! Given all this, one may imagine that the pressure exercised on Hindenburg must have been immense; probably, the fear of Communism, eventually of a left-wing alliance between Social Democrats and Communists, was decisive as the 1932 election results clearly suggest. However, as has already been mentioned above, by "the time of the third great crisis hit Germany in 1929-33 the Communist Party was no longer a positive factor, pointing a way forward as it had in 1918-20 and 1923. [...] Certainly it was capable of attracting millions of workers, especially unemployed workers, who saw no future in Social Democracy. But it could not translate that into a challenge to the hold of the Social Democrats over the organised labour movement, because of an insane, Moscow-ordained ultra-leftism [...]. Moscow had decreed that social democracy was the same as fascism and the German Communist leaders then ignored the threat of real fascism.*

*[...] While the Nazis made their way towards power, the KPD continued to talk gibberish about the danger of 'social fascism' and to lull workers to sleep with the slogan, 'After Hitler, us'. The degeneration had come full circle. The whole world has had to pay the price" (Harman 1997, p. 307). Hence, given Harman's excellent account, the danger of the Communists or of a Social Democratic – Communist coalition getting into power in Germany was virtually non-existent! This decisively strengthens our thesis: Hitler was brought into power and maintained in power to destroy the Soviet Union and, eventually, by means of a great war, to get out of the Great Depression of the 1930s, that is, to save the Capitalist system.*

*Let us nevertheless recall the results of the election of November 6, 1932: The Nazis (NSDAP) got 33.1% of the votes, a loss of 4.2% compared to the election of July 31, 1932, and the number of seats was 196 (-34); and for the Social Democrats (SPD): 20.4% (-1.2) and 121(-12) seats; and the Communists: 16.9% (+2.6) and 100 (+11) seats. After the November election, thousands of stormtroopers left the Nazis to join the Communists; Goebbels was in despair, thinking all was lost (Harman 1997, pp. 304-05). In France, at the end of 1932, the socialist leader Léon Blum wrote an article in Le Figaro entitled La Fin de Hitler! At this crucial moment, "the old rulers of Germany [the generals and the industrialists, according to Harman] threw their weight behind Hitler. The industrialists Thyssen and Krupp met Hitler and were reassured that he would follow their interests. The former Chancellor from the democratic Centre Party, Papen, negotiated with Hitler. Then Hindenburg gave the Nazis control of the government" (Harman 1997, p. 305, our emphasis).*

In fact, the support of industry and finance wishing a stable anti-communist government was quite massive; there is even a letter of industrialists and bankers, written already at the end of 1932, to Hindenburg asking him to appoint Hitler as Reichskanzler; subsequently, a great number of German entrepreneurs were *forced* to join the Nazi party to ensure the survival of their enterprises. However, before Hitler could be nominated Reichskanzler, German Monopoly Capital and industry in general had to be sure about the intention of Hitler. This is quite understandable. After all the Nazi party was called *Nationalsozialistische Deutsche Arbeiterpartei*, the basic idea being a synthesis between Nationalism and Socialism, in contradistinction to the internationalist and even universal Socialism dominating the scene after the First World War. The *Night of the Long Knives (Die Nacht der Langen Messer)* 1934 dispelled the last doubts on true Nazi intentions. In fact, from January 30, 1933 onwards the NSDAP should have been called *National Capitalist Party*.

*Given Hindenburg's utter disdain of Hitler, his nomination as Reichskanzler raises questions. Besides the pressure on Hindenburg, were there deliberate attempts to minimise the importance of this appointment? Was Hindenburg made to believe that Hitler could be kept under control without problems; after all, only three of eleven Ministers belonged to the NSDAP? The opinion that Hitler and the SA and SS could be kept under control seems to have been quite widespread; for example, Admiral Canaris is reported to have said that there would be no major problem in keeping the SS in check (all this was to totally underestimate the role of the Gestapo). Enzensberger mentions that even Generals Hammerstein and Schleicher conceived, at times at least, of the possibility that the Nazis should participate in a government to prevent a civil war opposing the Reichswehr and the SA and the SS and thought Hitler could be kept in check (Enzensberger 2008, pp. 107-10). In any case, as will be seen below, Hindenburg was not sure about the possibility to keep the Nazis in check by political means and, therefore, nominated personally, against the will of the constitution, the Reichswehrminister (Blomberg) to contain the Nazis, the SA and the SS to wit, through the Reichswehr. However, as Ludendorff, high-ranking Reichswehr officers and many politicians perceived, all this would prove to be useless since the Nazi-core was essentially a criminal organisation right from the beginning, putting ruthlessly to use armed forces, the SA and, subsequently, the SS, to eliminate or to neutralise political opponents immediately after having been put into power, with the Gestapo instantly playing a crucial role. Given this, Ludendorff's intuition was right: Hitler should never, under no circumstances, have been nominated as Reichskanzler.*

*At this stage, it should be mentioned that many of those who brought Hitler into power later joined the resistance against the Nazis. A prominent example is Fritz Thyssen who turned against Hitler in 1939, because he strongly opposed war with the Soviet Union.*

*Ultimately, however, it must have been the fear of a left-wing government made up of Social Democrats and Communists that led Hindenburg to nominate Hitler. Upon the advice of Franz von Papen, who was convinced that it was possible to contain and eventually to eliminate Hitler, Hindenburg had very probably taken the decision to nominate Hitler on January 26 at the latest. As emerges from Enzensberger (2008), Hindenburg was, in all likelihood, even lying on this (pp. 102-104). Indeed, on January 27, he received two Generals, Hammerstein and Bussche-Ippenburg (Enzensberger 2008, pp. 103-104). Hammerstein presented Hindenburg the reasons not to designate Hitler: the boundlessness of the Nazis and the fact that parts of the Reichswehr could disobey a Nazi government (Enzensberger 2008, p.*

104). In reply Hindenburg pronounced the famous words: “*Sie werden mir doch nicht zutrauen, meine Herren, dass ich diesen österreichischen Gefreiten zum Reichskanzler berufe*” (quoted in Enzensberger 2008, p. 104). When it became clear that Hindenburg had lied, Hammerstein met Schleicher and others on the morning of January 29. Hammerstein said that Hindenburg was no longer sound of mind; given this, it would be necessary to declare the state of emergency, to arrest Hindenburg and to seek an alliance with the Social Democrats, and to alert the Potsdam garrison. Schleicher refused: Hindenburg was too popular; given this reason only, the Reichswehr could not undertake any action against Hindenburg. However, in the subsequent years, Hammerstein repeatedly remarked that violent action against Hindenburg should have been undertaken after all (on all this see Enzensberger 2008, pp. 104-106). Nevertheless, Schleicher was probably right. The tragedy could take its course.

Hammerstein, very lucidly, suggested in the subsequent years that Germany found herself in the disastrous situation of 1932 because **the Centre and the moderate Right had no conception to deal with the crisis** (Enzensberger). Once again, the necessity of a clear-cut middle-way social philosophy (Social Liberalism) and an economic theory between the extreme economic theories associated to Liberalism (Capitalism) and to Socialism (with central planning), classical-Keynesian political economy (Bortis 1997, 2003a, 2013a, 2013b and 2015) to wit, forcefully emerges.

To end up, Hitler had been made Reichskanzler on the basis of one third of the votes only! And, crucially important, the number of Nazi votes had been greatly inflated by the deep depression – 30 to 35 per cent of unemployment in Germany in 1932! Indeed, in the 1920s the Nazi party had been virtually non-existent politically! This exceptional (crisis) situation, characterised by a political stalemate – 37.3% of the for the Social Democrats and the Communists and 33.2% for the Nazi-party – would have required an exceptional form of government; a non-partisan government supported by the Reichswehr, standing, in the spirit of General Hans von Seeckt, above the parties, would have been most appropriate. In a long-term perspective, and given the exceptional short-run deep crisis situation and the political stalemate of 1932; in a medium and long view there was indeed no strong objective reason at all to nominate Hitler as Reichskanzler. This greatly amplifies the role plaid by Monopoly Capital.

Indeed, in our view, the industrialists (Monopoly Capital) only, representing a very small fraction of the population, threw their weight behind Hitler, not the generals; in fact, the Generals Kurt von Hammerstein and Hans von Seeckt were totally opposed to Hitler, as were

*all the leading generals, with the exception of Werner von Blomberg and Walther von Reichenau, who, in fact, were not really Nazis, but simply wanted a stronger Wehrmacht. So it must have been Monopoly Capital, which exercised, directly or indirectly, that terrible pressure on Hindenburg. At this stage one should just recall Luchino Visconti's The Damned; the German subtitle – Götterdämmerung – brings to the open most dramatically the absolutely tremendous importance of nominating Adolf Hitler as Chancellor of the German Reich. Once again, the course to be taken by World History was suspended at a silk thread (der Lauf der Weltgeschichte hing an einem seidenen Faden). Had Hindenburg been given the opportunity to act according to the von Seeckt doctrine in the exceptionally deep economic and political crisis situation of 1932 – the Reichswehr must stand above the parties –, a non-partisan government of experts led by a general could have been formed quite easily and the threat of a civil war between Communists and Nazis, or, eventually, between the Sturmabteilung (SA) and the Reichswehr, would have been dispelled; this strong non-partisan government would have had the power and the authority to abolish the Versailles Treaty, specifically reparation payments, restoring thus German dignity, a precondition for peace in Europe. Subsequently, after the crisis had been overcome, the Prussian model democracy as had existed from 1918 to 1932 could have been re-established again, not only in Prussia, but also in the whole of Germany. Given this, World History would evidently have taken an entirely different course! This is the reason why it is claimed in this essay that all those who have brought Hitler into power and maintained him in power for economic and ideological reasons are among the greatest criminals in all history. Indeed, the Second World War and the Holocaust would not have taken place if Hitler had not been made Reichskanzler or if the Nazis had been driven out of power between 1936 and 1939 at one of the many favourable occasions that occurred.*

*However, those who have brought him into power, that is, fractions of the German economic, political and military power elite are far less guilty than the foreign power elites in question. In fact, those few Germans who brought Hitler into power thought that it would be possible to contain the Nazis, politically and militarily. This was to totally underestimate the joint role of the Gestapo and the SS, and their numerous informers and snoopers, who had the whole of Germany in an iron grip, such that no reaction, physical, verbal or through writing, was possible. Given this, the foreign power elites involved had a relatively easy game in orchestrating the Second World War. Indeed, because of his fanaticism, his iron will to wipe out Communism and to conquer Lebensraum for Germany in the East, Hitler's behaviour was entirely predictable.*

*At this point it could be argued that the totalitarian Soviet Union would have persisted and that Stalin would eventually have attacked Europe. It has already been suggested that a Soviet Russian attack would have been highly unlikely with Germany normally armed. Russian workers would have had to fight against German workers, which is utterly contrary to Communist ideology; moreover, the long supply routes could have been easily interrupted; finally, contrary to Hitler, Stalin was basically cautious. Moreover, the totalitarian Soviet regime also came into being because of the fear of an inevitable war with the West. Without this fear the totalitarian Soviet system would presumably not have lasted long. In fact, in Germany humanist Marxism progressed rapidly; there was indeed a KPDO (Kommunistische Partei Deutschlands Opposition), and the opposition was against the Stalin regime. It is highly likely, that in the long run humanist Marxism would have overcome.*

*However, to come back to Hitler's nomination as Reichskanzler, the old President, having no choice, desperately tried to create a countervailing power to Hitler through appointing personally General Werner von Blomberg as Minister of Defence (Reichswehrminister) before appointing Hitler; this went against the spirit of the constitution, which prescribed that Ministers are to be nominated by the Reichskanzler. However, Blomberg's nomination was like building a small sand barrier against a tsunami; indeed, Blomberg seemingly turned out to be pro-Nazi subsequently, and, together with General Walther von Reichenau decisively contributed to building up a national [capitalist] Wehrmacht – in this view, Blomberg seemed to be a kind of Trojan Horse! However, Blomberg only wanted to restore an equilibrium of military forces between Germany on the one hand and the other great European powers, France, the British Empire and the Soviet Union, on the other hand. Certainly, he did not want the Wehrmacht to be used for aggressive purposes, most importantly to attack the Soviet Union. Indeed, after November 5, 1937, the day Hitler had disclosed his aggression plans in the East, Blomberg turned forcefully against the Nazis and was promptly eliminated as Reichswehrminister by an intrigue set up by Göring at the very beginning of 1938!*

*Since the Reichswehr counterbalanced the armed Nazi forces, one may suppose that representatives of Monopoly Capital also got in touch with Blomberg to make sure about his readiness to participate in a government led by Hitler, before recommending him as a Defence Minister to Hindenburg. Probably, then, the nomination of Hitler was carefully orchestrated, also in the sense that the Reichswehr was eliminated as a countervailing power to the armed Nazi forces (SA) at the moment of Hitler's nomination through the presence of Blomberg. But even if the Reichswehr had attempted to prevent Hitler's coming to power by force, the outcome of the ensuing civil war would have been entirely uncertain, given the*

*military strength of the SA. It is even likely that the Nazi troops would have won, as, incidentally, General von Hammerstein had concluded after having evaluated the relevant military forces present in Germany. Given this, it seemed reasonable for Blomberg to accept Hindenburg's offer, opening thus the possibility to strengthen German armed forces in view of establishing a military equilibrium of forces in Europe, and, at the same time, to discard the possibility of a civil war in Germany.*

*Hence, given the strength and the activities of the SA, subsequently of the SS, and, above all, the Gestapo's laying Germany into chains, only foreign intervention could have got rid of the Nazis once Hitler was in power. Churchill had perceived this problem immediately and had proposed adequate action, but was kept aside and even dubbed naïve, because he did not perceive the hidden purpose of keeping the Nazis in power. And, as is well known, foreign intervention would have been possible and strongly justified several times between 1936 and 1939. The fact it did not happen strongly confirms our thesis.*

*At this stage, we should mention Prussia, a political entity that disappeared from the map of Europe after the Second World War. It should be recalled here that, in spite of being deeply humiliated by Napoleon's armies, Prussia produced, in most difficult conditions, reforms that made her one of the most modern, if not the most modern state in Europe. For example, the education system set up by Wilhelm von Humboldt was to become pioneering in Europe, and beyond. Moreover, Prussia most ably initiated and led German economic development, which, subsequently, turned out to be the most impressive in Europe and the world until 1914. The natural sciences and the humanities continued to flourish on a very high level in Prussia-Germany after 1871, in fact, until the early 1930s, when, given the rise of the Nazis, a great number of high-powered intellectuals left Germany and Central Europe. And, very importantly, in the 1880s the worldwide first complete social insurance system was set up in Prussia-Germany. Of course, there were also serious imperfections, for example the rigid Obrigkeitsstaat, which limited personal liberties (but nobody has as yet durably created the perfect state in the complex conditions of Modernity!). And we have already suggested that decline and destruction set in with the imprudent power policy of Kaiser Wilhelm II, who abandoned the very cautious foreign policy of Bismarck, aiming at good relations with the Great Britain and Russia. After the First World War, the Freistaat Preussen 1918-1932 was definitely modern, progressive and democratic and was, as such, governed throughout by a centre-left coalition made up of the Social Democrats, the Catholic Centre Party (Zentrumspartei) and the Deutsche Demokratische Partei. In a way, Prussia represented a republican model state! This must be considered an almost incredible achievement after a*

*terrible war and the breakdown of the traditional political institutions, which led the eminent Italian diplomat Carlo Sforza, one of the great European liberals of the time, who had left Fascist Italy, to admire Germany (Sforza 1931)! It should be added here that Prussia and Weimar Germany never asked in the slightest to change the frontiers that had emerged from the First World War. The moderate Weimar politicians of Prussia and Germany, and the high-ranking officers of the Reichswehr, certainly realised that these (broadly) historical frontiers of Germany and Prussia enabled Germany to live in peace with France and Poland; simultaneously, the essence of Bismarck's unification achievement was preserved. Prussia was at first heavily damaged by the Preussenschlag in 1932 (the parliamentary order was abolished and political power was exercised by a Reichskommissar), subsequently by the centralisation policy of the Nazis, and definitely destroyed by the victorious "allies" after the Second World War. Given all this, to erase Prussia from the map of Europe must, in the light of the argument set out in this subsection, be considered a historical crime.*

*The abandonment of Poland was the last step to direct the Wehrmacht against the Soviet Union. The British historian Edward Hallet Carr gives an excellent account of the dramatic events (Carr 1951). Following up the annexation of the remainings of Czechia on March 14, 1939, "a Soviet proposal for an immediate conference of the anti-Fascist Powers at Bukharest to concert military measures was rejected by Great Britain; and a British proposal for a pact between Great Britain, France, Soviet Russia and Poland for mutual consultation in the event of an act of aggression, though accepted by Moscow, was rejected by Poland"(Carr 1951, p. 128). The Polish refusal is entirely understandable, because such a pact would have meant Soviet armies marching through Poland in the direction of Central Europe! Certainly, France and Great Britain, and the United States, did not want this and must have been relieved about the Polish refusal, which, incidentally, was expected. "Then on March 31, 1939, without any further approach to the Soviet Government, Great Britain gave to Poland a unilateral guarantee to come to her assistance if she was attacked"(Carr 1951, p. 128). And, very importantly, in mid-May, France followed suit in promising military assistance to Poland in case of a German attack. The French promise was of the highest importance because France had one of the strongest armies in the world. A French intervention, backed by British forces, would have been disastrous for Germany. Tansill (1952) even suggests that the Roosevelt had promised France and England 'all aid' in the event of a Nazi attack upon Poland (p. 555)! In any case, the German Generals would probably have had easy going in getting rid of the Hitler regime had the Western powers attacked Germany at the beginning of September 1939, this all the more so as general Kurt*



*von Hammerstein, a notorious enemy of the Nazis was in command of the Western army that should defend the Western border of Germany against an eventual French-British[-cum- US] attack!!*

*However, an important qualification regarding France is to be made here. In fact, France as a traditional ally of Poland would have had strong reasons to effectively attack Germany right at the outset of September 1939. However, the nightmare of the First World War still weighed heavily on France, much more than on the other belligerent countries. Relatively speaking her losses had been indeed heaviest due to her comparatively small population. Given this, France was in no case able to start alone a war with Germany. Therefore, France would only have attacked if she had been strongly backed by Great Britain and the United States. Moreover, France between the World Wars was still a country dominated by small, even very small, and medium-sized enterprises, and Capitalism, especially Monopoly Capitalism was insignificant; as such, France was not really a valid member of the Capitalist International. Finally, Great Britain had been the great winner at Versailles, since German naval power had been largely destroyed and her commercial fleet greatly reduced; in these circumstances, a large German land army was of no direct threat to her, and it could be reasonably expected that, given Nazi fanaticism, the powerful German war machine – not permitted by the Treaty of Versailles! - would ultimately be directed against Soviet Russia, as indeed happened.*

*In the late thirties, however, the German air forces emerged as a deadly threat to England, but the Royal Air Force was, ultimately, up to the challenge. And, due to her geographical position, the United States had nothing to fear from a Great War in Europe.*

*Given all this, we may reasonably conclude that Great Britain and, above all, the United States played the crucial role in the Capitalist International, with German Monopoly Capitalism being on the executive side so to speak, at least at the beginning when the German capitalists and their associates thought that the Nazis could be kept under control. The basic idea was simple: Germany must be driven into a war with Poland, which would, it was hoped, immediately lead the Soviet Union to declare War on Germany; simultaneously, as an ally of Poland, the Western powers could attack Germany at any moment, above all in case of a possible German victory in the East, preventing thus Germany of becoming a world power, eventually strong enough to dominate the entire world. In these circumstances, the Molotov-Ribbentrop non-aggression pact came as a very unpleasant and unexpected surprise to the Western powers, but not to Churchill, who, of course, knew what had been going on, although, for obvious reasons, he could never write this down, even not in his War Memoirs.*

*In fact, being aware of the terrible danger represented by Nazi Germany, Churchill had indeed suggested to get rid of the Nazis early in 1933 already. Yet, it is not sure whether he grasped at once why Hitler was kept in power nevertheless; given this, he was, as an American biographer notes, considered naïve. However, at the end of August 1939, Churchill certainly understood the situation perfectly, including the fact that Hitler wanted to avoid a two-front war at any price. And Stalin, who thought that a German attack would take place in 1944/45 only, was happy enough to have some additional years to prepare the confrontation and was eager to safeguard these precious years by a treaty.*

*In this context, it must be mentioned that the 1934 agreement between Germany and Poland stipulating that all frontier problems between both countries ought to be solved peacefully, was of crucial importance for Nazi Germany because it represented a most precious means to avoid a two-front war. Indeed, the Western powers would have had no reason at all to attack Germany, either in case of a common Polish-German attack of the Soviet Union, or else of a preventive Soviet attack against Poland and Germany, quite the contrary, if the Red Army had advanced westwards! Perhaps, Nazi Germany even hoped to transform her Lebensraum attack against the Soviet Union into a Western Crusade against Soviet Communism, involving thus France and British Empire and the United States into a war against the Soviet Union.*

*In these circumstances, it is entirely understandable that Nazi Germany desperately tried to avoid a war against Poland in August 1939, precisely to prevent a two-front war; indeed, for Göring and Hitler, both soldiers in the First World War, to get involved in a two-front war once again was certainly a nightmare. Considering all this, one cannot get rid of the impression that the Nazi attack on Poland must have been carefully orchestrated; indeed, a situation had to be created which left the Nazis no choice but to attack. **Gerd Schultze-Rhonhof's detailed description of the events that occurred in the days before the Nazi attack on Poland goes far to confirming this proposition (Schultze-Rhonhof 2007, pp. 487-532).***

*In this context it is very important to note that the Geheime Zusatzprotokoll to the non-aggression pact between Nazi-Germany and the Soviet Union, concluded on August 23, stipulating the partition of Poland, was made known to **an American Diplomat in Moscow in the morning of August 24** by the German Diplomat Hans Herwarth von Bittenfeld, in office in Moscow; **at 12 noon of the same day the American ambassador Laurence Steinhardt sent the content of the Geheime Zusatzprotokoll to the Ministry of Foreign Affairs in Washington. However, President Roosevelt did not inform the Polish government***

*immediately (on this see Schultze-Rhonhof, 2007, pp. 470 and 494)! Indeed, had the US and the Western powers informed Poland about the Geheime Zusatzprotokoll to the German-Soviet non-aggression pact, Poland might, given the terrible danger, immediately have sought a peaceful solution to the Danzig issue with Germany in the spirit of the 1934 agreement, in spite of Nazi-Germany having repudiated this agreement on April 28, 1939 because of the British-French guarantee declaration for Poland. However, the Western powers did not want peace between Germany and Poland; given this, the decision was taken by the US not to immediately inform Poland on the Geheime Zusatzprotokoll of the Molotov-Ribbentrop pact. Perhaps, it is at this very moment – 24/25 August 1939 - that the Western powers decided not to attack Nazi-Germany in case of a Nazi invasion of Poland, hoping that, in not too far a future, the Nazis would invade the Soviet Union nevertheless and would not attack France and the United Kingdom, given the passive attitude of both countries. However, unfortunately for the French and the British, Hitler did not fall into this trap, but fell into the other, much more important trap, when his armies invaded the Soviet Union on June 22, 1941. In any case, unfortunate Poland was betrayed and sacrificed, and shoved down the throat of two terrifying monsters. [Incidentally, Gerd Schultze-Rhonhof provides an excellent and meticulous account of German-Polish affairs from 1933 to the beginning of September 1939; see Schultze-Rhonhof (2007, pp. 357-536, specifically pp. 485-536). While we do not agree with Schultze-Rhonhof's assessment of Hitler and the Nazis, we think that his book contains a wealth of detailed and useful information, which provides a solid basis for the interpretation of the complex events related to Germany on the one hand and Europe and the United States on the other, from, broadly, 1900 to 1939. The title of Schultze-Rhonhof's book is indeed significant: 1939: Der Krieg, der viele Väter hatte – Der lange Anlauf zum Zweiten Weltkrieg.]*

*The reaction of the Western powers to the Molotov-Ribbentrop Pact shows once again that, under no circumstances, they wanted to participate in a war against the Soviet Union as allies of Germany. France, and, above all, Britain and the United States, had no interest at all to fight and in Germany becoming a world power through a victory in the East. The Western powers indeed hoped that Germany and Soviet Russia would decisively weaken each other in a long and exhaustive war, preparing thus the ground for an expansion of the capitalist sphere, mainly benefitting the United States and, eventually, Great Britain. On the other hand, it must be said, the Soviet Union hoped that Germany, if attacking Poland, would get involved in a long and destructive war with the Western powers, preparing thus the ground for an extension of Communism all over Europe, under Soviet leadership. This, incidentally,*

*might contribute to explaining the rapid fall of France in May/June 1940, a suspicion that has been confirmed by Annie Lacroix-Riz (2006 and 2008)! In any case, both Germany and the Soviet Union had a very strong mutual interest in a non-aggression treaty at the end of August 1939: Germany avoided a two-front war and Russia gained precious time, simultaneously hoping for a long and exhaustive war between the Germany and the Western powers, which would not only prepare the ground for extending Communism in Europe, but would also eliminate Germany as a rival for leadership of the international Communist movement. Once again, the key role of Germany in the Apocalyptic Age 1914-1945 emerges in line with the terrible fate that awaited the central power Germany after the coming into power of the Nazis, almost by necessity.*

*On this background, the subsequent betrayal and the abandonment of Poland in September was the last act of the carefully orchestrated action of the capitalist powers (the United States, Great Britain, France and German Monopoly Capitalism on which Hitler relied and which, presumably, largely directed Hitler's actions on this matter) to destroy the Soviet Union through German military might. There was really a Capitalist International at work; the links between US and German Monopoly Capital were particularly strong, a fact that explains many things, for example that after the attack on the Soviet Union large US enterprises backed the German war effort (probably the best account of the role US corporations in Germany before and after the beginning of the Second World War is Pauwels 2006). Among other facts, it is well known that the German tanks would never have arrived at the outskirts of Moscow without American petrol (Pauwels 2006, p. 67). Given the mortal enmity between Capitalism and Socialism all this was quite normal once the war had begun and should not give rise to an outcry.*

*All in all, the US military-industrial complex and the associated corporate enterprises and political circles, that is, the US power elites, had probably been the driving force in the Capitalist International; in fact, Schultze-Rhonhof (2007, p. 558), quoting Tansill (1952), mentions a remark by the US ambassador to London, Joseph Kennedy, who, just after the end of World War Two suggested that Britain would never have orchestrated a German-Polish war without the continuous pressure exercised by the United States; in this context it is well known that Henry Morgenthau, who was certainly very well informed about the situation in Germany, had a decisive influence on the European policy of the United States from 1933 onwards. It was, then, the eminent US historian Charles Callan Tansill who had first mentioned Joseph Kennedy's highly important remark (see Tansill 1952, pp. 555-57): "[In Kennedy's view,] neither the French nor the British would have made Poland a cause of war*

*if it had not been for the constant needling from Washington” (Tansill 1952, p. 556). Subsequently, Tansill quotes Joseph Kennedy speaking of the English Prime Minister Neville Chamberlain who made a statement that could also have been made by Adolf Hitler: “Chamberlain, [Kennedy says,] stated that America and the world Jews had forced England into the war” (Tansill 1952, p. 556). This statement is highly unjust to the American as well as to the Jewish people. In fact, Chamberlain should have spoken of the US American power elites to which some Jewish individuals, Henry Morgenthau for instance, belonged to, probably as advisers in the main; almost certainly, Henry Morgenthau must have been the expert on Germany.*

These highly important Tansill quotes are based on the Forrestal diaries. Admiral and Secretary of Defence under Truman, James Vincent Forrestal (1892 – 1949) died under mysterious circumstances. Did he know too much?

Another highly relevant remark may be made here. It is, in fact, known that Neville Chamberlain’s father, Joseph Chamberlain (1836 – 1914), one of the founding fathers of British Imperialism, was strongly in favour of a British-German agreement *before* 1914. Joseph Chamberlain, like Otto von Bismarck, probably realised that British-German antagonism would ultimately destroy the economic, political and military predominance of Europe on a world level in analogy to the destruction of antique Greece through the *Peloponnesian War*.

*It would seem that the US power elites were broadly divided into two groups, first, the economic or big (monopoly) capital group, industrial and financial, and, second, the political group, the makers of domestic and foreign policies; both groups are interlinked; however, in capitalist countries the political group tends to dominate ultimately, because of its capacity to shape foreign policies. Both US power groups had a central aim, to destroy communism in Europe, to smash the Soviet Union and, eventually, to weaken social democracy. However, while the monopoly capital group was in part pro-Nazi and was ready to support Nazi Germany’s World War Two effort to crush the Soviet Union (Pauwels 2006), the political group was, like Churchill, aware of the danger of a German victory in the East. The aim of the latter group was to weaken both the Soviet Union and Nazi Germany, to prepare the ground for the expansion of Anglo-Saxon Capitalism, with world domination as the eventual ultimate aim. This sinister way of thinking emerges most clearly in statements that appeared in the US American press and are mentioned in Pauwels (2006). Two days after the Nazi*

*German attack on the Soviet Union, on June 24, 1941, Senator and later President Harry Truman, remarked cynically: When Germany is on the winning side, we must help Russia, and with the Russians winning, our help must go to Germany; in this way there will be a maximum of victims on both sides (see Pauwels 2006, p. 66). Or, at the beginning of December 1941, a caricature in the Chicago Tribune, belonging to the Hearst Corporation, suggested that it would be a good thing for Civilisation if the two monsters, Nazi Germany and the Soviet Union, destroyed each other mutually (Pauwels 2006, p. 66). Hence the destruction of the ideological archenemy and, as the Morgenthau plan revealed later, the elimination of the most powerful capitalist rival, Germany to wit, would prepare new ground for Anglo-Saxon capitalist imperialism. And last but not least, a great war would be excellent for the still depressed economy of the United States and simultaneously huge profits could be realised. At this stage, just remember John Kenneth Galbraith: the Second World War, not the New Deal, helped the United States to get out of the Great Depression of the 1930s. Given this, both the economic and the political branch of the US power elites were in favour of a big war, although their respective behaviour during the war would turn out to be entirely different.*

*While the United States headed for war, deliberately but silently (Tansill 1952), the European peoples, the British, the French and the Germans, and the Russians, did under no circumstances want another Great War after the terrifying experience of the First World War. The war had really to be organised making use of the utter determination of the Nazis to destroy Communism and to conquer a Lebensraum in the East. Given this, Germany could quite easily be lured into a trap, which snapped in summer 1941 when the United States entered the war against Germany without declaration of war. It is highly likely that some parts of the political and economic US power elites, certainly President Roosevelt and Henry Morgenthau, were well informed about the military strength of the Soviet Union through the businessman Armand Hammer (1898 – 1990) who had very close ties with top members of the Soviet Communist Party in the interwar years, and beyond; intelligence reports may have confirmed Hammer's information. Given this, Roosevelt and Morgenthau could be reasonably sure that the trap would be effective.*

More generally, there seems to be a kind of US tradition of bringing about wars. The two Iraq Wars are telling examples; above all French diplomatic and political circles hold that both wars were entirely unjustified and, therefore, had to be orchestrated; and both have compounded the immense suffering of the Iraqi people in the terrible war against Iran in the

1980s; it would seem that the United States do not want another strong military power in the Middle East besides Israel. September 11, 2001, and the subsequent intervention in Afghanistan is another case in point; what is really behind the September 11 events has never been satisfactorily answered. Finally, in an interview given in the late 1980s to the Swiss newspaper *Der Bund* Zbigeniew Brzezinski openly admitted that the United States had lured the Soviet Union into a trap through supporting the fundamentalist Mujahideen *before* the Soviet intervention on December 24, 1979. Evidently, the aim was to destabilize the communist and *laicist* regime at Kabul and to bring about the Soviet intervention. It is now generally admitted that the Afghanistan war greatly contributed to the downfall of the Soviet Union. After the destruction of the Soviet Union, Brzezinski favoured the constant destabilisation of the Southern frontier of Russia. Again, the aim was evident: weaken Russia in view of making of the USA the only world power. Given this, the Russian intervention in Georgia in August 2008 becomes fully understandable.

[The Arab spring and the sudden activities of the Syrian opposition have brought heavy disorder to vast parts of North Africa and chaos and destruction to Syria, resulting in a large stream of refugees in the direction of Europe, causing considerable social and political problems there. Once again, representative democracy (majority government and opposition) could function properly only if market economies were self-regulating under competitive conditions or if countries are successful exporters of industrial goods leading on to a high output and employment levels associated with satisfactory economic situations. Both conditions are obviously not fulfilled in the Arab countries of North Africa and the Middle East. (Incidentally, Switzerland is *not* a classical representative democracy since the government (Bundesrat) stands above the political parties and is, as such, *independent* of parliamentary elections; this greatly stabilizes the entire political system.)

It would seem that the Syrian tragedy has been initiated by the Western ambition to bring about a pro-Western régime in Syria which would not constitute a danger for Israel, the key to what happens in the Middle East. The Russian intervention might bring about a *Stellvertreterkrieg* between Russia, Iran and Shiite regions *versus* Israel, some Sunnite forces (including djihadiste - Islamic State - forces) and the Western powers (2015-16)]. Around 2015 US Senator Richard Black (Virginia) has been much more precise on Syrian affairs, specifically on the role of the United States and Israel in this terrible tragedy. In this context, Israeli politicians now [in 2016, and in 2017] openly state that they do not want the defeat of

the army of the Islamic State. Moreover, Senator Black made recently (on May 17, 2016), a significant and highly revealing statement on Syria and Libya:

<https://www.youtube.com/watch?v=WkKteSrZJbY> .]

*In any case, most high-ranking German Generals were clearly aware of the impossibility of winning a war against the Soviet Union. Indeed, General Kurt von Hammerstein, who perhaps knew best the military potential of the Soviet Union, enhanced by space and climate, repeatedly declared in the 1930s that, with large armaments factories behind the Ural, Russia was invincible [on this see Hans Magnus Enzensberger's deeply touching biography of Hammerstein's (Enzensberger 2008)]. This easily explains the utmost hostility of the traditional German military leadership towards the Nazi Regime and the desperate attempts of high-ranking officers to get rid of Hitler and the Nazis. As emerges from Enzensberger (2008) it is highly likely that Hammerstein hatched all the numerous plots against Hitler, including the Stauffenberg plot of July 20, 1944 to assassinate the Führer, which he had prepared before his death in 1943. Significantly, Hammerstein died of cancer, as some of his fellow Generals, Blomberg for example. These splendid men were physically destroyed by their having to attend helplessly the destruction of Prussia, built up over centuries almost out of nothing after the Thirty Years' War, and the physical and moral devastation of Germany. This suggestion is confirmed by Hammerstein's son Franz who wrote in his diary after the death of his father: "Obwohl er nie davon gesprochen hat, mag es furchtbar für ihn gewesen sein, dabeizustehen und mit offenen Augen zu schauen, wie Deutschland zugrunde gerichtet wird, ohne dass er etwas hätte tun können. So wie er hat kaum jemand die Entwicklung vorausgesehen" (Enzensberger 2008, p. 270; our emphasis). It is not by chance that Enzensberger links his Hammerstein biography with the Untergang des deutschen Militäradels. Other fellow Generals of Hammerstein's, Erich Ludendorff (1865 – 1937) and Hans von Seeckt (1866 – 1936), were lucky enough to have died before the Second Apocalyptic War started.*

*In this context, the great lawyer Gustav Radbruch (1878 – 1949), the first German University Professor to have been deposed by the Nazis, who had lost his only son Anselm in the battle of Stalingrad in 1942, and had to witness helplessly the tragedy until the end, and beyond, wrote just after the War a highly revealing epigraph at the outset of his Einführung in die Rechtswissenschaft, first published in Leipzig 1910 and reedited after his death in Stuttgart 1952:*



*Ich wandte mich und sah an alles Unrecht, das geschah  
unter der Sonne, und siehe, da waren Tränen derer,  
so Unrecht litten und hatten keinen Tröster, und die  
ihnen Unrecht taten, waren zu mächtig, dass sie keinen  
Tröster haben konnten. Da lobte ich die Toten, die schon  
gestorben waren, mehr denn die Lebendigen, die noch  
das Leben hatten. Und besser denn alle beide ist, der noch nicht  
ist und des Bösen nicht inne wird, das unter der Sonne geschieht.*

*Prediger Salomo 4, 1-3*

*It is not by chance that, in the course of the final stage of the Apocalyptic Age 1933-1945, Gustav Radbruch moved from positive Law to Natural Law.*

*We may ask here, why Hammerstein was not assassinated by the Nazis, while his friend Schleicher was. As emerges from Enzensberger (2008), Hammerstein was an idealist who had left wing sympathies and was, therefore, called the Red General - in fact, he was really a man of the broad political centre; moreover, he conceived, along the lines of Count Coudenhove-Kalergi, of a united Europe; in his being an idealist he was a pure and honest man, incapable of intrigue. This made him predictable. As a consequence, the Nazis knew that he would incessantly plot against Hitler and, given this, they were able to thwart all the attempts to assassinate or to arrest the Führer, simply by supervising Hammerstein and his relations. Schleicher, however, was perfectly capable of political maneuvering and possibly even intrigue, as his attempt to unite all working party forces, including the National Socialist left wing, shows. Given this, he was potentially dangerous and was, as a consequence, murdered by the Nazis in the course of the Röhm Putsch in summer 1934.*

*At this stage it is very important to note that the attempts of the **German Generals and responsible politicians** to get rid of Hitler and the Nazi-régime continued after the end of the Polish campaign at the beginning of October 1939. The American Dominican Sister Mary Gloria Chang writes at the outset of an excellent article: „When Adolf Hitler emerged victorious in Poland in September 1939, elements of resistance within the German military, foreign office, and political sector mobilized to plan a coup against the regime. Nazi brutality against the conquered in Eastern Europe clashed with the Opposition’s ideal of a “decent Germany” that respected individual freedoms. Several attempts to negotiate a pre-coup pact with the British government by peace feelers went out during the course of the war, but the*

most promising channel involved Pope Pius XII as mediator for the Abwehr (German Armed Forces Intelligence) in Rome between late 1939 and the spring of 1940.

The existence of a conspiracy demonstrated a deep commitment by many high-ranking German military officers and civilian leaders to a peaceful Germany, and initial openness by the British to a revolt against the Fuehrer within the Nazi state. Although skepticism ran high against any possibility of an overthrow, the British Foreign Office considered the papal channel as being “the most reliable,” and proceeded furthest in its negotiations with this group vouched for by the Pontiff.

Military historian Harold C. Deutsch judges the role of the Vatican in this exchange “among the most astounding events in the modern history of the papacy.” Pope Pius XII risked his life and the political neutrality of the Holy See by engaging in this scheme between two belligerent nations. The complexity and intrigue involved on all sides exacerbated his perils. In the light of modern-day criticism of the wartime Pope as “silent” and indifferent to the plight of the Jews, the combined testimonies of key players in the Opposition, and scholarly consensus among historians of the Resistance paint a picture of a man who suffered greatly in his role as head of the Roman Catholic Church, and who made prudent decisions in the hope of saving as many lives as possible under hazardous circumstances“ (Chang 2009, pp. 385-86).

*These Papal actions directed against the Nazi régime were highly risky indeed. Had the Nazis discovered the plot, they would have, as is highly likely, heavily damaged or even destroyed the Catholic Church in Europe, for example through deporting all the European Bishops, possibly even the Priests, to concentration camps. And the purges among high-ranking German officers and responsible politicians would have been terrifying to an extent that can hardly be imagined.*

However, the attempt of the German resistance to bring about a *Coup d’Etat* against Hitler with British assistance and negotiated by the Vatican was a hopeless undertaking right from the beginning and thus bound to fail. In fact, the British would never have accepted to assist the German conspirators, for three main reasons: First, even the heavily armed *Kleindeutschland* (Germany without Austria) as it existed at the end of 1937 presented a deadly *potential long-term danger* to the British Empire; the only great British politician and statesman who would, eventually, have accepted a militarily strong Germany within the Versailles frontiers in 1939 and led by a moderate government, was Winston Churchill, but he

was not yet in power. Second, some German generals and politicians wanted to maintain Greater Germany – *Grossdeutschland* (Germany with Austria), as was the intention of Germany and Austria at Versailles in 1919; this rendered the success of the conspiracy entirely impossible. Third, and most importantly, the powerful Nazi Germany existing in 1939 had to be directed against the Soviet Union in any case. Otherwise, the Anglo-American and French Apeasement Policy and the now evident abandonment of Poland, intended to bring about the German-Soviet military confrontation, would have proved vain. And perhaps the Americans and the British had, in collaboration with the French, already started to elaborate plans to prevent a long war in the West in order that a strong and intact *Wehrmacht* could attack the Soviet Union. The basic aim was to weaken or even to destroy both Nazi Germany and the Soviet Union. However, the Nazis wanted to prevent a two-front war in any case and first successfully attacked France, and, subsequently, Britain. Winston Churchill's desperate attempts to contain the Nazis on the Continent ended up in *Dunkirk*, but under his direction the *Royal Air Force* won the *Battle of England*, which was absolutely crucial for the ultimate outcome of the War.

However, in spite of the inevitable failure the Vatican conspiracy against the Nazis, ***the fact that this conspiracy has taken place is of the highest importance for both Germany and the Roman Catholic Church.*** In spite of the terrifying dangers involved, both Germany and the Roman Church undertook everything that was humanly possible to maintain peace and to preserve the great Christian humanist tradition in Europe. This event greatly enhances their moral and political position in Europe and the World and reinforces the proposition that both Germany and the Roman Catholic Church, will presumably play an important, if not crucial role, in the transition from neoliberal Capitalism to Social Liberalism to be briefly pictured in the chapter on *Ways Ahead* below.

*The rapid fall of France decisively and definitely weakened the power position of the traditional German Generals. Hitler was now considered Gröfaz, not only by large parts of the German population; the Generals also had to acknowledge that he was far more than a modest Böhmischer Gefreiter. The tragedy could now take its course almost unimpeded. And after the defeat at Stalingrad Hitler is to have said that he had made a mistake in not deposing the top Wehrmacht officers and replacing them by SS men, up to the requirements of modern warfare, and should, in this, have followed Stalin who eliminated the traditional military leadership in 1937/38. Incidentally, Hitler was probably wrong in this; the SS certainly fought bravely, but frequently sacrificed lives in an unconsidered way, the result*

*being unnecessarily high losses; as a rule, the Wehrmacht soldiers were led much more professionally and efficiently.*

*The Blitzkrieg victory over France had yet another pernicious effect on the German military leadership. As is very likely, even traditional and cautious officers got overconfident and started to advocate an attack on the Soviet Union; for example, in spring 1941, when the Wehrmacht was concentrating troops in Poland, Count Stauffenberg was enthusiastic about a War with the Soviet Union, expecting yet another Blitzkrieg victory. The German war machine was considered irresistible, probably among the younger officers in the main. Given this, the rapid victory over France, who possessed a considerable number of tanks and aircraft, was seen as an indication that the Wehrmacht was putting to use modern weapons much more efficiently than other European armies. Indeed, General de Gaulle repeatedly argued after the War that the Wehrmacht coordinated aircraft, tanks and infantry very effectively through radio communication, whilst the French attempted to coordinate the movements of tanks and infantry by a show of hands. All this was to forget that Russia (the Soviet Union) was completely different from France through space and climate, that Russia was equipped with weapons based on German technology, that large parts of armaments production was taking place behind the Ural, that Russian officers had been trained in German military academies [Marshal Zhukov was the best pupil of General von Hammerstein! (Enzensberger 2008, p. 279)], and, finally, that Germans and Russians had organised common manoeuvres to better coordinate the movements of infantry, tanks and aircraft; in this context, Marshal Tukhachevski said in October 1933: The Reichswehr was the Master of the Red Army! (Enzensberger 2008, p. 237). Hence the Blitzkrieg victory over France literally submerged the warnings of General Kurt von Hammerstein and other experienced military leaders; moreover, Bismarck's basic principle, stating that good relations with Russia had to be the cornerstone of German foreign policy, was totally ignored. Probably, after June 1940, both Bismarck and Hammerstein were considered to be no longer up to the modern military and political state of affairs. In any case, nobody in Germany was aware of the trap that had been prepared!*

*Indeed, as has already been hinted at, the rapid fall of France remains somewhat of a mystery, however. In fact, the French were well endowed with tanks and aircraft and they had an excellent army supported by British forces. Why then the quick collapse? Did parts of the French Right want to prevent a long and exhaustive war in the West, so wholeheartedly wished by Stalin, to direct an intact and strong Wehrmacht against the Soviet Union? Moreover, the French Right intensely wanted to wipe out Communism in France and nobody*

*could do this more efficiently than the Nazis. In this context it is significant to note that the United States under the leadership of President Roosevelt supported the Vichy Régime led by Marshal Pétain until the very end, that is until the invasion of Normandy on June 6, 1944; and here yet another question arises: why did the invasion take place so late in the War? It would have been much easier to invade France before the Atlantic Wall was fully built. Was the aim to weaken Nazi Germany and the Soviet Union as much as possible through their gigantic confrontation in the East? In fact, an invasion of France would have been possible immediately after the German attack on the Soviet Union on June 22, 1941, since the British had captured a German Enigma encoding machine in May 1941 already, enabling Allied ships to circumvent Nazi U-boat-formations, the wolf packs; in spring 1943, the Nazis were about to loose the Battle of the Atlantic, which would have definitely enabled the Western Allies to invade France.*

*These conjectures regarding the rapid fall of France have now been confirmed. Indeed, in his excellent Big Business avec Hitler Jacques Pauwels writes: “Il est maintenant certain qu’en 1939-1940, les élites françaises optèrent sciemment pour une défaite militaire afin de faciliter l’instauration d’un régime fasciste. Le fruit de cette politique de trahison, et de la facile victoire allemande qui s’ensuivit – “l’étrange défaite”, comme on la qualifiait du côté français – fut en effet l’installation d’un régime fasciste en France, le régime collaborateur de Vichy, dirigé par Pétain, en qui les fascistes français avaient décelé depuis des années leur genre d’homme fort. [...] Ces faits à tous le moins choquants ont été révélés dans les moindres détails dans deux ouvrages assez récents, excellentement documentés, de l’historienne française Annie Lacroix-Riz, Le choix de la défaite et De Munich à Vichy” (Pauwels 2013, pp. 167-68).*

[At this stage, we have to mention that this politics of treason obviously greatly enhances the historical significance of Anti-Vichy France, made up, in fact, of the vast (silent) majority of the French people, and specifically of the *Résistance* and *La France Libre* under General de Gaulle. Together with Sir Winston Churchill, *General Charles de Gaulle* was certainly *the outstanding* European statesman of the 20th century. His thinking was entirely social liberal, and, such, deeply humanist in Keynes’s sense. Indeed, the monument in his honour at *Colombey-les-Deux-Eglises* carries the inscription: *En notre temps la seule querelle qui vaille est celle de l’homme. C’est l’homme qu’il s’agit de sauver, de faire vivre et de développer.*

(Incidentally, the United States supported the Vichy regime until the very end, that is, until June 6, 1944; moreover, *Roosevelt* always ignored and despised *de Gaulle*. This strongly supports the central thesis of this subsection: the Second World War was about the irreconcilable contradiction between Monopoly-Finance Capitalism and Communism/Social Democracy and profound capitalist rivalries: Germany and Japan vs the British Empire and the United States, at the end of the War even between the US and Great Britain. To bring about the War, the Western Powers led by the US played the crucial role. Nazi Germany merely was a *means* to destroy the Soviet Union, to be stabbed into the back subsequently in any case. As a *Blitzkrieg* victory in the East was no longer possible after late summer 1941, December 1941 at the latest, Vichy France became a means to prolong the War in order to decisively weaken the Soviet Union; this aim could not be achieved because of the immense bravery of the Soviet-cum-Russian armies and population, and the gigantic sacrifices made by both.)).

*In fact, the rapid fall of France occurred for several reasons. The first is evident: the fascist Vichy government had to be put into power to crush the Front populaire (led by Léon Blum) and to establish the reign of Big Business and the associated right-wing forces. The other reasons are hidden and eventually not explicitly aimed at. Indeed, there is, second, the idea to prevent a long war so as not to weaken substantially the Wehrmacht who had to be directed against the Red Army in full force. This implies, third, preparing a trap for Germany in bringing about a war between Nazi Germany and the Soviet Union and, subsequently, stabbing Germany in the back: the Soviet Union had to be destroyed and the most dangerous capitalist rival eliminated; in fact, the United States entered into War against Germany in a concealed way, without declaration of War. Fourth, as suggested above, the rapid fall of France had important consequences for the behaviour of the German military leadership. Probably, even cautious officers, like Count Stauffenberg, got overconfident and thought the Red Army could be crushed through a Blitzkrieg operation in two months or even less. This goes far to explaining why the Wehrmacht attacked on June 22, 1941 and did not wait until the beginning of May 1942 to have a maximum time period for conducting war in “good conditions”, above all practicable roads and not too low temperatures. In view of the fact that the Reichswehr had built up an efficient and modern Red Army and that Russian officers had been trained in German Military Academies – Marshall Zhukov was the best pupil of General von Hammerstein – this Nazi Blitzkrieg vision was totally unrealistic **as one of the most experienced German officers, Kurt von Hammerstein, clearly perceived (Enzensberger 2008).** Indeed, even if Moscow had fallen, there still would have been a very long way to final*

victory. Finally, one should not forget that, in case of a possible Nazi victory over Stalin's Soviet Union, the Western powers, led by the United States, would immediately have attacked Nazi Germany in the West. Indeed, the West would never have accepted a German victory in the East, which would have widely opened the door for Nazi-German world domination. In hindsight one may assert that the combination of V2-rockets and the atomic bomb, which German scientists were perfectly able to realise, would have enabled Germany to maintain world domination quite easily. [In fact, the Nazi plans for Lebensraum in the East were, on a larger scale, as unrealistic as the attempt of Louis XIV to attain the Rhine frontier for France. Realising that England would never accept a too powerful France, Louis XIV abandoned the Rhine frontier project at the end of the seventeenth century, to opt for a straightening and subsequent fortification of France's Northern Frontier. In analogy, leading Weimar politicians realised that the broadly historical German frontiers, established after the First World War (die Reichsgrenzen von 1937), were appropriate since they enabled Germany to live in peace with France and Poland, and hence with Europe and the World.]

In any case, the truly criminal Appeasement Policy and the equally criminal abandonment and betrayal of Poland, both aimed at destroying the Soviet Union through German military power, and convincingly explains why the Western powers did not counter Hitler's monstrous actions against Austria in 1938 and Czechia in 1938, early 1939, and accepted the destruction of unfortunate Poland by Hitler Germany and Stalin's Soviet Union in the second half of 1939; on the other hand, the Western powers would have intervened immediately had the Weimar Republic committed some slight misdeed only! Poland, like Czechoslovakia and Austria, was literally sacrificed on the altar of money and power, an altar disguised by the nightmare of Communism. And so were the dozens of million victims of the Second World War, the estimations ranging from fifty to eighty million. Indeed, two days after the Nazi German attack on the Soviet Union, Senator and later President Harry Truman, said that as long as the Germans are winning the US should help the Russians, and vice versa, implying that Russia and Germany should be weakened decisively through a long war to prepare the ground for US imperialism, and, on the way, huge profits could be realised; in any case, a lend-lease agreement was concluded between the USSR and the USA in November 1941 already, at a moment when it became clear that the breakdown of the Soviet Union would not be imminent, and, in any case, before Germany had declared war on the United States (Pauwels 2006, pp. 65-66)! In the last instance human life does not count at all with Monopoly Capitalism (where high profits and dividends and manager wages as well as immense wealth are the dominant values) as well as with totalitarian Socialism. (Monopoly

*Capitalism has thus to be distinguished carefully from a social liberal entrepreneur economy, in which small and medium-sized enterprises dominate and the mixed, public and private, economy stands in the service of man and society.) All this shows that, ultimately, money and power reign supreme in Monopoly Capitalism, not democracy and human rights, as Marx and many others, including in a way, even Adam Smith, have most clearly perceived. Certainly, Stalin's Soviet Union was monstrous, but so was Western Monopoly Capitalism, which produced Nazi Germany and the Second World War. This is the most important reason why, in this essay a new World Order, given by Keynes's Social Liberalism is put to the fore; as has been insisted upon, Social Liberalism may be realised in very different forms, taking thus account of the differing mentalities of the various peoples of this world; for example, in Russia and in vast parts of the CIS this doctrine could be realised as Liberal Socialism, with large enterprises being owned by the state, smaller and medium enterprises by towns and villages, or privately; one very important different with Soviet style Socialism would consist in the decentralised fixing of prices and quantities as well as product quality by the individual enterprises. The liberty of the entrepreneur or of the manager would be entirely preserved. In any case, it would seem that the epoch of traditional Capitalism, which produces concentrations of tremendous economic and political power in the hands of a few, with all this implies, has come to an end. The monetary production economy of the future will be dominated by small and medium-sized enterprises led by traditional entrepreneurs; large enterprises, natural monopolies in the first place, will be publicly owned. Hence the social liberal entrepreneur economy will be a mixed **economy**, whereby the type of mix will depend upon the mentality of the people.*

*In this essay we adhere, then, in part to the Marxist thesis that the Second World War was a war between Capitalism and Socialism, with the capitalist West aiming at destroying the Soviet Union. Hitler Germany was to be the means to achieve this aim, driven by Hitler's hatred of Communism and his (imperialist) Lebensraum ideas in the East. However, in contradistinction with the Marxist thesis, we think that the large majority of the Reichswehr-cum-Wehrmacht officers and the overwhelming majority of the German people did not want this war, even after the defeat of France in May 1940. Prussia and Prussia-Germany, Bismarck and the German military leaders in the first place, have always respected Russia and wanted to have good relations with her. However, as has been suggested, the Western powers did not give the German Generals the slightest opportunity to eliminate Hitler and his regime. So Soviet Russia was attacked for ideological reasons; an antagonistic socio-economic and political order had to be destroyed in the name of Monopoly Capitalism, and*



*for specifically German imperialist reasons, building up a Lebensraum for the German people in the East, which, incidentally, would have directed a capitalist competitor towards the East, away from the imperialist realm of the Western powers; the Soviet Union should have become the India of Germany.*

*The nature of the German-Soviet relations between the two World Wars, 1918 to 1938, must of course start with the Rapallo Treaty 1922, which initiated a period of partnership between the German Empire and the Soviet Union during the Weimar Republic 1919-1933; this partnership was also military, as had been initiated by General Hans von Seeckt. This partnership was based on great mutual respect.*

*“The outstanding consequence of the Nazi revolution in the history of German-Soviet relations was Hitler’s reversal of the policy of Weimar towards Soviet Russia. [...] From the moment of Hitler’s rise to power Germany was calling the tune in German-Soviet relations, and the cooling off of German-Soviet friendship came primarily from her side” (Carr 1951, pp. 108-09). However, for a year or so, “the Soviet leaders were [...] still hoping against hope that Hitler’s hatred of [German] Communism did not imply hostility to Soviet Russia. But the decisive stroke was not long delayed. On January 26, 1934, the German and Polish Governments recorded in a joint declaration their determination to effect ‘a peaceful development of their relations,’ and to settle their innumerable differences by direct negotiation” (Carr 1951, p. 110). At this stage one should mention that by the end of August 1939, Germany wanted to go on negotiating with Poland; however, the British and the French Governments told Poland to suspend negotiations, which meant war with Germany; this renders the abandonment and betrayal of Poland even more ignominious, given the promise of assistance that had been made some months earlier. In any case, all this enhances the thesis that the Nazi German attack on the Soviet Union had been carefully orchestrated by Western, including German, capitalist power centres.*

*In any case, the joint German-Polish declaration of January 26, 1934, implied that a “fatal blow had been struck at the perennially sensitive point of German-Soviet friendship. The policy of Rapallo, the diplomacy of the Weimar republic, had been finally abandoned” (Carr 1951, pp. 110-11). And now the crucial point: “That [this fundamental change in policy] was unwelcome to the leading Reichswehr generals, who remained secretly unreconciled to it throughout the nineteen-thirties, is well known” (Carr 1951, p. 111, our emphasis). In 1932 already, even “before Hitler made his volte-face in foreign policy” (Carr 1951, p. 104), General Hans von Seeckt, retired in view of the growing hostility towards Soviet Russia in industrial and financial circles “and embittered, wrote a pamphlet entitled Germany between*

East and West, in which he complained that German policy was pushing Russia into the arms of France. This pamphlet contained the remarkable prophecy that, if Germany ignored Russia, she would have one day Poland on the Oder [!]"(Carr 1951, p. 104, *our emphasis*). General von Seeckt knew what he was talking about: it was he who had initiated the cooperation on military matters between Germany and the Soviet Union and knew, like no other, about her military strength. A little anecdote illustrates this point: At some time in 1934 when the last German officers and engineers were about to leave the Soviet Union, a little ceremony was arranged. A German and a Soviet officer made a little speech. The Soviet officer concluded with the words: "In case we should become enemies one day, we shall be ready." And the high-ranking German officers knew this.

In this context it is significant that events went on in a rush after November 5, 1937, when Hitler had disclosed his aggression plans in the East to high-ranking Wehrmacht officers. At the end of 1937 already and the outset of 1938, the generals reacted and intensified their attempts to depose Hitler; indeed, a group of generals around general Ludwig Beck was hatching a plot. The Nazi's at first reacted with most perfidious intrigues, one of the victims being precisely General von Fritsch; a second victim was General von Blomberg who also opposed an attack on the Soviet Union. Subsequently, Hitler and his clique urgently needed foreign policy successes to counter the Generals. In very rapid succession there was, in 1938, the Anschluss of Austria, the Sudetenkrise, the Munich conference and the annexation of the Sudetenland. The occupation of the rest of Czechia occurred in March 1939. Western Apeasement Policy and Hitler's complete triumph were the two sides of the same coin, which left the German Generals without any opportunity to get rid of the Nazi regime. Indeed, as alluded to above, already by the end of 1937 (after November 5), the Generals von Witzleben, von Stülpnagel, Hoepner, and Admiral Canaris formed a group of conspirators lead by General Ludwig Beck. These realist and responsible officers planned to depose Hitler during the Sudetenkrise 1938. However, Hitler's complete success at the Munich Conference prevented the coup d'état, and also represented the victory of the war mongers (Kriegstreiber), who considered the war with Soviet Russia necessary to destroy the ideological arch-enemy and, thereby, to prevent a proletarian revolution on the world level, preserving thus Monopoly Capitalism and its imperialist ambitions; this went along with the prospect of realising huge profits and getting out of the Great Depression. These are just additional indications confirming that the basic thesis advanced in this subsection is reasonably sound.

*The abandonment and the betrayal of Poland in September 1939 definitely sealed the fate of Germany. Here, as already alluded to, it is interesting to note that the commander of the Western army, having the task to defend the western frontier of Germany against the allies of Poland, the French and the British, was General Kurt von Hammerstein, known as a notorious enemy of the Nazis whom he disdained. In fact, von Hammerstein was already retired, but was reactivated to take the command of the Western Army from September 9, 1939, onwards, that is eight days after the beginning of the war! At this point of time Hitler could accept Hammerstein's nomination because he could be reasonably sure that the Western powers would not attack; indeed, in case of a French-British attack the von Hammerstein army would eventually have joined the Western forces to overthrow the Nazi regime! However, General von Hammerstein was retired again on September 24, when it was definitely clear that the Western powers would not attack. And given this, General Werner von Fritsch had chosen to die honourably before Warsaw on September 22 already, realising that the fate of his country was definitely sealed.*

*Moreover, one should note that, because of Western non-intervention from November 5, 1937 onwards, the Nazis had a relatively easy game. It was sufficient to gradually eliminate some of the highest-ranking realist and responsible officers through intrigues or to put them into charges of lesser importance; subsequently, there were enough opportunists or blind followers of the regime to replace them; moreover, the indoctrination of the Wehrmacht with Nazi thought went on rapidly, the power of the SS grew at a frightening pace and last, but not least, the Gestapo did their merciless work. Specifically, the Nazi Regime had a very firm grip of the German youth as vast passages of the 1934 Nazi propaganda film *Der Triumph des Willens* clearly show. The life of the Luftwaffe-Offizier Hans-Ulrich Rudel impressively illustrates this: born in 1916, Rudel joined the Hitler Jugend in 1933 while at the Gymnasium, became Luftwaffe-Pilot and, as such, carried out more than 2500 missions during World War Two; at the end of 1944 he was the only German soldier to receive the highest military decoration of the German Armed Forces - Das Eiserne Ritterkreuz mit goldenem Eichenlaub, Schwertern und Diamanten - from Hitler's hands. Although seriously wounded at that time he continued to fight, against Hitler's will! After the War Hans-Ulrich Rudel joined the Deutsche Reichspartei and, until the end of his life in 1982, remained totally devoted to Nazi Ideology, as did almost all Nazis.*

*In addition, in the economic domain the Nazi regime obtained important successes; unemployment declined sharply and Hitler became known all over Europe as the man who creates new workplaces (even Maynard Keynes was impressed and wrote in the preface to the*

*German edition of the General Theory: “[Much] of the following book is illustrated and expounded mainly with reference to the conditions existing in the Anglo-Saxon countries. Nevertheless, the theory of output as a whole, which is what the following book purports to provide, is much more easily adapted to the conditions of a totalitarian state [!]”(Keynes 1936, p. xxvi)). Incidentally, this illustrates that one has to be very clear about the social philosophical foundations of an economic theory to avoid serious blunders like this one; and this is the reason why in Bortis (1997) much attention is devoted to social philosophy. Specifically, it must be shown that Social Liberalism, though conceiving of Man and Society as entities, does in no way imply totalitarianism, quite the contrary!*

*Given all this, it became more and more difficult if not impossible to get rid of the Nazi regime without foreign intervention, which would have been equivalent to a serious setback for the Hitler clique. All this was well known, above all in the Western capitalist power centres and government circles. It is for this reason that Western non-intervention or Apeasement Policy and the betrayal and abandonment of Poland, must be denoted criminal. Winston Churchill would certainly have agreed with this proposition. Eminent German diplomats of the time, for example Ernst von Weizsäcker, simply could not understand why the Western powers gave everything to Hitler that they would have strongly refused to the Weimar Republic (Neue Zürcher Zeitung, September 14, 2011, Nr 214, p. 7).*

*E.H. Carr concludes these considerations by saying that “the German-Polish agreement of January 1934 [...] foreshadowed the declaration of war against the Soviet Russia in 1941[and presents, as such] a remarkable parallel to William II’s refusal in 1890 to renew the German-Russian ‘reinsurance treaty’ of 1887 – the prelude to the war of 1914. [And now the crucial point:] Hitler certainly acted against the advice of the Reichswehr [and the Wehrmacht] generals as William II had acted against that of Bismarck. In both cases the neglected warnings of those Germans who regarded friendly relations with Russia as a permanent and indispensable ingredient of German foreign policy were amply justified”(Carr 1951, pp. 112-13). In fact, Hitler not only acted against the advice of the generals, but eliminated or neutralised high-ranking officers who had turned against his aggression plans in the East!*

*However, industry and finance in the West (including Germany) were by nature hostile to the Soviet Union (except if profits could be made); as Thorstein Veblen had clearly perceived, there was an irreconcilable conflict between Capitalism and Socialism regarding the distribution of the economic surplus. Given this, in industrial and financial circles there was an increasingly shifting balance of opinion to break with Soviet Russia (see Carr 1951, p.*

111). *This confirms that, contrary to the Marxist thesis, the position of big industry and finance regarding the Soviet Union was entirely different from the standpoint taken by the military leaders of Germany and by the overwhelming majority of the German people.*

*Indeed, when the economic crisis gained momentum from 1930 onwards, the NSDAP became stronger and simultaneously changed its outlook and status (Carr 1951, pp. 104-05). "In 1930 Otto Strasser, the leader of its left wing and the champion of the socialist element in its original programme, had left it; and its evolution from this point onwards was steadily towards unqualified nationalism and the quest for power [...]. The National Socialist Party lost the hybrid character implied in its title, and became unequivocally a party of the Right [and, one should add, of Big Capital, and should have been called National Capitalist Party. Indeed, a] bargain was struck between Hitler and Hugenberg, an industrial magnate and a member of the German National Party, whose position as proprietor of a vast newspaper and film syndicate gave him unique opportunities as a political manipulator; and Hitler began to receive large subsidies from industrial and financial circles"(Carr 1951, p. 105). The movement from National Socialism to National Capitalism was completed by the Röhm-Putsch 1934; in the course of the Nacht der Langen Messer the SA-leadership was eliminated on the order of Hitler. Luchino Visconti's 1969 The Damned gives a poignant account of this crucial event and its social and political implications.*

*Given this, the National Socialists became increasingly a tool of capitalist power centres. This run against the will of the military leaders of Germany and certainly against the desire for peace of the overwhelming majority of the German people. Hence, the German attack of the Soviet Union was due to the iron will of Monopoly Capitalism (capitalist power centres) to destroy the Communist Soviet Union, and, simultaneously to realise huge profits; at this stage just remember John Kenneth Galbraith who wrote that the United States were saved, that is, brought out of the Great Depression of the 1930s, not by the the New Deal, but by the Second World War.*

*Given all this, the war in the East did not represent an attack of the German people against the Russian people and the peoples of the Soviet Union. In fact, from 1933 onwards the two great countries, Germany and Russia, who both had suffered immensely from war, revolution and humiliation, all of which had stirred them to the depth of her soul, were gradually set face to face like two gladiators in the arena of world history to fight yet another, most terrible, war; and, as has been suggested in the above, this most horrifying war in World History, was brought about by cold calculation. This is why the frontiers that have come into being after the catastrophe of World War Two are highly unjust to Germany and to the*

*German people, as Winston Churchill, who certainly know more about the background of the Second World War than anyone else, had very clearly perceived.*

*Just recall at this stage what Churchill wrote on the Oder-Neisse-Grenze in his War Memoirs: “For the future peace of Europe here was a wrong beside which Alsace-Lorraine and the Danzig Corridor were trifles. One day the Germans would want their territory back, and the Poles would not be able to stop them” (War Memoirs, vol. VI, Penguin edition, p. 561, our emphasis). At the end of the War Churchill certainly knew what had been going on and that very great injustice had been done to Germany. Understandibly, he could not write this in his War Memoirs or in his diary; he could not even speak about this. However, the argument set forth in this essay strongly confirms Churchill’s views and attempts to highlight some implications. This gives rise to some complementary remarks.*

*First, Churchill’s view on the 1945 frontiers of Germany and the general position taken in this subsection (Germany 1871-1945 and the Apocalyptic Age 1914-1945) are both strongly opposed to official history which makes up public opinion and shapes the teaching of history on all levels of education. In fact, broadly until 1990, when the breakdown of Socialism occurred, historical accounts on the last stage of the Apocalyptic Age 1933-1945 had been written by the victors; given this, these accounts are largely Cold War ideologies attempting to put to the fore the importance of the democratic and peace loving United States as leader of the free world, which had saved Western Europe from the totalitarian yoke, the merciless struggle against Communism in the 1930s and intercapitalist rivalries having been largely eclipsed. However, since broadly 1990 alternative views on what has happened in the 20th century, specifically during the Apocalyptic Age 1914-1945, became increasingly important. In fact, since 1990, Cold War ideology is increasingly replaced by the uncompromising search for historical truth. An outstanding example of this tendency is the excellent book by Jacques Pauwels: Der Mythos vom Guten Krieg - Die USA und der 2. Weltkrieg; a prominent precursor is Charles Callan Tansill’s 1952 Back Door to War – The Roosevelt Foreign Policy 1933-1941. The present subsection also attempts to contribute to this search for – probable - truth.*

*In the second place, knowledge on what has really happened will now rapidly grow, and so will consciousness about the tremendous injustice done to the great victims of the Second World War, above all to Germany. Strong reaction could be the result.*

*Third, the historically grown Nation or Nationalities State, somewhat submerged by the domination of the universalist doctrine of liberalism-capitalism and socialism, will greatly gain in importance in the New World Order broadly sketched in this Essay, which conceives*

*of the future world as a family of nation-states, in part structured by historical-geographical federations. The Second World War has ruthlessly destroyed these historically grown political entities in Central and Eastern Europe, “bringing down unspeakable sufferings [on the German and Polish nation as well as on the Peoples of the Soviet Union]” (Erich Ludendorff). These three interlinked factors could potentially endanger peace in Europe in some indeterminate future. Fortunately however, the ongoing Eurasian developments, still in the underground though, are about to create the preconditions for a peaceful solution for this frontier problem; hopefully, these developments will result in just and fair frontiers, taking account of history in Central and Eastern Europe and made secure by a Peace Treaty, putting thus a definite end to the Second World War.*

*In fact, the traditional mutual respect between Germany and Russia should provide a solid basis for concluding a Peace Treaty and a permanent strong cooperation between Germany (Europe) and Russia (CIS) in a Eurasian framework. This cooperation should, however, not rest on an exclusive power axis Berlin-Moscow, but on a peace and prosperity axis Paris-Berlin-Warsaw-Moscow, which would be the backbone of emerging Eurasia. Given this, historically appropriate and mutually acceptable boundaries in Central and Eastern Europe will evidently represent the cornerstone of a future Peace Agreement ending definitely the Second World War. In this context, a strong Poland will constitute the heart of the Eurasian space, linking North and South as well as East and West. And associating the Peace Treaty with the formation of above-mentioned historical-geographical Federations in the Eurasian space would certainly render its implementation much easier.*

*However, one should in no way rush into concluding a Peace Treaty between Germany, Poland and Russia. One would have to wait for the new world order – the world as a family of nation and nationalities states structured through historical-geographical federations – being broadly established for several decades. Indeed, the new world order will have to be based on the internal development mechanism emphasising the country-specific quality of the way of life in each individual state. The problem will be to build up good states based on distributive justice and taking account of differing mentalities most importantly, associated to the new world order alluded to in the above. These processes will inevitably be accompanied by a higher valuation of the historically grown state, than has been the case during the universalist liberal-capitalist and socialist era. Hence, only when this new attitude towards the nation and the state is broadly established and consolidated should a peace agreement be concluded. And, in any case, this future Peace Treaty would have to be a matter between the great victims of the Second World War only: Germany, Poland and Russia, and nobody else. It*

would indeed seem that the ruthless Stalin Diktat, imposed at Yalta and subsequently against the will of Churchill, is, in fact, not only highly unjust to Germany, but also to Poland, and cannot be maintained in the long run. The process of nation building has taken place over broadly more than one thousand years, the starting point the division of the Carolingian Empire. It is impossible to wipe out permanently the result of this process all at once, above all if the historically grown state will be held in higher esteem in the future than has been the case in the universalist neo-liberal era as has gradually come into being after World War Two. The conclusion that the Stalin Diktat is highly unjust to Germany is strongly reinforced by a central thesis advanced in this essay: Germany has not caused the Second World War, but has been driven into this war. Specifically, as we have already suggested, Nazi-Germany did not want to attack Poland at all (Schultze-Rhonhof 2007, pp. 357-536, specifically pp. 485-536).

In this context, we may repeat that the 1920 Trianon Diktat was highly unjust to Hungary, too. Again, to start solving the problem of Hungary, the formation of a Central European-cum-Balkan Historical-Geographical Federation seems to be most appropriate. Some great European countries indirectly interested in the issue of the Hungarian frontiers - Austria, Germany, France, Italy, Poland and Russia - might assist the problem solving process. Finally, justice has also to be done to Serbia. Here France and Russia could play a crucial role, also within the framework of the Central European-cum-Balkan Historical-Geographical Federation, which Serbia would be part of.

To avoid misunderstandings, we should insist that all frontier problems in Europe and elsewhere can, in principle, be solved without major difficulties through the formation of Historical-Geographical Federations as have been suggested in the section on the world order of Modernity above. Such Federations are precisely formed to solve common problems – economic, political and cultural – existing between the states belonging to some Federation by the means of supranational institutions. It goes without saying that the presently existing political frontiers between the member states would remain untouched. However, it should be possible to undertake cultural activities within the historical frontiers of the member states of some Federation. For instance, German individuals or the German state should be allowed to restore historical buildings and places in Silesia, Poland in Galicia (politically belonging to the Ukraine) and Hungary in Transsylvania. Common commemorations of historical events could take place. These cultural activities, if generalised all over Europe, would contribute much more to the mutual understanding between the European peoples than the Euro associated to a European common market, which are bound to lead to conflicts because



*economies are not self-regulating! In this perspective, the eventual transformation of historical frontiers into political frontiers would be the result of a long process, eventually lasting for several decades, a process prepared by long-lasting cultural and economic activities.*

*However, the Eurasian peace and prosperity axis alluded to above can only come into being if there is good government, good economic government above all, along social liberal lines in Europe and, eventually, liberal socialist lines in Russia and in large parts of the former Soviet Union. In this context, it would be highly desirable if the Community of Independent States were to become a strong polity in the form of a Eurasian Federation with solid supranational institutions in order to ensure peace and stability in the Eurasian space and to promote economic and social development along social liberal or liberal socialist lines. This would imply, for example, a common foreign and defence policy and the building up of a common infrastructure; strong regional policies should be pursued to prevent excessive population movements from the countryside to the cities, bringing thus about as much even development as possible; the education system could be conceived along the lines of the excellent public education system that prevailed in Soviet times; the same is true of social institutions like nursery schools and day-nurseries, which are necessary to enable women to pursue professional careers; we have insisted at various instances that a public education system free of charges must be the basis of any modern polity. And, very importantly, the Eurasian Federation should, in collaboration with UN institutions, set up an energy and raw material policy in the interest of the world as a whole; this issue has already been alluded to in the above section on the world order of Modernity. Moreover, the Eurasian Federation would form a stable bridge of peace between Europe and Asia. And, last but not least, a strong Euroasian Federation would prevent foreign intervention in the Euroasian space; Great Games in Central Asia and Russia, associated with plundering and interventions in domestic affairs, would forever be excluded and peace definitely brought to this highly sensible area of the globe.*

*The Eurasian Federation would, in fact, bring together the various Russian and Mongol-Turkic peoples who, in the course of a very long common history that went on in the planes of Eurasia, have become an indivisible historical community, constituting therefore a prime example of a historical-geographical Federation. According to the doctrine of Social Liberalism or Liberal Socialism, the basic task of the Federal Government would be the building up of an institutional framework bringing about a maximum space of liberty, enabling thus the social individuals to prosper and the various ethnical groups of the*

*Federation to practice a way of life of their own. And, on account of their high development levels, Germany and Western Europe could greatly contribute to the building up of a modern Eurasian Federation.*

Let us pick up the thread of the main argument again and turn to the pre-War situation.

Besides ideological and political reasons for the Western policy stance to eliminate Soviet Russia there was the immediate fear of the growing military power of Stalin's Soviet Union. In fact, in the West we had the Great Depression, whilst growth rates in the Soviet Union were very high, also because of the production of weapons at a gigantic scale; these embodied modern German technology, possibly even improved by Soviet engineers. Given this, Western politicians panicked and let Nazi-Germany rearm to counterbalance the growing military might of the Soviet Union; possibly, as has been suggested in the above, there were also elements of cold calculation involved: the Soviet Union had to be destroyed, and a war between Germany and the Soviet would possibly weaken both, clearing thus the way for enhanced Western supremacy on the world level. Significantly, *Winston Churchill* was one of the few to *oppose German rearmament*, and was promptly dubbed naïve by some. This cannot be excluded, because, had Nazi-Germany not attacked in 1941, the Soviet Union might have attacked the West a few years later; after all Communism, in propagating a proletarian world revolution, was as universalist as is Capitalism. However, with German friendship in the background, a Soviet attack would have been *very unlikely*, also to due a lack of offensive strength and to very long supply routes that could be easily interrupted. The Russians always knew that they are strongest on their own territory. In fact, the myth of Soviet Russia attacking the West was mere a propaganda tool of Western policy, also in the Cold War era 1945-1990; this myth was maintained in order to justify huge armaments expenditures.

Nonetheless, absolute mistrust, hiding true intentions and attacking unexpectedly, dominated the scene. With Apocalypse culminating, the only thing that counted was the number of divisions and the quality of the weapons, most ruthlessly put to use. In a way, Germany and the Soviet Union were like two gladiators put in the arena of world history, first suspiciously observing each other to subsequently engage in an atrocious struggle, on the way tearing into pieces unfortunate Poland once again. In the 1930s, and probably much earlier, Hitler and Stalin both knew that this life-or-death struggle was to come in which only the most ruthless would be victorious. This historical inevitability is by no means to diminish or even to excuse some of their monstrous actions, for example setting up labour camps, and even extermination camps. Both Hitler and Stalin are indeed frequently denoted monsters. One should not

overlook, however, that both had to take decisions under greater or less uncertainty as to the effects of these decisions in immensely complex, objectively given and imperfectly known situations, with violence and ruthlessness dominating, and being surrounded, within and outside their countries, by mistrust, treason and hatred; and one will always have to remember what happened in Russia during the Civil War 1919-21 (Scholochow's *Der Stille Don* is a telling example) and, as has been alluded to in the above, in Germany in 1918-23.

To be sure, on conventional ethical terms Hitler and Stalin must be considered monsters. Taking this for granted, there are, however, other monsters, very few in number and coming from various quarters, who are active, so to say, in the economic and financial spheres in the main. Examples of 'monstrous' activities would be squeezing out and transferring abroad parts of the social surplus of poor and developing low-wage countries or war-damaged countries, laying hands on raw materials and energy resources by using force, appropriating large parts of wealth in countries damaged by inflation, promoting wars, and profiteering from wars, also civil wars, causing thus immense suffering among the population. In a wider context, Naomi Klein's *The Shock Doctrine - The Rise of Disaster Capitalism* precisely points into this direction; she explicitly mentions that, as a rule, very few people are involved in "raking in billions" (Klein 2008, backpage). In fact, while totalitarian Socialism of the right or the left type was basically monstrous, Monopoly Capitalism, too, has monstrous aspects, essentially due to the non-regulating character of the system; indeed, eminent international organisations estimate that the two thirds of humanity, more that four billion people, live in misery, with less than two dollars per day and per person, and that about one third of the world labour force of about three billion is unemployed or underemployed; moreover, there is a rise in the number of the working poor and work conditions are at a very low level in large parts of the world. Given the basic defects of both, Socialism and Capitalism, leading on to large-scale alienation, Keynes's Social Liberalism seems the only realist alternative. This is one of the basic tenets of this essay.

Modern profiteering at the expense of poor and weak countries, and from wars and conflicts, is certainly a phenomenon that had occurred to a smaller and larger extent in all industrialised countries, capitalist, and later socialist. In this context, Herbert Reginbogin's remarks on the economic relations between Nazi Germany and the United States are significant (Hofer and Reginbogin 2001, pp. 585-592). Pauwels (2006) provides important and little known information on what happened on a large scale in relation with some US enterprises behind the scenes in the 1930s, during the Second World War, and beyond; in his 2013 *Big Business avec Hitler* Jacques Pauwels provides a more detailed account of the relationship between

Monopoly Capital and the Nazis, enhancing thus the Marxist thesis that Fascism was the spearhead of Capitalism. Incidentally, this book indicates that the really necessary revision of history written by the victors of World War II is now fully thriving. And, as is suggested in this Essay, this revision of history goes along, quite naturally, with the *full historical rehabilitation* of Germany, putting her on the same level with all other European nations in every respect.

On a more general level, many political economists in the US agree on the fact that the Second World War was decisive for overcoming the Great Depression of the 1930s, not the New Deal. Given this, it comes of no surprise that the War may have been desirable to some powerful individuals, associated to the military-industrial complex. It is indeed well known that huge profits may be made in a war. This statement is of course valid for all countries involved in a war.

*In fact, the Second World War must be seen in a wider context. In the last instance, this war was about world domination or, at least a preparation to dominate the world. World War Two was, in fact, on two levels. Fundamentally, there was the struggle between Capitalism and Socialism, both of which aimed at world domination. On a different level, there was a contest for dominating the world within capitalist countries. On the one side were Germany and Japan, with the British Empire and the United States on the other.*

*After the Second World War, the Cold War brought these four capitalist powers together. Under the leadership of the United States they formed the core of the Western camp, which stood against its socialist counterpart, led by the Soviet Union and China. The disintegration of Socialism and the Soviet Union around 1990 seemed to pave the way for an ultra-liberal capitalist world under the leadership of the United States, the sole remaining superpower at a time when Russia underwent a dramatic crisis and China was just emerging. In a fine book, Jacques Sapir (2008) shows how this highly likely development was completely aborted and resulted in a tendency toward a multipolar world, associated to a return of the nation and nationalities state. This multipolar world would be made up of several very large powers, Brazil, China, Europe, India, Russia and the United States of America. Each large power would have its spheres of influence, and alliances could come into existence, as is already the case for the United States and Europe, for example. The presently ongoing – 2008/09 – crisis of the capitalist system might reinforce these tendencies towards a multipolar world. However, since the onset of the crisis 2008 a new development seems to have set in or is gaining momentum, an ever more intense cooperation between Germany and Russia to wit.*

*There is even talk of an axis Berlin-Moscow, sometimes of an axis Paris-Berlin-Moscow. Maybe Eurasia is slowly emerging.*

*It has been suggested elsewhere in this essay that such a state of affairs would mean a return to the situation, as it existed before the First World War. In a way, a highly unstable Orwellian situation, associated to capitalist power struggles, would come into being, which would leave little scope for effective socio-economic and environmental policies. The only way out, it seems to us, is provided by Keynes's Social Liberalism, which has been set out in an elaborated way in the chapter on the natural world order above. In this context, it is likely that an ever stronger Eurasia could accelerate the movement towards a social liberal world; indeed, within the framework of Eurasia a reorganised Russian Federation could form an extremely stable bridge of peace between Europe and Asia. Moreover, within the framework of Eurasia Germany and Russia could conclude a peace agreement putting a definitive end to the Second World War. It is difficult to say how the final situation that will come to exist between Germany, Poland and Russia will look like. All one can say at the moment is that the actually existing frontiers are a Diktat of Stalin. It is by no means sure that the powers in question, above all the people living in the countries in question, consider these frontiers as settled once and for all.*

And inflation profiteering certainly occurred in Germany and Russia, following up the great inflations there in 1922-23 and 1991-92 respectively. In this context, it is always important to mention that a very few discredit, as a rule, very large numbers of honest and, frequently, helpless people, even entire nations, also great nations.

These remarks on monstrous activities in the political, economic and financial domain lead to a specific problem of Modernity, that is, ethics and alienation. Some remarks on this problem will be made in a subsequent subsection (*ethics and alienation – the Apocalyptic Age 1914-1945 continued*) set out below.

To avoid any misunderstandings, it has to be emphasised that Europe must, of course, be immensely grateful to the Western allies, specifically to the United States, for having liberated the West of Europe from Nazi occupation; the gigantic British contribution to winning the war against Nazi-Germany has already been duly mentioned. But it is clear to everybody that the fate of National Socialist Germany has been sealed on the Eastern front through the stupendous performance of the Red Army.

*In this context, General Dwight D. Eisenhower ought to be mentioned, certainly one of the most humane military leaders of the Second World War, and, subsequently, an outstanding President of the United States. Significantly, it was President Eisenhower, who, at the very end of his second mandate at the very beginning of 1961, warned about the concentration of power at the military-industrial complex (Thomas Palley website).*

However, in spite of the heavily alienated, that is, totalitarian nature of the Soviet Union, based upon ruthless power Stalin, as was Germany under Hitler, it is unlikely that the Soviet armies would have crossed *permanently* the borderlines fixed at Teheran and Yalta, had *Operation Overlord* failed or not taken place. This would have meant war against the West, eventually including remnants of the German army, perhaps even nuclear war. Truman's nuclear diplomacy was there, and, as is well known, Klaus Fuchs prevented its being put into practice by transmitting to Soviet Russia the secret of the atomic bomb. Never the Soviet leadership would have taken the risk to move into the direction of the Atlantic, given the fact that the Soviet Union was exhausted after having lost around 30 million people and with her Western territories in ruins, while the economy of the United States was entirely intact and the US possessed an entirely new deadly weapon.

However, the onslaught of the Red Army in 1944 raised fears among the Western Allies. Given this, the Invasion of Normandy took place in June 6, 1944, just in the last possible moment for the Western Armies to be able to meet the Red Army at the centre of Germany, broadly at the agreed frontiers. In this context two seemingly mysterious facts have to be mentioned. There is, first, a rather strange letter of Prime Minister Winston Churchill to his Foreign Secretary Anthony Eden, dated December 3, 1944:

“I put this down for record. Of all the neutrals Switzerland has the greatest right to distinction. She has been the sole international force linking the hideously sundered nations and ourselves. What does it matter whether she has been able to give us the commercial advantages we desire or has given too many to the Germans, to keep herself alive? She has been a democratic State, standing for freedom in self-defence among her mountains, and in thought, in spirit of race, largely on our side.

2. I was astonished at [Uncle Joe's] savageness against her, and, much though I respect that great and good man, I was entirely uninfluenced by his attitude. He called them “swine”, and he does not use that sort of language without meaning it. I am sure we ought to stand by Switzerland, and we ought to explain to [Uncle Joe] why we do so. The moment for sending such a message should be carefully chosen” (Churchill 1985/1948-54, volume VI, p. 616).

The background to this letter is the fact that, in autumn 1944, the Red Army Intelligence found large quantities of Swiss made ammunition and weapons in Poland and Hungary. Given this, Stalin probably wrote a harsh letter to Churchill strongly condemning Switzerland and asking for punishment, and the above letter of Churchill's to Eden refers to this letter. Now, it is *highly unlikely* that Switzerland should have stepped up her sales of weapons and ammunition to Nazi Germany in the final stages of the War just for commercial reasons. This could have had serious consequences after the War: in fact, Switzerland might have been condemned and heavily sanctioned. There are indeed rumours saying that Stalin brought up the matter at Yalta and had proposed to occupy Switzerland in the same way as Germany and Austria. The occupation zones proposed by Stalin are probably a bad joke: The heavily industrialised North-East of Switzerland (Basel, Zurich, Winterthur) should have become Soviet occupation zone, the agricultural *Mittelland* region around Berne American zone; French speaking Western Switzerland should quite naturally have gone to France, and the British should have got the Alps, to enable them to go skiing **as much as they like!** In any case, Churchill arranged the matter. Indeed, he did not want any sanctions taken against Switzerland, because, as is very likely, *he had himself encouraged Switzerland to substantially step up the supply of weapons and ammunition to Nazi Germany in 1944 in order to slow down the advance of the Red Army.* It is evident that he could not speak about this matter, even in a letter to his Foreign Minister! (Churchill's endeavour to slow down the rapid advance of the Soviet armies at the end of the War is in line with his having favoured an allied invasion in the Balkans, giving the allied armies the possibility to advance in the direction of Hungary and Poland, thus cutting off the westward way for the Red Army.)

The second mysterious fact is probably linked to the first one just mentioned. In fact, when the *Operation Overlord* started, an *SS-Panzerdivision* was stationed near the shores where the Allies landed and could have been used to greatly hamper the operation or even to crush the invading forces. However, the German Command in the West did *not* bring these tanks into action on the ground that the *SS-Panzerdivision* in question was under the direct command of the *Führer*; however, the *Führer* was sleeping at this critical moment and he had given orders not to wake him up! This story is highly unlikely. Rather, the commanding German Generals in Western Europe, specifically *Generalfeldmarschall Gerd von Rundstedt*, and maybe even Hitler, wanted the *Operation Overlord* to succeed **so that the allied Western armies were present on the European Continent to prevent the Red Army from advancing in the direction of the Atlantic, and, eventually, could penetrate as far as possible into Germany.**

*This last proposition might seem to stand in contradiction to the Ardennen-Offensive in the second half of December 1944, the main purpose of which was probably to boost the morale of the German soldiers and people by teaching the Americans a lesson; indeed, in view of the terrifying Morgenthau Plan this offensive should prolong the War, procuring thus some additional days of life in dignity for the German people. In this context, it is important to keep in mind that, as suggested above, Churchill had allowed Switzerland to deliver weapons and ammunition to the Wehrmacht in the second half of 1944 to slow down the advance of the Red Army. Given this, and since the Red Army was far stronger than the armies of the Western Allies, it was reasonable for the Nazis to launch the Ardennen-Offensive, which, incidentally, did not prevent the Western Allies to advance eastwards beyond the occupation zones finally agreed upon.*

There is nothing sensational about **all** this. Indeed, as already mentioned, the Nazis knew already in December 1941 that the War was probably lost. This does not exclude the fact that they hoped to win the War in the last moment by means of the *Geheimwaffe*, the combination of the *V2-Raketen* and the atomic bomb.

Both strange facts suggest that the Invasion of Normandy has been undertaken in the last possible moment, and that exceptional measures had to be taken in order to enable the Western armies to meet the Red Army at broadly the right place. As is very likely, the purpose of delaying the Invasion to the utmost was to prolong the War in order to weaken both Nazi Germany and, above all, the Soviet Union to the greatest possible extent. This would put the Western powers into the best possible position to shape the post-War order in Europe and in the world. This aim has not been achieved regarding the Soviet Union because of the immense bravery of the Soviet-cum-Russian armies and population, and the gigantic sacrifices made by both. It is no exaggeration to say that from 1941 to 1945 the Soviet Union produced the most impressive military performance of all world history. Simultaneously however, the immense performance of the German soldiers must also be acknowledged. Given this, it would perhaps be more appropriate to say that *two heroic armies* were involved in the greatest War of world history, brought about by the merciless struggle between Capitalism and Socialism, with Capitalism being on the attacking side, and the attack on the Soviet Union being complemented by capitalist rivalries.

Given this, many Germans and Russians knew at the time, that this terrifying war between Germany and the Soviet Union was useless as far as their countries were concerned. Indeed, both countries are in fact largely complementary economically and could obtained from each



other what they wanted through trade. Russia would have delivered raw materials, energy resources and agricultural products to Germany. In exchange, Germany would have delivered industrial products embodying advanced technology, which the Russians could have improved and adapted to their development needs. Incidentally, this is what is broadly going on at present.

Hence the war between totalitarian Nazi-Germany and the equally totalitarian Soviet Union was, as a great many clearly perceived, a war between Capitalism and Socialism, with capitalist rivalries in the background. However, Churchill perceived already in 1933 that Nazi-Germany, with her highly developed economy and finding herself in a heavy turmoil subsequent to the defeat in the First World War, near civil war and great inflation from 1918 to 1923 and the heavy economic crisis of the early 1930s, was far more dangerous than Stalin's Soviet Union, at least in the short and medium term, a fact confirmed by the outcome of the Russian-Finnish War in 1939. In case of victory against the Soviet Union, Nazi-Germany would become the leading capitalist world power, being able to crush her great competitors, the British Empire and the United States. South Eastern and Eastern Europe, most importantly Russia, would have become entirely dependent on Germany, even subdued to her. And the fate of the Jewish people would have remained entirely uncertain.

Churchill undoubtedly had, already in 1933, a presentiment on these terrifying prospects. Given this, his uncompromising stance against Nazi-Germany becomes entirely understandable. Although, as is well known, Churchill did not like Stalin's Soviet Union at all, he did everything to strengthen her; given this, it is perhaps not surprising that there were British spies in favour of the Soviet Union, most importantly the Cambridge Five: Kim Philby, Donald MacLean, Guy Burgess, Anthony Blunt and John Cairncross; even Graham Greene may have acted on these lines. Moreover, *and very importantly, Churchill's position is entirely in line with English foreign policy since 1066 to never tolerate an imperial superpower on the European continent, which could eventually invade the British Isles.*

*Yet, although a great Empire existed on the European Continent in the Middle Ages, there was no danger at all for England: the Holy Roman Empire of German Nation was an Empire of peace. King Richard Lionheart could give his Kingdom in the care of the German Emperor, while being absent for a Crusade, without having to fear plunder or conquest! (Nevertheless, on his return from the Holy Land King Richard was imprisoned and ransomed for a host of reasons, also because of his undiplomatic behaviour against his princely "colleagues".)*

However, Chamberlain's and Daladier's Appeasement Policy inevitably implied a war between Nazi-Germany and the Soviet Union, after Germany had been given territorial satisfaction in Central Europe, whether this was wanted or not. Indeed, each of the two highly armed powers, the Soviet Union and Nazi-Germany, engaged in a life-or-death struggle, would only wait for the most favourable moment to attack. As has been suggested, for Germany the best moment was to attack as early as possible, and to prevent a two-front war. As a consequence, the Soviet-German non-aggression treaty of August 1939 came as a complete surprise to Chamberlain and Daladier, not to Churchill, however. It is Churchill's clear perception of the situation that, finally, led to the coalition between the British Empire, the United States, and the Soviet Union. Indeed, the Casablanca conference took place at the moment when the German defeat at Stalingrad was complete. However, the coalition immediately broke up after the end of the Second World War, to become the Cold War, which ended with the almost complete victory of the West – the end of history (Fukuyama) seemed to have occurred. Indeed, Socialism broke down in Central and Eastern Europe, and the Soviet Union was dissolved. After a dramatic decline in the 1990s, Russia has again become a world power, and, around 2000, seemed to get associated with China and Asia against the West, Europe and North America. The Shanghai Cooperation Organisation, directed at countering American influence in Central Asia, seems to point in this direction. However, after the setting in of the crisis in 2008, it would seem that Russia is looking increasingly towards Europe and is perhaps favouring the Eurasian project (Russia-cum-CIS and Europe) to counter the rapidly increasing power of China and against the background of the United States losing ground, also in Central Asia.

*On this, and on general issues of a new world order broadly in line with the world order proposed in this essay, see the excellent book by Jacques Sapir: *Le nouveau XXIe siècle – Du siècle „américain“ au retour des nations*“ (Paris, editions Seuil 2008).*

In a way, a fundamental theme of this essay, East and West, now emerges in the shape of a conflict situation. However, as suggested above, a large military war is unlikely. Some smaller hot wars will take probably place, and are indeed taking place already. In the main, however, the war will be technological, economic, and financial. It is to be hoped that the result will not be domination of one camp, probably it would be the East, on the basis of global capitalism, but that insight and statesmanship will prevail to bring Keynes's Social

Liberal World Order into being. The world as a family of nations structured through historical-geographical regions seems, indeed, the only way out.

*In this context one might recall the fact that the destruction of the Soviet Union went on surprisingly smoothly some decades later. This must be denoted a geopolitical tragedy, having resulted in an immense suffering of large parts of the population and in great political instability, enhanced by outside interference. It is a tragedy, because a solid political entity in that huge Eurasian space is needed to grant stability and peace, and to prevent outside intervention, frequently simply aimed at laying hands on the immense resources of primary goods of the region; stability on the territory of the former Soviet Union is, in fact, a pillar of world peace. Moreover, the West should have supported Gorbachev in his effort to economically transform and to decentralise the country. For example, small and medium sized enterprises could have been privatised; however, the large enterprises should have remained in public hands. Prices and quantities should no longer have been planned but should have resulted from decentralised decision taking within enterprises. And the government should have pursued a permanent incomes and employment policy as, incidentally, would be in line with Classical-Keynesian Political Economy.*

*Given this, everything should have been done to provide the successor polity of the Soviet Union, the Commonwealth of Independent States, with solid institutions, above all, central institutions, ensuring a particularly strong representation of the small CIS states. These institutions, all based on the complementary principles of Subsidiarity and Solidarity (see on this Bortis 1997/2006, 2007 and 2009, chapter 6) would have enabled the CIS to conduct a common foreign and defence policy, and the economically stronger states would have effected solidarity transfers, aimed at building up or maintaining a solid infrastructure; railways, telecommunications, and a public education system on all levels, would have been important cases in point. In this way, the Commonwealth of Independent States would have become a bridge of peace between Europe and Asia.*

*At this stage, it should be mentioned that the age of so-called defence alliances is definitely over. Being aware of this, Michail Gorbachev dissolved the Warsaw pacts without condition; the West, however, has not yet done so with NATO.*

*However, two elements have prevented the peaceful transformation of the Soviet Union as Gorbachev envisaged. First, there was the absence of a solid system of political economy as a basis for appropriate socio-economic policies and of a social philosophy picturing what is essential about the type of society to be aimed at; this is really a great pity because for*

*socialist countries it is much easier to move into the direction of an appropriate form of Social Liberalism than is the case for capitalist countries, above all if a ferocious type of capitalism prevails as is indeed presently the case (an appropriate theoretical system is now available in the form of Classical-Keynesian Political Economy: Bortis (2003a, 1997, 2007 and 2009). Second, besides domestic political problems there has been strong outside interference.*

*The story about the collapse of the Soviet Union is too familiar to be retold here. It would seem, however, that at least one chance element played an important role in the downfall of the Soviet Union, that is the astonishing naïveté of some Soviet leaders. And, last but not least, Veblen's absentee ownership – concentrated fractions of finance capital – had taken power after the disintegration of the Soviet Union, as the late Paul Klebnikov has brought to the open (Klebnikov 2001), with the state and, in fact, the public sector disintegrating, also because no taxation system existed. The sharp decline in the purchasing power of the population, due to a very unequal income distribution, and the dramatic decline of state expenditures resulted in a collapse of the economy, accompanied by huge unemployment and a dramatic impoverishment of large parts of the Russian population, causing thus immense suffering. In the above we have suggested that the destruction of the Soviet Currency in the early 1990s paved the way for the complete victory of foreign finance capital, resulting in a deep resentment of, presumably, large parts of the Russian population against Western finance capitalism, and against the West in general, including Western democracy. This, in turn, brought about a strong, but understandable rise in nationalism. To avoid any misunderstanding, we must repeat what has just been said before: again, it is indeed highly probable that only very few, but extremely powerful people are responsible for these events; however, through their actions, have discredited a great number of honest people, and even entire nations. In any case, with Thorstein Veblen (1920) and Paul Klebnikov (2001) a profoundly tragic circle has been closed.*

*At the end of his book Klebnikov suggests that Vladimir Putin is probably the right man to lead Russia out of the difficult situation in which she found herself around 2000. In hindsight, it would seem that he was not entirely wrong. Indeed, within a few years Putin made of crushed and humiliated Russia a respected world power again, although of course gigantic socio-economic problems remain unsolved, mainly due to the unilateral dependence on the export of energy resources and raw materials. However, the West might have to pay a high prize for the damage done. Indeed, the ‚Neue Zürcher Zeitung‘ once wrote that, separating Byelorussia and the Ukraine from Russia would cut off Russia from Europe, transforming her*

*into an Asian Power. The bad experience Russia made following up the peace declaration of Reagan and Gorbachev in the late 1980s, the looting of the country and, most importantly, seeing NATO expanding eastwards, could enhance this tendency. The formation of the Shanghai Cooperation Organisation (SCO) seems to be an indicator of such developments; the SCO at present comprises the countries of Central Asia, Russia and China; India, Pakistan and, eventually, Iran might possibly join. These developments certainly hamper the realisation of the Eurasian alternative, suggesting the going together of Europe and Russia.*

*In any case, the Orwellian power game has been fully in motion at the time. Two very large camps seemed to emerge, the West – Europa and North America – and Asia-cum-Russia. In an Orwellian vein, the area of confrontation between the two blocks could be made up of parts of Latin America, Africa, the Middle East, Central Asia, and eventually the Balkans – it should indeed not be forgotten that the US have established a huge military base in Kosovo! In spite of these developments, a full-scale war between the two camps does not seem likely – this might indeed mean the wiping out of humanity. Smaller Orwellian wars and a struggle in the economic sphere – in fact, struggles over raw material and energy resources and over outlets for final products – seem likely, however. As has been suggested this might lead the world to the brink of social and environmental collapse.*

*This outcome can, as has been insisted on, only be prevented through moving towards a natural world order, the world as a Family of Nations structured through Historical-Geographical Federations and led by a strong United Nations (see the final paragraphs of the section „On the world order of Modernity“).*

*This optimistic stance should not deceive us, however. The situation is highly dangerous. From Western history we should remember that disastrous economic wars destroyed or heavily damaged civilisations; the problem was always about access to primary goods (agricultural, raw materials and energy resources) or about outlets for final products. A first economic war was the Peloponnesian War between Athens and Sparta, with Persian interference, which heavily damaged the Greek political system (see Rostovcev 1931, volume I, chapter 19, pp. 306ff.). The Carthaginian War for trade supremacy in the Mediterranean between Rome and Carthage destroyed the latter. Finally, the bid for economic and political world power by Britain and Germany, and to a less extent specific interests of Russia and France, with the United States cunningly in the background, produced the Apocalyptic Age 1914-1945, destroying European supremacy in the world. The presently slowly but steadily growing opposition between East (Asia and Russia) and West (Europe and North America)*

*could, for the first time, produce a world conflict in the sense proper, endangering humanity as a whole.*

*It would seem that the Russian demonstration of force in Georgia in August 2008 has a double significance. First, it is, evidently, an understandable Russian reaction to the deep humiliation inflicted to her in the 1990s and to the threats of a generalised NATO expansion aiming at encircling Russia. Just let us remember here: Gorbachev, with immense generosity, dissolved the Warsaw Pact and enabled the reunification of Germany without any condition. The Western reaction to this most generous action, probably initiated by the United States, was just shameful. Second, the impressive Russian action could represent a definitive turning of the power tide in favour of the East after about 500 years of Western domination. The Crimea events of March 2014 confirm these tendencies.*

*However, the position of Russia in the world is continuously evolving and suddenly sharply changes direction; this is related to the question whether Russia is essentially Asian or European. Indeed, as has already been suggested, since Russia has been regaining her military strength, and above all since beginning of the 2008 crisis, the Eurasian idea, Russia going together again with Europa, seems to be making its way again, timidly perhaps, going on in the underground, but surely in some way. The cornerstone of the Eurasian idea is the very great economic and intellectual-spiritual complementarity between Europe and Russia. The economic complementarity is particularly strong between Germany and Russia: Germany needs the Russian primary goods (raw materials, energy resources and, eventually, agricultural products) and Russia needs German technology to modernise the economy and the infrastructure in the domains of health, traffic and the social. This would enable Russia to rebuild along modern Russian lines the excellent public education system that existed in Soviet times; moreover, a policy of even regional development could be pursued, bringing about a more balanced relationship between countryside and towns. The intellectual links go back to the Peter the Great. From the 18th century onwards Russia has taken up European ideas to produce a powerful intellectual culture of her own. Finally, the spiritual links between Europe and Russia are given the Catholic and Orthodox religions, with their complementarities and large intersections. As emerges from this essay both great sister religions have elaborated a vision of the future of Mankind based on the unity of Mankind while preserving cultural diversity. And as has been suggested above a modern and decentralised Russia would be the backbone of the Community of Independent States that would form a bridge of peace between Europe and Asia.*

*In any case, an intensely cooperating Eurasia could become the most powerful entity in the world, economically, politically and militarily. However, Eurasia would have to put its power into the cause of peace and would have to contribute decisively to bringing about the social-liberal world order based on geographical-historical federations as advocated in this essay. We have already suggested that this would mean implementing the Russian idea of “all-embracing unity. This unity is not just something, which overcomes diversity, but primarily as diversity, which embodies the capacity to bring about unity” (Spidlik 2002, pp. 91/92; a.tr.). Hence the going together of Russia with Europe would certainly strengthen the capacity of Europe, now taken in a wider Eurasian sense, to play its role as the Laboratory of World History. As has been suggested, this means that Europe would exert influence, not by using power, but by giving the example, that is, by building up good states, enabling its citizens to live a good life shaped by a sense of life.*

*However, for Eurasia to be durably stable, an enormous problem has to be solved, that is, the problem of the frontiers which have emerged from the Second World War. These borders have been taken for granted until now and, in some way, still constitute a taboo. However, as we have already mentioned above, Winston Churchill, speaking of the Oder-Neisse-Grenze in volume VI of his War Memoirs (Penguin edition), says on p. 561: “For the future peace of Europe here was a wrong beside which Alsace-Lorraine and the Danzig Corridor were trifles. One day the Germans would want their territories back, and the Poles would not be able to stop them.” At this stage one should recall that Germany annexed Alsace-Lorraine more than two hundred years after France had acquired this region at the end of the Thirty Years’ War, legally in a way, because the acquisition was fixed in the Peace Treaty of Westphalia in 1648. Germany, in fact, never recognised this loss of territory on the argument that she was forced to sign the Peace Treaty in an extraordinary situation, when she was destroyed and exhausted. And the problem of Alsace-Lorraine was settled definitively in 1945 only. However, the best example of a reconquest after a very long period of time is provided by the Spanish Reconquista, which was terminated nearly 800 years after the Arab invasion of Spain! Of course, in present times, a Reconquista will take on entirely different forms, peaceful most importantly: economic, cultural and, possibly, demographical, that is, immigration.*

*The fact that, at present, nobody, neither politicians nor the media, nor historians and intellectuals in general, speaks about these frontier issues does of course not mean that the problem does not exist. In fact, absolute silence on these most delicate matters is quite normal.*

*In this context, one may remember that, after the loss of Alsace-Lorraine in 1871, the French had the maxim: N'en parlez jamais, pensez y toujours!*

*As has been suggested already, the now existing frontiers in Central and Eastern Europe are the result of an understandably ruthless dictate of Stalin, also established at the end of a terrifying war, thus in an extraordinary situation, when Germany was entirely destroyed; as has been rightly remarked in 1990 when Germany was reunified, these frontiers have never been confirmed by a Peace Agreement between Germany and (Soviet) Russia, putting a definitive end to the Second World War. As long as such a peace agreement is not concluded, the arbitrary frontiers in Europe that have arisen out of World War Two in Central and Eastern Europe and out of World War One in relation with the Hungarian frontier, as well as the recent boundary problems connected to the breakup of Yugoslavia, might cause serious conflicts in some indeterminate future. This is the main reason why these most delicate problems have to be mentioned here.*

*Now, one could argue that Germany was evidently guilty for the outbreak of the Second World War. However, in this subsection on Germany and the Apocalyptic Age we have argued that this is only formally true.*

*There are, in fact, two great issues involved with the boundaries that have arisen from the Second World War in Central and Eastern Europe. First, as historical experience tells us, one cannot wipe out, as Churchill suggested, several hundred years of history at a stroke without causing problems at some time in the future, and, second, as is argued in this essay, Germany is no more guilty of the Second World War than the Western Capitalist powers contrary to the opinion held by most historians and to what is reported in history books. The Second World War was essentially a War between Capitalism and Socialism, exacerbated by innercapitalist rivalries. The Western Powers wanted Hitler to stay in power and Germany to attack the Soviet Union as is exhibited by Apeasement Policy, which included sacrificing Poland in 1939-40. As already alluded to, the German military leaders could have deposed Hitler only if the Western powers had intervened militarily immediately after the German attack on Poland, as was indeed stipulated in a defence treaty between Poland, France and the United Kingdom. And, on the other hand, the Soviet Union wanted the World Revolution of the Proletariat and would possibly have attacked the West once she had felt strong enough, although many think that this would have unlikely, simply because the Soviet Union did not possess the logistic capacities to conduct an offensive war. Historical determinism intimately linked to the functioning of the capitalist system and to the socialist theory of history thus played a crucial role; in way, the Second War was inevitable. The capitalist and socialist quest*



*for world domination and the heavy economic crisis of the 1930s, and, in fact, the events in Germany from 1918 to 1933, set in a wider international context, were the fundamental causes.*

*As has been mentioned above, Winston Churchill who knew like no other about the real background of the Second World War considered the frontiers established by Stalin as totally unjust. Given this, the question of the boundaries in Central and Eastern Europe will have to be discussed within the framework of a Peace Agreement between Germany, Poland and Russia (and the CIS). We have already mentioned that this essay is not the place to make any statements on the possible result of such an agreement. But the essay should contribute to establishing the basis on which a Peace Agreement definitely ending the Second War would have to be put. It would seem that thinking on these matters have become more intense recently, though below the surface as is normal for such delicate problems. The general socio-economic and political situation in Eurasia will have to evolve and once the situation is ripe the Peace Agreement can be concluded. The aim would be to greatly strengthen cooperation between Europe and Russia (and the CIS). If orderly socio-economic conditions are created in the Eurasian space, with a broadly equitable distribution of wealth and incomes and full employment (in the sense of absence of involuntary unemployment), then Russia and the CIS could become great regions of immigration from Europe as was the case during and after the reign of Peter the Great in the 18th and 19th centuries until the First World War. This would evidently greatly strengthen the links between Europe and Russia (and the CIS) and render the conclusion of a Peace Treaty much easier.*

*There are other difficult border problems in Europe, for example, the problem of the Hungarian boundaries, and the frontiers in the Balkans, related in the main to the breakup of Yugoslavia.*

*As is suggested in this essay, to solve the various frontier problems in Europe (and elsewhere in the world) in a peaceful way, the formation of historical-geographical federations seems most appropriate since these federations would be of a historical-cultural nature; political frontiers would remain unchanged. Nevertheless, a peaceful and durable solution of the boundary problems in Central and Eastern Europe and on the Balkans would establish an unshakable political basis for Eurasia, providing thus a cornerstone for a durable world peace and enable Greater Europe to fully play her role as a Laboratory of World History.*

Let us now return to our main theme, Germany and the Apocalyptic Age, to take up, once again, the theme of determinism and chance. Indeed, in the course of the Second World War

*chance* directed seemingly irresistible *determinism* into widely changing even opposite directions. After the fall of France in June 1940 Nazi-Germany definitely seemed victorious. Then, however, came the heroic weeks of the Royal Air Force, grandiosely pictured in the second volume of Churchill's War Memoirs: *Their Finest Hour*. Sir Winston Churchill, certainly one of the greatest war leaders of all history, managed through his action to stop the gigantic German military might with limited but qualitatively high-standing human and material means. Indeed, *never so many owed so much to so few* – the fate of the world hung in the balance, or was suspended at a silk thread (*das Schicksal der Welt hing an einem seidenen Faden*). And, parallel to the Air Battle of Britain, there was the U-boat war going on in the North Atlantic in the main, starting in September 1939 and ending up in the defeat of the German U-boats in May 1943. The development of airborne and shipborne radars and the breaking of German naval codes were certainly crucial elements in the British victory of the Battle of the Atlantic (Burns 1994).

Winston Churchill had anticipated the challenges he was going to face, against the background of his being haunted by his dismissal from the Admiralty following up the failure of the Gallipoli undertaking in 1915. This is illustrated by a deeply moving passage to be found in the first volume of his War Memoirs (*The Gathering Storm*, pp. 383-87). "There were now in 1939 two dangers [for the British Fleet] to be considered: the first, the old one of submarine incursion; the second, the new one of the air. [Therefore,] I felt my duty [as the First Lord of the Admiralty] to visit Scapa Flow at the earliest moment [immediately after the outbreak of the Second World War. On September 15 and 16, I inspected] the harbour and the entrances, with their booms and nets. [...] My thoughts went back a quarter of a century to that other September when I had last visited Sir John Jellicoe and his captains in this very bay [...]. Having inspected two more ships on the morning of the 18<sup>th</sup>, and formed during my visit a strong feeling of confidence in the Commander-in-Chief [... Yet] I felt oddly oppressed with my memories.

For God's sake let us sit upon the ground  
And tell sad stories of the death of kings.

No one had ever been over the same terrible course twice with such an interval between. No one had felt its dangers and responsibilities from the summit as I had, or, to descend to a small point, understood how First Lords of the Admiralty are treated when great ships are sunk and things go wrong. If we were in fact going over the same cycle a second time, should I have

once again to endure the pangs of dismissal? Fisher, Wilson, Battenberg, Jellicoe, Beatty, Pakenham, Sturdee, all gone!

I feel like one  
Who treads alone,  
Some banquet-hall deserted,  
Whose lights are fled,  
Whose garlands dead,  
And all but he departed.

And what of the supreme, measureless ordeal in which we were again irrevocably plunged? Poland in its agony; France but a pale reflection of her former warlike ardour; the Russian Colossus no longer an ally, not even neutral, possibly to become a foe. Italy no friend. Japan no ally. Would America ever come in again? The British Empire remained intact and gloriously united, but ill-prepared, unready. We still had command of the sea. We were woefully outmatched in numbers in this new mortal weapon of the air. Somehow, the light faded out of the landscape” (Churchill 1985/1948, volume I, pp. 383-87). This passage goes far to explaining why Churchill got the Literature Nobel Prize for his War Memoirs.

The British performance in the Battle of Britain was the first of two crucial elements that decided upon the outcome of the War, the second being the outstanding military performance of the Soviet Russian armies against the most impressive land army the world had ever seen, most aptly combining infantry, tanks and artillery, and aircraft to conduct a war of permanent movement (*Bewegungskrieg*). But, here, too, “the outcome was suspended at a silk thread” (*auch hier hing der Ausgang an einem seidenen Faden*), for several reasons. First of all, after the defeat in the Battle of England, Nazi-Germany planned to attack the Soviet Union as early as possible in 1941, that is at the beginning of May when the Russian roads were practicable again *to crush Soviet Russia before the end of 1941*. However, at the beginning of 1941 the Germans had to move down the Balkans to help the Italian army whose offensive in Albania had got stuck. Given this, the *Wehrmacht* could start her attack against the Soviet Union on June 22, 1941 only, apparently taking the Soviet armies by complete surprise. Indeed, in the evening of June 21 a German deserter told the Soviets that the German attack would take place tomorrow. On Stalin’s order the deserter was shot immediately, suspected to be a *provocateur*.

At this stage one may ask why the Germans did not simply wait until May 1942. The problem is that the Soviet Union was producing rifles, guns, tanks and air-fighters at a tremendous pace. The Soviet weapons production – mostly taking place behind the Ural - was of high quality since Germany had delivered technology, specifically military technology from 1922 (Rapallo) onwards until the outbreak of the war in 1939. Each week of delay would have rendered the task of the German armies more difficult. Once again, Germany was in a trap and had to attack as early as possible. However, this is only one possible explanation of the Nazi-German attack taking place as late as June 22, 1941. Indeed, as we have suggested in the above, the German *Blitzkrieg* victory over France provides a more plausible, eventually complementary explanation. This rapid victory rendered the German military leadership overconfident. The belief that the Soviet Union could also be destroyed through a *Blitzkrieg* got firmly established in wide military circles. It was estimated that the Soviet Union could be destroyed within six weeks to two months or so. This convincingly explains why the German soldiers were not equipped with winter-cloths.

This was a fatal mistake, because, second, the Russian winter came earlier as normal, and the German elite troops got stuck before Moscow, with the soldiers still in summer cloths and without being able to use artillery and tanks, given the exceptionally low temperatures.

Third, Richard Sorge, a communist spy based in Tokyo, let Stalin know, that Japan would not attack in Siberia but would instead start a war against the United States.

*Here, it must be mentioned that the War between Japan and the United States was, perhaps, inevitable. This war was part of the merciless capitalist struggle for raw material and energy resources on the one hand, and for outlets for final products on the other (on this Pauwels (2006) provides valuable information). Both motives rest on the fundamental reasons to enlarge the scope for profitable investment opportunities and to secure high employment levels through the external, export-oriented mechanism. Given this, both Japan and the United States pursued power politics in a most ruthless way. Japan wanted to establish her dominance in Asia and attacked Korea and China; the attack on China culminated in the massacres of Nanking. Subsequently, Japan started a war against the United States through attacking Pearl Harbour. Japan had good reasons to attack. In fact, the US wanted access to the Chinese market. Japan agreed if, simultaneously, she would get access to the Latin American market. The United States refused (Pauwels 2006, p. 69). This was a casus belli for Japan. Nevertheless, it remains an open question whether Japan had eventually been lured into a trap, similarly to Nazi-Germany. It is in fact difficult to believe that the Japanese Navy*

*could sail for hundreds of seamiles without US Intelligence being aware of it; moreover, only vessels of secondary importance were in the port of Pearl Harbour when the Japanese attacked.*

*The thesis that Japan had been lured into a trap is confirmed by Charles Callan Tansill. The point of departure is the theory of non-recognition developed by Secretary of State Henry L. Stimson, “a pacifist who loved peace so much he was always ready to fight for it. [The theory states that] the American Government would not recognize any agreement that would impair the treaty rights of the United States or its citizens in China, including those which relate to the sovereignty, the independence, or the territorial and administrative integrity of the Republic of China or to the international policy relative to China, commonly known as the Open-Door policy” (Tansill 1952, p. 101). Tansill goes on to say: “[The nonrecognition doctrine] was a bomb whose long fuse sputtered dangerously for several years and finally burst into the flame of World War II. It was entirely fitting that Stimson became Secretary of War in 1940; no one deserved that title quite as well as he. The entry in his Diary for November 25, 1941, is quite illuminating. With regard to Japan ‘the question is how we should manoeuvre them into the position of firing the first shot without allowing too much danger to ourselves.’ On the following day Secretary Hull answered this question by submitting an ultimatum that he knew Japan could not accept. The Japanese attack upon Pearl Harbour fulfilled the fondest hopes of the Roosevelt Cabinet. It was now easy to denounce Japanese perfidy and to exult in the fact that the shock of the tragedy had erased all divisions of opinion in America. It was several years before inquiring minds began seriously to question the background of Pearl Harbour. When the report of the Army Pearl Harbour Board boldly pointed out the questionable conduct of General George C. Marshall, the Chief of Staff, Secretary Simpson rushed to his defence. On the convenient ground of ill-health he later refused to appear before the Joint Congressional Committee that investigated the tragedy of Pearl Harbour” (Tansill 1952, p. viii).*

*The Japanese attack on Pearl Harbour was one reason for the US revenge atomic bombing of Hiroshima and Nagasaki. However, the main reason for dropping atomic bombs on entirely innocent people was a power demonstration directed at Stalin’s Soviet Union, a country that was completely exhausted and had lost more than 30 million people in the course of the Second World War! An important piece of evidence for this thesis is provided by the dates of the first nuclear test, which took place on July 16, 1945 and of the Potsdam Conference, July 17 to August 2, 1945. Truman had indeed put great pressure on the nuclear scientists to make sure that the first nuclear test would take place **before** the Potsdam Conference started. Given*

*this, Truman was in a position to tell Stalin during the conference that the United States were in possession of the atomic bomb. It is reported that Stalin lost his composure when receiving the terrifying news, the only time in his life, it seems.*

*Subsequently, the bomb was dropped on Hiroshima and Nagasaki on August 6 and 9, 1945, respectively. Many historians would agree that the Cold War started at this time-period. This war, potentially a hot war, was transformed into a cold war by Klaus Fuchs, who delivered the secret of the atomic bomb to the Soviet Union in 1947-49, enabling her to carry out her first nuclear test on August 29, 1949. The nuclear-terror equilibrium was established.*

*Given this, it is likely that the government of the United States under President Truman wanted to show to the Soviet leaders that, not only, she was willing to use the atomic bomb, but to use it in the most inhuman way possible – probably, this should initiate Nuclear Diplomacy, subsequently set up by the Truman administration. Moreover, the effects of the bombs were scientifically analysed and in part utilised later on, also the effects on human beings, adults and children, however without any intent to heal them – the Nazis could not have done better!*

*In fact, **if** really necessary, the unconditional surrender of Japan could have been easily brought about through dropping the two atomic bombs on military objectives or on deserted areas. In this context one ought to remember that General, and later President, Dwight D. Eisenhower, certainly one of the most humane military leaders of the Second World War, was against the use of the atomic bomb, and so was Robert J. Oppenheimer, the director of the Manhattan Project, and, of course, Albert Einstein. On all this, the excellent book by Florian Coulmas, Hiroshima – Geschichte und Nachgeschichte, provides an outstanding account. Specifically, the argument that the atomic bombing of Hiroshima and Nagasaki saved around half a million American lives is seen as a post-war invention.*

*This is the place to mention that Japan effected the transition from a traditional to a modern society in the best possible way, in spite of outside pressure. After an imperialist interlude, specifically the ruthless attack on China and Korea, Japan made, after World War Two, a top contribution to improving civilian goods, and to inventing new goods and methods of production. Given this, Japan has greatly contributed to improving the actual and potential material welfare of humanity. At the same time the country has preserved its cultural values in a remarkable way.*

The fact that Japan engaged in a war with the United States enabled the Soviet High Command to move Zhukow's well-trained and winter-equipped Siberian army before

Moscow where she crushed the almost helpless German troops. After the war, high-ranking German officers asserted that the War in Russia was already lost by December 1941.

*Given this, Hitler's declaration of war against the United States on December 11, 1941, must be considered an act of despair; on this Tansill has a whole section entitled: Hitler Is Anxious to Avoid Conflict with the United States [!]"(Tansill 1952, p. xx and pp. 606-15). However, the United States had already effectively entered war with Germany on the side of Great Britain in March 1941 when the lend-lease act was passed and effectively implemented in September 1941, without formal declaration of war, however; simultaneously, large US enterprises backed Germany in the war against the true mortal enemy, the Soviet Union (Pauwels 2006, pp. 67, 208-16 and 222)! As to the Far East, Hitler hoped that Japan would subsequently declare war on the Soviet Union and attack in Siberia; indeed, after the transfer of the Siberian army to the West to defend Moscow, the Soviets would not have been able to defend Siberia, and Hitler believed that Japan would make use of the opportunity to take revenge for the crushing defeat against the Soviet Union at the Battles of Khalkhin Gol in the border regions of South East Siberia in August 1939 (where, incidentally, Marshal Zhukov conceived of underwater bridges, a truly ingenious device that took the Japanese and later the Germans by surprise when lorries and tanks moved on and emerged from a river!). However, Japan already concentrated on the War against the United States and prepared the invasion of South East Asia.*

And fourth, the Swiss based "information agency" The Red Chapel (*Die Rote Kapelle*) had through its leading figure Rudolf Roessler direct links to Hitler's headquarter in Berlin and was able to transfer top-secret information of the highest importance to the Soviet High Command. It is likely that these information transfers had an important influence upon the events on the Eastern front. Two French authors, Pierre Accoce and Pierre Quet (1966), even claim that the Second World War was won in Switzerland! There may be considerable exaggeration in this claim, but certainly there is some truth in it. Probably, the War in the East would have taken another, possibly even a completely different turn, in the absence of the information provided by the *Rote Kapelle*.

A fifth 'silk-thread' element was the defeat of Rommel's *Afrikakorps* against the British under Montgomery at El Alamein. In case of victory, the German Africa Army could have marched through the Middle East, largely sympathetic to Germany, and might have reached India, with the Japanese armies moving in the direction of India from the East. Evidently,

nobody can say what would have happened subsequently. In any case, the Soviet Union would have been encircled and impossible to defend, all the more so, because the control of Iran would have enabled Germany to establish easy links with her Eastern front through the Caucasus.

An additional factor suspending the outcome of the Second World War at a silk thread was of course Hitler's secret weapon (*Geheimwaffe*), the combination of V2-missiles and the atomic bomb. Were the German scientists able to build atomic bombs, and if yes, did they deliberately not build the bomb to prevent the Nazis from winning the war in the last moment? In any case, the use of the *Geheimwaffe* in Nazi propaganda was an important element in maintaining the morale of the soldiers and of the population. Moreover, in spite of the Teheran agreement, Stalin feared until the last day that *Wehrmacht* officers might depose Hitler, conclude a separate peace with the West, who together with Germany, would try to crush the Soviet Union. The almost incredible failure of the Stauffenberg assassination attempt in 1944 must have been an immense relief to the Soviet leadership; here we have another chance – or providence - element. In this context and also in relation with the transition of the Second World War – against Germany and Japan – to the Cold War – against the Soviet Union –, it has already been mentioned that the Casablanca Conference, held from January 14 - 24, 1943, did take place just at the moment when the German defeat at Stalingrad was complete. The outcome of the war on the Eastern front was now clear and the coalition against Nazi-Germany could definitely be formed. And, finally, the course of immediate after-war history was crucially influenced through Klaus Fuchs, who, in 1947-49, provided the Soviet Union with the secret of the atomic bomb. Instead of an eventual Western attack upon the Soviet Union, the Cold War, based upon a nuclear-cum-bombers and missiles equilibrium of forces, came into being, creating political stability in the world for about 40 years through George Kennan's concept of Containment Policy. In this context, it is said that Stalin was seen to lose his composure only once, that is when, in 1945, Truman told him at *Potsdam* that the United States had the atomic bomb. Here, it may be added, that, had the war against Japan ended *before* the war against Germany, the first atomic bomb might have been dropped on Dresden instead of Hiroshima. This is suggested in the very last lines of Frederick Taylor's *Dresden - Tuesday 13 February 1945*.

***This is the place to put to the fore the immense suffering of the European civilian population during the latest stage of the Apocalyptic Age 1939 – 1945, specifically in Western Europe and, above all, in Russia and the Soviet Union, Poland and Germany.***



***What happened to these great peoples in this truly apocalyptic period of time can, like the Jewish Holocaust, simply not be expressed in a few words. However, like the terrifying fate of the European Jews, the boundless suffering of the Russian-cum-Soviet, the Polish and the German people must be remembered intensely and forever form the object of historical research and be put to the fore in history books at all levels of education.***

Hence chance events may direct the stream of determinism in an entirely different even opposite directions. Determinism, as Marx has perceived with unprecedented clarity, arises fundamentally in the economic sphere, above all since the coming into being of the modern world. And economic determinism may bring about determinism in the social, political and military sphere. This is to say that man acts in objectively given circumstances and through his actions modifies the objectively given circumstances, mostly gradually, sometimes fundamentally, for example in case of a profound institutional reform or even of a revolution. However, knowledge about the objectively given – complex - situation is always imperfect, probable to a certain degree, and so is the knowledge of consequences of actions. It may even happen that probable knowledge as is crystallised in theories stands, probably again, in direct contradiction to the objectively given reality. A prime example is provided by the standard liberal economic policy pursued by the Brüning government in the face of rising unemployment. In fact, Brüning wanted, in principle, to maintain a budget equilibrium for two reasons: first, to prevent inflation, which might have become possible in case of a deficit in the state budget; second, a budget deficit might have contributed to create some workplaces in the short run; in the long run, however, a state deficit would, in the liberal view based on Say's Law, have reduced saving, hence investment, and, ultimately, the number of newly created workplaces. On the whole a budget deficit would, in the liberal view, have had negative effects. This is in direct opposition to Keynesian theory where a state deficit is expected to stabilise the economy and to create the preconditions for recovery.

However, the determinism exercised by the world economic system – the above mentioned breakdown of international trade – and domestic factors – rising income and wealth inequalities following up the First World War and the Great Inflation – worked like a huge tide, and there was no chance factor – considerable public works, for example – that could have changed the course of events. There was nothing suspended at a silk thread as was the case in the Second World War – had the Nazis not succeeded to get into power democratically, they would have done so by force; possibly, a civil war would have occurred.

*But there was no necessity to use force. In fact, as has been argued subsequently in this subsection, the Nazis were put into power by German Monopoly-Finance Capitalism and right-wing forces in general, later backed by international, above all US Monopoly-Finance Capitalism. The mission of the Nazis was to destroy left-wing forces in Europe and the homeland of communism, the Soviet Union. The German right-wing people, Franz von Papen in particular, thought that they could keep the Nazis under control. Their fatal mistake was that they did not – and could not! - take into account Göring and the Gestapo, which, subsequently, laid Germany into heavy chains. As a consequence, the Nazis could have been wiped out with outside assistance after January 30, 1933. Churchill had perceived the problem and, as a consequence, wanted to depose the Nazis immediately (!), but was dubbed naïve by those who knew what was going on!*

Germany in 1932 is, probably, the prime instance of historical inevitability brought about by the functioning of the immensely complex world economic system, having laws of its own, independent of the will of the principal actors, and with the rationality of the system being in direct contradiction to the rationality of the economic actors. This may lead to economic crises, which are, as Marx forcefully stated, *the violent solution of the contradiction*.

With all polities and civilisations that have shaped world history, achievements in the realms of goodness, beauty and truth applied to various spheres go together with alienation that may be associated with exercising economic, military, social and political power. However, it would seem that, in the case of Germany, the gap between the extremes has been widest: highest achievements during centuries ended up in utmost alienation and deepest failure for a few years, filled up with most profound tragedy. In the above it has been suggested that the Thirty Years' War was, very probably, the turning point in German history, and the deterministic laws of motion of capitalism being of crucial importance from the early 19th century onwards. However, from 2011 onwards we have suggested that Germany had been *pushed* into the abyss of National Socialism *and deliberately kept there* [this sentence has been added in January 2013]!

As Jean-Rodolphe von Salis has sensed with most profound intuition, Germany, since the foundation of the Second Empire, played the key role in the era of monopoly capitalism which was to culminate in the apocalyptic time-period 1914-1945. Here determinism and chance were associated with most profound alienation with the corresponding driving forces, money making and exercising ruthless power, reigning supreme. It is during this apocalyptic time-period that Maynard Keynes became deeply convinced that Liberalism (Capitalism) and

Socialism (with central planning) were entirely inadequate to master the gigantic challenges of Modernity, and that, based on older moral traditions, a new vision of man and society and a new political economy were required.

Indeed, to prevent setbacks resulting in profound alienation, very solid economic theory, classical-Keynesian political economy to wit, must be combined with the older traditions of social political ethics, resulting thus in the doctrine of *Social Liberalism* (Bortis 1997/2006, 2003a). Strong and philosophically based socio-economic and political theory is really indispensable to master the gigantic challenges of Modernity (see the next section on *the necessity of theorising*). Keynes's expressed his profound insights most clearly, putting them in a nutshell so to speak, at the end of his farewell speech at the occasion of his retirement from the editorship of the *Economic Journal* in 1945, right at the end of the apocalyptic time-period of the first half of the 20th century, after 33 years of activity, in fact, during the entire Apocalyptic Age! Keynes concluded his speech by saying that "*economists are the trustees, not of civilisation, but of the possibility of civilisation*" (Harrod 1951, p. 194). This is an immensely important statement, bearing in mind that Keynes had lived through the apocalyptic age 1914-1945 most intensely and on the intellectual and political top level. From this section emerges that this profoundly tragic time period essentially had two roots: first, the internal contradictions of capitalism and the striving for political, economic and military world power of the leading capitalist powers, and, second, the struggle for survival between capitalism and socialism. Given this, Keynes was deeply convinced that a new way, the social liberal way, was required to master the immense socio-economic complexity brought about by the Great Transformation, and, most importantly, to prevent disastrous socio-economic and military conflicts. Just now, in 2007/08, when the East-West opposition becomes more pronounced and capitalism might enter a new major crisis, Keynes's message is, indeed, more relevant than ever. In the meantime, the crisis has indeed come into being [sentence added in January 2013].

In a Keynesian and Social Liberal vein, "economists are the trustees, not of civilisation, but of the possibility of civilisation", means that, before a well-ordered institutional superstructure may be erected, a solid socio-economic or material basis must be set up, with full employment and a fair distribution of incomes as its most important characteristics. This material basis has to produce the social surplus, precisely required to set up appropriate political, legal, social and cultural institutions such that the social individuals may prosper to the widest possible extent.

In the next two subsections, two specific issues related to the Apocalyptic Age are dealt with. In the first place, some very brief remarks on power in Modernity are made; this is, second, followed by a few suggestions on ethics and alienation.

*Some remarks on power in Modernity*

In the apocalyptic age 1914-45, power had become absolute and autocratic in Hitler's Germany and in Stalin's Soviet Union. Perhaps, in a life-or-death struggle autocracy may be required in order to achieve utmost efficiency in the military domain. Yet, a question remains: how could the socio-economic, political, technological and intellectual processes initiated by the *humanist* Enlightenment ultimately produce the totalitarian states of the Apocalyptic Age? Many have asked this question, Jacques Maritain and Eric Voegelin for instance

In our view, which is largely in line with Maritain's, the problem lies with the exceedingly narrow conception of humanism by the Enlightenment philosophers, and subsequently by the social scientists, particularly economists. The individual was seen as autonomous and self-contained, entirely devoid of metaphysics and spirituality. In fact, there has been an ever widening gap between science and technology on the one hand, and metaphysics and religion on the other. Moreover, the ultra-rational *homo oeconomicus* acts within potentially self-regulating markets which bring about equilibrium and social harmony. And the outcomes of competitive markets, that is, competitive prices and quantities, are considered ethically appropriate so that, in fact, ethics is not needed in competitive conditions. However, throughout this essay it has been argued that market economies are not self-regulating at all. On the contrary, competitive markets are very likely to result in cumulative disequilibrium processes resulting in growing involuntary unemployment and increasing inequalities in income distribution. This is economic alienation, which, as Marx has convincingly argued, may produce alienation in other spheres - social, political, and religious, to give examples.

However, the divorce of metaphysics from science and technology has resulted in most impressive scientific and technological progress; there has also been unprecedented economic growth, although the distribution of the results of growth has been very uneven. It will be argued subsequently that time has probably come now to consolidate and to order these positive results of Enlightenment through metaphysics and religion. This would represent a great synthesis between the material and the spiritual, providing a sense for history and for the life of the social individuals.

The works of Karl Marx and Maynard Keynes provide, again in our view, the basis for a broadly correct answer regarding the partial failure of the Enlightenment project. The various problems of the era of industrial capitalism in general and of the Apocalyptic Age in particular fundamentally resulted from the internal contradictions of capitalism and the determinism exercised by this socio-economic system; this implies, as has been insisted upon in this essay, that market economies are not self-regulating at all, even if there is intense competition. Indeed, Capitalism creates alienation in all spheres of life, and generalised alienation, including disequilibria, may become self-reinforcing. In the next subsection, a few remarks are made on *ethics and alienated situations*. This subsection is devoted to some very brief remarks on the problem of *power* after the Great Transformation, in Modernity, or in Gellner's *Industria*.

In the first place, the problem of power is considered from a normative point of view, that is, in relation to the great doctrines of Liberalism, Socialism and Social Liberalism. Subsequently, the phenomenon of power is dealt with in historical reality. In this positive analysis, three time-periods will be broadly considered: the time-span from the Great Transformation to the First World War, the Apocalyptic Age 1914-1945, and the time-period from the Second World War to the present.

From a normative point of view, that is, in relation with the great doctrines of Liberalism, Socialism and Socialism Liberalism, the problem of power does in fact not exist. Here the problem is one of natural authority and good government. In all three doctrines one of the fundamental aim is to maximise the scope of liberty of individuals, in widely differing ways though.

Liberal political doctrine is crucially based upon the postulate of a self-regulating economy. In principle, competitive markets solve the great economic problems, value and price, distribution, and employment. Governing becomes relatively easy. Public goods have to be defined, defence, education and others, and sufficiently large taxes have to be levied such that government expenditures may be financed, ideally without a deficit occurring. These problems can easily be solved democratically, without, in principle, interfering with the behaviour of individuals. Self-government is possible and government become insignificant. The aim of the autonomous and self-contained individuals is to maximise utility and profit. Competitive markets co-ordinates the rational behaviour of individuals in a way that macroeconomic equilibrium obtains, in fact a Pareto Optimum.

*Liberal economists, in fact, tend to consider the market a natural institution, which is independent of the man-made institutional set-up. This has led to the notion of so-called market socialism, in contradistinction to liberal-capitalist market economies.*

In Bentham's view, the fundamental policy aim to maximise social utility, the maximum utility for the largest number (*Das grösste Glück der grössten Zahl*). Gunnar Myrdal (1976/1932) has shown, however, that great problems arise with this formula. For instance, what should be maximised, individual utility or the number of individuals? And how should incomes, enabling to achieve utility, be distributed? The group of the *Philosophical Radicals* led by Bentham, and with David Ricardo being a member, suggested an equal distribution of incomes to maximise social utility: an additional unit of money has a low marginal utility for the rich, and a high marginal utility for the poor; consequently, an equal distribution of incomes will maximise social utility. In this perspective, Liberalism, in fact, liberal fundamentalism, is more, or, at least, as egalitarian than Communism!

However, as has been extensively argued in this essay, one of the fundamental problems of Liberalism is the problem of self-regulation, which, in fact, does not exist; and this has grave consequences as will, once again, be seen subsequently.

Surprisingly, Marx comes to a similar conclusion in his *Frühschriften* where he writes about a humanistic Socialism (*humanistischer Sozialismus*). The famous formula is *Communism = Humanism = Naturalism*. There is no private property. The social individuals decide democratically on what use values to produce. Each individual would get use values according to his needs. And the state will fade away. Marx, in his *Frühschriften*, indeed speaks of the *Absterben des Staates*.

In fact, Socialism and Liberalism are both based on the simple conditions of the Agrarian Age. In a relative simple economy, it might be possible to directly determine democratically, the production of the use-values that are socially needed, or the market would solve all the important economic problems; Say's Law would hold, that is, each supply or production would create its own demand. The neglect of the state in Liberalism and in humanist Socialism implies that both doctrines are universalist, which, incidentally, contributes to explaining why Neoliberalism is intensely promoting Globalisation. This is not, however, the case with Social Liberalism, which deals with the complexities of a modern monetary production economy in a national economy, which is embedded in an international and also global context. Here the role of the state is, on the one hand, a very important one. Indeed, the state has to create an institutional set-up, or to favour the coming into being of socially

appropriate institutions, such that the scope of freedom for individuals is maximised. This implies, on the other hand, that governing should be such that the citizens are hardly aware that there is a state. Hence, in Social Liberalism, there is, in principle, no power in the sense of coercion. One should, in fact, speak of natural authority, and governing means serving the country. Freedom, in turn, is a fundamental precondition for the prospering of the social individuals. This is civilisation. However, as Keynes said, “economists are [but] the trustees of civilisation” (Harrod 1951, p. 194). In terms of the political economy of Social Liberalism, *Classical-Keynesian Political Economy* to wit (Bortis 1997/2006 and 2003a), this means creating the socio-economic preconditions for civilisation, that is full-employment and a fair distribution of incomes. In this essay and also in Bortis (1997/2006), it has been insisted that these complex problems can only be tackled on the basis of small and medium-sized states. And, very importantly, orderly socio-economic conditions have, in a social liberal view, to be brought about through the internal employment mechanism (Bortis 1997/2006), pp. 190-98). High levels of output and employment are, in principle, to be reached sufficiently high public expenditures, which set into motion a cumulative process of private consumption and of investment. Foreign trade is auxiliary and has, in a first stage, to enable a country to exchange goods produced in excess against goods a country is lacking. Subsequently, trade may take place on basis of the principle of comparative cost advantages.

We now move on to positive analysis to consider, first, the problem of power in liberalism from the Great Transformation to the First World War. To begin with, we may stress that the implementation of the liberal political ideal alluded to above, self-government through the people to wit, utterly failed. In fact, Rousseau had coined the notion of *volonté générale* that had to get implemented. However, Rousseau immediately realised that the people could not come together to discuss what the *volonté générale* was, and, even less, to transform it into practical policy measures. Hence, according to Rousseau, the government had to represent the people in view of carrying out these tasks. As a consequence, Robespierre, a great admirer of Rousseau and an ethical purist, considered all who opposed the actions of the government as enemies of the people. State terrorism was born, almost by necessity. Indeed, how to act in an immensely complex world, when knowledge, specifically knowledge on socio-economic and political matters was imperfect and probable? In the age of Enlightenment and Great Transformation, no other possibility than Liberalism was available. Consequently, liberal dogmatism led straight on to dictatorship, the main reason being that the economy is not self-regulating, and did, as a consequence, not bring about orderly economic conditions; quite the contrary, the *laissez-faire* of revolutionary France led on to cumulative disequilibrium

process, resulting in social and economic instability, including, presumably, high unemployment levels.

Hence, the main reason why the liberal-democratic way of governing did not work in revolutionary France is given by the fact that market economies are not self-regulating. Subsequently, political power spontaneously went together with economic power, as had been already the case in the mercantilist era (broadly 1500 to 1750), which preceded the Great Transformation. While, however, in Mercantilism political power dominated economic power, this relationship changed its character in the epoch of Capitalism, that is, the historical realisation of Liberalism. Economic power definitely dominated political power. In principle, the state moved in the service of the economy. In fact, there was mutual dependence. On the one hand, the state needed a large social surplus, part of which would be paid in taxes to be spent for various purposes, for example, internal and external security, education, culture, and for social purposes. On the other hand, the citizens, including those active in the economy, entrepreneurs for example, require the state, to open up new markets through diplomatic activities, to provide an instance; more generally, the state has to set up an appropriate legal framework to enable economic activities to go on in an orderly way.

It is of crucial importance for the character of economic-political power, that the external employment and development mechanism became more and more dominant in the time period of the Pax Britannica 1815-1914. The most successful exporters of high-quality and labour intensive products also became the most advanced capitalist countries. Prominent examples of successful countries developing along the external mechanism are Great Britain, Switzerland and Germany.

It is interesting to note that, in the early stages of development, all three countries had strong governments, which forcefully promoted economic development. In Great Britain the development process started already in Mercantilist times and was intimately linked with Empire building by means of the acquisition of colonies and through creating dependent territories. Economic growth got a new impetus, after the glorious revolution 1688, subsequent to the Industrial Revolution 1770-80, after the end of the Napoleonic Wars 1815, and above all in the time-period 1848-73, Eric Hobsbawm's *Age of Capital*. From 1873-1914, England lost some ground in the industrial sphere, and technical dynamism slowed down; however, Great Britain became the absolutely dominating financial power; before the First World War, interest incomes on overseas investment made up, approximately, a staggering *ten* percent of British national income. In Germany, governed by Kings, Emperors and an Aristocracy until 1918, economic development started after the Napoleonic Wars within the



framework of a customs union (*Zollverein*), and received a gigantic impetus from about 1845 onwards through the building of railways; after the formation of the Second Empire 1871, and, finally, subsequent to 1890 when Tirpitz started to build up a navy to enhance and to protect Germany's overseas trade, German economic growth became more and more export-led.

It is perhaps less well known that Switzerland, too, had a strong and purposeful government, entirely dominated by the Liberals, from 1848 onwards until, broadly, the Second World War. This fundamentally changed 1959, when a supra-party coalition government was formed, comprising the most important parties. In fact, the Liberal Government came into power in 1848 subsequent to a Civil War against the Conservatives, who lost, but were not humiliated. During the century from 1848 onwards, the Liberal Government laid the foundation for the extraordinary solid position of the Swiss economy in the world economy after World War Two, expressed through an outstanding export strength based upon top quality industrial products and services. A solid infrastructure was built up, railways, roads, tunnels across the Alps, telecommunications. However, the main reason for the Swiss economic success in general, and her export strength in particular, was the outstanding education system. On the applied side, *apprenticeships* in the industrial, service, commercial and financial domains, were basic. Technical and commercial High Schools build upon this apprenticeship system, combining theory and application. On the top, there is the Federal Technical University (*Eidgenössische Technische Hochschule - ETH*), which is now based in Zurich and in Lausanne. The foundation of the ETH at Zurich in 1855, which was to become one of the most eminent technical universities in the world, was, as is highly probable, crucial for Swiss economic development, and to her outstanding position in the world economy at present.

At this stage, a provisional – rough – picture as to power in capitalist economist may be drawn. To set into motion a successful economic along the external development mechanism requires a *strong* government, remaining in power for very long periods of time. Once a high level of development level has been reached, and a high employment level achieved, governing becomes relatively easy. And, free trade may be allowed for because the highly developed countries may easily dominate, or even crush, less developed 'rivals'. Given this, Parliamentary democracy and free trade *result from* successful development, guided by a strong government, which had not hesitated to be protectionist if necessary. It is *not* the case, that democracy and free trade are *preconditions* for successful economic development. This very important point is gaining increasing acceptance at present, and is put to the fore by eminent economists, Ha-Joon Chang (2002) being a prominent instance. Indeed, if market

economies are *not* self-regulating, free trade and parliamentary democracy, associated to representative government may become pieces of *ideology*. In the main this is true in times of profound crisis, Germany in the 1930s being the prime example. And, in the real world, free trade leads, as a rule, on to growing inequalities in incomes and wealth. In this context one ought to remember that, in 1750, Britain and India were broadly on the same level in terms of wealth; moreover, India had been the center of the world economy from about 2000 years at that time. Some decades later, India had got impoverished and Great Britain had become very rich. The Indian textile industry was heavily damaged, even ruined in part, through the low cost British industrial products. In this context, an Indian economist once said: ‘Development and underdevelopment are but two faces of the *same* coin’. The German political economist Friedrich List was perhaps the first to have become aware of the devastating consequences of the law of mass production for economic development in free trade conditions.

The three countries considered – Germany, Great Britain and Switzerland – illustrate that the external development and employment mechanism may be put into practice in two entirely different ways, a natural and an alienated way. Switzerland is an example of putting to use the external development mechanism in the natural way. Export-success was based on economic, technological and social psychological factors: high quality production, technical dynamism, reflected in new products and new techniques of production, export-mindedness, appropriate marketing and after-sale service. Great Britain, however, specialised on her traditional products, textiles and machines and secured large markets through political and military power through acquiring colonies and establishing dependent territories. This constitutes an alienated power-based way of putting to use the external development mechanism.

Before going on, let us recall the internal development and employment mechanism, which, in way, constitutes the natural development mechanism compatible with the natural world order sketched above. The internal mechanism may work in two ways. The first way is represented by the supermultiplier relation, as was developed by François Quesnay in 1758 already (Bortis 1997/2006, chapter 4, and Bortis 2003a, pp. 460-67); here government expenditures set into motion a cumulative process of consumption and investment goods production; employment and output will be the higher, the more equally income is distributed, implying a higher purchasing power of the population. Adam Smith has set out a second way in which the internal mechanism may work (Adam Smith, *The Wealth of Nations*, Book three). The agricultural surplus is transferred to the industrial sector to feed the workers there; on the other hand, those who own or rent the land spend their revenues to buy industrial products. Hence there is mutual creation of markets between industry and agriculture. Now, Adam

Smith supposed that this interaction between the two sectors produced a tendency towards full employment. Since there is no tendency towards full employment in a monetary production economy, this second way in which the internal development mechanism works will have to be integrated into the first mechanism, in which this mechanism is implied anyway. Hence, in the following, we shall make use of the notion of internal or natural development mechanism in the sense of François Quesnay, as is presented in a simplified modern form in Bortis 1997/2006, specifically on pages 190-98, and mention the Adam-Smith mechanism only if required.

We may now take up the main line of our argument. Great Britain had evidently developed in line with the alienated or power-based external development mechanism. In doing so a kind of a military-trade complex came into being in Mercantilist times already, which became a military-industrial complex after the English Industrial Revolution. On the military side the British Navy evidently played the central role. France, Germany, and Japan started development on the basis of the – natural – internal mechanism, Germany and Japan on the basis of the Quesnay-type with government expenditures as the prime mover, France relying primarily on the Adam Smith-type interaction between industry and agriculture. Gradually, all three countries switched to the external mechanism. Germany and Japan were highly successful before the First World War, without making full use of the military-industrial complex, which, however, had been gradually developed. France was far less successful and, given this, had to switch to the internal mechanism again, with foreign trade remaining a useful complement.

Germany's and Japan's attempt to fully make use of the military-industrial complex to promote the alienated external development mechanism led to the two World Wars. These wars were double-sided. The First World War was essentially a struggle between capitalist countries. This was, to a lesser extent though, also true of the Second World War, which, however, was predominantly a life-or-death struggle between capitalist Germany and the socialist Soviet Union. In the Second World War the struggle between capitalist countries was, in the first place, between the British Empire and the United States on the one hand, and Germany and Japan on the other. However, rather surprisingly, there was also an almost hidden conflict between the British Empire and the United States!

*This fact is illustrated by the subtitle of the third volume of Robert Skidelsky's great Keynes biography: Fighting for Britain 1937-1946. In the introduction, Skidelsky writes: "When*

*[Keynes] died, Lionel Robbins wrote to his widow: 'Maynard had given his life for his country, as surely as if he had fallen on the field of battle.'*

*Keynes's war was different from Churchill's war. Nazi Germany, to be sure, had to be defeated; this was the ultima ratio of both their efforts. But, whereas the military struggle occupies the foreground of Churchill's war, it was the backcloth only to Keynes's war, which was financial and economic. In this war, the United States occupies the foreground – as an ally but also as a rival. Churchill fought to preserve Britain and its Empire against Nazi Germany. Keynes fought to preserve Britain as a Great Power against the United States. The war against Germany was won [mainly because of the overwhelming performance of the Red Army!]; but in helping to win it, Britain lost both Empire and greatness. Hence, the title of the concluding volume of Churchill's war history, Triumph and Tragedy, also fits this volume" (Skidelsky 2000, p. xv). Indeed, after the Second World the British Empire vanished, and the United States became the absolutely dominating leader of the Western capitalist world. As is well known, the Second World War resulted in an immense increase of economic, political and military power for the United States at the expense of Britain and France, with Germany and Japan becoming unconditional allies of the new superpower.*

While the great depression of the 1930s and the Second World War brought a heavy tendency to implement the internal development and employment mechanism, the external development and employment mechanism moved gradually to the fore during the unprecedented post War upswing 1950-1973. In this time-period, the two losers of the War, Germany and Japan, became the great winners. Indeed, both countries became the spearheads of the Western alliance against the Eastern Block headed by the Soviet Union and China. And, for the first time in modern history, Germany and Japan had access to the markets of the entire world, except those of the Communist Block. Both countries made splendid use of this occasion and became among the richest countries in the world. Even better did Switzerland, whose export success was based on the very solid work done by the Liberal governments from 1848 to the Second World War. Switzerland, for centuries one of the poorest countries in Europe, became one of the richest in the world in the course of the fabulous economic upswing after the Second World War.

The external development and employment mechanism gradually gained in importance following up the first oil price crisis in 1973, to become all-pervasive after the breakdown of Socialism and the Soviet Union around 1990, and with China, although remaining socialist formally, becoming more and more capitalist. As already suggested, Globalisation, justified

by the ideology of free trade, produced immense inequalities and enormous amounts of involuntary unemployment, the main reason being that capitalist market economies are not self-regulating at all. At present, around 2008, tremendous structural changes are going on in the world economy, the main feature being the irresistible rise of China, and to a lesser extent of India, which will, inevitably, result in a relative loss of economic and political power of the West on the world level.

Let us now return more explicitly to the problem of power in capitalism. This problem is crucially shaped by the fact that a capitalist economy is *not* self-regulating. In the above it has been suggested that a strong government is required in the process of economic development or of industrialisation. The aim is secure a strong position in the continental or even in the world economy. This requires profound reforms. The problem is, in fact, to transform a traditional agriculture based economy, eventually complemented by handicraft production and trade, into a modern industrial and service economy, in which technical knowledge and, in fact, knowledge in general, will play a crucial role. To carry out this transition a strong government is needed over long periods of time.

However, once a comfortable position in the world economy has been achieved, a ‘soft’ government in the form of a representative democracy with majority government and opposition may come into being. Britain was the first country to have realised this, followed by France, and, in a different way, by the Presidential democracy of the United States. After World War the rich countries of the West followed suit. Subsequently, the West increasingly suggested, wrongly, to the rest of the world, that democracy and free trade were *preconditions* for economic development. ‘Just look at us, we have democracy and free trade, and we are rich’, the Western countries continuously repeated. In fact, there was at least one hidden purpose behind Western insistence, that is, to get access to new raw material and energy resources and to new outlets for final products. These ‘open door’ policies, conducive to uneven development and growing inequalities, have been, and still are, practised by the West, who is supported in this by international monetary and trade organisations.

In democratic capitalist countries economic and financial power will necessarily play a crucial role, directly or indirectly. Moreover, the leading capitalist country will necessarily rely upon a military-industrial complex to guarantee the continued existence of the system, and, eventually to enlarge it through opening up new markets in countries that have been developing along an internal development mechanism hitherto. In the time-period 1815-1914, the capitalist system has evidently been shaped by Britain through its Empire; in this time-period a specific world division of labour between industrialised countries and countries

producing primary goods in the main was established. In time period between the two World Wars, the situation was confused. After the Second War the United States forcefully took up the leadership of the capitalist world economy. After the breakdown of the Socialist system and of the Soviet Union, the capitalist system under US leadership seemed to become *the* world system. Jacques Sapir (2007) now convincingly argues that the American, 21st century, never took off, and that a multi-polar world is emerging, with the nation and nationalities state playing an increasingly important rôle. This goes far in the direction of the argument put forward in this essay.

Hence economy and finance, in fact large industry and finance, are the *power centers* in small and medium-sized capitalist economies; in the leading capitalist country, first the British Empire, subsequently the United States, the power center is represented by the *military-industrial complex*. If the economy is a good condition, and, above all, if there is no menace to the system, the power centre will remain in the background, and the soft government is appropriate to conduct affairs. The space of liberty will be large, and all individual may potentially prosper. If, moreover, there is a well-established social security system, more difficult situations may also be normally dealt with by a soft government. However, if the situation worsens, for example if there is heavy unemployment and social unrest, and with the social security system failing, a stronger, law-and-order government may be required. Finally, if revolution threatens, a military government may come into being, as frequently happened in Latin America. Or, in the most heavily alienated situation as prevailed in Germany in 1932, the military-industrial complex favoured, as has been pictured in the above, the coming into power of a very strong government, Hitler and his National Socialist movement, which, subsequently, became a tyranny. Hence, in capitalist countries, the economic situation crucially determines how power is exercised. With alienation increasing, government tends to become stronger, implying that power increases, frequently, at the expense of ethics. Surprisingly enough, this is not a moral judgement. In a heavily alienated situation, with socio-economic determinism prevailing, a strong government may be the only way out to restore order and to prepare the way to reduce alienation and to move in the direction of the natural state. The reason is always the same: so-called market economies, in fact monetary production economies, are not self-regulating.

In a democracy power may be exercised in most subtle ways. In fact, power is exercised by the majority, including, of course, representative government. The exercise of power probably goes on under the watchful eyes of one or several power centers, which attempt to maintain the existing socio-economic and political system. In a Marxian vein, economic power is

probably constitutive to most power centers, which, as a rule, may be associated to large-scale ownership of some kind of property – real and financial capital, land, raw material or energy resources. These powers centers will remain passive as long as government action or the outcomes of the votes are in broad conformity with the system. They will react only if the socio-economic and political system is in danger. As a rule, the reaction will be in proportion to the size of the danger.

Given this, individuals or groups ‘swimming against the stream’ or exceptionally strong personalities, are, as a rule, discarded from the intellectual or political scene. For example, on the intellectual level, alternative economists, Keynesian or post Keynesian, neo-Ricardian or, even Marxist, would never get a chair in a prestigious Faculty of Economics, nor, of course, a Nobel Prize, the Cambridge and Oxford economists Joan Robinson, Roy Harrod, Nicholas Kaldor and Piero Sraffa being prominent examples. Instances for the political sphere would be Winston Churchill who was not reelected in 1945, Charles de Gaulle became President of France only at a moment when the country was in a very difficult situation, and William Fulbright never became even a candidate for the Presidency of the United States.

All this points to a remarkable property of the democratic system. Indeed, this system does not tolerate a power *above* the system, that is, above, partial, party or particular interests. In the United States, for example, the President is part of the system. There are countervailing powers checking presidential power. Standing above the system would not be in line with an essential characteristic of a liberal democracy, that is, the principle of equality.

*It has already been suggested that the system of countervailing powers, characterising the power structures of Western democracies, echoes the supposedly self-regulating character of the economic system on the political level. The countervailing power system may work satisfactorily if the socio-economic situation is itself satisfactory. However, this power system will face increasing difficulties in case of a significant worsening of the socio-economic situation, with alienation increasing. In this spirit, Western representative democracies have sometimes been called ‘fine weather’ democracies.*

The system of countervailing powers inevitably implies that the materially, that is, economically and financially strongest and best-organised power dominates, in a hidden way though, the socio-economic and political system in the long run. This is almost inevitably large landowners, big industry and finance, or the military-industrial complex. Needless to

say that the army, or, in a hidden way, the state security services are crucial tools in exercising power, above all if there is a menace to the system.

*In all this, Switzerland is, somehow, an exception, above all after the Second World War. It has already been suggested, that, from 1959 onwards, the Swiss government has become an all-party government, which, in principle, stands above partial, party and particular interests, and does not change after elections. The members of the government are, de facto, elected for an indeterminate period. This renders possible governing on the basis of a long-term vision, and the coming into power is hardly a problem for the members of the government. And, in case of a crisis situation, the government would have the possibility to act rapidly and with determination. Given this, there is reason to believe that the Swiss type of democracy, with its supra-party government, is considerably superior to the standard representative democracies of the 'majority government – opposition' type. Here, governing automatically is of a short-term nature, and, above all, to get into power and to remain in power requires permanent and very substantial efforts. If government and opposition parties are approximately of the same strength, or if the political situation is confused and rapidly changing, governments may be largely paralysed. If the socio-economic situation is a good one, this does not matter very much. If, however, the socio-economic situation is difficult, a cumulative worsening of socio-economic conditions is likely to occur, and a tendency towards an authoritarian law-and-order government may come into being.*

*To avoid misunderstandings, it should be mentioned here that the Swiss model, which has gradually developed over centuries and reflects the specific mentality of the Swiss people, cannot, as is very likely, be generalised in its pure form. Presumably, a presidential democracy is most appropriate for almost all countries (on this see also Bortis 1997/2006, pp. 401-10). This has already been suggested in the above.*

A generalised conformity with the system on the political level may also be associated to a standardisation of thinking, that is, of broad intellectual uniformity. Economic theory is an outstanding example. Indeed, neoclassical equilibrium theory, even in its most bizarre forms, *rational expectations* for example, utterly dominates in economic *academia*, although almost everybody knows that this theory has become an *ideology*, in fact the ideology of the power center, which is required to represent the contradictory capitalist system in the form of a self-regulating free market economy, and this against all the odds.



*Ideology is simply conceived of here as false conscience associated to a strongly distorted view of reality, socio-economic reality in this case.*

And the neoclassical-liberal ideology is taught in grammar schools, high schools and universities by the means of standardised textbooks, largely far away from serious political economy and economics based on great thinkers like François Quesnay, Adam Smith, David Ricardo, Karl Marx, Léon Walras, Alfred Marshall and Maynard Keynes. The fundamental importance of these great authors is put to the fore in Bortis (1997/2006); however, their names cannot even be found in standard neoclassical textbooks with the exception, perhaps, of Adam Smith, the founding father of liberal economic theory, and, of course, Walras and Marshall. Or, if parts of their theory is represented in such textbooks, these are, as a rule, grossly misinterpreted. For example, Joan Robinson has always argued that the IS-LM-diagram represented an equilibrium representation of Keynes, and, as such, should be considered as *Bastard Keynesianism*, because Keynes's *disequilibrium* theory has been heavily distorted and has, in this shape, been integrated into neoclassical equilibrium economics; in fact, an economy simply cannot get into an equilibrium as Joan Robinson has convincingly argued in her *Accumulation of Capital* (1956); an equilibrium would require that the equilibrium rate of profits, governed by the rate of growth, has been ruling for a long period of time such that the costs of production of capital goods valued at the equilibrium rate of profits equals the present value of future gross profits derived from these capital goods, discounted with the equilibrium profit rate. And Joan Robinson, Kaldor and Kalecki have convincingly shown, that, in a post-Keynesian vein, investment and profits increase together and, that, consequently, investment does not increase as the rate of interest declines, as is postulated by the IS curve.

The neoclassical theory of value, distribution and employment could be maintained if the supply and demand curves were, in principle, well behaved on all markets. Given this, lower factor prices would be associated with larger factor quantities. In fact, markets in general and factor markets in particular, would provide the right price signals, such that a tendency towards full employment comes into being if producers and consumers act rationally. For example, if there is unemployment, real wages would decline, the rate of profits – the marginal productivity of capital – would increase, and so would the volume of investment. An increasing investment volume would result in the creation of new work places. This tendency to rapidly increasing employment levels would be enhanced through lower capital-labour ratios associated to the new investment projects – labour has become cheaper, capital more

expensive. These processes create a strong tendency towards full employment. Now, the outcome of the capital-theory debate in the 1960s (Harcourt 1972) has shown that a well-behaved demand curve does not exist for capital, because – real – capital is not independent of value and distribution. In fact, *the rate of profits has to be known* to measure capital in terms of some *numéraire* good. Since there are no well-behaved demand curves for capital, and also for labour and land, lower factor prices are not associated with larger factor quantities. As a consequence, there no tendency toward full employment *in principle* in a market economy, even if conditions were ideal, that is, if perfect competition prevailed.

The outcome of the capital-theory debate is disastrous for neoclassical theory, and defeat has been acknowledged by the leading neoclassical economist of the time, Paul Anthony Samuelson, in a significant statement made in 1966: “Lower interest rates may bring lower steady-state consumption and lower capital–output ratios, and the transition to such lower interest rate can involve denial of diminishing returns and entail reverse capital deepening in which current consumption is augmented rather than sacrificed.

There often turns out to be no unambiguous way of characterizing different processes as more ‘capital intensive’, more ‘mechanized’, more ‘roundabout’ . . . If all this causes headaches for those nostalgic for the old time parables of neoclassical writing, we must remind ourselves that scholars are not born to live an easy existence. We must respect, and appraise, the facts of life“(Samuelson quoted in Bortis 1997/2006, p. 286). However, in spite of total defeat in the capital-theory debate, neoclassical theorising continued to proceed on equilibrium lines and, in practice, on the assumption that there was a tendency towards equilibrium in competitive conditions. Later, in the 1980s, the neoclassicals even managed to produce the *rational expectations* system, which suggest that we are *always* in equilibrium; unemployment, for example, is equilibrium unemployment, and, as such, voluntary. All this is certainly not serious theorising, but simply an attempt to maintain an ideology at any price.

As a rule, then, the dominating approach in economic theory, and the problems, which are dealt with, will have to be in conformity with the system; and, probably, the system conformity of economic theorising is ensured, directly or indirectly, by the hidden power centres prevailing in any capitalist society, and, in fact, in any society.

Nobody has perceived better the system conserving nature of the majority than Alexis de Tocqueville in his *De la démocratie en Amérique*. In doing so, de Tocqueville, considered by many as the greatest political thinker since Aristotle, also foresaw the age of the masses, which could eventually be manipulated. This is associated to the majority governing the way of thinking in all domains, implying that the socio-economic power centre ultimately governs

the *dominating* ideas in all spheres of socio-economic and political life. There may, in fact, be several, even rival, power centers. However, if the system is threatened unity will be restored and common action to maintain the system will be undertaken.

In fact, the greatest threat to the capitalist system is a heavy economic crisis. If, in a great depression, socialist-communist forces attempt to bring about radical changes, possibly by way of revolution, violent clashes will be inevitable. *However, deep crises may constitute a great opportunity for reformist Social Liberalism.* Indeed, Social Liberalism synthesizes fundamental elements of humanist Marxian Socialism and of Liberalism through the notion of a mixed economy. How the private and the public sector will be mixed and what relative weight is to be given to both sectors will be a matter of the mentality of the people living in some country or region.

*Regarding the problem of manipulation it is interesting to remember that Aristotle was opposed to the teaching of rhetoric, precisely because it could be used to manipulate the people. There is indeed very little that is new on this earth!*

*At this stage, it ought to be mentioned that people, also ordinary people, that is, peasants and workers, are very difficult to manipulate if education is in line with human nature, that is, if education leads on to a vision of man and society, and if education provides a sense of life. Natural education is associated to continuous questioning, particularly asking the question as to the nature of phenomena, that is, their probable essence: What is it, how does it really function, what do you really say? Asking such questions leads on to openminded and emancipated thinking, also to critical thinking; as a result, a great many lofty intellectual constructions would simply break down and evaporate. Hence it is indeed remarkable that ordinary people, peasants and workers for example, having benefited from an education in line with human nature, are capable of critical thinking in a remarkable way and that it is very difficult to manipulate them. Ultimately, the natural way of reasoning always tends to get the upper hand on alienated or distorted ways of thinking.*

*And, as has been argued repeatedly, the human mind always attempts go down to the essence of more or less complex phenomena. The result of thinking is more or less probable knowledge. This implies that education is about acquiring principles or fundamentals, which represent the tools to come to grips with more or less complex phenomena. For example, in political economy, the great problems – value, distribution, and employment, for instance – and the differing and contradictory solutions proposed by the great economists represent the fundamentals required. To know about these fundamentals or principles illuminates the*

*phenomena considered from inside to provide comprehensive knowledge on the phenomena in question, for exemple levels of involuntary unemployment.*

*However, in present mass societies, large numbers of individuals, including intellectuals, are frequently educated in an alienated way, acquiring knowledge about phenomena without building up any metaphysical basis, precisely consisting of principles or fundamentals. As a consequence, highly specialised and 'one-dimensional' men and women, without vision and sense of life, make up the masses, which can be manipulated most easily by modern means of communication.*

*However, let us mention here immediately that critical media (newspapers, books, television documentaries) informing us about the realities of life in politics and, above all, of ordinary people anywhere in the world, are of the highest importance. Critical media may, indeed, direct public opinion and the majority in an appropriate direction, and may bring about policy action aimed at reducing alienation.*

In a significant passage, de Tocqueville puts to the fore how the tyranny of the majority is exercised on thinking. To be sure, what is meant here is thinking on essential elements of the system, which, if questioned, would endanger the system. Presently, the political majority is complemented by *public opinion*, shaped and, sometimes, even manipulated by the mass media, and by *ideologies*, carried and supported by power centers. For example, questioning the validity of neoclassical theory, which suggests that there is a natural tendency towards full employment in competitive conditions, would be a revolutionary act in the domain of thinking, attacking a pillar of capitalist ideology, that is, the postulate of a self-regulating market. As has just been suggested, the capital-theoretic debate, initiated by neo-Ricardian political economists, which is, precisely about self-regulation, has always been utterly ignored by the neoclassical economists.

Alexis de Tocqueville describes the possible consequences of really alternative thought and action in a masterful passage: "Les princes avaient pour ainsi dire matérialisé la violence; les républiques démocratiques de nos jours l'ont rendu tout aussi intellectuelle que la volonté humaine qu'elle veut contraindre. Sous le gouvernement absolu d'un seul, le despotisme, pour arriver à l'âme, frappait grossièrement le corps; et l'âme, échappant à ces coups, s'élevait glorieuse au-dessus de lui; mais dans les républiques démocratiques ce n'est point ainsi que procède la tyrannie; elle laisse le corps et va droit à l'âme. Le maître ne dit plus: Vous penserez comme moi, ou vous mourrez; il dit: Vous êtes libres de ne point penser ainsi que moi; votre vie, vos biens, tout vous reste; mais de ce jour vous êtes un étranger parmi nous.

Vous garderez vos privilèges à la cité, mais ils vous deviendront inutiles; car si vous briguez le choix de vos concitoyens, ils ne vous l'accorderont point, et si vous ne demandez que leur estime, ils feindront encore de vous la refuser. Vous resterez parmi les hommes, mais vous perdrez vos droits à l'humanité. Quand vous vous approcherez de vos semblables, ils vous fuiront comme un être impur; et ceux qui croient à votre innocence, ceux-là mêmes vous abandonneront, car on les fuirait à leur tour. Allez en paix, je vous laisse la vie, mais je vous la laisse pire que la mort" (de Tocqueville 1981/1835, p. 354).

To be sure this rather terrifying passage relates to the situation in the United States in the first half of the 19th century. But the problem remains in another shape at present. In fact, in all political societies there are systems of thought, which are constitutive for the maintenance of the socio-economic-cum-political system. A significant example is the importance of neoclassical economic theory as an ideological basis to explain economic phenomena in ideal free-market economies. Fundamental criticism of neoclassical theory is considered an attack on the system, that is, the free-market economy and liberal democracy, which is supposed to be constitutive to capitalist reality. And fundamental criticism, even if considered justified by the neoclassicals, is simply ignored. As suggested in the above, the outstanding example is the outcome of the capital-theoretic debate, which was completely in favour of the neo-Ricardian critique of neoclassical supply-and-demand theory (Harcourt 1972). In fact, the result of this debate was that no well-behaved relations exist between factor prices and factor quantities; for example, lower interest rates are not necessarily associated with larger quantities of capital. This implies that the price mechanism cannot, as a rule, produce a tendency towards full employment, even if conditions are ideal, that is, if perfect competition and perfect foresight prevail. In a famous statement, quoted in Bortis (1997/2006, p. 286), the leading neoclassical economist, Paul Samuelson, admitted complete defeat against the neo-Ricardian critics led by Luigi Pasinetti. However, neoclassical supply-and-demand theorising went on as if nothing had happened. At best, the notion of a fundamental long-period equilibrium, implying a uniform profit rate, was abandoned in favour of a sequence of temporary equilibria, with profit rates differing between sectors of production (Bortis 1997/2006, pp. 287-88).

The system is also seen threatened if it is attempted to establish alternative theories, Keynesian or even Marxian. Given this, it is almost impossible for young Keynesian or Marxian academics to become professors in respected faculties. And established critics may eventually not be replaced such that diversity is maintained; this is what happened repeatedly at the *great* Faculty of Economics and Politics at Cambridge, Keynes's Faculty! In this way,

an ideology in line with system preserving forces continues to dominate economics faculties. This in spite of the fact that neoclassical theory wishing to explain the functioning of the capitalist system has moved miles away from reality. Indeed, in a democracy and a free-market economy the *dominating* ideas in the economic, social and political sciences are determined, directly or indirectly, by the system-preserving forces of the power center. As Marx perceived, in alienated situations, economic power is the basis for intellectual power.

Given this, the crucial importance of natural, circle-type or largely alienation-free education now emerges. Education in line with human nature must indeed set into motion the systematic striving after Goodness, Beauty and Truth. In fact, education must create passions in all domains of activity - manual, intellectual, cultural and spiritual – and lead on to emancipated, independent and openminded thinking and activity. This implies that, in the various sciences, the search for Truth is the natural aim of openminded theorising. Given this, natural or circle-type education will lead on to a stable and richer society, where differences are an asset and through co-operation lead on to enrichment and where, as a consequence, alienation would be greatly reduced. Now, in a complex world, philosophy, dealing with metaphysical issues, is of the highest importance as has been forcefully argued by Jacques Maritain. In fact, in an Aristotelian vein, Metaphysics is the Ordering Science, which is particularly needed if phenomena get ever more complex as is indeed the case since the Great Transformation of the last two centuries.

Given this, a very important conclusion regarding the problem of power in the largely alienation-free, natural social liberal polity emerges. Here, in fact, one should not speak of power, but of natural authority. And natural authority in the social liberal political society should, ultimately, be exercised by openminded and emancipated thinking. This is why education in line with human nature is so important. In the chapter *Ways ahead* below, we shall argue that education will emerge as the fundamental and hence most important issue of the future.

If, however, education becomes alienated, that is of a straight-line type, and concentrating on phenomena and leaving aside the metaphysical foundations, confusion may result, above all in the economic, social and political sciences; and to set up criteria to establish dominating ideas, representing relative truth, more or less problematic evaluations and rankings, associated to a power-system, will be put to use. Given this, the ‘best’ universities are supposed to produce the most appropriate dominating ideas, above all in the domain of economic theory. In this way, truth becomes a problem of power. Incidentally, this implies

that there will be ever more – destructive – competition in education, and pressure on students, and teachers, will increase.

Yet, how indeed, is it possible to evaluate the *quality* of teaching and research, given the fact that there are fundamentally different approaches and entirely different methods to deal with some problem, for instance, the problems of value and distribution, and of employment, in economics and in political economy? In this context, it is probably extremely dangerous to rely heavily on peer-refereed work, or the number of quotations to evaluate a teacher or a researcher, certainly in economics where a specific approach, the liberal-neoclassical approach, utterly dominates. This may just mean that a teacher or a researcher is well integrated in the dominating system, and does not say anything on his/her capacity to reason on socio-economic and political issues in an emancipated and openminded way, as Keynes, and, certainly, Einstein, too, had in mind. Indeed, in the 1920s and 1930s a famous Italian economist repeatedly said, that there are only two types of economists, those who understand economics, the neoclassical-Walrasian-Marshallians to wit, and those who do not understand anything about economics; he did not give any names, but Ricardo, Marx and Keynes were probably among the ignorant! Even Joseph Schumpeter, the author of an authoritative *History of Economic Analysis*, wrote that Ricardo was a bad theorist, because he did not understand the law of supply and demand (p. 601)! And, surprisingly, it was Joseph Schumpeter who wrote that Walras's *General Equilibrium Theory* was the *Magna Charta* of economic theory! From Bortis (1997/2006 and 2003a) it should be quite evident that such a statement simply cannot be maintained. Indeed the Classical-Keynesian system of Political Economy as emerges from an elaborated synthesis of Keynes, Quesnay, Ricardo, Sraffa, Garegnani and Pasinetti seems clearly superior to neoclassical Marshallian/Walrasian economics. Garegnani has always maintained that for capital-theoretic reasons, the law of supply and demand is not compatible with the principle of effective demand!

Given all this, the importance of power in the social and political sciences emerges most clearly in economics and political economy. The relevant questions indeed are: Who sets the standards of what is 'good' economics? Who writes the 'so-called' top textbooks used for teaching? Which journals are first class? Who sets the requirements a professor in economics has to fulfil? In short, where is the Rome of economic theory? Rome is, indeed, necessary to preserve the unity of Catholic doctrine and to provide strong leadership for the Church, but not in economic theory; here, diversity must prevail, and the eventually dominating theory must always be subject to close scrutiny (*die dominierende Theorie muss ständig hinterfragt werden*). And, as has been repeatedly suggested, the history of economic theories is an

*indispensable prerequisite* for practically relevant economic theorising. Dealing with differing and often contradictory theories of value, distribution and employment leads on to independent and openminded thinking; this Keynes called the *emancipation of the mind*. From the intense study of the history of economic theories students will be able to distil relevant, but always probable, theoretical principles, for example, the labour value principle, the surplus principle or the principle of effective demand. These principles provide the basis for sensible policy making.

*To avoid misunderstandings, one has to bear in mind that while neoclassical theory is very weak in explaining how a monetary production economy, that is the socio-economic system, functions, the great strength of neoclassical economics lies in the explanation of the behaviour of individuals, groups and collectives, whereby behaviour may be rational to various degrees. Moreover, the founders of neoclassical economics, Léon Walras and Alfred Marshall in the main, were very great economists because they dealt in an extremely serious way with the fundamental problems of political economy, value and distribution, for example. Walras is particularly important because he asked the fundamentally important question as to the implications of Adam Smith's invisible hand, that is about the functioning of an exchange economy.*

*Even if, at present, one does not agree with their theories, it is nevertheless crucially important to know what both Walras and Marshall wanted to say, because, otherwise, it is impossible to understand the theoretical revolution effected by Maynard Keynes and Piero Sraffa during Shackle's Years of High Theory 1926-1939. Both Keynes and Sraffa in fact struggled to understand how monetary production economies function in principle and how the real-world capitalist system works.*

*Given this, one cannot deny that there is an enormous amount of valuable amount done in neoclassical economics, when behavioural issues are dealt with. What must be sharply criticised, however, is the fact that, at present, only neoclassical work counts for publication in so-called top journals or for nomination of professors in economic theory at economics faculties. This is the death of, true, science, because the problem is no longer the striving for truth and the coming to grips with the real world, but to make an academic career, possibly even to get a Nobel Prize. Young academics are literally squeezed into a pseudo-scientific straight-jacket and are forced to publish very early on certain lines, neoclassical to wit, and, consequently, get no chance to become acquainted with the great problems in economics and political economy and the solutions proposed by the great authors, that is, with alternative,*



*even contradictory theories; hence economics students wishing to go on for an academic career are simply not given the opportunity and the time to mature scientifically, that is, to get an overview of the theoretical situation. Given this, thinking become one-dimensional and sterile, not emancipated and openminded, and fruitful in the sense that real world problems may be tackled. As Keynes noted, with one-sided thinking on the basis of some approach economists run the risk of becoming slaves of some defunct economist. Given this, economic theory appears in two basic forms, first in a highly formalised, mathematical, shape, possibly serving as an ideological cover-up, and, second, in popular, free-market, prose of the Hayekian type, for example, to deal with practical problems, including social and economic policies.*

*Ben Fine and Dimitris Milonakis precisely deal with these issues in two excellent books. The first, From Political Economy to Economics (Milonakis and Fine 2009), shows how Political Economy, dealing with its great problems – value, distribution, employment, for example – in a comprehensive, multidisciplinary and also macroeconomic way, was transformed into Economics, which, separated from the other social sciences, deals with these great problems on a microeconomic basis, the rational behaviour of individuals being coordinated by competitive markets. The second book is about the movement From Economics Imperialism to Freakonomics (Fine and Milonakis 2009). The individualist method associated to a market framework has indeed invaded, in an imperialist vein, the other social sciences, Politics, Sociology and Law to dominate the method of research in the social sciences in general. While certainly much valuable work has been and is done on the basis of methodological individualism, such developments are extremely dangerous, however. In fact, neoclassical economics tends to become, and has, in fact, become for some time already, the only accepted economic theory and, in part, also social theory, very frequently in a highly formal or mathematical dress. Political Economy in the tradition of Keynes and Marx, for example, is considered obscure and lacking rigour, and, is, in some instances, denoted as journalism or even poetry. And, to insist on this, the great problems of political economy and economics are no longer examined in an openminded way on the basis of differing, even contradictory approaches, neoclassical/Walrasian and Classical/Keynesian, for instance. Alternatively, grounded on neoclassical theory, selected phenomena are investigated theoretically and empirically on the basis of essentially microeconomic models of the neoclassical type; even economic policies are now grounded upon the results of empirical investigations carried out on neoclassical lines. And all this goes on in standardised ways*

worldwide. To remedy on these tendencies, Fine and Milonakis suggest a strong revival of *Political Economy*. This is entirely on the lines of the present essay.

*In this context, one must admit that the Aristotelian-Thomistic way of thinking is exemplary to openminded thinking. Before establishing a proposition or a theory, the possible alternatives and objections have to be examined and critically considered. This is quite naturally complemented through Keynesian probability elements. Given this, science becomes, as has suggested in the chapter on setting the stage, nothing but instructed common sense leading on to openminded and emancipated thinking. This Aristotelian-Keynesian approach implies that each generation of economists must deal with the great economic problems – value, distribution, employment, money, most importantly – on the basis of the differing and even contradictory approaches and theories, elaborated by the great authors. The aim is to preserve the treasures of the history of economic thinking and theorising and transferring these treasures to future generations of economists. Given this, it has been insisted upon in this essay that scholars are absolutely necessary in all domains, specifically in the sphere of the social and political sciences in general and in political economy in particular.*

*In this context, we should mention that, in economics faculties, all the great schools should, ideally, be represented, as was the case, for instance, in the Faculty of Economics and Politics at Cambridge, England, still in the early 1970s. There were neoclassical economists of various kinds, Keynesians, post Keynesians, neo-Ricardians, Marxists, as well as empirically and historically minded economists; and the history of economic theories played a crucial role. This diversity created a most stimulating atmosphere with lively discussions, exchanges of ideas and mutual enrichment, the whole resulting, in a Keynesian vein, in generalised openminded and emancipated thinking. Unfortunately, the monetarist-neoclassical counterrevolution, carried out by the use of heavy mathematical artillery, has heavily damaged this splendid Faculty.*

And, finally, what can one say about the *potential* inherent in a scholarly research project in the Humanities or in the Social and Political Sciences, or in a project in fundamental research in the Natural Sciences? In this context, Carl Friedrich von Weizsäcker writes, that, when he studied physics around 1930, studies on the structure of atoms, specifically the atomic nucleus, were considered a useless art (*de l'art pour art*) by many students and teachers, including himself; by 1939 Otto Hahn and he – von Weizsäcker - had discovered the atomic fission (von Weizsäcker 1968, pp. 11ff.), and, one should add, that, on August 6, 1945, the first nuclear bomb destroyed Hiroshima, and, three days later, a second bomb hit Nagasaki.

Given this, scholarship is basic at the University level as far as the Humanities and the Social and Political Sciences are concerned, as is fundamental research in the Natural Sciences. By scholarship, in economics and political economy for example, we simply mean knowledge of the great authors and the primary literature, the great problems – value, distribution, employment, for instance – and the – probable – solutions proposed by the great authors; however, scholarship also implies reasoning on a philosophical basis, seeing Man and Society as entities; this means holistic thinking (*ganzheitliches Denken*), that is considering socio-economic phenomena in a wider context, and on a value basis.

Indeed, fruitful research and good teaching must inevitably build on scholarship, for example knowledge about the history of economic theories, in economics and political economy; and sensible practical work in all domains, including political practice must, in turn, be based on good teaching and solid research. Similarly, in the natural sciences applied research is likely to be more fruitful, the more fundamental research is done. Scholarship and fundamental research provide in fact the soil, on which social and cultural research and applied research in the natural sciences grow. The more fertile the soil is, the richer will be results of research. In a way, scholarship and fundamental research should lead on to asking socially relevant questions, to be answered by applied research. In this context, we should remember Marx's dictum: The difficult thing is to ask the relevant question, to answer a given question is relatively easy. This certainly holds in the Social and Political Sciences, but, probably, also in the Natural Sciences. Evidently, to ask socially relevant questions in the social and political sciences requires a comprehensive vision of socio-economic and political matters, enabling the scholar to perceive relevant relationships between differing spheres of society (*Zusammenhänge sehen*).

And the importance of Scholarship and Fundamental Research implies the co-operation and the exchange of ideas are crucially important in academic life, not more and more competition, which, in any case, is bound to end up in some power system. And, incidentally, this implies small universities, all, in the first place, dealing with fundamentals, in very different ways though and in very different spheres. Large universities inevitably tend to become systems, implying that Power tends to dominate, and not the striving for Truth. The Swiss political scientist Alois Riklin once said that large universities are a contradiction in itself.

However, to produce Scholars in the Humanities and in the Social and Political Sciences and Researchers on fundamentals in the Natural Sciences, an appropriate grammar school system must exist. Some further remarks on education will be made below, particularly in the chapter

on *Ways ahead*. Here we have insisted on power and destructive competition in the basic sphere of education because Power, as Bertrand Russell has perceived with great clarity, is the dominating force in alienated societies. And, indeed, as is in fact well known, Power had become overwhelmingly important during the Apocalyptic Age 1914-1945, when alienation culminated.

*Notes on ethics and alienation – the Apocalyptic Age 1914-1945 further considered*

Heavy alienation has prevailed before and after the Apocalyptic Age. However, in the Apocalyptic Age, above all during the reign of Hitler in Germany and of Stalin in the Soviet Union, alienation culminated, in general, and in the specific form of Nihilism, that is, the annihilation of the fundamental values.

The natural state is, in principle, free from alienation, and the natural activity of the social individuals is the pursuit of the fundamental values of Goodness, Beauty and Truth in all domains. The legal system and social and individual ethics, making up the bulk of Goodness, are also in a natural state, if alienation is largely absent. However, if alienation increases, for instance in the form of involuntary unemployment and social unrest, social and political ethics will be increasingly replaced by power. The state will become a more or less strong ‘law and order’ state, involving the danger that the legal system may also become alienated, and power starts to dominate law (*Gustav Radbruch*). In such a situation, ethical values will recede and nihilism will correspondingly expand. In the Hitler and Stalin terror regimes of the Apocalyptic Age, alienation and nihilism both culminated, and power was total. Social ethics was absent to a large degree. However, within a heavily alienated system exceptionally high levels of individual ethics may prevail to a large extent. For example, assistance may be provided to those who suffer from the system, and to their families. It may well be that solidarity is realised far more intensely in totalitarian socialist states than in free-market and democratic capitalism where materialism and egoism are likely to be more pronounced. In the former solidarity will probably be direct and personal to a large extent, while in the latter solidarity tends to be organised through a largely impersonal social security system.

Given this, whenever socio-economic systems like Capitalism and Socialism are criticised, the criticism is directed at the *system*, not at the *individuals* who act and behave within the system, and whose actions may be determined by the system to some degree. Hence even in an alienated system the large majority of the social individuals will, as a rule, act morally and legally correctly, with some individuals even being morally outstanding. On the other hand,

however, some individuals or groups of individuals may not act in line with the “rules of the game” of the system (Joan Robinson); for example, some kind of power may be used to obtain access to final product markets and/or to raw material reserves, or to realise abnormal profits through imposing extraordinarily bad work conditions on workers, including excessively low wages. Moreover, criticism involving some country is, of course, not directed at the people of the country in question, but at parts of some power centre, which may comprise socio-economic-cum-political groups exercising directly or indirectly a crucial influence on the policy making of governments at a fundamental level, that is regarding policies aimed at maintaining an alienated system. Quite normally, these power centres *may* act in their own interest, for example, making extraordinary profits by violating the generally accepted “rules of the game”. The behaviour of *some* members of such power centres may even be contrary to the general interest of their home country.

*As suggested at the outset of this essay, Joan Robinson's “rules of the game” may be understood to comprise the legal rules prevailing in a socio-economic and political system, complemented by informal rules regulating normal practice in all domains. The “rules of the game” are usually alienated to some degree, that is, there is a distance between natural and actually prevailing practice.*

As a rule, a very few individuals and small social groups are involved in more or less gravely violating the “rules of the game” in the widest sense in a socio-economic system or in some country; however, these individuals or groups may eventually discredit large numbers of honest, innocent and helpless people, and even entire countries. This has been particularly true during the Apocalyptic Age.

However, activities involving violations of the “rules of the game” have continued after the Second World War until the present, first in weak and underdeveloped countries, and have gradually spread to the entire world after the breakdown of the Soviet Union. As a rule, these activities were associated with exercising various types of power or even carrying out illegal actions. Frequently, the terrain for such activities has been prepared by the destabilisation of governments, above all in underdeveloped countries. Activities involving violations of the “rules of the game” may involve foreign investment associated to excessive profiteering through exploiting labour in poor countries, using some kind of power to lay hands on raw material and energy resources and to open up outlets for final products, destroying thus traditional production, or clearing the way for so-called development projects, with the hidden

purpose of increasing profits in the industrialised countries. In his courageous *Confessions of an Economic Hit Man* John Perkins provides excellent insight into these activities, which, evidently, were in the interest of the rich industrialised countries and the dominating classes in developing countries. These activities have greatly hampered a large number of well-intentioned and sensible development efforts and have, in many cases, rendered impossible orderly economic development, coming from inside and being based upon internal factors, which, incidentally, would not exclude outside elements, foreign investment for example, if these were appropriately integrated into programmes aimed at promoting even development (Bortis 1997/2006, chapters 6 and 7). Equally, in conditions of global capitalism, there was and there is no way of the building up of reasonably good societies through establishing links with precolonial traditions and adapting traditional values to Modernity, preserving thus cultural diversity. The materialist Western-American way of life irresistibly spreads or is imposed everywhere through the process of globalisation. And emerging countries, China and Brazil for example, are forced to adopt the external, necessarily aggressive, employment and development mechanism to secure a prominent position in the world economy; for many weaker countries the problem is about sheer survival in Orwellian world dominated by power relations.

*In this context, a great many social and political scientists worry about China eventually giving up entirely her Confucian values and adopting the materialistic American way of life. Indeed, as a Chinese social scientist argued, if China fully adopted the American way of life, China might become a torrent, which would devastate the entire world. Such a development would be all the more likely since the struggle between the two superpowers, China and the United States, might become merciless and ruthless, similar to the struggles and wars of the Apocalyptic Age. Fortunately, however, there seems to be a revival of the Confucian tradition in China. This could pave the way for a specifically Chinese road to Social Liberalism. And, as will be suggested below, a fundamental change of direction in the United States, away from their basically materialistic way of life in the direction of an ethical and spiritual social liberal order, will be crucially important for Humanity as a whole.*

These considerations may lead on to a further reflection. Indeed, in the highly industrialised rich countries there is now growing fear that the ongoing 2008 financial crisis might, as is very likely, be followed by a deep crisis in the real sector, with involuntary unemployment growing sharply and poverty increasing. In the West we tend to overlook, however, that,

permanent socio-economic catastrophes went on silently and are still going on in this way in large parts of the so-called developing and emerging world. Christian Comelieu (2000): *Les impasses de la modernité – Critique de la marchandisation du monde* provides an excellent account on development issues and problems of Modernity, dealing with three dead ends: economic, social and ecological. Given this, a basic tenet of the present essay emerges once again. Neither globalised Capitalism, nor Soviet type Socialism are appropriate answers to the immense complexities of the modern world. A new way, grounded on Social Liberalism and Classical-Keynesian Political Economy, is now needed more than ever.

*To be fair it must at least be mentioned that the Soviet Union and the Socialist camp has also attempted to destabilise Third-World countries in order to gain political, economic and even military influence. This was just part of the Cold War. A recent book by Christopher Andrew and Vassili Mitrokhine provides important information on this. The title and the subtitle are revealing: Le KGB à l'assaut du tiers-monde / aggression – corruption – subversion 1945 – 1991 (Paris 2008); or, The Mitrokhin Archiv II. The KGB and the World (London 2005). In this context, the very harsh occupation of Eastern Europe by the Soviet Union after the Second World War, associated to the imposing of communist regimes deserves a specific mention. In fact, Winston Churchill's Iron Curtain was put up immediately after the Second World War. Subsequently, the ruthless crushing of the uprising in Hungary 1956 and in Czechoslovakia 1968 represent most tragic episodes of Soviet occupation. These events were strong indications that Soviet (War) Communism would not be viable in the long run. On a different level the present crisis of the US financial system and the disastrous socio-economic situation worldwide shows that global oligopolistic Capitalism is not viable either.*

*However, in the Cold War period 1947-1991 Capitalism and Socialism necessarily became power systems struggling for preeminence in the world. But, as has been suggested throughout this essay, both are not likely to be viable as world systems, for differing reasons though. Given this, the necessity for a natural social liberal order on the world level emerges once again (on this, see the corresponding chapters above).*

*Finally, it ought to be mentioned that there is, of course, also a Russian colonialism, which, however, was primarily about reaction against invasions, to gain supremacy in the vast Eurasian space to pacify this space, and rendering the territory as secure and defensible against invasion as would be possible. Given the continental and closed character of Russia, the aim to reach the sea on a large scale was also an important aim, as was the acquisition of*

*wealth. At present Russia is involved in an Orwellian power struggle with the West regarding the control of large parts of raw material and energy resources worldwide.*

*However, in a social liberal world order peaceful conditions on the territory of the former Soviet Union will be crucial for world peace in general. Two factors seem of central importance: decentralisation of Russia and strengthening the central institutions of the Commonwealth of Independent States, with a strong representation of the small states. In this way, the CIS could become a bridge of peace linking Europe and Asia. Moreover, the intersection of the CIS Federation with a Central and South-Eastern European Federation through the Baltic States, Byelo-Russia and the Ukraine would greatly enhance the security of Poland. Indeed Russia would belong to the former, Germany to the latter Federation. In this way, Poland would become the link between Europe and Russia. Moreover, Poland would also bring together more closely Northern Europe (Scandinavia) and Central and South Eastern Europe. One could even think to form a Baltic Federation comprising all the countries bordering the Baltic Sea.*

In this context, it must be reiterated that free-trade capitalism, which, presently, tends to become global, is simply not compatible with orderly and even development. First, because markets are not self-regulating in modern monetary production economies; with the external employment mechanism dominating, free trade would be sensible only in conditions of full employment in all trading countries, and, even if there is full employment, some management of foreign trade must always be possible to prevent structural deficits in the balance on current account (Bortis 1997/2006, chapters 4-7). And, second, free trade would require that the level of development be approximately the same in all trading countries. The reason is that, in free trade conditions, the presence of economies of scale leads on to growing differences in income and wealth between less and higher developed countries: high unit cost handicrafts and infant industries in developing countries are crushed by low cost and technologically advanced products originating from developed countries. In this context, it is now entirely forgotten that developing countries need protection of their infant industries if they are to develop, as Friedrich List had suggested in the first half of the 19th century already. Moreover, it is equally forgotten that the great, presently industrialised countries all had developed through protectionist policies, sometimes even drastic protectionism (on this see Chang 2002). Given this, the entire presently existing international trade system is highly unjust because it leaves the underdeveloped countries little possibilities to bring about even and balanced development. As Nicholas Kaldor has emphasised time and again, in



unrestricted free trade conditions, the combination of economies of scale and of the principle of effective demand inevitably results in cumulative processes leading up to ever more inequality between countries, regions, social classes and individuals; inequality results in a reduced purchasing power of the population, a tendency reinforced through privatisation and reductions of state expenditures, and, as a consequence, in increasing involuntary unemployment. Nicholas Kaldor's „Economics Without Equilibrium“ (1985) is of particular relevance here. Hence unfettered capitalism produces system-caused, inherent inequality and injustice, and growing involuntary unemployment. A globalisation of poverty and misery is the ultimate outcome. There is a now rapidly growing literature on globalisation and its disastrous effects. A highly representative book is by Aminata Traoré: *L'Afrique Humiliée*, Paris (Fayard) 2008. And humiliated Africa stands for other parts of the so-called developing world, large parts of Latin America and of Asia in particular.

The disastrous social results of open imperialism and colonialism – which had set in with the great discoveries around 1500 - have been most impressively pictured in Frantz Fanon's *The Wretched of this Earth* in 1961 already. Amya Kumar Bagchi's *Perilous Passage*, specifically chapters 13 and 18, give an excellent account about what happened on the level of human condition and demography in Africa, in the Americas, North, Central and South, and in Asia in the age of European dominance in the world. On Asia the Indian diplomat Kavalam Madhava Panikkar provides important information in his *Asia and Western Dominance – Asien und die Herrschaft des Westens* (Panikkar 1955).

Since World War Two, with open imperialism-colonialism gradually coming to an end, imperialism has become increasingly hidden, and since the break-up of the Soviet Union organised crime seems to have become ever more important in many countries, even large countries. The destruction of cultural, social, economic and political structures relentlessly went on to various degrees, crushing the majority of human beings worldwide; misery has indeed become globalised as is impressively pictured in Jean Ziegler's *Empire de la Honte* (2005); the few and ever larger islands of immense wealth and luxury consumption should not deceive us when drawing this conclusion.

*In fact, Ziegler argues that the primarily US American empire of shame basically acts through large transcontinental corporations. Two mortal weapons are put to use: debt and hunger. Structural violence combines with subtle methods of exercising power: privatisation of basic goods, even water; patenting life and imposing high yielding varieties, possibly genetically modified; on the socio-economic level worker's resistance is broken. Ziegler's*

*overall argument forcefully confirms that the political must regain pre-eminence over the economic, specifically if there is limitless profiteering and plundering.*

*While Ziegler considers the economic side of American Imperialism, Benjamin Barber predominantly considers the political side in his Fear's Empire – War, Terrorism, and Democracy (Barber 2003). In fact, imposing democracy, privatisation and consumerism frequently leads to the destruction of fairly well functioning traditional societies, resulting in the reign of some oligarchy. And, it is traditional society that ought to be the starting point for slowly going on industrialisation and modernisation on the basis of the internal employment and development mechanism (Bortis 1997/2006, pp. 190-98). The external employment and development mechanism can only be applied if a country has the possibility to export successfully. Japan, Taiwan, South Korea and now China would be prominent examples.*

*In this context, one could add here that the struggle for raw materials and energy resources goes on mercilessly in vast parts of Africa. The millions of civil victims in Darfur and in the Eastern Congo are telling examples. These terrifying events dramatically confirm Aminata Traoré's Africa Humiliated. And one could add here Peter Scholl-Latour's Afrikanische Totenklage – Der Ausverkauf des schwarzen Kontinents.*

Again, the very few behind all this have, as is very likely, discredited very large numbers of honest and sometimes also helpless people, even entire nations, also great nations, and have stirred up immense hatred within and between countries. In the last instance, terrorism represents the bitter 'grapes of wrath' of utmost system-caused injustice. Indeed, as Oliver Roy (2007) argues that international, or perhaps more appropriately, global terrorism, is directed against the presently prevailing global socio-economic system, mainly at the countries maintaining the system.

Given these considerations on monsters and heavily alienated activities, let us recall Leopold von Ranke who argues that, in the face of God, all epochs and peoples are on the same level. Indeed, each historically significant people and each civilisation is associated to great achievements and to profound failures. No nation or civilisation is morally superior or inferior to another one.

In this context, an inevitable question arises: What is the ground on which modern monsters stand, Hitler and Stalin, most importantly? In all likelihood, it is not psychology, as is very frequently argued, but the determinism exercised by the immensely complex objective socio-economic system that has come into being following up the Great Transformation; psychology and behaviour only direct the stream of determinism in a certain direction. Thus

modern monsters are *made* by objectively given circumstances. Perhaps, the most obvious confirmation of this proposition is Robespierre, the Just, an idealist and ethical purist, but also the man who created modern political or state terror.

Nobody has understood better and more deeply the nature of the determinism exercised by the socio-economic system than Karl Marx. In the Preface to the first volume of ‚Das Kapital‘ (p. 16) he does, indeed, not accuse the individual capitalist, who may be ethically outstanding, but the capitalist system, the evolution of which he understands as a process of natural history: „Die Gestalten von Kapitalist und Grundeigentümer zeichne ich keineswegs in rosigem Licht. Aber es handelt sich hier um die Personen nur, soweit sie die Personifikation ökonomischer Kategorien sind, Träger von bestimmten Klassenverhältnissen und Interessen. Weniger als jeder andere kann mein Standpunkt, der die Entwicklung der ökonomischen Gesellschaftsformation als einen naturgeschichtlichen Prozess auffasst, den einzelnen verantwortlich machen für Verhältnisse, deren Geschöpf er sozial bleibt, sosehr er sich auch subjektiv über sie erheben mag.“ This not only holds on the level of small-scale economic life, but also in the sphere of the large-scale political and military domains.

Hence, to understand Hitler and Stalin, knowledge about Political Economy is required, but also, and much more importantly, an understanding of the specific circumstances, the objectively given situation that resulted from the First World War, the event that initiated the Apocalyptic Age. As Ernst Jünger had noted, this terrifying War produced an entirely new type of Man who perceived individual, social and political life as a merciless struggle for survival in which the most ruthless only would be victorious. Hitler and Stalin both belonged to this new type of Man. This transition from the traditional, in fact medieval, chivalrous warrior to the merciless killer of modern industrial warfare, is illustrated by the discussion between a French and a German World War One officer, both Noblemen, in Jean Renoir’s *La Grande Illusion*. Major von Rauffenstein (Erich von Stroheim) tells Capitaine de Boildieu (Pierre Fresnay) that their Age has come to an end, that the *Age of Chivalry* was over, and that the modern era of death and destruction brought about by the *technocrats of total war* would no longer need them. In this vein, Stalin eliminated all high-ranking traditional commanders of the Soviet Russian army in 1937-38 to replace them by new and more efficient men, entirely familiar with modern warfare. At the outset of 1943, after Stalingrad, when the German defeat in the East became probable, Hitler is reported to have said, that he should have proceeded in the same way as Stalin, that is, he should have eliminated the traditional Wehrmacht top commanders and replaced them by SS-officers. This perfectly illustrates the circumstances in which Hitler and Stalin were acting. Human life did not count at all.

Alienation was total, and so was a form of alienation, that is Nihilism, the denying and destruction of traditional Christian values; in fact, traditional values were put on a new, racial, basis in Germany, or on a class basis in the Soviet Union; this simply amounted to the destruction of the traditional values. And very importantly, the legal system in both countries was based upon racial and class basis respectively, with eminent lawyers participating in this undertaking.

In Soviet Russia the terrible Civil War (1919-21) had certainly greatly added to the new state of mind of utter ruthlessness in the political and military domain – Michail Scholochow's *Der stille Don* is a literary testimony of this cruel Civil War. In Germany, the conditions of the Peace Treaty of Versailles 1919 (Keynes 1971/1919), the attempted Proletarian Revolution associated to a near Civil War 1918-23 (Harman 1997), and the Great Inflation 1922-23 are of a decisive significance in this respect. What really happened during and immediately after the Great Inflation is not known sufficiently, or what is known is not sufficiently put to the fore. In any case, as has been suggested in the above, the Great Inflation and its effects gave a tremendous boost to Hitlers National Socialist movement. A tight paramilitary organisation was built up enabling the Nazi movement to establish an absolute tyranny immediately after the – democratically correct – coming into power at the beginning of 1933.

Hitler and Stalin, coming socially out of nothing, and totally cut off from tradition, were thus at the head of two great countries in most heavy turmoil, and both knew that in the coming struggle only the stronger and the more ruthless would be victorious; moreover, both were surrounded by mistrust, hatred and treason, inside and outside the country, and, frequently, all this in situations of uncertainty and with imperfect knowledge.

While utmost socio-economic and political alienation may contribute to explaining political and military actions undertaken by Stalin's Soviet Russia and Hitler's Germany, the horrors of the concentration camps and the extermination camps requires a theological-philosophical argument. As far as National Socialist Germany is concerned, the hitherto dominating Deistic-Protestant vision of the world based upon self-regulating markets and political democracy was considered an utmost failure. Individual life and also the life of peoples and nations were seen as a Darwinian struggle for survival. The First World War had demonstrated that only the economically stronger and the militarily more ruthless would survive. This was, consciously and/or unconsciously, combined with Nietzsche's Pantheistic theory of the *Übermensch* - *Superman*, alluded to above in relation with Hans Urs von Balthasars' *Apokalypse der Deutschen Seele*. The *Übermensch* became the top *Herrenmensch*, and both were to dominate the new age to come. For the National Socialist movement, Nietzsche's *Jenseits von Gut und*

*Böse – Beyond Good and Bad*, was, as Hermann Rauschning had noted, tantamount to the destruction of all traditional values, implying total Nihilism. This was to prepare the way for a society of power and splendour dominated by the *Herrenmensch*, miles above the boring bourgeois world of petty utility and profit maximising behaviour. This ideology of power and splendour lead on to the greatest contempt for the Communist movement, which, in Nazi view, was dominated by Jewish intellectuals, and for Catholicism, because of the growing activity of the Church in social affairs, and, above all, because of her upholding the immutable values of Natural Law. Both Communism and Catholicism were seen as slave ideologies.

*This did not prevent parts of Western Christianity in general, and of Catholicism in particular, from seeing the National Socialist War against the Soviet Union as a War against Atheism, although the Catholic Church had explicitly condemned National Socialism as being pagan in nature.*

More generally, intellectuals that were not in line with Nazi ideology were denoted chatterers (*Schwätzer*), who did not understand the challenges of the new age, in which the strong would dominate and the weak would inevitably perish. The contempt for the weak and for ethical arguments was common to both Soviet and Nazi ideology. Indeed, when Stalin was told that the Pope had criticised the persecution of Christians in the Soviet Union, he asked the by now famous question: *‘How many divisions has the Pope?’* In this context, a historical parallel is of considerable interest. Edward Gibbon indeed argued that the decay and fall of the splendid and powerful Roman Empire was brought about by the subversive influence of the Christians, who advocated non-violence and charity! In Nazi terminology: the weak slave ultimately caused the fall of the strong master, in analogy to the *Zersetzung der Wehrkraft* in the Apocalyptic Age through ethical arguments! Interestingly, in this context, another British historian argued that Pope Alexander VI. made the Church great again. This may be true in terms of power and splendour. However, historians of the Church might argue that, around 1500, religious alienation reached a peak precisely through the sad state of the Church, the Reform being a direct consequence. The Reform again produced the Counter-Reform and set into motion a gigantic still ongoing process within the Roman Church first, to break out of Renaissance alienation, and, subsequently, to gradually adapt to the immense complexity of Modernity. Again, there is an interaction between alienation and true progress, that is, tending towards a natural state at a higher level of unfolding of the potential of human nature.

As a radical consequence of the racial doctrine, all qualitatively inferior life had to be eliminated. This would inevitably imply immense suffering, but the splendours of the new society to be created would by far outweigh this suffering. On a gigantic scale, this is analogous to the sinister considerations made by Raskolnikoff in Dostojewskij's *Crime and Punishment – Schuld und Sühne: The death of an old woman, and subsequently, her daughter is obviously a damage to society*, Raskolnikoff argues. *However, he goes on to reason, if I take her money to be able to pursue higher studies, I shall be in a position to contribute to the well-being of society, and this will, by far, outweigh the damage done.* Basically, Dostojewskij advances the same argument, we have set forth in this essay, too: Once the existence of immutable fundamental values is denied, everything becomes possible, above all in heavily alienated circumstances. This clearly emerges from the final years of the Apocalyptic Age 1933-1945.

*Around 1937, similar considerations were probably underlying the decision of West European top intellectuals to leave Eugenic Societies, which were aiming at improving the quality of the human race by scientific means. Aldous Huxley's Brave New World illustrates in an excellent way the dramatic potential consequences of such undertakings. In fact, the genetic programming of human beings pictured in Brave New World, would have meant creating an artificial piece of the determinism of nature, leading on to the total loss of liberty. However, this artificial determinism of nature would have been entirely different from the original determinism of nature. In fact, the former, Huxley - type of determinism would prevent the unfolding of the human nature forever, while the latter, original, determinism represents, precisely, the starting point for the unfolding of human nature in the direction of natural liberty.*

Hence utmost economic alienation may lead on not only to utmost political alienation, Hitler's tyranny for instance, but also to alienation in the field of social and natural science, ethics, law and religion: domination of the strongest and most ruthless, natural science in the service of racial studies to scientifically establish the superiority of a race, a legal system on racial basis, and an evolutionary pantheistic 'natural religion' with the 'Herrenmensch', culminating in the 'Übermensch', as the highest manifestation of God, comprising Man and Nature. And utmost alienation means widest distance from God – *äusserste Gottferne* – and from His Natural Order shaped by the objectively given and immutable fundamental values of Goodness, Beauty and Truth. In Stalin's Soviet Union class struggle and Atheism,

culminating in the establishment of the *Gulag*, equally led to alienation on a gigantic scale in various spheres.

In the context of alienated science, the immense social responsibility of scientists, writers, and academics clearly emerges, a fact insisted upon repeatedly by Keynes, and others. Indeed, the racial theories of Gobineau and Houston Stewart Chamberlain, combined with Darwin and Nietzsche, and with Pantheism, possibly on a Hegelian basis, provided a deadly mixture together with the heavily alienated socio-economic conditions prevailing in Germany after the First World War, the Treaty of Versailles 1919, the Great Inflation 1922-23 and its devastating consequences, indeed terrible suffering for large parts of the German population, and last, but not least, the failure of the Communist Revolution in Germany 1918 to 1923 (for an excellent account see Harman 1997), resulting in a immense hatred of Communism, above all by the members of the nascent Nazi movement. With this movement, the Jewish Community in Germany became strongly associated with international finance and inflation profiteering, the great inflation having resulted in great suffering for large parts of the German population. Moreover Jewish intellectuals plaid an important role in the communist movement, which, in Nazi view, would destroy the vital forces of Germany, eventually reducing her to weak slave country. All these factors resulted in a terrifying anti-Semitism, specifically among the National Socialists. Given this, it is perhaps not by chance that Hitler wrote his fatal book in 1924, which, subsequent to the deeply alienated circumstances of the great depression, became the racial basis of the new German legal system. Incidentally, the importance of Hitlers book for the character of Nazi ideology was, significantly, first and most clearly perceived by Winston Churchill; this certainly explains to a large extent Churchill's uncompromising stance against National Socialist Germany from 1933 onwards. Many scientists in Germany were conscious of their responsibility. A leading instance is Gustav Radbruch, perhaps the most eminent German lawyer and philosopher of law in the first half of the 20th century, who categorically refused to collaborate with the Nazi regime, and was the first German Professor to be dismissed some weeks after Hitler had come into power. Intellectuals like Radbruch certainly realised that only a very few members of the Jewish Community were eventually involved, together with others, in inflation profiteering; moreover, for a lawyer it was perfectly evident that being a Communist out of political idealism could impossibly be a crime; given this, the generalised anti-Semitism of the National Socialists was entirely unjustified, this all the more so because a great many members of the Jewish community had fought for Germany in the First World War.

*In his important, and truly excellent book, Hitlers Judenhass – Klischee und Wirklichkeit (2009), Ralf Georg Reuth provides a remarkable and systematic account of the coming into being of Hitler's hatred of the Jews, which is broadly in line with the few suggestions on this theme provided in the present essay. In Hitler's view, Germany was engaged in a life-and-death struggle against Jewish Bolshevism and Jewish Anglo-Saxon Capitalism (Reuth 2009, p. 308). However, the Capitalist International, which brought Hitler into power and maintained him in power, was not Jewish at all, quite the contrary!*

This vision of Nazi-Jewish relations enables a specific interpretation of the *Holocaust*, which resulted in the death of about six million *entirely innocent* European Jews, which is broadly in line with Reuth's view on the coming into being of the *Holocaust*. The starting point is late summer / early autumn 1941 when it gradually became clear that the Sowjetunion could not be destroyed rapidly through a *Blitzkrieg*, in spite of the fact that the Nazi armies received support from US corporations (see on this specific point Pauwels 2006, p. 67; in general, Pauwels' vision on the course of the Second World War is most appropriate). And in December 1941, following up the disastrous German setback before Moscow, even the Nazis had to consider the possibility of a defeat in the Eastern War. And at this crucial moment, the Western powers, which had in fact directed the *Wehrmacht* against the *Red Army*, definitely entered into War *against* Germany under the leadership of Churchill and Roosevelt; indeed, the United States had actually entered War at this crucial moment already, in fact, since the proclamation of the Atlantic Charter of August 14, 1941 at the latest, and this in spite of the fact that Germany had *not yet* declared War on her (it is by no means sure that Germany wanted to declare War at all on the US; in fact, we have mentioned above that the effective declaration of War by Germany on December 11, 1941 was probably an act of despair consequent to the terrible German defeat before Moscow: Hitler hoped that declaring War upon the US might induce the Japanese to attack in Siberia, in turn). Presumably, the ambiguous role of the United States at the beginning of, and during World War Two (on this see Pauwels 2006) and Churchill's iron determination to crush Nazism were crucial factors in bringing about the *Holocaust*. Through the Hess mission at the beginning of May 1941 Hitler attempted to establish contacts with the British Peace Party to obtain British neutrality at the least; had he succeeded the United States would, as is very likely, not have entered the War, and, in case of a German victory in the East, the Holocaust would probably not have taken place; it is likely, however, that there would have been deportations, to Birobidjan and



possibly to other regions. Yet Churchill's iron determination prevented any agreement between Great Britain and Germany.

Quite naturally, in line with the delusion of Hitler and the Nazis, all this was a Jewish plot! The Jews had orchestrated the War between Germany and the Sowjetunion and were now, in their capacity as wirepullers of Capitalism, preparing the way to stab Germany in the back. Given this, *the Holocaust appears as a terrifying revenge action*, driven by ideological delusion, against *totally innocent* Jews. In fact, the Holocaust started in late summer, beginning of autumn 1941, when it gradually became clear that the War in the East would turn out to be long and terrifying; moreover, as just mentioned, the originally neutral United States had, in fact, entered War against Germany some months *before* the declaration of War against her on December 11, 1941; Hitler interpreted this as a further indication of a Jewish plot. [In fact, the Western powers hoped that the Russians and the Germans would fight to exhaustion so as to mutually weaken themselves, such that they would remain the only great powers - this would seem to explain the late invasion in Normandy in June 1944. The gigantic military performance of the Soviet Union prevented this plan from succeeding (on this see Pauwels 2006, who provides excellent background information on the Second World War, which deviates considerably from standard accounts).]

Given this Nazi interpretation of events, *the hatred* associated with the *Holocaust* was *boundless*, as is illustrated by a terrible event that occurred in 1943 at Alençon in Normandy: In a small, very modest pension of the town, *l'Hôtel de la Victoire*, kept by *Mme Riguet*, lived an eighty-two years old retired Jewish taylor. The little and frail old man had worked hard for all his life and was estimated for his excellent work and on account of his kindness in all Alençon. On a morning in autumn 1943, a group of tall and strong SS men appeared at the pension. The old man was just allowed to put some necessaries into a suitcase before being taken away ruthlessly, and, subsequently, deported to Auschwitz. *Mais qu'est-ce que j'ai donc fait*, had been his last words.

The Nazi way of reasoning seemed to run like this: If Germany is going to perish, the Jews, who have precipitated Germany into the abyss, will have to be ruthlessly annihilated, without any exception. Fanatical Nazis were entirely convinced of their ideology. Indeed, after the War, when asked, whether they would act in the same way again, they invariably and very firmly answered in the affirmative. This is broadly in line with Ralf Georg Reuth's view set out in the last chapter of his book (Reuth 2009, pp. 255-314, specifically pp. 293-314). For example, he relates the Nazi decision to order the deportation of the European Jews into extermination camps to the concealed entry into War of the United States against Germany:

“Eine Rolle für die Deportationsentscheidung Hitlers dürfte der inzwischen erfolgte verdeckte Kriegseintritt der Vereinigten Staaten gespielt haben. Am 11. September 1941 hatte Roosevelt einen ‘Schlussbefehl’ gegen die Schiffe der ‘Achsenmächte’ im Bereich der nordatlantischen Geleitzugsrouten erlassen, den der Präsident mit dem irrtümlich erfolgten Angriff eines deutschen U-Boots auf einen amerikanischen Zerstörer begründete”(Reuth 2009, p. 305). In relation with US ambiguity, set out in Pauwels 2006, Goebbels, after a meeting with Hitler on July 24, 1941, noted in his diary: “Im Übrigen ist das Zusammengehen zwischen Bolschewismus und Plutokratie jetzt ein ganz offenes und selbst von Moskau nicht mehr bestrittenes Geheimnis. Stalin [...] Churchill and Roosevelt sind augenblicklich die drei grossen [...] Gegner der nationalsozialistischen Revolution [...] Roosevelt ist dabei der Zynische [unter den] Häuptern der grossen Weltverschwörung gegen Deutschland”(quoted in Reuth, p. 303). Indeed, the actual, yet concealed entry into the War of the United States against Germany was probably a crucial element initiating the terrible decision to destroy the European Jews. It was evident for the Nazis, that Churchill and Stalin were mortal enemies of Nazi Germany, not so for Roosevelt and parts of American Monopoly Capital as emerges from Pauwels (2006).

Certainly, Roosevelt had not taken the decision to enter into War against Germany alone. And when suggesting the name of the person who might have significantly influenced him one cannot avoid mentioning his minister of finance, Henry Morgenthau, who, as is well known, set out a plan to destroy Germany after the War through transforming her into an agricultural country. It is probable that the close relations between Roosevelt and Morgenthau were well known by German diplomatic and political circles. The fact that a person of Jewish origin should have decisively contributed to the United States entering the war against Germany, thus stabbing her in the back, as the Nazis would have it, may contribute to explaining why the Holocaust was merciless to the highest possible degree.

[Digression: The entry into War of the United States against Nazi-Germany points to a fundamental dilemma of the Capitalist West. On the one hand, Monopoly Capital and right-wing political circles, eagerly wanted a Nazi-German victory against Communist Soviet Russia, eventually complemented by the destruction of Communism and even of Social Democracy in Europe. On the other hand, however, it was evident that Nazi-Germany, victorious in the East, would be a deadly danger for the Capitalist countries of the West, the United Kingdom, the United States and France. Indeed the immense technical potential of Germany, for example, her capacity to build rockets and to develop nuclear weapons, meant

that Nazi-Germany could not only acquire world domination but also maintain it for very long periods of time; probably, Churchill, who had read *Mein Kampf*, perceived this in 1933 already – this is why he wanted to eliminate the Hitler regime right after the nomination of Hitler as *Reichskanzler*. In this perspective, Henry Morgenthau's effort to persuade Roosevelt to enter into War against Nazi-Germany may appear understandable; this does not exclude, however, that his plan to destroy *Germany* [which is by no means identical with *Nazi-Germany* (!)], worked out in 1944-45 and initially approved by Churchill and Roosevelt (!), must be considered *totally* unjust to Germany (Morgenthau 1945).

However, the entry of the US into War against Germany was, in line with the argument set out in this subsection, the result of cold calculation. In all likelihood, Western Monopoly Capitalism under the leadership of the United States had maintained the Nazis in power and driven Nazi Germany into an attack on Poland in order to be able to destroy Germany through a two-front war after the inevitable Nazi attack of the Soviet Union. The overall aim, as has been argued repeatedly in this subsection, was twofold: first, wipe out communism in Europe and destroy the homeland of communism, the Soviet Union, and, second, destroy the most dangerous capitalist rivals, most importantly Germany, but also Japan – this was Pearl Harbour and all that. It cannot be excluded that Morgenthau was the mastermind who planned the European-German operations, a fact the Nazis probably knew about. He was almost certainly *the* expert on Germany in the United States and perfectly aware of the consequences of maintaining the Nazis in power. Morgenthau's activities may, in part, explain the ferocious violence of the Holocaust, which started in late summer 1941 when it became clear that the Soviet Union could not be destroyed through a *Blitzkrieg* and the United States entered into War against Nazi-Germany *without* declaration of war (Reuth 2009), [stabbing thus Germany in the back](#). If, as is very likely, Morgenthau knew about all this and that probably he even masterminded the events in Europe from 1933 onwards, his plan to destroy Germany must be considered *highly criminal*. His plan was, in fact, the extreme formulation of the first aim pursued by the United States, the destruction of the most dangerous capitalist rival, Germany to wit. The second aim – destroy the Soviet Union - should have been reached after the War by Nuclear Diplomacy, with Hiroshima, Nagasaki and Dresden having been warnings to Stalin's Soviet Union. We have already mentioned that Klaus Fuchs prevented the reaching of this second aim immediately. This aim was finally reached in 1991. The present (2014) events in the Ukraine suggest that the striving for realising the second aim – now the weakening of Russia – goes on unabated. In fact, as is highly likely, the United States wanted to make Sevastopol a NATO port and to lay hands on the heavy industry of Eastern Ukraine. Indeed,

## Monopoly-Finance Capitalism is insatiable!

[It may well be that a more important reason is behind the Ukrainian conflict. Indeed, in October-November 2014, there were rumours going around about the United States and China possibly intending to split up the world into respective zones of influence. In this vision, Europe up to the Ural would, in the long run, become US influence zone, Siberia would gradually be transformed into a Chinese sphere of influence. In this perspective, the main reason why this conflict has been started by the US and associated forces might be to drive a wedge between Europe and Russia in order to prevent the coming into being of a Eurasian Federation ranging from *Lissabon* to *Wladiwostok* as even Jean-Claude Juncker from the European Commission seems to envisage. This vision of things is enhanced by a rather surprising article in the Swiss newspaper *Le Temps* of Monday, November 3, 2014, p. 10, by an important representative of American *high finance*, George Soros to wit. The author starts by saying that Russia threatens the sheer existence of Europe who attempts to preserve peace and to avoid any direct military confrontation with Russia. However, given the continuing aggressive attitude of Russia, *Soros argues that austerity policies must be put to an end now and all European resources have to be put into the war effort*: „La politique d’austérité doit cesser. Il faut investir toutes les ressources dans l’effort de guerre.“ This implies that Russia is alone responsible for what happened in the Ukraine! And even more: „La nouvelle Ukraine a la volonté politique de défendre l’Europe contre l’aggression russe [...]!“ No further comment is required here. Indeed, who, in Europe, feels threatened by Russia and who, in Europe, wants to make war on Russia? And, in a Sorosian vein, the former German Minister for Foreign Affairs, *Joschka Fischer*, declares that *Chancellor Angela Merkel*, has now – by the end of 2014 – definitely become aware of the danger Russia presents for Europe (article in the Swiss newspaper *Le Temps*, Thursday, December 11, 2014, p. 11): „Rompant avec la politique des petits pas, la chancelière a clairement désigné la menace pour l’Europe: Vladimir Poutine.“ In this strange context of war-mongering (*Kriegstreiberei*), the very lucid recent book by Wolfgang Bittner: *Die Eroberung Europas durch die USA – Zur Krise in der Ukraine* (October 2014), is of the utmost importance. The book is presented on the backpage: *Die USA sind der bestimmende Faktor der politischen Entwicklung im Osten Europas. Seit langem bereiten sie mit geheimdienstlichen Mitteln Umstürze vor, beeinflussen die zentralen Medien und entkernen die Souveränität der europäischen Staaten [indirekt auch über die Europäische Union! - HB]. Anhand der Krise in der Ukraine entwickelt Wolfgang Bittner kritisch und detailreich die Chronologie der Ereignisse, die zugleich die Strategie der USA*

*offenlegt, in weiten Teilen Europas ihre Interessen ohne jede Rücksichtnahme und Abwägung durchzusetzen.* This confirms the rumours that are actually circulating suggesting that the USA and China intend to divide up the world into respective spheres of influence. The last great obstacle to be eliminated on the way to US-Chinese world domination is Russia.

Given these frightening possible developments *strong action* is really required. **Europe must wake up.** It has already been suggested that an axis Paris-Berlin-Warsaw-Moscow, should form the backbone of a Eurasian Federation and would, as such, constitute an axis of peace. Now, conceiving the Eurasian Federation as bringing together a European Federation and a Russian-Mongolian Federation would require redefining this axis as an axis Paris-Berlin-Warsaw-Moscow-Ulan Bator (and Karakorum).

[A *Mongolian Federation* as part of a *Russian-Mongolian Federation* may be justified on the basis of the work done by Walther Heissig in the main, for example: *Geschichte der Mongolischen Literatur*, zwei Bände, Wiesbaden (Otto Harrassowitz) 1972, and, above all: *Die Mongolen – Ein Volk sucht seine Geschichte*, Bindlach (Gondrom Verlag) 1989; orig. 1979. The term *Mongols* would stand as a collective name for the Central Asian steppe peoples; and the Mongolian Federation would include Mongolia and the entire Southern part of the former Soviet Union; of course, in the Russian-Mongolian Federation, the Russian and the Mongolian peoples would stand on the same level; moreover, there would be Russians living in the Mongolian Federation and, vice versa, Mongols living in the Russian Federation as was the case in the former Soviet Union, and still now. The renewed existence of a great Mongolian Federation within the framework of a Russian-Mongolian Federation would do historical justice to the Mongols and to their great Empire that existed in the 13th to 15th century in the main. Indeed, the Mongols have, together with the Russians, stabilised the immense Eurasian, specifically Central Asian, space in the second Millennium. For example, through granting the complete security of the silk road, the Mongols have enabled a very important flow of goods and ideas from the highly developed and rich Asia, China most importantly, to the economically less developed Europe; this was crucially important for Europe's march towards Modernity (see, for example, Hobson 2004). Given this, the Russian-Mongolian Federation, broadly covering the territory of the Commonwealth of Independent States, plus Mongolia, would typically constitute a historical-geographical Federation preserving important political realisations which have taken place in more than thousand years of Eastern European and Central and North Asian history. Moreover, a Russian-Mongolian Federation would really constitute a bridge of peace between Europe and Asia

bringing the two Continents together, enhance mutual understanding and favour the exchange of ideas.]

However, an eventual US-Chinese world domination would, as is very likely, imply continuous economic, political and military conflicts going on all over the globe. As a consequence, a truly Orwellian situation would come into being. In fact, this two- power blocks situation would be worse than with Orwell who conceived of three power blocks (Oceania, Eurasia, and Eastern Asia) dominating the world. The Orwellian system is associated with broad stability because a coalition of two blocks can always hold in check the third one, in case this block attempts to gain supremacy. With only China and the United States remaining the entire world would eventually be transformed into an economic, political and military battlefield. Presumably, Europe would definitely become the *preferred junior partner* of the US, from time to time in charge of carrying out delicate operations of an economic, political or military character. This would be **totally unworthy of Europe**, who, as we argue in this essay, must lead the actual conflict and crises ridden, **mostly neoliberal** world into a Keynesian social liberal world, made up of *culturally diverse* nation and nationalities states and historical-geographical federations, living together in peace, promoting solidarity between nations and federations, which, moreover, would mutually enrich each other in the spiritual, intellectual, cultural and material spheres.

[A strong Germany, acting together with the other European nations, including Russia, is the essential precondition for this truly gigantic undertaking. Indeed, in this crucially important historical situation at the outset of the 21st century, *Germany emerges as the key country regarding the future course of world history*. At present (around 2015), capitalistic Germany has reached too dominating a position in Europe through the external employment mechanism, that is, through massive exports and export surpluses. If, now, capitalistic Germany remains a simple junior partner of the United States, adopting the American way of life to a large extent, then *materialism and individualism*, represented by Max Weber's *iron case - stahlhartes Gehäuse* (Weber 1988/1920, pp. 203-04), would definitely overcome and the world might sink into chaos and destruction. If, however, a *German Renaissance* occurs through taking up the thread of German history at Weimar Germany, then Germany, now an industrial and commercial nation, might again become a strong and self-confident social liberal *Kulturnation*, and gradually adopt the internal employment mechanism based on effective demand consisting of private and public consumption, with exports broadly

equalling imports. This would enable countries like France, Greece, Italy and Spain, and others to adopt this mechanism, too. In fact, not all countries can develop and create high employment levels through the external employment mechanism, because the world is a closed system and world effective demand is limited; given this, there must necessarily be winners and losers (on this, see Bortis 2013a, pp. 355-62). Subsequently, the whole of Europe, including Russia, might experience a *Renaissance*, thus reviving in modern form Europe as it existed in the pre-capitalistic age, that is, before the first *Great Transformation* between 1750 to 1830, when the domination of *individualism and materialism* set in. Given this, Europe could play a world historical role again, leading the world into a Keynesian social liberal world order of peace and solidarity among nation and nationalities states and historical-geographical federations. However, Europe would, obviously, not act through economic, political and military power, but through *servicing as an example for building up good societies and states* and, if asked to do so, through providing assistance to other countries and historical-geographical federations in their effort to build up modern *Kulturnationen*, which would certainly go along with a *Renaissance* in modern form of old civilisations all over the world. – On all this, see also the above chapters *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*, and, below, the chapters *Ways Ahead* and *Philosophical Underpinnings of the Second Great Transformation*.]

[However, and this is of the utmost importance, a solid and definitive axis Paris – Berlin – Warsaw – Moscow – Ulan Bator (Karakorum) can only be established once a peace agreement between Germany, Lithuania, Poland and Russia-cum-Commonwealth of Independent States has been concluded. This peace agreement should definitely put an end to the Second World War, the coming into being of which has been pictured in some detail in this essay. Particularly, the definitive frontiers would have to be fixed, bearing in mind that in a Keynesian social liberal world the nation and nationalities state, to be erected on a clearly defined *historically grown* and mutually recognised territory, will play again a crucial role in the future. Such states are the basis on which good and stable polities may be built up, which, in turn, are preconditions to the setting up of historical-geographical federations. In this context, it should be remembered that the present frontiers in Central- and Eastern Europe have been fixed very arbitrarily and ruthlessly by Stalin; at Yalta the Eastern frontier of Poland was decided upon (the Curzon line) and at Potsdam Stalin imposed the Oder-Neisse

line as the Western frontier of Poland (Winston Churchill (1985/1948-54): *The Second World War*, volume VI, pp. 560 – 61). This happened at the end of a terrifying War, with considerations of historical justice totally absent since Nazi Germany was considered entirely guilty of the Second World War. However, in the present essay, an altogether different view has been taken on German war guilt (on this see the subsections *Germany 1871-1945 and the Apocalyptic Age 1914 – 1945* and *Notes on ethics and alienation – the Apocalyptic Age 1914 – 1945 further considered*). Given this, these frontiers are, in the perspective of historical justice, highly unjust to historical Germany and, in part, to historical Poland. Consequently, this state of affairs requires doing justice to Poland, and, above all, to Germany.]

At this stage, we may remark that Henry Morgenthau jun. probably got his anti-German stance from his father, Henry Morgenthau sen., who, from 1913 to 1916, was US ambassador to the Ottoman Empire at Constantinople (Istanbul) where he witnessed the (seeming) striving of *Kaiser Wilhelm II's* German Empire for World Power. Indeed, the *Wilhelminian elite* intended to organise a Holy War of the entire Muslim World, specifically the Ottoman Empire, Persia-Iran, and Afghanistan, against the infidels, the British in the first place, the ultimate aim being to drive the English out of India! This grandiose project, and its attempted execution, has been pictured in a brilliant book by Peter Hopkirk: *On Secret Service East of Constantinople - The Plot to Bring Down the British Empire* (Hopkirk 2006; orig. 1994). These events certainly raised the greatest suspicions as to the real intentions of Germany. However, the activities described by Hopkirk do not provide any evidence about Germany wishing to bring about a War, which, as has been argued repeatedly, was probably inevitable. Yet, the result of this rather clumsy German diplomacy was to put Germany into the *worst possible position* at the outbreak of the War in that she had the three other great powers against her, with the United States observing the ongoing War from the background, silently supporting materially Britain and France. However, there can be little doubt that the United States would have intervened in *any* case, with or without U-boat war, in favour of the Western powers had these been in danger of losing the War.]

Considering the totally inappropriate and sometimes aggressive actions of Wilhelminian diplomacy, Fritz Fischer, in his *Griff nach der Weltmacht*, has attempted to show that the German striving for world power was the main cause for the First World War and, consequently, that Germany was responsible for the outbreak of the War. In our view, Fischer's argument has at least three main defects. First, it remains on the level of behavioural



surface elements associated with Kaiser Wilhelm II and his circle, comprising diplomats, politicians and intellectuals, and, last but not least, the big economic and financial players in Germany. There was, for example, the Holy War action alluded to above (Hopkins 2006; orig. 1994). Moreover, there has, at times, indeed been talk about Berlin being the New Rome; yet, given the strong underlying Bismarckian tradition, all this was not representative. However, it did raise suspicion among the other great powers and was certainly an important factor leading to the isolation of Germany.

Second, since Fischer's argument only captures behavioural surface elements, it leaves out of the picture the fundamental world political outlook of most responsible and realist German politicians and intellectuals that have been shaped by Bismarck's powerful and utterly realist vision reflected in his *Realpolitik*. Considering this, Bismarck must indeed be considered as one of the greatest political figures in world history. Many instances in his *Gedanken und Erinnerungen* reflect his utmost realism and moderation associated to a profound sense for justice. This is illustrated by a significant passage contained in volume one of his *Gedanken und Erinnerungen*: "Der Trieb zum Erobern ist England, Nordamerika, Russland und andern nicht minder eigen als dem Napoleonischen Frankreich, und sobald Macht und Gelegenheit dazu sich finden, ist es auch bei der legitimsten Monarchie schwerlich die Bescheidenheit oder die Gerechtigkeitsliebe, welche ihm Schranken setzt" (Bismarck 1898, Band I, p. 179). It must be mentioned here that there are entirely different types of imperialism. After the English Industrial Revolution and Political Revolution in France, the Bourgeoisie became politically dominant and economic-cum-financial imperialism, frequently supported by military force moved to the fore. Russian imperialism, however, was primarily aimed at securing stability in the huge Eurasian plain, always threatened by invasions, and as such predominantly political; it should not be forgotten that from the invasions of the Swedes, the German Knights and the Mongols in the 13th century to the Nazi attack in 1941, and the plundering of Russia in the 1990s, Russia or parts of Russia have always been considered a possible prey. Incidentally, this goes far to explaining the actual - April 2014 - events going on in the Ukraine.

Third, and most importantly, Fritz Fischer's account does not give *primacy* to the fundamental socio-economic forces associated with Monopoly-Finance-Capitalism that brought Germany and the British Empire into an irreconcilable conflict situation which added to the deadly French hatred of Germany because of Alsace-Lorraine and to the indirect conflict between Russia and Germany on account of the alliance between Germany and Austria-Hungary, with the latter standing in a conflict situation with Russia because of the

Slavic peoples living within the *Habsburg* monarchy and striving for independence, eventually in view of adhering to a great Panslavic Federation led by Russia. Hence Fritz Fischer's argument is not convincing in view of the objective situation prevailing before the outbreak of the First World War. We have already suggested that Germany had, in fact, no strong reason to start the war. However, England had very strong reasons, namely the immense fear of the steadily growing German economic, political and military, above all, sea power. This is confirmed by a recent book by Nicholas Lambert, *Planning Armageddon – British Economic Warfare and the First World War* (2012). This book suggests that the British wanted the War and set up a plan to break German might in the most efficient way possible. Economic and financial warfare did not, as expected, produce a quick British success; however, the British blockade of Germany throughout the War was certainly an important factor causing the ultimate defeat of Germany.

It is really the unnecessarily aggressive and careless behaviour of the *Wilhelminian elite* that brought Germany into the most unfavourable position before World War One, having three remaining great powers against her. We have already mentioned the Swiss historian Willy Schenk who has very aptly analysed the pre-1914 situation in his doctoral thesis: *Die deutsch-englische Rivalität vor dem Ersten Weltkrieg in der Sicht deutscher Historiker – Missverständnis oder Machtstreben?* (Schenk, 1967). Indeed, Admiral Tirpitz argued after the First World War (Tirpitz, *Erinnerungen*, 1919) that Germany had started to build up a navy in order to increase German bargaining power in view of an eventual new sharing out of the colonies worldwide; in fact, Germany complained bitterly that the overwhelming English position regarding the possession of colonies gravely hampered German economic development. This sounds plausible. However, the English argued equally plausibly that Germany wanted to get into a dominating position on the world level - economically, militarily and politically - and that the combination of a powerful German land army and a strong navy constituted a deadly threat to England and her Empire. The confrontation of two equally plausible, but contradictory positions inevitably leads to a violent outcome as Karl Marx had clearly perceived, and this is what happened through the First World War.

Hence British-German opposition was decisive, with England wanting the War. And France strongly desired the War to get back Alsace-Lorraine. Moreover, Russia wanted the War for Panslavic reasons, but was not yet ready. Germany, finally, had to bring about the inevitable War as rapidly as possible for fear of Russian population growth going on at frightful pace as well as the rapidly proceeding Russian industrialisation process. Given this, Germany had to initiate a *Präventivkrieg* by encouraging Austria-Hungary to take a firm stance against Serbia

following up the assassination of *Kronprinz Franz Ferdinand*, thus bringing about the entry of Russia into the War, which, in turn, set into motion the alliances existing between France and Russia and between France and Britain, the *entente cordiale* of 1904.

*This is the place to mention an entirely neglected aspect regarding the causes of the First World War, that is the rôle of the United States. Already in the first half of the 19th century, Alexis de Tocqueville had predicted that the 20th century will see the domination two great powers, that is Russia and the United States. For ideological reasons (spreading American democracy and the free-market system over the entire globe) and on economic grounds (securing outlets for final products and the supply of raw materials and energy resources), the US became a ferocious imperialist power in the 19th century already, in Latin America and in the Pacific-East Asian region in the main. This is illustrated by a significant proposition made by Huang Zunxian, Chinese consul-general in San Francisco in the 1880s, quoted in Mishra 2012, p. 186:*

The American eagle strides the heavens soaring.

With half of the globe clutched in his claw.

Although the Chinese arrived later,

Couldn't you leave them a little space?

*After having gained significant influence in Asia, to weaken Germany, and indirectly Europe, the British Empire in the first place, was, considering the course of 20th century history, certainly the next strategic aim of the United States; this has never been stated explicitly or written by an important and influential American personality (just remember here the British Historian E. H. Carr who said that clever politicians and diplomats never say what they really think, and above all, they never write it down). In this context of US imperialism, Admiral Alfred Mahan's The Influence of Sea Power upon History (1890) crucially shaped military doctrine of the United States and of the Great European powers, specifically the British Empire and the German Empire during the Belle Epoque (1890-1914). In the first volume of his Weltgeschichte der Neuesten Zeit (Die Historischen Grundlagen des 20. Jahrhunderts), Jean-Rodolphe von Salis provides a masterly account of the military and political implications and consequences of Admiral Mahan's book (pp. 540-554). Most importantly, the Mahan doctrine – sea power is crucial, not land power – decisively contributed to the setting up of the German Flottenprogramm which, potentially, represented*

*a deadly threat to the British Empire and was **very important** for the coming into being of the **Great Coalition between England, France and Russia against Germany** (von Salis 1951ff., vol. I, pp. 524-54). Significantly, and somewhat surprisingly, a specific propaganda office, directed by Ernst Levy von Halle, was created to promote the **Flottenprogramm** (Wikipedia, article on Alfred von Tirpitz); in fact, one would have expected Germany to remain utterly discreet in this matter.*

***Given the open and potential conflicts on colonies and influence spheres overseas between the partners of the Great Anti-German Coalition and the mutual mistrust associated to these conflicts, the formation of this Coalition was far from being obvious** (on this von Salis 1951 ff, **volumes I and II**, provides excellent information). A very strong ordering hand must have been there to maintain the Coalition firmly from 1904 – the year of the *Entente cordiale* – onwards. Given the lines of force (*Kraftlinien*) of US imperialism around 1900, it is highly likely that the United States must have played a decisive rôle in this matter behind the scenes in order to realise their basic aim, that is, to break German might and to weaken Europe. Many observers of history would approve of this proposition, because, in US perspective, Germany was, in the long run, by far the most dangerous rival of the United States for world domination before 1914, and the British and the French colonial empires constituted **but** obstacles for US imperialism.*

*In fact, **there was no way out for Germany, if the Mahan doctrine was taken as a basis for political action.** If Germany did not build up a strong navy, then her prospects for expanding overseas trade (outlets for final products and access to raw materials and energy resources) were bleak indeed as far as her power position was concerned. According to the Mahan doctrine – sea power is decisive, not land power – Germany, without a strong navy, would have been reduced to a power of secondary importance in the course of time. If, however, following the Mahan doctrine, Germany built up a strong navy, then Germany became a potential threat not only to the British Empire, but also to the United States, and, in fact, to all great powers of the time; potentially, there was a real possibility for Germany to become the leading, and perhaps ultimately, the only world power. **A strong anti-German coalition made up of France, Russia and the British Empire, with the United States intervening militarily, if required, was the only possibility to keep Germany in check.** This meant **Einkreisung** of Germany, orchestrated, as is highly likely, behind the scenes by the United States. The whole of chapter 8 – *Der Weg zum Weltkrieg* – in the second volume of Jean-Rodolphe von Salis's *Weltgeschichte der Neuesten Zeit* goes far to confirming these propositions.*

*[How would Bismarck have reacted to the Mahan doctrine? As is very likely, he would have sought the backing of another great power to build up a strong navy, probably Russia who also aimed at becoming a sea power – and certainly not England who was already established as a great naval power! However, it is possible, that Bismarck would have preferred Germany to remain a Kulturnation, refusing to become a military and economic world power.*

*It indeed seems that Bismarck was not worried at all about the large British Navy, given the fact that Germany had the strongest land army. With his most ingenious dictum: **Ein Wal kann einen Elefanten nicht besiegen**, Bismarck, in one short sentence, knocks out the Mahan doctrine and establishes the fact that the British Empire was the natural ally of the Germany, not Russia, who became increasingly unreliable an ally because of growing Panslawismus.*

*By remaining a Kulturnation and refusing to become a commercial and industrial, and, eventually, a political world power, Germany would have aimed at enhancing social justice worldwide and would, as a consequence, have become a moral world power enjoying an immense prestige on a world level. As we have suggested elsewhere in this essay, **this is, in fact, the way Germany should choose presently, at the outset of the 21st century. In a first step, this implies establishing a new world economic and financial order along Keynesian lines, with a supranational currency, the Bancor, at the centre; the absolute necessity to introduce the Bancor at present arises from the short final section 7 of Bortis (2018, pp. 424-34).***

*Under Kaiser Wilhelm II and Admiral Alfred von Tirpitz, Germany left Bismarck's path of caution and moderation to ultimately become the greatest victim of the Apocalyptic Age 1914 – 1945; indeed, in view of the fearful rise of German land and sea power after 1890, the notion of Germania delenda est began to take shape already at the end of the 19<sup>th</sup> century in the British Empire and in the United States, possibly also in France (see on this Raimund Th. Kolb in Sieferle 1917, dritte Auflage, pp. 101-02). And, as has been suggested in this essay, the Morgenthau plan was seen as the ultimate step to definitely destroy the German Empire.]*

*The active role of the United States in containing Germany is confirmed by the entry of the US into the First World War early in April 1917 to prevent a German victory. As is very likely, the US would have entered the War in any case, even if Germany had not launched the U-boat war and sunk the Lusitania, always in view of reaching their basic aim, that is*

*breaking German might and, as a by-product, weakening Europe. This aim was finally reached almost perfectly after the war as emerges from Maynard Keynes's The Economic Consequences of the Peace (1919). And the United States immediately made use of their greatly enhanced power position. In fact, from the end of the American Civil War to the outbreak of the First World War, the United States were highly protectionist. In contrast, point three of President Wilson's 14 points, presented at the outset of 1918, advocates free trade for all! (The free trade doctrine has always been the trade doctrine of the economically strong; indeed, at the end of World War One, the United States had, in fact, become the industrial and financial world power number one; Europe, Germany above all, was crushed, heavily indebted and exhausted.)*

*In the above, we have argued that after the terrifying First World War nobody in Europe could imagine that another Great War could take place again. Yet, as Charles Callan Tansill splendidly argues in his Back Door to War – The Roosevelt Foreign Policy 1933 – 1941 (1952) and as has been suggested in the above, the United States and their associates, the Capitalist International in the main, succeeded in bringing about yet another Great War. As a result, the US definitely reached their basic aim in 1945 and would have become the only world power following up World War Two, had Klaus Fuchs not provided the secret of the atomic bomb to Stalin's Soviet Union. Given this, Alexis de Tocqueville's prophecy became true for the years of the Cold War 1949 to 1990; around 1990, the US reached another basic aim preparing the way to world domination, that is, the destruction of the Soviet Union; the rôle of Jewish dominated international finance in this event clearly appears from Paul Klebnikov's The Godfather of the Kremlin: Boris Berezovsky and the Looting of Russia (2001) – the subsequent anti-Semitism in Russia led to the emigration of approximately two million – entirely innocent! - Jews to Israel. In her The Shock Doctrine – The Rise of Disaster Capitalism (2008) Naomi Klein also deals with the plundering of Russia, while subsequently generalising the argument.*

*The terrifying events that occurred in the former Soviet Union in the 1990s as a result of the shock transition from soft socialism to ruthless capitalism have been denoted the greatest human catastrophe in peace times. There was famine and freezing to death, a dramatic rise of suicides, immense impoverishment associated with profound social change with top scientists and high ranking members of the communist party becoming proletarians and some ordinary people getting immensely rich; as a result, alcohol consumption increased dramatically and the life expectancy of Russian men declined from, approximately, 68 to 56 years; moreover, the Russian armed forces were strongly weakened, in part even destroyed, and NATO*

*mercilessly moved eastwards. Michael Ellman in The increase in death and disease under 'katastroika' (1994) and in The Russian Economy under El'tsin (2000) provides a vivid picture of this cataclysm. Fortunately, the destruction of the Soviet Union accompanied by the downfall of Socialism was not the end of history as Francis Fukuyama suggested in his 1992 book! Indeed, the Russians managed gradually to stabilise the situation and are at present [2016] a respected world power again, as is confirmed by Iranian-Russian-Syrian triumph at Aleppo just at the end of 2016. And China is emerging forcefully, too. This seems to put an end to the approximately 150 years old dream of the United States of America dominating the entire world. The world has become definitely multipolar again, a tendency likely to be enhanced by the policies of President elect Donald Trump.*

To conclude, the overall argument presented in this subsection entirely contradicts the Fritz Fischer thesis as to the entire responsibility of Germany for the outbreak of the First World War, and, further, that Nazi-Germany was fully responsible for the coming into being of World War Two. Quite understandably, however, Fischer's thesis has been received enthusiastically by the Western victors of the two World Wars, who, in fact, largely wrote the history of the 20th century in general and of Apocalyptic Age 1914-1945 specifically.

In fact, Germany was the *only* country having no reason at all to start a war in 1914. Germany was saturated and, in the spirit of Bismarck, by nature not an *Eroberernation* striving for dominance at the world level. And this Bismarckian spirit was all-prevailing among the officers and the politicians – only big industry and finance did strongly approve of the *Flottenprogramm*, not in order to become the dominating world power, however, but to improve the bargaining position with regard to the British Empire concerning commercial and colonial affairs, in fact, to be taken seriously by the British in this matter (Alfred von Tirpitz). In the above we have suggested, however, that Germany did strongly contribute to the outbreak of the war through encouraging Austria-Hungary to take strong action against Serbia such that the Russian intervention was inevitable; in fact, a *Präventivkrieg* was absolutely necessary, given the tremendous growth of the Russian population and the quickly ongoing industrialisation of Russia. Germany was forced to go to war through the iron grip represented by *Einkreisung* aiming at breaking German might in order to clear the way for US world domination. Looked at in this way, Fritz Fischer's *Griff nach der Weltmacht* wrongly accuses Germany of imperialist intentions in order to hide the implacable real imperialism of the United States. In fact, German honesty was in a hopeless position against the cunningly pursued American power politics. Finally, as regards the two World Wars, the Americans

managed to produce a situation in which the peaceful country appeared to be the aggressor, Germany in August 1914 and Japan in December 1941, and, consequently, the United States came out as the harbingers of peace, democracy and freedom, political and economic. As to World War Two, Charles Callan Tansill brilliantly argues this case in his *Back Door to War – The Roosevelt Foreign Policy 1933 – 1941* (1952).

*[At the very beginning of 2017 a video by George Friedman wandered like a ghost through Internet confirming the utmost cynicism of US power politics prevailing at the outset of the 21<sup>st</sup> century (and as it has, in fact, prevailed in the whole of the 20th century and even before, broadly from 1850 onwards!):*

<https://www.youtube.com/watch?t=401&v=qM8nYBnlBmU>.

*According to Friedman, one all-important pillar of US might is comprehensive sea power, that is, dominating all the oceans (this implies the complete realisation of the Mahan doctrine mentioned above!). Significantly, Friedman suggests that US power can only be checked by stronger power. As he says, the only power block that could be dangerous for the US is an alliance between Germany and Russia. In this, Friedman is certainly right. However, in our view, this alliance would have to be part of the larger axis Paris-Berlin-Warsaw-Moscow-Ulan Bator (Karakorum) as has, in fact, been suggested elsewhere in this essay, also to take away evident fears from Poland. (Eventually, a close cooperation of the German-Russian power block with China may also be necessary to counter the US.) In any case, a German-Russian power alliance is absolutely required to implement the new social liberal world economic and financial world order, that is, during the transition from actually existing monopoly-finance **capitalism** to Social Liberalism. In fact, **the social liberal world requires a supranational world currency, Keynes's Bancor, to enable each country to pursue efficient incomes and employment policies as well as social and environmental policies (Keynes 1980 / 1940-1944).***

*However, such policies can be pursued on the basis of the internal employment mechanism only; here effective demand is determined by government expenditures and private consumption, depending on the spending power of the population, which, in turn, is governed by income distribution: private consumption is enhanced through a more equal distribution of incomes. But the present form of globalisation and the creation of large free-trade areas renders impossible the implementation of the internal employment mechanism since everything has to be done to remain competitive on world markets as is required by the external employment mechanism, governed by exports and the import coefficient, reflecting*



*import dependence: there is, in fact, a strong downward pressure on wages, taxes and government expenditures all over the world. This leads on to growing disequilibria worldwide: income distribution becomes more unequal and involuntary unemployment increases, with development gaps between regions, countries and continents widening. In order to eliminate the destructive effects of the external employment mechanism and to render possible the application of the internal mechanism while preserving a broad equilibrium of the balance on current account as well as to regulate international capital flows, a supranational currency, Keynes's Bancor, is absolutely needed (see on this Bortis 1997, pp. 326-43 and Bortis 2013a, pp. 355-62).*

*However, the US will be ferociously opposed to the Bancor, because the dollar would no longer be world currency and this would mean the loss of an immense privilege and tool of power. Given this, a German-Russian power alliance with the aim of establishing a social liberal world order is absolutely necessary to force the US to give in regarding this matter. Of course, a German-Russian display of power will not be necessary if the US can be persuaded to adopt a Bancor world order along Keynesian lines.]*

Let us now take up our theme, that is the origins of the two World Wars. Here, it remains true that Bismarck's cautious and utterly realist attitude has been abandoned partly by *Kaiser Wilhelm II* and his diplomats and politicians, and entirely so by *Hitler* and the Nazis. Yet, while *Kaiser Wilhelm's* imperialism was verbal and behavioural and remained wishful thinking and, as such, hesitant, *Hitler's* imperialism was uncompromising and totally risky – in a way, *Hitler* was a gambler, *Stalin* a shrewd and patient peasant, and *Roosevelt-Morgenthau* perfidious.

However, once the objective background of apparent German imperialism is brought to the open, it largely vanishes. Germany, as Bismarck rightly perceived, is, by nature, not an *Eroberernation*, striving for ever more power and wealth in the Roman vein, but a *saturated nation existing* within historically recognised frontiers – until 1937 ! – and mainly pursuing ethical and cultural aims within a well-organised society and state. Bismarck's vision probably has its roots in the political thinking of *Friedrich dem Grossen*, who wrote the *Antimachiavell*, the essence of the argument being that, ideally, politics must be based on ethics in view of bringing about what could be called a *Kulturnation* in which the sciences and the arts – elite and popular - may flourish; power, used only if absolutely necessary, would be merely a *means* to bring about the good state; the argument leads on to *Friedrich's* famous statement that *the King must be the first servant of the state*. This vision of politics is in sharp

contrast to the Roman-type power politics – Hegel denoted Rome a *Räuberstaat* ! – pursued by the great European colonial powers, Spain, France, and Britain as well as the United States; these polities have exercised – and exercise - power in an unrestrained way, with ethics absent in a Machiavellian vein. Given this, Prussia was since *Friedrich dem Grossen* one of the most progressive states, if not the most progressive state in Europe, rivalled only by the Austro-Hungarian Empire (the Lyrics of *Gott erhalte Franz den Kaiser* is significant here!). This is confirmed by the great Prussian reforms at the beginning of the 19th century; the setting up of an education system along the lines suggested by Wilhelm von Humboldt became important in Europe and, subsequently, in the entire world; the *Humboldt'sche Gymnasium* even turned out to be a *classic*; and, very importantly, the *Staatswissenschaften*, containing, above all, law and political economy, were built up to come to grips with the immense complexity of the modern era. Moreover, there is the fact that Prussia most ably initiated and led German economic development, which, subsequently, turned out to be the most impressive in Europe and the world until 1914; the natural sciences and the humanities continued to flourish on a very high level in Prussia-Germany after 1871, in fact, until the early 1930s, when, given the rise of the Nazis, a great number of high-powered intellectuals left Germany and Central Europe. Moreover, there was the building up of a complete system of social insurance in the 1880s – the first in the world! –, and the fact that in the extremely difficult situation following up the First World War, Germany, under Prussian leadership, had brought into being a well-functioning democracy that was admired by the great Italian diplomat Carlo Sforza. Subsequently, the deep economic crisis of the 1930s initiated the destruction of Prussia and Prussia-Germany which shows that Western democracies may turn out to be fine-weather-systems incapable of mastering great economic crises situations; at this stage we may recall General Kurt von Hammerstein who suggested that Hitler had been put into power because the political Centre in Germany had no conception on how to deal with the crisis of the 1930s; this shows, once again, the necessity to work out a solid system of political economy of the broad political Centre, classical-Keynesian political economy to wit. In a wider view, then, *Friedrichs II Antimachiavell* contains the seeds of what became in the 20th century, in Keynes's hands, the social philosophy of *Social Liberalism* sketched in Bortis (1997, chapters 2, 3, 6 and 7, and 2013a, pp. 352-63); this social philosophy postulates that the fundamental aims to be pursued by the state and the social individuals composing it are ethical, cultural, with the sciences pursuing without restrictions the common search for truth in all domains. *This fundamentally ethical-cultural conception of the state* postulated by *König Friedrich II von Preussen* permanently shaped political thought in Prussia and

Germany and, quite obviously, *is of the greatest importance for the rehabilitation of Prussia and Germany* following up the Nazi period 1933-45. Not without surprise the Western victors of the two World Wars have tended to suppress talking about the Prussian conception of the state in general and Friedrich's II *Antimachiavell* in particular!

Moreover, as is evident to any outside observer striving for historical truth and justice, the fabulous rise of Prussia-Germany from 1871 to 1914 certainly promoted an attitude of envy among some rivals of Germany. Together with capitalist rivalries associated with Roman type power politics, envy was, as is highly likely, an important element explaining why Germany might had to be broken and Prussia ultimately destroyed as, in fact, occurred as the final result of the two World Wars. Indeed, in this subsection we argue that Germany was driven into both Wars through skilful diplomatic manoeuvring – rendered easy through the careless and imprudent behaviour of the Wilhelminian elite -, cold calculation and shameless intrigue. As is well known, the victorious allies, above all Western, declared at the end of World War Two that the Prussian military caste was entirely responsible for the two World Wars, which, in the light of the argument set out in this subsection, must be considered a *monstrous lie*. Indeed, the “*photographic copy of the memorandum summarizing ‘The Morgenthau Plan’ which President Roosevelt took with him to the historic conference at Quebec in September 1944 [carries the title] Program to Prevent Germany from starting a World War III (Morgenthau 1945, pages preceding the main text)*. The monstrous lie that Germany, ultimately led by the Prussian warrior caste, was responsible for the Two World Wars and would inevitably produce a Third World War if not prevented from doing so, has in fact, become common belief through incessant ideological indoctrination, reflecting the fact that history, in the first stage at least, is written by the victors. This emerges from the title of a large article, recently published in the *Neue Zürcher Zeitung* (August 24, 2014, p. 8): *Ein Geheimplan für den Zweiten Weltkrieg – Wie die Reichswehr in Deutschland schon bald nach dem ‘Versailler Diktat’ einen Vernichtungsfeldzug vorbereitete*. This flies in the face of historical truth because, as is well known, the traditional *Reichswehr* Generals were very strongly opposed to Hitler's aggression plans in the East. This comes to the fore clearly from Hans Magnus Enzensberger's book on General Kurt von Hammerstein (Enzensberger 2008) or from Luchino Visconti's film *The Damned*, carrying the significant German subtitle *Götterdämmerung*, to give examples; in a key scene of *The Damned – Die Verdammten*, SA people shoot at targets representing *Reichswehr* Generals! Sinister Goebbels seems to be right: *Grosse Lügen glaubt man, kleine nicht!*

This is the place to recall that, in the above, we have written that the Prussian-German officers

belonged to one of the *finest* officer corps Europe had produced - realist, responsible and noble men, who, in the tradition of Bismarck, hesitated to go to War in 1914, and never wanted to go to war with Russia in 1941, just as the great (silent) majority of the German people. Representative examples would be *Major von Rauffenstein* in Jean Renoir's film *La Grande Illusion* for the First World War, Hans Magnus Enzensberger's *General Kurt von Hammerstein* for the Second World War, and the *Professor of Law Gustav Radbruch* for the great silent majority of the German people in the Nazi years 1933-1945.

The core of the above-mentioned Morgenthau plan is made up of two elements: first, total deindustrialisation of Germany and, second, a very considerable reduction of her population; obviously, the second point is a necessary consequence of the first: an entirely agricultural Germany could feed a population of limited size only; to render this possible the agricultural areas of *Niederschlesien* and *Pommern* were to remain German (see Morgenthau 1945, map of Germany inserted between pp. 160 and 161). *Both core elements of the plan point to the destruction of Germany as a modern nation-state.* The short-run aspect of the population element of the plan is set out in point 8 of the Roosevelt memorandum (p. 3 of the memorandum pages preceding the main text of Morgenthau 1945) preceding the Morgenthau plan: “8. Responsibility of Military for Local German Economy. The sole purpose of the military in control of the German economy shall be to facilitate military operations and military occupation. The Allied Military Government shall not assume responsibility for such economic problems as price controls, rationing, unemployment, production, reconstruction, distribution, consumption, housing, or transportation, or take any measures designed to maintain or strengthen the German economy, except those which are essential to military operations. The responsibility for sustaining the German economy and people rests with the German people with such facilities as may be available under the circumstances.” And the “circumstances” were extremely bleak indeed: the production of industrial and agricultural goods had largely collapsed, implying that, in the months following up the end of the War, the Germans were by and large helpless. There was widespread famine immediately after the end of hostilities, and the number of Germans who died of starvation will certainly never be known. Probably, the victims were mainly refugees from the East – *Schlesien, Pommern und Ostpreussen*. According to oral reports, famine was so intense that, in some instances, most horrible events occurred, defying any description.

*However, given this catastrophic situation, spontaneous and, subsequently, systematic help was provided to the German population well before 1948, the year in which the Marshall plan*

*became effective. It was indeed simply impossible to strictly apply the prescriptions of the Morgenthau plan.*

Considering these events, the deeper significance of Klaus Fuchs, whose 1947 action of world historical importance provided the Soviet Union with the atomic bomb, now clearly appears: Klaus Fuchs must be considered the *Saviour* of Post-World-War-Two Germany. Indeed, with the Soviet Union being in possession of nuclear weapons West Germany had to be strengthened to such an extent as to become one of the spearheads of the Western defence system. The Marshall plan, set up in 1948, initiated this undertaking.

The long-period core of the Morgenthau plan consists in transforming Germany into an agricultural country without any heavy industry, implying a large reduction of the German population (point 4 on p. 1 of the Roosevelt memorandum): “[The] heart of German industrial power [lies in the Ruhr and surrounding industrial areas]. This area should not only be stripped of all presently existing industries but so weakened and controlled that it can not in the foreseeable future become an industrial area.” This long-period core of the plan could not be realised after the Soviet Union had become a Nuclear Power in 1947. However, the realisation of both aims, the destruction of industrial Germany and the reduction of the German population, had been initiated immediately following up the end of the Second World War through the dismantling of industrial plant and by starvation.

The immense suffering of the German population following up the end of the Second World War has been widely neglected, because Nazi Germany was considered entirely guilty of the War and her suffering, including expulsion, has been largely considered a deserved punishment. However, in the present subsection and in the preceding subsection *Germany 1871-1945 and the Apocalyptic Age 1914-1945*, the sole German responsibility for the War is firmly put into question and it is suggested that Germany was misused by means of the Nazis to wipe out Communism. In a way, Nazi Germany had to do the dirty work – wipe out Communism -, to be destroyed subsequently as emerges from the Morgenthau Plan, preparing thus the way to the world dominance of the United States, as is implied in the *crucially important* book by Charles Callan TANSILL: *Back Door to War – The Roosevelt Foreign Policy 1933-1941* (Tansill 1952); the whole project could be carried out quite easily because the fanaticism of the Nazis made their behaviour entirely predictable. [While we do not agree with his assessment of Hitler and the Nazis, Gerd Schultze-Rhonhof’s very detailed account of events from, broadly, 1900 to September 1, 1939, is also of great importance here: *Der Krieg, der viele Väter hatte – Der lange Anlauf zum Zweiten Weltkrieg* (Schultze-Rhonhof

2007/2003).]

**As a consequence of all this, the *expulsion of the German population from the Eastern parts of Germany and the loss of Schlesien, Pommern und Ostpreussen*, appears as a *monumental injustice*.** In the above we have suggested that a lasting peace in Europe will require doing justice to Germany, because in the future Keynesian-type social liberal world order, the *nation or the nationalities state* as a socio-political and cultural-ethical entity with a clearly bounded and *historically grown* territory and with a way of life of its own, will hold a position of primary and fundamental importance again. In this context, just recall what Churchill wrote on the Oder-Neisse-Grenze in his War Memoirs: “For the future peace of Europe here was a wrong beside which Alsace-Lorraine and the Danzig Corridor were trifles. One day the Germans would want their territory back, and the Poles would not be able to stop them” (War Memoirs, vol. VI, Penguin edition, p. 561). Of course, this problem will have to be solved in a peaceful way, that is, by a peace agreement between *Germany, Lithuania, Poland* and *Russia-cum-Commonwealth of Independent States*, ending definitely the Second World War.

[Such a peace agreement would be of particular importance to Germany. The problem is that the normal and natural course of German history has been interrupted by the Nazi period 1933-45 (*der Faden der deutschen Geschichte ist am 30. Januar 1933 gerissen*). To be sure, the Nazis have obtained impressive results in some domains, for example regarding the reduction of unemployment; however, they have, at the same time, misused and besmirched Prussian-German values, for example the sense of duty, loyalty, and thoroughness. And after World War Two, Germany, and Western Europe have been largely *Americanised* with materialistic values dominating cultural-ethical and religious values to an ever-growing extent [and with the European countries, Germany in particular, becoming junior partners of the United States](#). After the breakdown of Socialism in 1990 this process of Americanisation has spread over large parts of the world with growing intensity, contributing thus to the increased destruction of historically grown civilisations [on this Mishra (2013) is highly relevant]. In many countries, even on entire continents, powerful Oligarchies associated with Monopoly-Finance Capitalism have got hold of political power or dominate the political forces, a fact that also strongly holds for the European Union.

The dominance of Monopoly-Finance Capitalism has resulted in a deep and permanent crises on a world level as shows up in high levels of involuntary unemployment and an increasingly unequal distribution of wealth and incomes. This does not prevent the existence of privileged

countries. The distinguished classical-Keynesian political economist Nicholas Kaldor has always argued that trade-liberalisation and a single currency for large free-trade areas with unequal development levels of individual countries would lead on to cumulative processes producing more inequality and higher levels of involuntary unemployment, the social consequences being a weakening of the middle-classes, growing poverty and the formation of very rich oligarchies. In his view, increasing returns to scale – average unit costs decline as output increases – is the main reason for these destabilising cumulative processes, compounded by Schumpeterian technological dynamism, that is, the ability to transform inventions into innovations, leading on to the introduction of new products and new technologies in view of conquering new markets. On account of the external development mechanism based on exports the stronger get stronger and the weak are crushed. A small group of aristocratic countries comes into being, Germany, Japan and Switzerland being prominent examples, while entire countries and regions sink into poverty and misery.

A host of important publications point to the highly unsatisfactory state of the world economy; prominent examples are: John Bellamy Foster and Robert W. McChesney (2012): *The Endless Crisis – How Monopoly-Finance Capital Produces Stagnation and Upheaval from the USA to China*; Marc Chesney (2014): *Vom Grossen Krieg zur permanenten Krise – Der Aufstieg der Finanzaristokratie und das Versagen der Demokratie*, and Ernesto Screpanti (2014): *Global Imperialism and the Great Crisis – The Uncertain Future of Capitalism*. The eminent Greek economist Maria Negreponi-Delivanis speaks of *socio-economic genocide going on in Greece*; as a consequence, her latest book carries the dramatic title *L'Assassinat Économique de la Grèce et l'ultime recours: la drachme* (Negreponi-Delivanis 2014). The British economist Guy Standing argues that, even in highly developed countries, a new dangerous class is in the making: *The Precariat* (Standing 2011).

**Since Globalisation and the European Union seem to be a blind alley, Germany must take up the thread of her history at the very beginning of January 1933 and, subsequently, initiate a social liberal transformation, starting from the present situation – this would really be in the spirit of Prussia, who, in most difficult situations, was always up to the requirements of the time (den Faden der Geschichte an der Weimarer-Republik anknüpfen und ihn von dort aus, gründend auf der heutigen Situation, in Richtung Sozialer Liberalismus weiterspinnen, dies im Geiste Preussens, das auch in schwierigsten Zeiten immer auf der Höhe der Erfordernisse der Geschichte stand).** In the shape of a social liberal nation and nationalities state, Germany would again constitute a *Kulturnation*. The economy would form a material basis and the social surplus would be used to reach socio-

political and ethical-cultural aims, associated with a flourishing of *all* the Sciences; this implies realising the good state and the good society *on the basis of a clearly defined territory*. In this sense, the *German Renaissance* would enable Germany to play, together with the other European nations, a leading role in the transition to a Keynesian social liberal world order which, as has been suggested in this essay, conceives of the world as a family of nations structured by historical-geographical federations. Moreover, the *Renaissance* of Weimar Germany and the subsequent developments in the direction of a social liberal Germany would imply that the Germans might take up traditional German values in a relaxed way and devoid of any bad Nazi conscience, for example, sing folk songs like *Märkische Heide*, *märkischer Sand* or the *Schlesierlied* without being accused of being Nazis, Revanchists or Imperialists. Reestablishing the normal and natural course of German History would be a crucially important element within the project of doing justice to Germany. Given all this, the immense German and Eurasian tragedy during the Apocalyptic Age 1914-1945 might become the starting point to establish a Keynesian social liberal world, providing the preconditions to bring about Jacques Maritain's *humanisme intégral* (Maritain 1984/1936) – a broad sketch of *Social Liberalism* and *Classical-Keynesian Political Economy* is set out in Bortis (1997, 2003a and 2013a).]

The Morgenthau plan was made public in *September 1944*, by mistake it was said. In this context it is interesting to note that the “*photographic copy of the memorandum summarizing ‘The Morgenthau Plan’ which President Roosevelt took with him to the historic conference at Quebec in September 1944* [(!) *carrying the title*] Program to Prevent Germany from starting a World War III” (*Morgenthau 1945, pages preceding the main text*) **is headed by the mention TOP SECRET** (p. 1 of the memorandum)! How does this square? Probably, the terrifying Morgenthau Plan was released consciously to produce a paralyzing effect on Germany and thereby to weaken German resistance; however, the mention *top secret* heading the memorandum should suggest that the publication of the Plan was due to a mistake.

It is evident that the publication of the Morgenthau did not have the expected effect on German fighting power. In fact, the contrary happened: the precise knowledge of the Morgenthau Plan by the Nazis was one important reason why they managed to motivate the German soldiers to fight until the very end; the Nazi message consisted in suggesting that, as long as the War went on, the German people could live in dignity, terrible times would, however, come up after the War. Another reason for continued fighting consisted in the Nazi hope that the *Geheimwaffe* – the combination of V2 rockets and the atomic bomb – could be



realised very soon, enabling Nazi Germany to win the War in the last moment. Presumably, the German scientists, Heisenberg and others, were in a position to build the bomb, but did not want to hand it over to the Nazis. Given this, Germany was in a most tragic situation indeed, which ended up in the terrible post-war distress alluded to in the above. Fortunately, a great man, *Klaus Fuchs*, certainly deeply moved by the gigantic German tragedy, undertook an act of world historical importance, saving thus Germany and the German people, and, possibly, the entire world, which thus escaped the tyranny of a ruthless Monopoly-cum-Finance Capitalism. Once again the course of World History had been such as not to allow world domination by a single power. *Und wiederum hing der Gang der Weltgeschichte an einem seidenen Faden.*

[Digression: The historical mission of Prussia – building up the preconditions for German unity – probably explains best the delicate mixture of *ethics and culture* on the one hand and of *power politics* on the other, to be found with *Friedrich dem Grossen*. In fact, after the terrible devastations of the Thirty Years' War Germany outside Austria, specifically Northern Germany, was in danger of becoming permanently a political vacuum and, consequently, a battlefield of the great powers: Sweden, England, France, Austria and Russia – a power vacuum at the very centre of Europe would have been very dangerous indeed for peace in Europe. Fortunately, [in the midst of the immense human suffering](#) and the terrifying devastations caused by the Thirty Years' War, *der Grosse Kurfürst Friedrich Wilhelm von Brandenburg* laid the foundations for the rise of Prussia under *Friedrich dem Grossen*, which prevented the coming into being of a politically empty space in Central Europe, and the North German plain was politically stabilised as a consequence. Prussia reached this aim by very limited means compared with those of her opponents in the Seven Years' War, requiring *huge efforts* and, sometimes, ruthless power politics, the annexation of Silesia being a case in point. Indeed, Prussia was built up almost out of nothing with *iron will* – the North of Germany was devastated by the Thirty Years' War and *Brandenburg* was a poor country, called “*die Streusandbüchse des Heiligen Römischen Reiches Deutscher Nation*”! The miracle after the crushing defeat of Prussia at Kunersdorf may almost certainly be explained by the fact that Russia and Austria had no interest in the destruction of Prussia and hence of creating again a political vacuum in Northern Germany and, consequently, a battlefield of the other European powers. [Moreover, it is likely that rivalries between the countries making up the European coalition fighting Prussia also played a role. Probably, Russia did not want Austria to win back Silesia in order not to strengthen Austria, who, eventually, could have threatened Russian](#)

expansion plans in Poland.

The discipline and the bravery of the Prussian soldiers in the Seven Years' War, compounded by the tactical ingeniousness of *Friedrich dem Grossen* and his generals, has been widely admired all over Europe. As a result of the immensely impressive Prussian military performance, the North German space was definitely stabilised in 1763. This was certainly considered highly desirable by all the important European powers. In fact, *Brandenburg* is situated at the intersection of the North-South and East-West lines of force of Europe and, given this, of a crucial strategical importance. No European great power could have admitted the control of Brandenburg by another great European power.

Given this, Prussia was approvingly recognised as a great European power at the end of the Seven Years' War. The foundations were laid to build up an ethically shaped *Kulturnation*. Power thus appears a means to reach higher ends. With Bismarck's Prussia-Germany *saturation* had finally been reached and the systematic building up of a *Kulturnation* could be undertaken for good.

*At this stage we may ask what might have happened if Prussia had not succeeded to stabilise the North-German plain through becoming one of Europe's Great Powers. The clue to attempting an answer to this question is to be found in the German Policy of the Austrian Empire. In fact, Vienna did not want an alternative strong German power centre outside the Austrian Empire. Silesia was the power basis to prevent the rise of some North German state. Given this, the conquest of Silesia by Friedrich dem Grossen was absolutely necessary to build up a strong Brandenburg-Preussen.*

*Let us now consider for a moment what might have happened at the political level if, after the Thirty Years War, Prussia had not been successful in building up a strong polity. Probably, Germany outside Austria would have become a series of protectorates and influence zones, eventually a European battlefield from time to time. Hannover would have become British influence zone, Schleswig-Holstein Danish, Mecklenburg und Pommern Swedish, (Ost-) Preussen Polish, eventually Russian; Schlesien would of course have remained Austrian; Sachsen, Thüringen und Bayern might have become Austrian protectorates; France would have done everything to bring the Rheinland und Baden under her influence. Only Württemberg, Hessen und Brandenburg might have remained more or less independent, with Brandenburg, because of her strategic importance, eventually becoming a common protectorate of the great European powers.*

*This possible scenario points to the **immense historical performance of Prussia** who*

*literally saved and subsequently built up Germany. Presently existing Germany is really Preussen-Deutschland. And, given the geographical position of Germany at the centre of Europe, a strong Prussian army was absolutely necessary to build up and to protect Prussia and Germany, and to prevent Germany from becoming a battlefield in case of conflicts between the great European powers. In this perspective, Prussia was not militaristic at all, in any case less militaristic than other European countries, France in particular; in fact, Prussia was a military state by necessity. Finally, Otto von Bismarck must be considered the greatest European Statesman since the end of the Middle Ages around 1500, mainly because he was a Man of Peace as beautifully emerges from his Gedanken und Erinnerungen and from Eberhard Kolb's splendid short biography of Bismarck's (Kolb 2014). Given this, the Great Chancellor carried on the grand mission of peace of the Holy Roman Empire of German Nation. In the first half of the 20<sup>th</sup> century Capitalist Germany paid a very high price for abandoning Bismarck's Pfad von Vorsicht und Umsicht. Now, at the beginning of the 21<sup>st</sup> century Germany's immense economic strength based on the external development mechanism – development through exports – literally crushes large parts of Europe. This is a crucially important reason for moving from neoliberal Capitalism to Keynes's Social Liberalism, associated with stable nation-states and conceiving of Europe as a family of Kulturnationen and, eventually of historical-geographical federations. Because of her overwhelming economic strength, Germany is, at present, the only European country capable of initiating the new Great Transformation from Monopoly-Finance Capitalism to Social Liberalism. In this undertaking, the Prussian capacity to deal with most difficult **situations** and to be up to the requirements of the time will be of crucial importance. Indeed, **Germany is now the key country as to the future course of world history.***

*This line of thought has important implications, which are, in fact, hinted at in the present essay: most wars and conflicts are not due to the existence of nation-states, but to the world economic and financial world order shaped by Monopoly-Finance Capitalism, characterised by the struggle for market shares of final products and for raw materials and energy resources on the world level. The nation-state as Kulturnation in fact emerges as a fundamental element of stability required to build up a new social liberal world order, characterised by prosperity and peace.*

Hence the delicate mixture of power and ethics that shaped the policy actions of *Friedrich II* was in fact required to put Prussia and Germany on secure foundations. This appears from a significant statement made by *König Friedrich II* in 1758, in the midst of the Seven Years'

War; the statement is in fact a communication to his personal secretary *de Catt* about his father, *König Friedrich Wilhelm I*, with whom he had a very difficult relationship, mainly because of the despotic and irascible character of his father: “Welch ein schrecklicher Mann war mein Vater, aber zugleich wie gerecht, wie klug und geschäftskundig! Sie haben keine Vorstellung von der vortrefflichen Ordnung, die er in allen Zweigen der Verwaltung eingeführt hat. Es hat nie einen Fürsten gegeben, der so fähig war wie er, in die geringsten Einzelheiten einzudringen, und das tat er, wie er selbst sagte, um alle Bereiche der Verwaltung möglichst vollkommen zu machen. Durch seine Sorgfalt, seine unermüdliche Arbeit, seine stets von strengster Gerechtigkeit geleitete Politik, seine bewundernswürdige Sparsamkeit und die strenge Manneszucht, die er in der von ihm geschaffenen Armee einfuhrte – durch alles dies bin ich in den Stand gesetzt worden zu tun, was ich bis jetzt ausgeführt habe” (Kunisch 2004, p. 133). Given this, one should go on speaking of Friedrich II as *Friedrich der Grosse*; however, his father should be called *Friedrich Wilhelm I der Sehr Grosse*! And the idea of *serving* was also accompanied by the quality of *modesty*: *Mehr sein als scheinen*, was a Prussian maxim, upheld, for example, by *Kaiser Wilhelm I*, who, incidentally, did *not* want to become *Deutscher Kaiser* in 1871, because he had to abandon his preferred task as King of Prussia. The idea that Germany should remain a diversified *Kulturnation* with Prussia now – in 1871 – strong enough to defend German territories, was widespread indeed.

This great Prussian idea: *Governing is to serve the country*, was more or less perfectly realised by all Christian States of Europe; and the Empire was even called *The Holy Roman Empire of German Nation*. Since Charlemagne, Christianity is indeed at the basis of European political doctrine, and, *in spite of the implacable presence of Max Weber’s iron case*, the spirit of true serving is still widely present in Europe and the world within the great religions, the political sphere and the civil service, the forces of defence, within education and health, the social services and non-profit organisations, the economy, and of course the private sphere. *Power politics*, which is based on *pagan* Roman political doctrine, has been forcefully re-introduced in Europe, so to say, by Machiavelli. Bismarck’s *Eroberernationen* associated with *Monopoly-Finance Capitalism* indeed act on the basis of economic, political and, if necessary, military power, a statement still valid today, at the outset of the 21st century.

Given this, the Christian doctrine of politics must be revived again to prevent the modern world from perishing. In this sense Nikolaj Berdjajev, just after the terrifying First World War, followed by an equally terrifying Civil War in Russia (1919-21), spoke of the necessity of a New Middle Ages.

And the title of a recent book by *Pope Franciscus* is: *True Power is Service - Die wahre Macht ist der Dienst*. It is **this fundamental Christian idea that must be implemented again in Europe and the World in a modern way through Maynard Keynes's *Social Liberalism if Modern Civilisation is to survive***. However, political philosophy may only become effective in a complex modern world, if it relies on very solid social and political theory, specifically **political economy**, which has become **the key social science of the modern era**. And just remember in this context: *Maynard Keynes has served his country, and the world, like no other, precisely through his having contributed decisively to building up a modern system of classical-Keynesian political economy grounded upon a social philosophy, Social Liberalism to wit* (Bortis 1997, 2003a, 2010, 2012, 2013a, 2013b and 2015). In the same sense, *Karl Marx, too, has greatly served humanity as a whole*. In fact, Marx could have made a brilliant academic career in Germany since, as is generally recognised, he had written an excellent thesis on the *Differenz der demokritischen und epikureischen Naturphilosophie*, exhibiting a profound knowledge of ancient Greek and Latin; moreover, his wife Jenny von Westphalen belonged to an old and influential **noble** family. However, Karl Marx preferred, without the slightest hesitation, to live in great poverty in London, struggling for the workers and the poor for the whole of his life.

To be sure, there are great differences between Keynes and Marx, only two of which may be mentioned here. First, Keynes puts employment and distribution policies to the fore, with property rights undetermined; Keynes in fact considers a mixed economy with private and public ownership coexisting, with the emphasis on the type of ownership being determined by the mentality of people; with Keynes, private initiative regarding individual investment projects remains of primary importance, only the investment *volume* should be socially determined through effective demand. Marx, however, wanted to abolish private property, which, in practice, invariably implies some kind of planning, which, in his *Frühschriften*, for example in *Die deutsche Ideologie*, he conceived of being democratic. Second, Marx held that with advanced Communism, the State would die out (*Absterben des Staates*). Keynes's Social Liberalism however implies a *strong but restrained* state, the reason being that governing becomes extremely complex because no automatic tendency towards full employment exists. For example, *permanent* distribution and employment policies are required to reach high employment levels.

This implies that the role of the state in Keynes's social liberalism is, on the one hand, a very important one: creating as much social harmony as possible, implying harmonious set-up of the institutional system and reducing system-caused alienation, involuntary unemployment,

and socially unacceptable inequalities in the distribution of incomes and wealth above all, as far as is humanly possible (Bortis 1997, chap. 6). On the other hand, the citizens should hardly realize that there is a state. Indeed, government activity must, in the first place, be directed toward organizing the social system, that is, toward setting up, or encouraging the coming into being, of socially appropriate institutions, such that the scope of liberty for the social individuals is maximized. However, liberty is not absolute, but ethically constrained. In fact, a well-functioning and harmonious society can only come about if every social individual executes his work, whatever this is, as perfectly as possible; indeed, in a social-liberal society *all types of work are complementary and, as such, socially necessary and, therefore, socially, important*; this holds for the most modest manual work as well as for the most demanding intellectual work. This implies that *there are not only rights but also duties*; hence liberty consists in doing as perfectly as possible what *should* be done; in this sense each social individual stands in the service of society. Given all this, a good political society based upon the Aristotelian-Thomistic vision of Man and Society can only be set up if there is a very solid economic theory from which appropriate policy conceptions may be derived. In immensely complex monetary production economies, theory is absolutely necessary to explain facts and to set up policies aimed at organising the socio-economic and political system and to act appropriately within the system.

We have already mentioned that good government requires that there are persons who are especially trained to govern or to give advice. In the complex situation of Modernity the statement of Aristotle that governing is the most difficult of all the Arts, training in the Social and Political Sciences, specifically Political Economy – the key social science of the modern era – and Politics – the leading Social and Political Science – is particularly important. This requires building up *Faculties of Social and Political Sciences* to establish the conceptual preconditions for good government.

Maynard Keynes and Alexis de Tocqueville realised that good government of a *Kulturnation* required a *political elite*, which, however, would present no danger of despotism at all, since in a Christian-cum-Social Liberal sense, governing is *not* exercising power, but *servicing the country*. Moreover, the Government should be responsible to the Parliament – the representatives of the people – for its policy actions; making Laws would be a government task. Hence, in a social liberal polity, the Parliament would be the supreme institution, assessing and supervising government action. This way of governing calls for a *strictly public education system* such that sons and daughters of working people may socially rise – a circulation of elites is absolutely required to prevent the coming into being of visible or

hidden oligarchies and most various, sometimes very powerful pressure groups, advocating particular interests as is the case presently. And, very importantly, both *Keynes* and *de Tocqueville* realized that, in democracies, if alienated and crisis ridden, power could get into the hands of oligarchs, populists and even political adventurers. Indeed, we have already suggested that parliamentary democracies, based on the conception of self-regulating markets, are essentially fine-weather democracies (*Schönwetter-Demokratien*), working well in times of prosperity, but getting into trouble, possibly even out of control, in heavy and long-lasting crisis situations. Keynes had indeed perceived with greatest clarity that market economies were in fact highly unstable monetary production economies without any self-regulating mechanism. Moreover, ‘free-market’ conditions could result in ever increasing inequalities between countries, regions, social classes and individuals. Given this, he suggested that a strong but good government was required, good government meaning in a Prussian sense that governing is serving the country on the basis of very solid and well thought-out socio-political theory, political economy most importantly. Given this, the question as to the meaning of true democracy has really to be asked. Indeed, in many countries, parliamentary democracy is associated with fundamental political immobility with profound reforms being almost impossible. Moreover, strictly applying the majority principle may simply mean Civil War, Iraq since 2004 being an excellent example. In a Catholic-cum-Social-Liberal sense, true democracy must enable the government, on the basis of a solid system of political economy, to approach the Common Good as closely as is possible for fallable human beings. This was also Keynes’s position.

*Let us note here that Keynes lived from his private revenues and, after 1919, the year he resigned as civil servant, and worked for the government and his country without being paid. During World War II he probably even worked more than full time. As a consequence, Keynes died in 1946 at 62, physically exhausted, from his third heart attack. Significantly, the third volume of Robert Skidelsky’s Keynes biography is entitled Fighting for Britain [against the United States!]. Indeed, “Churchill fought to preserve Britain and its Empire against Nazi Germany. Keynes fought to preserve Britain as a Great Power against the United States. [When Keynes] “died, Lionel Robbins wrote to his widow: ‘Maynard had given his life for his country, as surely as if he had fallen on the field of battle.’” (Skidelsky 2000, p. xv).*

Let us now take up the main argument again, which was about the notion of *Kulturnation* and its implications. Indeed, the counterpart for *Kulturnation* would be the ‘commercial society’.

At present, France, Italy and Russia, India and China, and others, consider themselves *Kulturnationen*. However, it should be evident that most market economies have by now become commercial societies. As already François Quesnay observed in the middle of the 18th century, commercial societies tend to get dominated politically by economic and financial interests. At present, democracy increasingly becomes formal and effective government is exercised explicitly or implicitly by an economic-financial plutocracy in vast parts of the modern world. Quite naturally materialist values – consumerism, the race for market shares and profits, and money making in the real and in the financial sector – dominate cultural-religious values. The *Kulturnation* is overwhelmed by the materialistic values of the commercial society. This is equivalent to the triumph of Western Modernity, which seems to be ultimate since the breakdown of Socialism around 1990. In his *Die protestantische Ethik und der Geist des Kapitalismus* Max Weber has argued that modern capitalism has grown out of Puritan-Calvinist ascetism (Weber 1988/1920). The Puritan-Calvinist ascetism leads on to concentration on professional activity and to wealth accumulation in money and real form – in a way, Herbert Marcuse's *Eindimensionaler Mensch* is created; this is in sharp contrast to the „Allseitigkeit des Menschentums“ (Weber 1988/1920, p. 203), broadly corresponding to Jacques Maritain's *humanisme intégral*.

However, in the course of time the religious foundations of Capitalism vanished, what remained was the unrestricted striving for professional success and for the accumulation of wealth in real or in money form. In fact, according to Max Weber, Puritanism-Calvinism initiated the coming into being „des mächtigen Kosmos der modernen, an die technischen und ökonomischen Voraussetzungen mechanisch-maschineller Produktion gebundenen Wirtschaftsordnung [...], der heute den Lebensstil aller einzelnen, die in dies Triebwerk hineingeboren werden – nicht nur der direkt ökonomisch Erwerbstätigen –, mit überwältigendem Zwange bestimmt und vielleicht bestimmen wird, bis der letzte Zentner fossilen Brennstoffs verglüht ist. Nur wie ein [dünner Mantel, den man jederzeit **abwerfen** könnte, sollte] die Sorge um die äusseren Güter um die Schultern seiner Heiligen [den Auserwählten!] liegen. **Aber aus dem Mantel liess das Verhängnis ein stahlhartes Gehäuse werden** [our emphasis]. Indem die [puritanische] Askese die Welt umzubauen und in der Welt sich auszuwirken begann, gewannen die äusseren Güter dieser Welt zunehmende und schliesslich unentrinnbare Macht über den Menschen, wie niemals zuvor in der Geschichte. [...] Auf dem Gebiete seiner höchsten Entfesselung, in den Vereinigten Staaten, neigt das seines religiös-ethischen Sinnes entkleidete Erwerbsstreben heute dazu, sich mit rein agonalen Leidenschaften zu assoziieren, die ihm nicht selten geradezu den Charakter des



Sports aufprägen [footnote 1 in Weber 1988/1920, p. 204 is highly significant!]. Niemand weiss noch, wer künftig in jenem Gehäuse wohnen wird und ob am Ende dieser *ungeheuren Entwicklung* [our emphasis] ganz neue Propheten oder eine mächtige Wiedergeburt alter Gedanken und Ideale stehen werden, *oder* aber – wenn keins von beiden – mechanisierte Versteinerung, mit einer Art von krampfhaftem Sich-wichtig-nehmen verbrämt. Dann allerdings könnte für die ‚letzten Menschen‘ dieser Kulturentwicklung das Wort zur Wahrheit werden: ‚Fachmenschen ohne Geist, Genussmenschen ohne Herz [bilden] sich ein, eine nie vorher erreichte Stufe des Menschentums erstiegen zu haben‘“ (Weber 1988/1920, pp. 203-04). Of course, this statement is about dominating tendencies and cannot, as such, be generalized. In Keynes’s terms, Max Weber wants to say that the (material-cum-technical) *means* dominate cultural and spiritual *ends*, a fact that become increasingly true since the Second World War. Nevertheless, these are harsh words which reflect appropriately the attitude towards Modernity of highly cultivated intellectuals around 1900 – for example, Jacob Burckhardt and Friedrich Nietzsche at Basel were thinking along similar lines.

[In 2014 we may say that since the breakdown of Socialism around 1990 Modernity is decisively shaped by two kinds of neo-liberal imperialism. First, there is the *imperialism of rational economic man* who absolutely dominates economic theory, which, New Economic Thinking notwithstanding, is now almost exclusively equilibrium economics of the neoclassical-Walrasian type: in principle, competitive markets solve all the great economic problems, specifically the employment and distribution problem, and, significantly, alternative economic theories are suppressed or eliminated. Moreover, neo-liberal economics invades domains located outside the field of economics; there is an economic theory of politics, of law, of the arts, of crime, of terrorism, and so on. Second, there is the *imperialism of markets*, which invade all spheres of society and of politics, for example, the Universities through rankings, evaluations and partial or total privatization and the public domain through privatization and new public management. Marx already saw it clearly: under capitalism everything tends to become a commodity. In critical circles it is agreed that these tendencies culminate in financialisation, with the financial sector dominating the real (productive) sector (in normal circumstances the financial sector ought to stand in the service of the real sector); money – extracted profits – is flowing from the real sector to the financial sector, which, according to Keynes, invariably results in crisis situations; moreover, monetary wealth is redistributed within the financial sector, with some big players usually being on the winning side. Fortunately, the situation is improved through flows of money from the financial to the

real sector, for example through the sponsoring of various cultural projects and the payment of pensions.]

[In the domain of education, Modernity leads to applied subjects associated with acquiring knowledge moving to the fore, and fundamentals leading on to cultivation (*Bildung*), like philosophy and the history of philosophy, the careful study of grammar and translations from the mother tongue to the language to be learnt, writing compositions, to give examples, are pushed into the background. In a recent newspaper article the Swiss journalist Claudia Wirz asks the question about the meaning of being cultivated (wer ist ein gebildeter Mensch?) in the context of the rapidly developing *knowledge society*. Her conclusion is significant and confirms the tendency suggested by Max Weber: „Der «Wissensgesellschaft» droht die Bildung abhandenzukommen. Denn Bildung ist mehr als Faktenwissen und «skills». Man muss selber denken können [ganzheitlich denken, Zusammenhänge sehen, hinterfragen, grundlegende Probleme sehen]“ (Neue Zürcher Zeitung, November 6, 2013, p. 23). In a letter to the editor of the NZZ, the German lawyer Rudolf von Jhering (1818 – 92) is quoted to have said: „*Bildung ist, etwas zu können, das man nicht gelernt hat.*“ In any case the tendency towards a knowledge society is strongly confirmed by the developments in political economy since, broadly, the mid 1970s. Indeed, humanist political economy, grounded upon the history of economic theories - leading on to the emancipation of the mind, and on economic history, and, in a Keynesian vein, being a moral science, is transformed into almost exclusively technical-quantitative economics, close to the natural sciences.]

From Weber's vision emerges that the transition from neo-liberal Capitalism to Keynes's Social Liberalism will essentially consist in the fundamental transformation of Capitalism's materialistic iron case, *seinem stählernen Gehäuse: The economy must not dominate Man, Society and the State but constitute a means*, a material basis to realize as perfectly as possible fundamental social and individual values, which represent ends. [Most important is the good society enabling the social individuals to prosper through cultural and scientific activities, including of course manual work \(craftsmanship\) and the work of traditional peasants; indeed artisans and peasants have, through their living close to nature accumulated a tremendous amount of knowledge which will be badly needed to realize sustainable development worldwide.](#) These issues will be taken up, briefly and incompletely though, in the section *The transition from neoliberal globalised Capitalism to Social Liberalism below*. We may already remark here that this transition will imply moving in the direction of Max

Weber's *Allseitigkeit des Menschentums* – this is, broadly, what Maynard Keynes and Karl Marx also had in mind when they thought of the prospering of the social individuals; in this secular perspective, *history* and *culture* are most important binding elements of the various political societies. However, to complete the picture, the religious-spiritual dimension will have to enter the scene, too. The contribution of all the great religions, explicitly or implicitly based upon the principle of *servicing* – *Dienst an der Sache* –, associated with the principles of the *common good*, *solidarity* and *subsidiarity* is indeed essential for the stability and permanence of political societies – without these social and religiously founded values, there will always be the danger of egoistic individualism and economico-financial power centres dominating again.

These fundamental Christian values have been put to the fore right from the beginning of systematic Catholic thought on the new socio-economic situation that had come into being after the Great Transformation 1750-1830 in the Encyclical *Rerum Novarum* 1891. And it was immediately realized that systematic reasoning, socio-economic and political *theory* to wit, was required to come to grips with the immensely complex reality of the modern world – theory was indeed required in order to implement the great principles set out in *Rerum Navorum*. This is indicated by two significant facts. First, one of the founding fathers of the University of Fribourg (Switzerland), Caspar Decurtins, proposed around the year of foundation of the University in 1889, to establish a *Faculty of Political Economy*, recognizing the need of supporting Catholic social doctrine through socio-economic and political theory. Almost certainly Decurtins was impressed by the emergence of the liberal neoclassical system of economic theory in 1870 to 1890 – elaborated by William Jevons, Léon Walras, Alfred Marshall and the Austrians – and of the political economy of socialism, represented in the main by the work of Karl Marx – the first volume of *Das Kapital* had appeared in 1867. The presence of solid ‘secular’ systems of economic theory naturally explains Decurtins’s endeavour to create a Christian/Catholic alternative at the level of economic theory. And second, the Jesuit Heinrich Pesch wrote a *Treatise on Political Economy (Lehrbuch der Nationalökonomie)*, comprising five volumes, between 1905 and 1923; however, this excellent book was primarily situated on a theological-philosophical and institutional, not on the theoretical level – incidentally, to work out a theoretical alternative to liberal neoclassical economics and to socialist political economy was simply impossible in Germany, in a time still dominated by the anti-theoretical German Historical School.

In any case, both projects could not succeed because the time to elaborate a system of political economy of the intermediate way between Liberalism (Capitalism) and Socialism

(with Central Planning) had not yet come – given this, Caspar Decurtins and Heinrich Pesch must both be considered far-sighted visionaries. Indeed, very considerable preparatory work had to still be done to establish a middle-way system of political economy. This preparatory work could rely, in the main, upon the systems of political economy of the great classical political economists François Quesnay and David Ricardo elaborated around 1800, and of Karl Marx, the giant of the 19th century, whose work essentially represents a critique of liberal economics. Subsequently, Maynard Keynes, the outstanding figure of the 20th century, gave the decisive impetus on the social philosophical and theoretical level. Following up Keynes, the Italian political economists Piero Sraffa, Pierangelo Garegnani and Luigi Pasinetti prepared the way to bring together, at the level of principles, the classical political economists and Marx with the work of Maynard Keynes in a theoretical system of *classical-Keynesian political economy* (Bortis 1997, 2003a, 2012, 2013a, 2013b, and 2015). This system of economic theory is based on an elaborated version of Keynes's social philosophy of Social Liberalism, and is, as such, grounded on the Aristotelian-Thomistic vision of Man and Society, and is, therefore, entirely in line with the great principles of Catholic social doctrine as emerges from Bortis (1997). Given this, *classical-Keynesian political economy may, as a result, be considered the political economy of Catholicism*.

Since World War Two, Catholicism has gradually become completely open and truly universal. The same characteristics also hold for classical-Keynesian political economy: „Classical-Keynesian long-period theory, that is, the theory of the long-period output and employment trend, and its implication for the theories of value, distribution, and proportions-cum-structures (see on this Bortis 1997 and 2003a), represents the starting point for building up an open-ended classical-Keynesian system of political economy that, in a first step, would consist of an orderly arrangement of all elements of post-Keynesian-cum-neo-Ricardian theories. Here the *original* works of Keynes and Sraffa have to be put in their appropriate place. However, in a second step, the classical-Keynesian system must be open to allowing all types of heterodox economics, and of (humanist) Marxist political economy as well as large parts of neoclassical economics—dealing with the behavior of individuals and collectives—to come into the picture. In this way most differing aspects of an evolving real world may be tackled. And, to avoid misunderstandings, it should be mentioned that Walras and Marshall will, forever, remain monuments in the history of economic theories, because without knowing about their theoretical systems, we cannot understand the meaning and the significance of the twin Keynes-Sraffa revolution. Hence the purpose of the classical-Keynesian synthesis is essentially positive and constructive, and nobody is to be excluded,

rather the aim is to gather all the forces required to meet the formidable challenges facing us on a world scale: social problems (poverty and misery), economic issues (employment and distribution), environmental problems, the issue of sustainable development on a world level, and last, but not least, the rebuilding of states“ (Bortis 2013a, pp. 344 – 45).

Given all this, the transition in the direction of Keynes’s Social Liberalism, the middle-way alternative to neoliberal Capitalism and Socialism (with Central Planning), must ultimately aim at establishing a Christian shaped Humanism, implying the development and the prospering of the social individuals moving to the fore; here, the material would be only a means to reach ethical, scientific and cultural ends, completed by the religious-spiritual dimension; *ultimately, therefore, Jacques Maritain’s and John Nef’s **Humanisme Intégral** is required.*

The Roman Church has recently – around 2014 – intensified her efforts to initiate the transition from neo-liberal Capitalism to Social Liberalism as is in line with Catholic social doctrine. However, this transition can only become effective if there is strong political action. On the political level the first move might eventually come from Germany, subsequently followed by Europe as a whole; here, ***the Prussian capacity to deal with most difficult situations and to be up to the requirements of the time may prove absolutely necessary***, since, indeed, the *immense* problem will be to soften and to tame Max Weber’s iron case - *stählernes Gehäuse* – of materialistic neoliberal Monopoly-Finance-Capitalism, so as to put the economy, in a Keynesian social liberal vein, into the service of Man and Society. In this perspective, we shall argue that *Europe, the Laboratory of World History*, must take the lead in view of establishing a social liberal world order, of course not through exercising power of some kind, for example, economic power materialised through economic and financial sanctions, but through setting a good example and providing help if required. In this context we may remember that Russia is a European country, too, and may contribute to the march towards Social Liberalism – possibly Liberal Socialism in Russia. A remark made (in June 2014) by the President of the Russian Railway Company, Vladimir Yakunin, is significant here. Indeed, Yakunin requires a strong State and a vigorous Society in Russia, both built upon the basis of Christian values. One may go a step further. At the outset of the 20th century, given the worldwide flow of ideas, the entire world may eventually constitute the Laboratory of World History, to a differing extent though in the various countries.

On this enlarged *Weberian* background, a recent book by the Indian essayist and historian Pankaj Mishra is of the greatest importance and of the utmost relevance: *Aus den Ruinen des Empires – Die Revolte gegen den Westen und der Wiederaufstieg Asiens*; original: *From the*

*Ruins of Empire – The Revolt Against the West and the Remaking of Asia*. In fact, the Western domination in Asia has resulted in gravely damaging or even in the destruction of civilisations, also in violence and exploitation. Cultural and religious values have been relegated to secondary importance by materialism, consumerism and money making. The recent rise of Asia [China and India in the main] is precisely based upon these materialist values, which gradually tend to dominate ethical, cultural and spiritual values. However, formal democracies hide, in fact, the rule of immensely rich oligarchies, with very high levels of poverty, and a small middle class. The *Epilog: Eine zweideutige Rache* (Mishra 2013, pp. 363 - 377) is significant and highly important as the very final paragraph illustrates: “Das erste Jahrzehnt [des 21. Jahrhunderts] ist bereits durch den Krieg gegen den Terrorismus verunstaltet worden. Im Rückblick jedoch könnte er sich als blosses Vorspiel zu grösseren und blutigeren Konflikten um wertvolle Rohstoffe und Erzeugnisse erweisen, auf die in Modernisierung begriffene Volkswirtschaften angewiesen sind. Die hinter dem Streben nach endlosem Wirtschaftswachstum stehende Hoffnung – dass Milliarden von Konsumenten in Indien und China eines Tages denselben Lebensstandard haben werden wie Europäer und Amerikaner – ist eine ebenso absurde und gefährliche Idee wie die Träume von al Qaida. Sie verdammt die globale Umwelt dazu, bald zerstört zu werden, und schafft ein gewaltiges Potential an nihilistischer Wut und Enttäuschung bei vielen Hundertmillionen Habenichtsen – das bittere Ergebnis des weltweiten Triumphs der westlichen Moderne, das die Rache Asiens als bedrohlich zweideutig erscheinen lässt und all seine Siege in wahrhafte Pyrrhussiege verwandelt” (Mishra 2013, p. 377). In this essay we indeed argue that, as a consequence of this situation, neoliberal Monopoly-Finance Capitalism must be abandoned as soon as possible for socio-economic, political and environmental reasons to be replaced by Keynes’s Social Liberalism if Modern Civilisation is to survive. The economy must become of an ancillary nature again, a material basis upon which political, legal, social, and cultural institutions may be erected, aiming at the well-conceived state, enabling the social individuals to prosper in all domains: in the sciences, the arts – elite and popular – and last, but not least, craftsmanship. Finally, the basis for sustainable development must be laid in all countries of the world; common sense and science tell us that urgent action is absolutely necessary to prevent a major catastrophe – the melting down of the Antarctic ice and the subsequent rise of the sea-level by, possibly, 2 – 3 meters is but just one great warning sign. Sustainable development can on only be successfully realised on the basis of the *internal development* mechanism depending on sufficient effective demand brought about by a fair distribution of incomes (Bortis 2013a, pp. 355-62); moreover, cooperation between countries and

supranational coordination is of course required.]

Let us now return to the infortunate and ultimately disastrous consequences of abandoning Bismarck's cautious policy aiming at preserving and protecting the *Reich* through alliances which became glaringly apparent under Kaiser Wilhelm II. In fact, Bismarck did not humiliate Austria-Hungary after Königgrätz in 1866 – Prussia did not expand in the slightest at the cost of Austria [and no victory parade took place in Vienna!](#) -, and there are even rumours that the [Great](#) Chancellor did not want to annex Alsace-Lorraine to have France as an ally! Indeed, Bismarck did not want Germany to become an economic, military and political world power, but called for basically carrying on her old role as a *Kulturnation* exercising intellectual and cultural influence, which would include economic influence through producing and exporting goods of high quality.

*Bismarck's extraordinarily prudent way of acting, always trying to reach political aims by peaceful means and using military force only as an ultima ratio, clearly emerges from the fine biography by Eberhard Kolb: Otto von Bismarck – Eine Biographie, München (Verlag C.H. Beck) 2014. The outstanding diplomatic capacities of the Great Chancellor are also put to the fore. It was precisely the lack of Bismarckian diplomatic capacities, requiring a global and comprehensive view of political affairs (ganzheitliches und umfassendes Denken in politischen Angelegenheiten) that led Germany into disaster during the reign of Kaiser Wilhelm II.*

However, *Kaiser Wilhelm's Capitalist Germany* was, like the other capitalist nations, England in the main, necessarily bound for the unlimited growth of monetary and real wealth, the acquisition of lands in the form of colonies most importantly, expanding export markets and safe access to primary resources (raw materials, energy sources and agricultural products) needed as inputs for her driving industry and to feed her rapidly growing population; all this *could* imply the striving to become a World Power, eventually even the only *Weltmacht*, dominating the entire world; even if, as is very likely, most responsible German intellectuals, politicians, and military leaders did not think along these lines, *Kaiser Wilhelm's* attitude and policy might have, and indeed have widely been interpreted as of Germany attempting to become a world power or even striving for world domination. In Bismarck's words, Germany under Kaiser Wilhelm II tended to become an *Eroberernation* (an imperialist power), which she definitely became with Hitler and the Nazis. This is the consequence of Monopoly-

Finance-Capitalism, which is inherently imperialist. Perhaps the most important reason is that the problems of distribution and employment cannot be solved satisfactorily *within* the capitalist countries, hence the tendency to rely on the *external* development mechanism to create new workplaces and extract surplus from cheap labour all over the world through transnational corporations and financial interest groups (banks, very wealthy individuals as well as huge pension and investment funds of various kinds). Monopoly-Finance-Capitalism in general and the external development mechanism in particular may bring about a kind of economic imperialism, which, in turn, may be accompanied by political and even military imperialism.

However, Bismarck, and, in fact, most of the high-ranking traditional Prussian-German officers (*Offiziersadel*), and also most responsible politicians and intellectuals, never wanted to embark on such a course because they knew that, given her superior strength relative to all the other great powers, Germany would, ultimately, stand alone against a coalition of these great powers, in fact, against the entire world; indeed, giving Germany the opportunity to fight against each great power individually, or against a partial coalition of great powers, for example, France and Great Britain, or France and Russia, would inevitably see Germany victorious; and, eventually, the final result would be German *Weltherrschaft*, reached step by step.

Hence the boundless striving for wealth accumulation, real and monetary, by the most powerful capitalist countries, who increasingly developed through the external mechanism, violently clashed with finite natural resources, land in the main, and limited markets for final products to produce the Apocalyptic Age 1914 - 1945. The crucial event was the dismissal of Bismarck in 1890 when Germany, severely hit by the Kondratiev downswing of the last quarter of the 19th century, switched from the basically peaceful internal development mechanism to the conflict-ridden external mechanism of economic development (on these development mechanisms see Bortis 1997, pp. 190-98 and 314-48 and Bortis 2003b). But while the Western powers just managed to keep Germany in check in the First World War by economic and military means, Monopoly Capitalism and the Western countries played shameful games with her in the Second World War through putting the Nazis into power and maintaining them there to crush the Soviet Union, and, subsequently, to stab Germany in the back to destroy the monster they had let grow, even at the price of accepting the victory of the Communist archenemy; in this way, the German people was misused in a disgraceful way, because, as we have insisted upon, the responsible politicians, officers and intellectuals, and, above all, the overwhelming majority of the German people did not want to go to war with the



Sowjetunion after the terrifying experience of the First World War, and the suffering which followed, most importantly because of a quasi civil war and a hyperinflation, both compounded through the humiliation of the Versailles Peace Treaty.

A final consideration may complete this way of reasoning: It is well known that, in late 1917, the German High Command, assisted by a Romanian person, Parvus, had organised the transport of Lenin from Zurich to Petrograd, which was to become Leningrad, thus bringing about the Communist *coup d'Etat*. Subsequently, from Rapallo 1922 onwards until 1934, the Red Army had been built up on the basis of German military technology. In fact, German top technology, machine tools in the main, was transferred to the Soviet Union in exchange for raw materials stock built up to conduct wars until the outbreak of the War in 1939, and maybe even beyond, eventually until early 1941. Given this, some German politicians and, above all, high-ranking officers, Seeckt and Hammerstein in the first place, knew about the tremendous military strength of the Soviet Union, and so did, as is very likely, Western Intelligence. The Western powers could now argue that it was up to Germany to destroy the Communist monster, they had nourished, to eliminate the Communist danger for the Capitalist West, which included Germany. The fanaticism of the Nazi-leaders seemed a convenient means to reach this aim.

At the end of the Second World War, the West possessed the atomic bomb and world domination by the United States and Great Britain, and, eventually, France, seemed a real possibility (there was in fact talk about *nuclear diplomacy* at the time). This was thwarted, however, through *Klaus Fuchs* who, in 1947, transferred the secret of the nuclear bomb to the Soviet Union. *This act of world historical importance* was also crucially important for the vanquished; indeed, Germany and Japan thus escaped eventually very harsh treatment; God knows what would have happened to Germany and Japan, had Klaus Fuchs not acted in the way he did. The Morgenthau Plan, originally accepted by Churchill and Roosevelt, provides some hints at what might have occurred. Instead, both countries became the spearheads of the Capitalist West against the Communist Soviet-Chinese block; in this vein, Germany and Japan were, for the first time in modern history, given free access to the world markets, an opportunity both countries most successfully made use of. Both, Germany and Japan, in fact enjoyed substantially higher rates of economic growth than the winners of the Second World War, and investigations into the reasons for this surprising phenomenon became a favourite theme in political economy. Tremendous export strength based upon top quality goods and services turned out to be the best explanation.

The Marshall plan of 1948 had the evident aim to speed up the recovery of Western Europe,

above all of West Germany, to establish a solid West European stronghold against the Soviet block, now in possession of the atomic bomb; the creation of new markets for US excess production was an important parallel aim. Based on George Kennan's *Containment Policy* the West managed to keep in check the Communist Block relatively easily and its breakdown around 1990 seemed to hail the ultimate victory of Capitalism. Francis Fukuyama announced the end of history and many thought that the 21th century would be the US American century. All this was seriously put into question, though, through the heavy crisis that occurred in 2008-09. Once again, the necessity of a new world economic and financial order emerges; we have repeatedly argued that this new way between neo-liberal Capitalism and Socialism with central planning can be only along Keynesian social liberal lines and based upon Classical-Keynesian Political Economy.

Two final remarks remain to be made; first, given the suggestions made in this subsection, it is certainly appropriate to put *Capitalist* Germany, the Germany from 1890 onwards, into the centre of the events that occurred during the *Apocalyptic Age 1914-1945*; and, second, it would seem that the course of World History has been such that no power could ever gain domination of the *entire* world, and this is very likely to remain so. *Jedoch, auch im Apokalyptischen Zeitalter 1914 – 1945, hing wieder einmal alles an einem seidenen Faden.* Hitler and the Nazis believed until the last moment that Nazi-Germany could win the War on account of the *Geheimwaffe*, the combination of the V2-rocket and the atomic bomb.]

In the context of the Holocaust, it is frequently argued the Germans had necessarily known about the criminal activities of the Nazis, tolerated them and had, nevertheless, not reacted against Nazi atrocities. Given this, most of them, with the exceptions of communists, or social democrats, must be considered either as indifferent, silently approving followers and sympathisers or else more or less enthusiastic Nazis. This, too, is *entirely wrong* as is suggested by yet another significant incident. In the small town of Vejprty (North-Western Czechia) - before 1945 Weipert in Böhmen - a Sudeten German (*Sudetendeutscher*), *Heinz Bartl (born around 1900)*, politically belonging to the Catholic Center, had, at some time in 1940, given refuge for *one* night to a victim of Nazi persecution - a Jew or a Communist or both, hunted by the *Gestapo*. The following day he was arrested by the *Gestapo* and brought to Dachau where he was locked up in an entirely dark cellar cell, which he could leave a very few times only - thus, he could not read or do some manual work and had seen the sun a couple of times only during years. At the end of April 1945 Dachau was liberated by the Americans; however, the unfortunate man died, totally broken, a fortnight later.

This confirms once again, that **Germany was entirely in the iron grips of the Gestapo and the Schutz-Staffeln (SS), with denunciation playing an important role.** Not the slightest action against the regime, physical or verbal, was possible. Nazi teachers even instructed schoolchildren less than ten years old to spy on her parents, above all on whether they were listening to foreign radio broadcasts.

This leads to a crucial point: The Nazis have, at once, laid their hand on the German youth and, through an extremely refined and efficient propaganda and indoctrination, they managed to win large parts of the German population for their cause; in this the Nazis had a relatively easy game because, on account of the heavy crisis, large numbers of Germans were in deep turmoil and completely disoriented and, as a consequence, were longing for a strong leadership bringing about order and, above all, work places. Moreover, and very importantly, entrepreneurs who were not members of the Nazi party (NSDAP) did not get state orders and, consequently, had to worry about the existence of their enterprise; hence a great number of entrepreneurs became party members, not because they were Nazis, but simply because they wanted to save the workplaces of their workers and employees. Moreover, parents who were critical against the regime, had to reckon with heavy sanctions against their children at school or in their professional life. On the other hand, a young man joining the SS could considerably ease the living conditions of his family and relatives as well as his friends. In the crises of the 1930s with its struggle for survival it was certainly not easy to oppose the pressure of the Nazis; it was much easier to march with them, even if not being a Nazi. In any case, this immense pressure on the German population made the Germans generally appear sympathetic to the Nazis, although this was not the case at all.

The first great Nazi propaganda film, *Triumph des Willens (Triumph of the Will)* 1934, shows how cunningly the Nazis proceeded; for example, the grandiose demonstrations of power contributed to overcoming the humiliation through the *Peace Treaty of Versailles*. In addition, the Nazis were extremely successful economically: Through rearmament and the maintaining of existing and the building up of new infrastructure (motorways, for instance) involuntary unemployment could be dramatically reduced. In these crisis-ridden times, large parts of the European population were impressed: Hitler was considered the man who set people to work! Even Keynes had to admit that „the theory of output [and employment] as a whole, which is what the following book purports to provide, is much more easily adapted to the conditions of a totalitarian state, than is the theory of production and distribution of a given output under conditions of free competition and a large measure of laissez-faire“ (Keynes 1936/1973, p. xxvi). The economic achievements of Nazi-Germany and her ferocious hostility against

Communism favourably impressed large parts of the European population, and there was sympathy and even enthusiasm up to highest spheres of the European society, with right-wing circles being openly in favour of the Nazis. Given all this, the Nazi regime had Germany firmly under control, through terror, extremely efficient propaganda and indoctrination as well as economic successes, and managed to establish good relations with the Western countries.

However, it would be highly inappropriate to attach too much weight to the successes, economic in the main, of the Nazi regime. One really has to be highly conscious of the terrifying terror and the desperate attempts of high-ranking officers, with General Kurt von Hammerstein, at the heart of resistance, to get rid of this inhuman regime, who hoped that the Western powers would intervene when Czechoslovakia and Poland were smashed; Winston Churchill wanted to get rid of the Nazis in 1933 already; however, his advice was ignored, and he was even considered naive, because he did not realise that National Socialist Germany was to become the spearhead of Western Monopoly Capital against the Communist Soviet Union. In any case, nothing happened as Czechoslovakia was destroyed and Poland crushed. Moreover, one may reasonably assume the secret services of the USA, Great Britain and France and hence the Western governments were far better informed on what happened in Germany than large parts of the German population; German Jewish and German emigrants to the West, top intellectuals in many instances, also provided most important information on the situation inside Nazi-Germany. This proposition is greatly reinforced by the fact that *Admiral Canaris, the Chief of German Intelligence, belonged to the group of conspirators!* Given this, the Western governments were certainly **well-informed** about the desperate attempts of high-ranking officers to get rid of the Nazi régime, specifically of Hammerstein's continuous endeavour to eliminate Hitler physically.

Moreover, it is *highly likely* that the Western governments, the US and the UK government in particular, Jewish leaders living in the United States and in the United Kingdom, and *perhaps* also the Soviet leadership, were not ignorant about the ongoing Holocaust and about the existence of the extermination camps. Given this, the surprise about the discovery of these camps at the end of the War is highly unreal indeed and seems, in fact, to have been stage-managed. If all this is highly probable, awkward questions arise. Why did the Western powers not strongly intervene, and who decided on the entirely passive attitude of these powers, and upon the total silence on these terrible events until the very end of the war? What was the hidden purpose behind this attitude?

In principle, it is not up to outside observers to answer these questions, but to those directly

concerned. If, nevertheless, outside observers were asked to express their opinion, they might advance three main reasons for the silence and the inaction of the Western (UK and US) allies and Jewish individuals and institutions in the face of the Holocaust:

In the first place, the United States and, eventually, the United Kingdom did not want to intervene on the Western front too early in order to decisively weaken both Nazi Germany and Stalin's Soviet Union so as to prepare the way for US world domination. Indeed, two days after the Nazi German attack on the Soviet Union, on June 24, 1941, Senator and later President Harry Truman, remarked cynically in a newspaper interview: *When Germany is on the winning side, we must help Russia, and with the Russians winning, our help must go to Germany; in this way there will be a maximum of victims on both sides* (see Pauwels 2006, p. 66). In fact, as we have suggested in the above, an invasion of France would have been possible in 1942 already, at a time when the Atlantic Wall was not yet built; incidentally, this would also have been the most efficient way to assist the Soviet Union in her war effort by taking away the Nazi pressure on the Eastern front (incidentally, Stalin had repeatedly asked for an early invasion). An early invasion of France, accompanied by the bombing of headquarters of concentration camps and by interrupting the access to these camps through acts of sabotage, would, as is very likely, have greatly diminished the extent of the holocaust. Finally, however, the invasion took place in the very last moment, just to prevent the Red Army to march in the direction of the Atlantic.

A second reason for Western, mainly US, but possibly also UK, as well as Jewish inaction was that the completed Holocaust would definitely brand Germany as a criminal country and provide the ultimate reason to implement the Morgenthau plan, thus wiping out definitely the most dangerous rival for US world domination, and paving thereby the way for the world supremacy of the United States, with the United Kingdom as a junior partner.

Third, the abysmal reality of the Holocaust would provide *the* decisive reason for establishing - with US support - the state of Israel, which would increasingly participate in US world domination; in a way, the United States and Israel have indeed become unseparable allies, acting in great harmony in the Middle East and on the world level. In fact, Israeli influence on US foreign policy is considerable indeed. And so is Israeli influence on US elections and on socio-economic policy making.

And, as a by-product of the Holocaust, there has been a tendency to considering substantial critique of Jewish persons or institutions as manifestations of antisemitism, which could lead up to social or legal consequences.

*In considering all this, we must recall here that, above all, in war and crisis situations, crucial decisions are almost always taken by a very small number of people, in fact, the hard core of the ruling elite; given this, it would be utterly wrong to accuse entire peoples for criminal decisions taken by members of the power elite. Indeed, in a democracy the true power centre may be hidden in the background or even in the underground and is therefore invisible, a problem already mentioned by the most eminent political scientist of Modernity, Alexis de Tocqueville, in the first half of the 19<sup>th</sup> century. Even for very democratic Switzerland, a highly respected journalist, Hans Tschäni, asked in 1983 the significant question: “Wer regiert die Schweiz? [Who governs Switzerland?]”. And more obviously, in January 1961, the retiring President, Dwight D. Eisenhower, warned the United States of the power centre made up of the military-industrial complex.*

[At this stage we must come back on a proposition hinted at in the above, stating that *Jerusalem*, the capital of Monotheism, should become the *capital city* of the world. This can of course only be realised once peace in the Middle East has been restored, which is far from being the case presently [in 2016]. It is indeed impressive to realise how, starting in 1947, the US American-Israeli tandem has managed to bring about the situation of 1967 culminating in the conquest of Cisjordan by Israel, who, subsequently, had *never* the intention to retire from Cisjordan as Abba Eban’s sophisticated interpretation of the UN resolution 242 shows; this is confirmed by the whole of Charles Enderlin’s 2013 book: *Au nom du Temple – Israël et l’irrésistible ascension du messianisme juif (1967-2013)*; however, it is in the spirit of UN resolution 242 that Israel *should retire* from Cisjordan (Enderlin 2013, pp. 39-40). This fateful year, 1967, is the starting point of Enderlin’s 2013 book. The book begins with a highly significant statement by Gershom Scholem: “*Chaque fois qu’on introduit le messianisme en politique, les choses se gâtent. Cela ne peut mener qu’à la catastrophe*” (Enderlin 2013, p. 9, epitaph). It is indeed not possible to go on humiliating the Palestinians and the Arabs, and to create the preconditions for driving out the Christians from the Middle East, based on religious principles embodying absolute truth from the Israeli point of view at the exclusion of the Palestinian (Islamic) and the Christian position. Catastrophy will inevitably be the ultimate consequence, a conclusion arrived at by many Jewish personalities. In fact, Jewish messianism implies that God has given the entire lands of Greater Israel to the Jewish people and that the Arabs are only intruders having taken these lands after the expulsion of the Jews by the Romans in the year 70 of the Christian Era. Moreover, “[*le sionisme de rédemption*]

*n'est pas destiné à résoudre le problème juif par la création d'un Etat, on peut dire bien plutôt qu'il est utilisé par Dieu comme un outil afin de mener Israël vers la rédemption"* (Rabbi Yehuda Amital, quoted in Enderlin 2013, p. 51). In fact, Jewish messianism implies that Christianity and Islam are wrong and, consequently, that the Jewish religion is the only right one. Here, the outside observer would remark, that, in Keynesian terms, overall evidence suggests that the Christian belief stating that Jesus Christ *was* the Messiah is *far more probable* than the Jewish belief that the Messiah *is still to come, in an undetermined future though*. Given this, religious propositions based on faith simply cannot be taken as the basis for political action, a fact also recognised by eminent Jewish thinkers. To base politics on religion is bound to lead to endless wars because every religious community will claim that their religion is the absolutely right one (which, in fact, is normal). Moreover, the idea of *the Jewish people as the people chosen by God* seems also to be involved in Jewish messianism, an idea that can no longer be upheld since the onset of Christianity. Indeed, as has already been mentioned in the above, the great German historian Leopold von Ranke once stated that, *before God, all peoples and all epochs stand on the same footing – Vor Gott stehen alle Völker und alle Epochen gleich da*; this is really in the universalist Catholic spirit. In the above we have also mentioned the great French theologian Jean Daniélou who remarked that salvation does not refer to some individuals or peoples selected by God, as some Calvinists, and possibly some others, would claim, but that *salvation refers, in a universalist Catholic spirit, to humanity as a whole*. In a Keynesian common sense vein, this sounds very plausible indeed.

Given all this, the Jewish-Palestinian problem and the conception of the Israeli-Palestinian state can only be solved on the basis of mutual respect between religious communities and between states and peoples. The starting point for the solution of the Jewish-Palestinian problem might be given by an idea suggested by the Mogul Emperor Akbar the Great as is set out in Arnold Hottinger (1998): *Akbar der Grosse – Herrscher über Indien durch Versöhnung der Religionen*. In fact, the Indian Mogul Emperor Akbar the Great (1556-1605) aimed at ruling over India through the reconciliation of the Hindu and Islamic religions by means of establishing common places of worship. In analogy, Israelis and Palestinians would worship their respective divinity (Jahwe and Allah) at common places, for example the *Haram / mont du Temple / Tempelberg* (Enderlin 2013, p. 27) at Jerusalem in the way prescribed by their religion (Judaism and Islam). And the Christians have, of course, their own places of worship in Israel-Palestine since the birth of Jesus Christ.

As has been already suggested, the new state should be called *Israel-Palestine*. This implies abandoning the *two states conception* as outlined in the UN resolution 242 of November 1967 (Enderlin 2013, pp 39-40). Hence Israelis and Palestinians would live together in the same state territory. Initially at least, this would raise complex problems. Hence to govern Israel-Palestine would require a strong government, aiming at realising the Common Good for both the people of Israel and of the Palestinian people, and of the Christians living in Israel-Palestine. In fact, there should be a supra-party government led by a presidential *Troika*, made up of an Israeli, a Palestinian and a Christian Co-President. The Christian Co-President would act as a mediator between the Israeli and the Palestinian Co-Presidents. The ministers of the government and the Prime Minister would have to be *wise men and women* selected from the Israeli, Palestinian and Christian community. There is no point of going into further detail here. It would seem, however, that a Presidential *Troika* and a government representing the three monotheistic communities, is, in all likelihood, the only possibility to bring about a just and stable situation in Israel-Palestine, which is an essential precondition for Jerusalem, the Capital of Monotheism, to become the Capital City of the World, a suggestion made elsewhere in this essay. And Monotheism is presently made up of three great religions: *Judaism, Christianity and Islam*. Given this, Israel-Palestine has, in the last two thousand years, become the homeland of all three monotheistic religions. This implies that, in Israel-Palestine, the three monotheistic religions should be put on an equal footing. And, finally, not all Israelis living in today's world will be able to settle in Israel-Palestine, but would be living within the Biblical Federation mentioned above and, in fact, all over the world. This implies reviving, within Keynes's *social liberal* world order (Bortis 1997 and this essay), traditional Jewish cultural centres like Baghdad, Lemberg, Königsberg in Preussen, and others.]

On the other hand, while Western intelligence and Western governments were almost certainly very well informed about the situation in Germany, the German population was not only badly informed, but was entirely *disinformed*; indeed, Goebbels once put the basic principle underlying his „information“ policy in the cynical formula: *Grosse Lügen glaubt man, kleine nicht!* This *systematic* disinformation explains why the Nazis tried to prevent the German population from listening foreign radio broadcasts and even used schoolchildren to spy on her parents in this matter. The utmost cynicism of the Nazi-Regime is expressed by the fact that Goebbels was *Minister für Volksaufklärung!!* The Nazis really anticipated George Orwell's *1984*, where the *Ministry of Peace* is in fact the *Ministry of War*. Or, what is more



likely, George Orwell was inspired by Nazi Germany and Stalin's Soviet Union.

*[The United States (with Israel as a very close ally after World War Two), using much subtler means than Hitler and Stalin, could be included in this group of heavily alienated and, as a consequence, failed states (Noam Chomsky). Here, one should not forget, however, that Hitler was brought into power by a Capitalist International to wipe out Communism (and even Social Democracy) at a time when Germany was in a most difficult socio-economic and political situation, and that Stalin had to prepare the Communist Soviet Union for the inevitable struggle with Capitalism, which, in fact, was a struggle for sheer survival: heavy industry and an efficient armaments sector had to be built up at all costs, human and material, in a climate of boundless hatred and mistrust. However, the United States callously intervened, and go on intervening, in the internal affairs of other countries and in world politics, enjoying a most comfortable material and geographical position, motivated by an almost religious Sendungsbewusstsein to globally spread liberty, democracy and free markets, which moves in line with, and simultaneously disguises, the striving for money and power, and, ultimately, for world domination through Monopoly-Finance Capitalism.]*

Given all this, the *Apeasement Policy* regarding Czechoslovakia in 1938 and the betrayal and abandonment of Poland in 1939 must be considered *highly criminal*: To be sure, as has been suggested in the preface already, *a great many Nazis were criminals*; however, *the greatest criminals are to be found outside Germany*. Indeed, the Western Powers shoved all they had refused to the Weimar Republic down Hitler's throat, knowing exactly, as Churchill did, that the Nazi-Regime was utterly criminal right from the beginning: the destruction of the *Communist and Social Democratic parties* immediately after January 30, 1933, the *concentration camps*, set up from 1933 onwards, the *Reichstagsbrand* end of February 1933 and the terrifying *Nacht der Langen Messer*, including the *assassination of General Kurt von Schleicher*, end of June/beginning of July 1934, represent sufficient proof. Western Monopoly Capitalism maintained this criminal regime in power, the ultimate aim being the destruction of the Communist Soviet Union, and of Communism and possibly even Social Democracy in Germany and eventually Europe. Dozens of millions of Europeans in general, above all Germans, Jews, Poles and, **in the first place**, Russians were in fact sacrificed on the altar of power and money.

Regarding the failure of the Communist Revolution in Germany, Harman argues, that, “without an understanding of the defeat of the revolutionary movement of Germany after the First World War, the Nazism that followed cannot be understood. The great barbarisms that swept Europe in the 1930s arose out of the debris of defeated revolution. The road which led to Buchenwald and Auschwitz began with little known battles in Berlin and Bremen, Saxony and the Ruhr, Bavaria and Thuringia in 1919 and 1920. The swastika first entered modern history as the emblem worn in these battles by the counter-revolutionary troops” (Harman 1997, p. 10).

Three remarks have to be made on this. First, in all likelihood, the Western powers would *never* have accepted a Communist Germany, not even a coalition of Social Democrats and Communists. They would have intervened militarily had the Communists been on the way to power, eventually allied to the Social Democrats. Second, Harman is certainly right to argue that 1923 marked the end of a possible Communist government coming into power; indeed, after the seizing of power by the Nazis at the beginning of 1933, it was utterly naïve to believe that Hitler’s government would not survive for long, and that its failure would pave the way for the Communists. Once in power it was impossible to remove the Nazi regime, without foreign intervention. Third, some historians have suggested that, in the last instance, Stalin did not want the German Communists to succeed in order to preserve Soviet supremacy within the Communist movement worldwide. This is extremely plausible, given the absolute domination of power politics in the Apocalyptic Age.

Hence the objectively given situation that emerged after the First World War and the determinism exercised by the capitalist system both imply that we cannot judge Hitler and Stalin by the ethical criteria associated with the comfortable bourgeois life of industrially advanced countries, that is, broadly with the above-mentioned bourgeois *rules of the game*, and even less by Christian Natural Law Ethics. Both Hitler and Stalin, in fact, despised these values. To judge both tyrants one has to move to the outskirts of the desert of alienation and nihilism. In fact, to correctly assess Hitler and Stalin we would have study carefully the objective conditions, including of course dominating ideas, they were set into and we would even have to put ourselves at their place. This may be possible to some extent, but, probably, not sufficiently enough to give a fair judgement. Given this, to assess Hitler and Stalin in a fair way seems to be outside the reach of human beings, however intelligent they may be.

These remarks, perhaps, prepare the way to understand a proposition made by the French Theologian Jean Daniélou, and certainly by many other Theologians, too. Jean Daniélou indeed argues that the ultimate end of Sacred History is the Salvation of the *whole* of

Humanity. This evidently implies that Hitler and Stalin will be saved, too, as emerges, like the tip of an iceberg, from the above argument.

For most individuals it is, probably, much easier to imagine how an individual might act in much less complex situations as are vividly pictured in Naomi Klein's *Disaster Capitalism*. Indeed, Naomi Klein's *shock doctors*, as she calls these individuals, "are people with power who are cashing in on chaos; exploiting bloodshed and catastrophe to brutally remake our world in their image. [...] Exposing these global profiteers Naomi Klein discovered information and connections [...] about how comprehensively the shock doctors' beliefs now dominate the world" (Klein 2007, backpage). But who can resist making huge amounts of money in a very short **period of** time *if* the opportunity arises? Probably, one can answer this question only by asking a new question, namely the Biblical question: Who throws the first stone? As has been attempted to argue above, this Biblical question may be asked for Hitler and Stalin, too.

There are, however, instances in which this question cannot be asked, that is in case of *evil without reason*, which could be called *absolute evil* (*das grundlose oder das absolute Böse*), for example torturing just for fun, without having received an order – the action could have taken place or not have occurred at all. Possibly, this may be explained by heavy alienation on the individual level brought about by sadism, which, in turn, governs the behaviour of the individuals in question.

The difference between ethically bad actions, which are bad to various degrees, but have a definite aim, and the groundless or absolute bad (*das grundlose oder absolute Böse*) is certainly relevant and has been perceived by people involved in this choice. It is, indeed, reported that SS-soldiers or officers committed suicide when they received the order 'to do service' in concentration and extermination camps, because they considered themselves as soldiers who wanted to meet their opponents face to face in fighting for their country, and who abhorred the extermination of innocent and helpless people. Given this, massacres of helpless civilians in a war or, without any military reason, are also instances of the groundless or absolute bad.

The nature of absolute evil is illustrated by a terrible fact reported from Auschwitz. An old man in the midst of a crowd on the way to death asks for some water. Somebody manages to get a glass of water. Just as he is about to drink, an SS-man knocks the glass out of his hand. *Why*, asks the old man, and the SS-man replies: *There is no Why here – Hier gibt es kein Warum*. Hence it is total Nihilism, which produces the absolute or groundless bad. In situations alienated to the utmost, power dominates absolutely and ethics is non-existent.

In this context, the profound significance of a Natural Order and of objectively given immutable fundamental values emerges most clearly. Humanity would indeed be lost without the existence of such values, because, as Dostojewskij suggested, with Nihilism everything becomes possible - above all in conditions of extreme socio-economic and political alienation. Auschwitz certainly stands for *absolute Gottferne*, the largest amount of alienation that existed in all human history.

*Dostojewski's presentiment about the ultimate consequences of Nihilism was also confirmed in the case of Russia and the Soviet Union. Millions of innocent people died in the course of the Collectivisation of Agriculture in the early 1930s and in the Great Purges 1936-38. To these victims add the immense number of dead and crushed of the Gulag. The number of victims in Soviet labour and reeducation camps is indeed estimated at around 40 million for the time-period 1918-1991.*

At this stage, it must be said that the Catholic Church – who had lived through times of alienation, too – has reacted most vigorously and courageously against the racial basis of Nazi ideology through the Papal Social Encyclical *With Deep Anxiety - Mit Brennender Sorge*, published early in 1937 in most difficult conditions, taking the National Socialists by complete surprise; simultaneously, in this Encyclical, the immutable values associated with Natural Law were put to the fore. At approximately the same time, top intellectuals in Western Europe left *Eugenic Societies* because they became aware of the ultimate consequences of thinking along evolutionist, and, implicitly, pantheistic lines. The Holocaust and the Massacres of Civilians on the Eastern front are certainly a massive argument against evolutionism, because evolutionism denies the existence of the invariable and indestructible nature of Man, Man as a Reasonable and Social Being in the sense of Aristotle and Aquinas, and, consequently, rejects the proposition of each human being having a specific unchangeable identity and an infinite value. These Apocalyptic Events constitute a huge deviation from the Natural State of politics in the sense of Social Liberalism alluded to in the above, and represent the fundamental historical reason why, in this essay, the Creationist and Catholic-Theistic vision of World History is put to the fore.

*This argument implies that objective reasons, that is, profound alienation in various spheres – socio-economic, legal, ethical (nihilism), and intellectual-cum-philosophical – are responsible for the apocalyptic events of the first part of the twentieth century; alienation,*

*including nihilism, paved the way to total and ruthless power, completely eliminating ethics as a guide for action. Subjective factors, alienation on the individual level, were secondary.*

The inevitable question about the sense of this immense suffering, cannot, of course, be answered here; even an attempt to answer this question probably exceeds the intellectual capacities of human beings. All that can be said is that the Creator respects the Free Will of Man in all circumstances. However, in this context it should be recalled once again that, since the Great Transformation, the determinism exercised by the socio-economic system has become almost irresistible, and the warnings of Goethe, Marx and Keynes about the contradictions embodied in this system and the dangers associated with the determinism associated to it should be taken very seriously.

This is the place to reiterate another basic argument put forth in this essay: Maynard Keynes, who had lived through the Apocalyptic Age with unequalled intensity, came, at the end of this Age, definitely to the conclusion that neither Capitalism nor Socialism were able to provide a solution to deal with the immense socio-economic and political complexities of the Modern Era. Social Liberalism and its political economy, classical-Keynesian Political Economy to wit, was the only way out, and this has remained so. In this essay, it has been attempted to argue that Social Liberalism is entirely in line with the Catholic-Theistic vision of world history, which, in an even wider view, is intimately linked with the Judaeo-Christian tradition. Nevertheless, Social Liberalism may be associated without difficulties to selected principles underlying other religions and social movements, for example Social Democracy or Marxism; indeed Marx's *Frühschriften* imply a kind of *Liberal (or Humanist) Socialism*, which would differ from Social Liberalism only in the sense that most enterprises would be publicly owned, that is, by the Central State, regions and provinces, towns and villages; however, the problems of value and distribution would be solved within the social process of production as is exhibited by Classical-Keynesian political economy; no Central Plan would be required to determine prices and quantities.

In this section on *a more complete structure of human history*, a summary of the entire argument set forth in this essay has been provided in the first subsection (*From the beginnings to the Great Transformation*). The next three subsections have been devoted to the core period of Modernity, the Apocalyptic Age 1914-45, and to important problems related to this time-period, that is, power, ethics and alienation; these are dealt with, very sketchily though, in two additional subsections; in the subsection on ethics and alienation the issue of the Apocalyptic Age 1914-1945 is further considered.

In the subsequent sections of this chapter on *concluding remarks*, we now turn to four topics, mentioned above and deserving 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 founded economic science through his *Wealth of Nations*. Soon, Political Economy turned out to be *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 in the 20th century, produced together with Piero Sraffa, a second most eminent political economy figure, the twin revolution of Shackle's *Years of High Theory* – 1926 – 1939 (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, through **his lifework**, culminating in his *Theory of Value – a Source of Alternative Paradigms in Economic Analysis* (Pasinetti 1986), has set up the preconditions to bring together Keynes and Sraffa, 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 (1997/2006, 2003a). 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. Here, Keynes's proposals on *Shaping the Post-War World: The Clearing Union* (Keynes 1980, 1940-44, CW, vol XXV) are of particular importance. **Each country should have its own money to be able to pursue an employment and an incomes policy of its own.** International transactions should be effected through a supranational world money, Keynes's *Bancor*, to be managed by the World Bank (on this see also Bortis 1997/2006, chapter 6, specifically pp. 326-43). The *Bancor* would also greatly stabilise the world financial system.

In the social liberal context it should be recalled 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).

Moreover, it has been emphasised throughout this essay that theorising, explicitly or implicitly takes place on the basis of a vision. In fact, given the complexity of the phenomena to be dealt with in the social and political sciences, there is no other way to come to grips with specific problems, for example, value and distribution, employment and the nature of money in an immensely complex monetary production economy. To give examples, neoclassical economics emerges from the social philosophy of Liberalism, and classical-Keynesian political economy grows out of the social philosophy of Social Liberalism.

Finally, this is also the place to mention the immense importance of Eric Voegelin and his work on the Western mind, which seems to be little known yet.

*Eric Voegelin, born Erich Hermann Wilhelm Vögelin, (January 3, 1901 - January 19, 1985) was a political philosopher. He was born in Cologne, Germany, and educated in political science at the University of Vienna. His advisers on his dissertation were Hans Kelsen and Othmar Spann. He became a teacher and then an associate professor of political science at the Faculty of Law. In 1938 he fled with his wife from Nazi Germany, emigrating to the United States, where they became citizens in 1944. He spent most of his academic career at Louisiana State University, the University of Munich and the Hoover Institution of Stanford University (Wikipedia).*

The fundamental ideas underlying his work are set forth on the jacket of his latest, posthumously published work, *Die Krise: Zur Pathologie des Modernen Geistes* (Voegelin 2008). “The ‘intellectual crisis’ of Western Modernity stands in the center of Eric Voegelin’s thinking. The reconstruction of the processes, which led to this crisis, and the determination of the intellectual roots represent one great theme in Voegelin’s work, the other eminent theme being the search for ways out of the crisis and the sketch of a Philosophy of Order. [...] In *Die Krise* [Voegelin 2008] Voegelin presents those intellectual and political currents since the Age of Enlightenment, which led on to the destruction of the intellectual [metaphysical] fundamentals of Western Civilisation and finally culminated in the totalitarian regimes of the 20th century” (a.tr.). This intellectual crisis can, in the first place, solely be dealt with an intellectual-spiritual renewal; only subsequently can appropriate institutional change be undertaken (Introduction to Voegelin 2008 by Peter J. Opitz, pp. 20-21).

Voegelin’s work seems to imply two points. First, serious theorising on complex phenomena must be based on a metaphysical vision. This point has been emphasised throughout this essay. Concretely, this would mean for Voegelin that the Christian metaphysical-cum-spiritual basis, which has been destroyed through Enlightenment, because it was no longer considered necessary, must be taken up again. Indeed, in this essay, it is suggested that the Aristotelian-Catholic vision of man and society underlies and is embodied in the socio-economic and political philosophy of Social Liberalism. And second, Voegelin’s work implies that new ideas and theories, as emerge from the history of ideas and theories, must necessarily precede political action in the widest sense, most importantly the actions leading on to the creation new institutions or to the renewal of existing institutions. The spiritual-intellectual renewal must therefore precede the renewal of institutions. The main reason is that institutions, universities for instance, have to be filled by a certain ‘spirit’, that is, reasoning and theorising on a specific metaphysical basis. Since various types of metaphysical



foundations exist, there must be a continuous discussion on principles to be able to select the most plausible approach to theorising, in the social and political sciences, for example. In the case of universities these intellectual processes must culminate in the setting up of appropriate *curricula* going along with an expedient organisation of studies, such that the relentless search for Truth becomes possible, and ideological traps may be avoided. Eric Voegelin's view on the primacy of the mind over vested interests and associated ideologies, that is, of the fundamental importance of metaphysically based theories and ideas, seems to coincide with the views of Maynard Keynes and Jacques Maritain on this subject.

A final point to be considered here is in relation to the *social nature* of thinking, specifically of systematic thinking, that is, theorising, a point mentioned in the first two sections of the chapter on *setting the stage*, and emphasised throughout the essay. Specifically, it has been argued that to distil principles in political economy, the whole of the history of economic ideas, that is, the great authors and the great theories, must be examined, and the salient features of socio-economic history, for example the great crises at the end of the 19th century and in the 1930s, must be taken account of. Specifically, the significance of the just mentioned double revolution in economic theorising brought about by Maynard Keynes and Piero Sraffa in the course of G.L.S. Shackle's *Years of High Theory 1926-1939* must be duly appreciated. On the basis of this fairly comprehensive theoretical and empirical-historical evidence it may be plausibly argued that post-cum-classical-Keynesian political economy is very likely superior to neoclassical economics, monetarism, general equilibrium theory and the rational expectations system, for instance. This method to distil the most plausible economic theory is based on a large social process. In fact, the individual economic theorist can produce substantial and solid results only when remaining in permanent close contact with the great present and past authors and when considering the salient features of economic history.

This is in fact the Scholastic method, associated to the *disputatio*, which is even more required to distil the most plausible *fundamental* vision (*Weltanschauung*), which ought to underlay theoretical work done in social philosophy and in the associated social and political sciences. In this essay, it is argued that classical-Keynesian political economy, and the associated social and political sciences, are based on a social philosophy, which we now call *Social Liberalism* (for a sketch of this proposition, see Bortis 1997/2006, specifically chapter 2). The Aristotelian-Thomistic social philosophy of Social Liberalism is, in turn, based on the Catholic vision of Man, his nature as a social and reasonable being, and his destiny shaped by a specific relation between the natural and the supernatural. The reason for selecting the

Catholic vision as the most plausible *Weltanschauung* is provided by the fact that the Roman Catholic Church has worked out her vision on the relation between Creation and Creator and, given this, the destiny of Humanity and the nature of Man, in an immensely impressive social process of systematic thinking under firm guidance, continuously, over two thousand years. In this process all the possible objections have been carefully taken account of as is in the spirit of the openminded Scholastic method. Without diminishing the merits of other religions, it must be admitted that the achievement of the Catholic Church regarding the establishing a Body of Principles of Faith and setting up doctrines on the destiny of Humanity and on the nature of Man is absolutely unique. This is of *crucial importance* for the social and political scientist because, given the immense performance of the Roman Church, the Catholic *Weltanschauung* provides by far the most plausible foundation for philosophising and theorising in the social and political sciences.

It is very important to note that this conclusion is *not* based on a theological argument, but emerges from a comprehensive argument undertaken in the social and political sciences based on a realist – Aristotelian-Keynesian – theory of knowledge. This theory of knowledge has been briefly sketched in the first two sections of the chapter on *setting the stage* at the outset of this essay.

To conclude we may perhaps mention that systematic thinking, theorising to wit, should go on under firm guidance not only in theology, but also in the social and political sciences. This is not to set restrictions on the liberty of thinking, quite the contrary. The problem is to prevent the dominance of some ideology, ultra-liberalism for example, associated socio-economic and political power. This scientific guidance is a task that could be fulfilled by an Academy of Social and Political Sciences that should exist in any country. This institution would have to ensure that all the great currents of thinking in the social and political sciences, Liberalism, Socialism and Social Liberalism, are represented in the corresponding Faculties. This would ensure fair competition between the various socio-economic and political doctrines, based on *scientific* grounds, eliminating thus unfair ‘competition’ based on power relations, as is the case at present in economic theory.

### *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 an over-regulated 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. Telling examples would be 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, and, certainly, of Egypt and Mesopotamia, too.

*It has already been mentioned, that, according to Jaspers, China, India and Persia participated at the revolution in human thinking in the course of first Axial Age – in our view the breakthrough to the problem of Truth -, whilst Egypt and Mesopotamia did not. However, Jaspers goes on to say that Egypt and Mesopotamia are nevertheless of world historical importance, first, because of their immense cultural achievement – perhaps the breakthrough*

*in the realm of Beauty -, and, second, on account of their crucial influence on Greece and Israel. Greece and Israel have, in turn, decisively shaped Europe.*

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 seafaring 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 and dominates man. Fiodor Stepun, an eminent Russian philosopher wrote that the immensity of the Russian landscape shapes man. Western man, however, living on the relatively small – West European – territory and 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 (Binswanger 2005).*

Given this, *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 on outstanding social individuals being active within 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 and warriors apply the knowledge produced by the philosophers and defend the polity, or, eventually, extend it through conquests.

Hence, the 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). Given this, 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, within social institutions common aims are permanently pursued. These aims are associated with values. Modern examples of social institutions would be *enterprises*, which are in the economic sphere; there are various *associations* within civil society; in the legal and political sphere there are various legal institutions, the *government* and *state administration*; in the domains of education, learning and research *grammar schools* and *universities* are typical institutions; *orchestras* and *libraries* would be institutions in the cultural sphere.

In an Aristotelian vein, social institutions have a double dimension. On the one hand they provide a foundation for individual action, for example through providing workplaces and incomes; on the other hand, they lead on to perfecting and enriching the social individuals precisely through social activities, that is, through participating in social institutions like grammar schools and universities for instance. 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, through creating 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 social and cultural potential of the social individuals 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. And the Roman Republic and also the Empire were truly laboratories to experiment with institutions (on this see Christ 1984). 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 1997/2006). 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 1997/2006, pp. 23-24).

Ideally, within institutions individual and social values are permanently pursued. In the material (economic) basis economic values are produced; these 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 persistently in a certain way means participating at given institutions. There must be a social groundwork, which enables individuals to act at all.

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 1997/2006, 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. In fact, in a well-organised society the various social, ethnic and religious groups may peacefully live together, co-operate and mutually enrich each other.

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 (1997/2006, 2003a).

*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 dynamics of their own, and „degrade [man] to an unfree and irresponsible being“ (Haas, p. 89); perhaps Haas – who is of German origin - 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 a complex, difficult to grasp, even irrational institutional machinery. Hence alienation of parts of the institutional superstructure results in 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 amplified 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. In the optimistic 1960s Walt Rostow predicted that the process of economic development would terminate in mass-consumption societies worldwide!*

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 uncomparable clarity that unfettered capitalism could not survive, because the market system is not self-regulatory, but has built-in contradictions; these would lead to cumulative processes, reflected in an increasing reserve army of labourers and in growing inequalities of income distribution, resulting in steadily increasing social tensions and clashes, ultimately resulting in a breakdown of the system.

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 regimes 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 1997/2006, 2003a). In social liberal societies, constructive capitalism, as has been defined in the section *on the world order of Modernity* above, would of course constitute an essential part. And it should be reiterated here that the small and medium-sized state - with large states having to decentralise – would play a crucial role in a *social liberal* world order. One fundamental reason is economic and financial. Indeed, *if each state has its own money* and, given this, manages to create conditions of near-full employment, with distribution being socially acceptable, the world economic and financial system would be greatly stabilised; in the main, stability would be brought about by the existence of a world money, Keynes's *Bancor* to wit. The *Bancor*, to be managed by the World Bank in a Keynesian vein, would indeed greatly reduce the volume of transactions in the financial sphere, mainly those of a speculative nature. Given this, exchange rates would remain broadly stable, which, in turn, would stabilise international trade relations. Contrariwise, a world economic and financial system is highly unstable, for various reasons. Most importantly, the free flow of financial capital worldwide renders the financial system extremely unstable, as the ongoing 2008 financial crisis illustrates. The real economy is rendered unstable through Kaldor-Myrdal cumulative processes resulting in growing inequalities of wealth between highly developed and less developed countries and regions, *if there is generalised free trade*, an argument already put forward by Friedrich List in the early 19th century.

In this context we should add that Keynes's method, set forth in the first section of the introductory chapter, on *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 synthesise methodologically very different works in order to put them in a very context. For example, in this essay, we have brought together and commented on William Haas (1956), *The Destiny of the Mind – East and West*, and Karl Jaspers on *Ursprung and Ziel der Geschichte* which both set forth a scientific (metaphysical) vision, and 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 possible for human beings. 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.

Taking up some suggestions made at the outset of this essay, a final remark has to be made on the *role of Europe* in the transition from alienated history to history proper, that is to the state of natural of liberty, implying a *social liberal* society and a more harmonious relation between Man and Nature. This role is connected to the fact that Europe has been the Laboratory of World History, as alluded to repeatedly in this essay. Most importantly in this connection is that the Great Transformation has taken place in Europe and could not have taken place elsewhere; this has been argued extensively in the above. The fact that the Great Transformation took place in Europe first has given this continent a tremendous advantage. Indeed, industrialisation preceded or went alongside modernisation. The economic basis was built up first and the institutional superstructure could adapt. In this way Europe remained autonomous and was able to prevent strong outside dependence. In fact, during the entire 19th century until the First World War, the world outside Europe, except the US, got increasingly

dependent upon her. Moreover, on a Greek-Roman-Christian basis, Europe has built up a potentially excellent education system over many centuries, and the Western type family (Mitterauer) seems to be best in line with the social dimension of human nature at the micro-level; and it would seem that, on the macro-level, Social Liberalism is the natural doctrine of society and the state. It has been suggested that Christianity has been crucially important in shaping the European way of life and the vision of the good society.

On account of her role as a historical Laboratory, Europe presently enjoys, by far, the best possible position worldwide to initiate the transition to the natural, social liberal world order broadly outlined in preceding chapters and sections. Given this, Europe has a strong *duty* to initiate this transition, not because she is superior, but because she was able to benefit greatly, in a creative way though, from other civilisations in the course of the first and of the second *axial age* to get into her actually privileged position.

*This is not to deny the European contribution to the industrialisation and modernisation of large areas of the world. However, in colonial and neo-colonial times, the type of industrialisation and modernisation was imposed by the Europeans. In a natural – social liberal – way of development, this should be reversed: the so-called developing countries should be able to make use of Western technology in particular and of Western civilisation in general in line with their needs based, in turn, on their specific values.*

Hence the duty arises from the fact that Europe must now give back something to the rest of the world. This can be achieved most appropriately if Europe acts a beacon in the tempest of transition to a natural socio-economic and political order with alienation greatly reduced. This would imply starting to build up a *social liberal* Europe dealing seriously with the gigantic problem of climate change. In doing so Europe must *not* interfere into the domestic affairs of other continents. She must simply serve as an example for well-organised societies within which the social individuals may prosper.

Paradoxically, the United States of America, though an offspring of Europe, and having an ideal material and natural basis, will probably have the great difficulties in bringing about the transition to the social liberal world order, including sufficient harmony between Man and Nature and, as a consequence, with *quality* dominating over quantity. Indeed, real materialism, not philosophical materialism as has prevailed in the Soviet Union, culminating in unlimited money making is very strongly entrenched in the US, among the dominating classes, a fact emerging with dramatic force just now, in the 2008-09 financial and real crises.

Money making and business, is, in fact, the reality of the American Dream, which is most impressively pictured by Scott Fitzgerald's *Great Gatsby*. Moreover, the cleavage between the ideal society and its ideological offsprings on the one hand, and political, socio-economic and cultural reality is very large; in addition, a strong *Sendungsbewusstsein* seems to be associated to American political doctrine. All this broadly emerges from Greil Marcus' very impressive book, *The Shape of Things to Come – Prophecy and the American Voice*, which is indeed highly significant in this context. Whereas Marcus deals with fundamentals regarding the US American polity, Noam Chomsky is more on the 'applied' side, above all in his penetrating *Failed States – The Abuse of Power and the Assault on Democracy*. Regarding the social side the American Dream has become American Drama; immense wealth and most perfect technology coexist with poverty, large numbers of working poor, distress and insecurity, also due to the absence of a compulsory social security system (on this see, for example, Desmurget 2008). One fundamental reason for this situation is certainly given by the fact that modern monetary production economies are not self-regulating, implying that market forces are frequently dominated by power relations. Indeed, as all liberal constitutions, the American constitution takes the self-regulating economy implicitly for granted, which, as has been alluded to in the above, is still associated to the relatively simple conditions of the Agrarian Age and, is entirely inappropriate for coming to grips with the immensely complex socio-economic conditions of Modernity, that is with a monetary production economy. Really, Adam Smith must be replaced by Maynard Keynes, as is implicit in Duncan Foley's splendid *Adam's Fallacy – A Guide to Economic Theology*. Finally, and highly evidently, the relationship between Man and Nature is greatly disturbed, the squandering of most precious natural resources being a prominent example.

*It must be mentioned, however, that in Cold War times, shaped by the competition by the competition between the capitalist and the socialist system, the quantitative aspect of social life was very intensely put to the fore in the Socialist camp, too. Due to the inefficiency of the Soviet (Socialist) production system, the squandering of natural resources relative to the output produced was probably far greater in the Eastern camp than in the West.*

The most appropriate way for the US to get out of this difficult situation, eventually rather quickly, lies almost certainly in her increasingly going back to roots, various European, African and Indian, regarding the respect, even awe towards Nature, but also socially and culturally. John Nef has, it seems to us, pointed in this direction.



From a standpoint of organisation of society, it would seem that the United States must greatly strengthen the social foundations of her socio-economic and political system. In the view of eminent American critics, higher employment levels, a socially acceptable distribution of incomes, a strengthening of the state in the education system such as to make the state dominant in the sphere of education, and, last but not least, a compulsory social insurance system, would be essential elements of this stronger social foundation.

Given this, any attempt to realise the basically materialistic American model worldwide would inevitably result in the Orwellian scenario alluded to in the above, with all its implications for the social condition of large parts of the world population and the natural environment. In fact, as already suggested, the Orwellian scenario is moving to the fore very rapidly within the framework of actually ongoing Globalisation. Capitalism gets increasingly unfettered and aggressive, that is based upon the external employment mechanism (Bortis 1997/2006, pp. 185-98). This forces emerging countries that have basically relied on the internal employment mechanism hitherto, China and India most importantly, to practice an increasingly aggressive capitalism in order to strengthen their position in the global economy in terms of output and employment. In such a situation, it is increasingly difficult, if not almost impossible, to pursue really effective social and environmental policies anywhere in the world.

Given this, Europe should and indeed *must* continue in going on to be the Laboratory of World History. Europe must become the beacon in the tempest of transition towards the natural social liberal world order, not by force and interference, but by serving as an example. At the end of this transition, history proper could begin, enabling Humanity to bring in the harvest of history. This task Europe can only fulfil if she takes up her Christian, in fact, her essentially Catholic, heritage, which must penetrate and shape the modern world to increasingly realise the state of natural liberty. This is what Jacques Maritain and John Nef had in mind.

*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 ending the concluding remarks of this essay and of putting the essay in a wider context.

To start with, Haas states that “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 war gave not only a deathblow 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.

*And, deep-going nihilism may also come into being in materialistic Western-type capitalist societies. Here, in all domains of life the quantitative element tends to dominate the qualitative one. Erich Fromm has very aptly captured the essence of this issue through to have and to be. Quantity is linked with to have, quality with to be. Western-style capitalism, embodied in mass production and mass consumption is obviously associated to quantity and to have, with the fundamental values linked with quality and to be, being pushed into the background. This tendency of growing nihilism leads on to increasingly expressing the value of everything in money terms, implying that a growing number of objects become commodities.*

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 plundering. 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 from 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 fallibility 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: “In the face of 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. Incidentally, this proposition has been dramatically confirmed by some events that have occurred in the crisis of the financial sector around 2008.

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. This is a possibility. However, as has been suggested repeatedly, it is up to Europe to take the lead in socio-economic and political affairs, that is, in the building up of good societies, where natural liberty prevails and the social individuals can prosper.



Nevertheless, *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. The final aim must be a world as a family of nations as has been suggested in the chapter on *the natural political world order* in the above.

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 in 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 was, in fact, a dialectical movement absolutely necessary for the breakthrough to Modernity. However, as will be argued subsequently, time has now come to bring back metaphysics and spirituality to provide a sense of life for human beings in general.

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’ (Maritain 1984/1936, p. 303, a.tr.), 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 centre; incidentally, Maritain himself points in this direction (1984/1936, pp. 427-28).

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, structured through historical-geographical federations, 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 (**Gérard Israel 1987, back page, a. tr.**): *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.*

## Long-term policy implications and the underlying philosophy

### 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. Relying on Hegel 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 has laid the foundations for the social liberal vision and the political economy associated to this vision, 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 broadly sketched and put in a wider context in Bortis (1997/2006, 2003a, 2013a, 2015 and 2016) 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 the time-period required to reduce alienation to a minimum achievable by human beings. And certainly, given the present difficult socio-economic, political and environmental situation, the way ahead will not be easy going.

Hence this essay should not conclude on a note of facile optimism. In the main, at least *six* formidable problems have to be tackled to set into motion the process of reducing alienation. First, there is the *transition* from actually prevailing neoliberal 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. In the fifth place, 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. And sixth, and finally, there is the issue of *intellectual leadership*, which absolutely required if the process of transition from global Capitalism to Social Liberalism is to go on in an orderly way. It will be suggested that Europe, including of course, Russia should take the lead in this matter. Given the central geographical position of Poland in *Charles de Gaulle's* Europe from the Atlantic to the Ural, it would be natural for Poland to coordinate European efforts to come to grips conceptually with the transition of neoliberal Capitalism to Social Liberalism.

Of course, all these issues touched upon in this chapter can only be alluded to.

### *The transition from neoliberal globalised Capitalism to Social Liberalism*

First, then, the transition from largely unfettered, neoliberal and globalised 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, all the more so in these times of crisis (2008). 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.

*Let us, however, reiterate here that money is, nevertheless, secondary. What is decisive is the spirit (Geist) filling the various institutions, for example the quality of the curricula in grammar schools and universities.*

Given this, the transition from neo-liberal capitalism to social liberalism implies the destruction of Max Weber's materialist iron case – *stählernes Gehäuse*. On pages 203-04 of his *Protestantische Ethik und der Geist des Kapitalismus* (Weber 1988/1920), Max Weber provides a vivid account of the immense determining force of materialism in Capitalism. At the beginning of the 21st century this determinism has become supreme under the regime of neo-liberal Capitalism. To a very large extent, the sciences and culture are put in the service of the economy and the cultivation of scientific and cultural values for themselves have become exceedingly difficult. Religious and spiritual activities recede and spirituality is even put into the service of the economy at times, for example, when managers retire in monasteries for some time to enhance their capacity to work. Given this, the gradual destruction of Max Weber's iron case will obviously be immensely difficult.

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 2003a), 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 – with *alienated* religion being 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 level achievable by human beings, 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 neoliberal 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, together with Sraffa, Maynard Keynes definitely established political economy as a monetary theory of production; specifically, Keynes showed that, in a monetary economy, involuntary unemployment could permanently exist, that money could influence real magnitudes and that interest was a monetary phenomenon. In the second half of the 20th century Luigi Pasinetti closed the gap between Sraffa's deterministic long-period equilibrium theory and Keynes's short-period disequilibrium theory, where uncertainty and expectations about the future play a crucial role, at the level of principles, preparing thereby the way for a Classical-Keynesian synthesis as is set out in Bortis (1997/2006, 2003a). Pasinetti's crucial role in the establishment of Classical-Keynesian political economy is set out in *Toward a Synthesis in Post-Keynesian Economics in Luigi Pasinetti's Contribution* (Bortis 2012). Subsequently, the classical-Keynesian system of political economy has now to be systematically elaborated through writing books on principles; based on the principles, treatises and textbooks can subsequently be written to enable the teaching of classical-Keynesian political economy at the university level. This will be crucial to bring about the transition from neoliberal 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. But ideas must be elaborated and, subsequently, communicated.

### *Toward harmony between Man and Nature*

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 necessary to forge the notions and the strategies 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. Certainly, to maintain bio-diversity, above all diversity for domestic animals and useful plants, will be the utmost importance. However, it must be mentioned here that, in a Creationist view, genetic manipulations of plants, for example, are probably highly dangerous, because it will be impossible to know the ultimate impact of genetically modified plants on the human body, which is an immensely complex entity.

This leads to another point. The turbulences of global warming will probably 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 and spiritual 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 necessities 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 robots 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 at *Fachhochschulen* and Universities) 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 purely scientific and the quantitative are put to the fore, and the cultural and spiritual relegated to a secondary position. Indeed, 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. Given this, the striving for perfection through realising the fundamental values of Goodness, Beauty and Truth in all spheres of reality and 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. And, of course, for the large majority of the population *craftsmanship* will become fundamentally important. In his 2008 *The Craftsman*, Richard Sennett very clearly perceives the problem.

*The problem of boredom in modern societies had already been perceived by Alexis de Tocqueville around 1845. The frequently useless discussions in the French Parliament filled de Tocqueville with deep melancholy, and political life seemed void to him, in spite of frequently hectic activity. At that time, Alexis de Tocqueville noted: 'How can one prevent the entire country sinking into deep boredom'; Lamartine went into the same direction in 1839 already, saying that France was simply bored (on this see the excellent 1955/1948 book by J.P. Mayer on Alexis de Tocqueville, pp. 71-72).*

*In a wider view, it seems quite evident that the standard bourgeois activity of maximising utility or profits under constraints, the budget constraint most importantly, is a most boring activity, an opinion shared by Maynard Keynes. The phenomenon of boredom probably represents one of the roots of violence: just doing something extraordinary. Moreover, the phenomenon of boredom may lead on to hectic activity, aimed at achieving quantitative aims in the main. As Karl Jaspers suggested, this may, in turn, contribute to transform human being into ants. The basic aim would be to maintain the system of mass production and mass consumption. Given this, the presently existing alienated situation would continue to persist.*

Eventually, it may even be possible that a barren world is required to decisively reduce alienation, that is, to render possible the good society within which the social individuals can approximately realise the good life. A barren world might be brought about by a climate catastrophe, or, eventually, through a biological cataclysm; for example, Einstein said that if

the bees were to disappear, mankind would not survive for long. Given this, the highly sensitive world ecological system hangs, in fact, in the balance or is suspended at a silk-thread. Or, to give another example, only *three* percent of all water on earth is fresh-water, and seventy percent of fresh-water originates from glaciers, which, as is well known, are diminishing dramatically. Maybe, in the future, famines will become of secondary importance, and dramatic water shortages will move to the fore. Without supposing an extreme outcome, as is pictured in Cormac McCarthy's *The Road*, it is possible, then, that a richly endowed world is incompatible with a decisive reduction in alienation. Indeed, within a rich world, the materialistic linear type striving after infinity that can never be satisfied, might be a continuous temptation. A more or less barren world, however, would force the social individuals of all societies to practice Goethe's circle-type striving after infinity, that is, striving after the fundamental values of Goodness, Beauty and Truth in all domains by the means of manual, intellectual and spiritual activities. To generalise this circle-type striving after infinity, an education system in line with human nature and adapted to varying circumstances as have developed historically in each country and region is required. However, it is to be hoped that, precisely, education will lead on to the insight required to preserve a globe as rich as possible as a natural and material basis for the good society and the good life everywhere. This would imply that the transition from alienated to largely alienation-free history would go on more or less smoothly as far as the natural environment is concerned, reducing thus climatic turbulences to a manageable level.

From the above it is evident that what may be called the American way of life is totally incompatible with sustainable development. Almost everybody knows that this materialistic way of life, associated to the squandering of precious non-renewable resources and being at the sources of global warming, represents a blind alley, and that its generalisation and intensification would lead straightaway to an ecological catastrophe. One cannot only hope that the message of Al Gore, Cormac McCarthy, John Perkins, Nicholas Stern, and certainly many others, will get through before it is too late.

Indeed, we are at present very far away from the innocent and ideologically tainted optimism of Walt Rostow, who, in 1960, proclaimed that the entire world, following up the American model, would end up as a mass consumption society (Rostow 1960). The impossibility to implement the American model worldwide for ecological, socio-economic, political and intellectual-spiritual reasons inevitably leads to the conclusion that Old Europe must take up world leadership in all these matters. This will be strongly argued below.

*Education and learning in line with human nature*

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 human beings are purposefully active. It is only through this circle-type activity – doing the same things with ever growing perfection – that the striving after infinity inherent in human beings can be satisfied in an orderly, non-destructive way. 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 science. However, to be able to set up such a theoretical system requires a very complex argument. Alternative approaches must be compared and, subsequently, evaluated; and historical-empirical evidence must be considered. For instance, one may ask the question whether the economic theory of Liberalism, that is neoclassical economics, is suited better 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 (1997/2006, 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 in 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 2003a, 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 (of course, we cannot speak here for the natural sciences, nor for the fine arts and for theology; however, one may guess that similar arguments apply). Purely scientific procedures – testing hypotheses, 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, there are differing theories of price, of distribution and of employment, 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. Indeed, 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, leading on 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, theology 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 Neoliberalism 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, in fact, the power centers alluded to above. 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. As a consequence, free and largely unregulated markets are established everywhere, since competitive markets are supposed all the important economic problems – value and price, distribution, and employment, even problems of the financial sector. Given this, the description of equilibrium situations and of rational behaviour moves to the fore. The mathematical method is seen most appropriate to deal with these rationalistic and idealistic construct, in analogy to Plato who thought that the mathematical method was the only possible method to deal with *objectively* given ideals. The modern mathematical approach, however, is subjective and rationalistic and based on Descartes: Once a phenonomen is perceived clearly and distinctly truth is established. It has already been suggested that Walras’s General Equilibrium Theory is the masterpiece of rationalistic reasoning. As G.L.S. Shackle notes in his *Years of High Theory* Walras General Equilibrium Model complemented

by Marshall Partial Equilibrium Approach represented “a Great Theory or Grand System of Economics, in one sense complete and self-sufficient, able, on its own terms, to answer all questions [...]”(p. 4). “In its arresting beauty and completeness this theory seemed to need no corroborative evidence from observation. It seemed to derive from these aesthetic qualities its own stamp of authentication and independent ascendancy over men’s minds”(p. 5). This is typically Descartes, and it is certainly not by chance, that the General Equilibrium Model has been elaborated by a Frenchman, Léon Walras (1834-1910), broadly between 1870 and 1890.

*The 2008/2009 crises in the financial and in the real sector, have, once again, dramatically brought to the open the complete inadequacy of neoclassical equilibrium theory. Keynes is at present considered a saviour, and Keynesian spending programmes are supposed, like a deus ex machina, to stabilise failing economies. However, in this context, it should not be forgotten that, in the 1930s, it was not the New Deal, a kind of mechanical Keynesianism before Keynes, the Keynes of the General Theory to wit, which saved the US economy, but the Second World War, a point on which prominent economists would agree. And large scale military expenditures continued after World War Two on account of the Cold War. Indeed, expenditures have to be permanent, that is, institutionalised, to have a durable impact on output and employment. Temporary expenditures, even if important, are, in a way, like a passing fancy, without a notable permanent and sustained effect.*

*Given this, Keynes has to be put in a long-term social liberal context. Here, the problem is to set up a harmonious system of institutions, associated to permanent state and social expenditures and in line with full-employment and a broadly fair distribution of incomes (Bortis 2006/1997, chapter 4), and shaped by a vision of man and society, with the vision comprising various dimensions, ethical, aesthetical, intellectual and spiritual. It is indeed not sufficient to spend large amounts of money to build up a system of institutions. The crucial element is the spirit (Geist) filling the various institutions, for example, in the case of schools and universities, appropriate curricula on all levels of education. Hence institutional transformation must be prepared spiritually and intellectually. This is the main tenet of the suggestions set out in Bortis (1997/2006) and in the present essay, broadly in line with Maynard Keynes, Jacques Maritain, John Nef, Eric Voegelin, and certainly many others.*

Now, the problem is that, on the basis of presently utterly dominating neoclassical equilibrium theory and its upshots, rankings of economics 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 a 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, associated precisely to neoclassical equilibrium economics, 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 in economic theorising; given this, quantitative methods in economic theory may be very useful, because complex economic phenomena, including pattern of behaviour, may be represented very concisely through mathematical methods; and statistics and econometrics, necessarily making use of mathematics, are absolutely essential for research in the economic, social and political domains.*

Nevertheless, the story of *excessively* mathematical economics, with mathematics dominating economics, is a typical example of exercising power and of maintaining a given system of thought. Again Joan Robinson provided an insightful argument. She termed the domination of large parts of very advanced mathematical economics as a product of the Cold War. Indeed, 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’, supposedly free from political implications, also to have a quiet life. 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, and liberty, 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. This is obviously a highly unsatisfactory situation, largely responsible for the inappropriate neoliberal policies that have been pursued in recent decades. A practical result is the almost complete helplessness of the neoliberal theoretical economists in the face of the – 2008/09 – economic and financial crisis.

*In her Economic Philosophy Joan Robinson very concisely points to the ambivalent character of economic theory: “[Economics] has always been partly a vehicle for the ruling ideology of each period as well as partly a method of scientific investigation” (p. 1), and so “economics limps along with one foot in untested hypotheses and the other in untestable slogans” (p. 25). Perhaps, while being broadly right in this, Joan Robinson nevertheless underestimates the possibility to establish the most plausible theory on the basis of a comprehensive argument. For example, in the course of Shackle’s Years of High Theory 1926-1939 Maynard Keynes and Piero Sraffa convincingly argued that modern economies are very likely to be monetary production economies, and not real or monetary exchange economies. This argument has very important theoretical and policy implications. The theoretical implication is that effective demand probably governs economic activity, implying that involuntary unemployment may exist. On the policy level this requires employment and incomes policies. It must be admitted, however, that the Keynesian-Sraffian critique of liberal economic theory, neoclassical economic in the shape of General and Partial Equilibrium Theory and of the Rational Expectations System, has not been very effective. The central reason is that a coherent post-Keynesian system of theory does not exist. However, classical-Keynesian political economy (Bortis 1997/2006 and 2003a) is more advanced in the direction of forming a system, mainly due to the immense effort undertaken by Luigi Pasinetti. Indeed, Pasinetti’s work enables to bring together the seemingly irreconcilable theoretical systems of Maynard Keynes and of Piero Sraffa. This is argued in Bortis’s Toward a Synthesis in Post-Keynesian Economics in Luigi Pasinetti’s Contribution (Bortis 2012). Here, and also, in Bortis (1997/2006 and 2003a), emerges that classical-Keynesian political economy is, in fact, a synthesis and an elaboration of Keynesian, post Keynesian and classical-cum-neo-Ricardian political economy.*



In principle, the remedy to be applied in the university sphere 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-theoretical 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 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.

To this grammar school system would correspond the broadly traditional organisation of the universities. There would be four Faculties: Theology; Philosophy, History and the Fine Arts; Social and Political Sciences; and Mathematics and the Natural Sciences, including of course Medicine. The Social and Political Sciences would comprise Politics and Law, Political

Economy and Sociology. These branches must be brought together in one Faculty, simply because one cannot cut man and society, which form an entity, into pieces, and, subsequently analyse the pieces separately. Specialisation in the social and political sciences very quickly leads to formalism and, eventually, to imperialism of some branch, law or economics, for example. Of course, there would be large intersections between the social and political sciences and history. Until now, too much mathematics and specialisation in economics has rendered impossible the ‘peaceful’ living together with other social sciences within the same Faculty. It is likely that this is going to change with the rise of Keynesian, post Keynesian, and classical-Keynesian political economy. Moreover, classical-Keynesian political economy can be easily and naturally linked with history (Bortis 1997/2006, specifically pp. 118-31).

As a rule, universities should be small but great in number, strictly state run and, as such, be open without restrictions to students from all social classes. Ideally, the small university would constitute a community of teachers and students on the way to probable Truth in all domains of Society and Nature. This would enhance the unrestricted pursuit of Truth through open-minded and emancipated thinking going along with, mostly *informal*, discussions and exchange of ideas, also, and this is very important, between students and professors of different faculties. Large universities, it has been said, are a contradiction in itself. Such universities tend to become systems with a tendency towards *pensée unique*; this tendency is enhanced by exams after each semester in all branches, an institution that prevents students from thinking things through; knowledge becomes partial and specialised; the different spheres of knowledge get disconnected and an overall view of the object of study, economy and society for example, tends to vanish. Consequently, ideologies, reflecting social power and strong interests, increasingly tend to dominate. The unconditional search for Truth is in part replaced by alienated science driven by economic, financial and political power. This also holds for universities financed by private means to a smaller or larger degree. In such a “university landscape” evaluations of teachers and rankings of universities tend to flourish. The top universities are bound to become strongholds of socio-economic, financial and political power.

All this is the consequence of the liberal view, that the individual is primary, that social phenomena are derived and that the economy is self-regulating; given this, individuals may become active in ever more specialised fields, implying that, ultimately, everything may become a science, and nobody has to worry about coordination since the economic system is supposed to be self-regulating. It would seem that broadly since the year 2000 there is a growing uneasiness about these developments. Specifically, many teachers and students tend

to become fed up with evaluations and rankings, based on quantitative criteria, leaving the question of quality entirely open.

As a rule, universities should deal with fundamentals, for example with the positive and normative issues regarding the economic and legal system on the basis of the history of legal and economic theories; in faculties of natural sciences basic research (*Grundlagenforschung*) ought to dominate. Specialised applications to the real world should be done in universities for applied sciences. Of course, an intense interaction between both types of universities is required and highly desirable.

University studies should be based on branches – one main branch, and one or two secondary branches, as was the case traditionally, not on collecting credits, in fact, credits could just be used as a kind of study accounting device, that is, to count quantitative study performances, bearing in mind that the important things are qualities and contents of studies. It is evident that, taking a secondary branch outside the home Faculty, would greatly enhance the exchange of ideas and the mutual enrichment.

Moreover, the traditional system with preliminary studies (two or three years), all branches being compulsory for all students and advanced studies with a broad specialisation should be reintroduced again. Since the aim of university studies is to acquire the capacity to think holistically, to see phenomena in their entirety, and to establish connections between phenomena, only one degree should be awarded in each Faculty, eventually mentioning the broad specialisations. Examinations might be annual on the level of preliminary studies, or, even more appropriate, examinations after the first and the third year, as is the case at Cambridge (England) and Oxford; on the level of advanced studies there should be only one final exam. Here, too, this traditional system has produced excellent results. In fact, candidates must have a global (*ganzheitlich*) and comprehensive understanding of their branch, not of detailed knowledge; moreover, they must be aware of the fundamental problems, in political economy for example, and of the solutions provided by the great authors. In fact, the great aim of university studies is to acquire a vision of things, of economy and society for example, to be able to think in an emancipated way. This enables holders of an academic degree to perceive problems and to ask questions. Just let us recall: The difficult thing is to ask the right question, answering a well-formulated question is relatively easy once the question is asked. Finally, general, not specialised university studies, dealing with fundamentals would render the search for jobs much easier. For example, a holder of a Master's degree in the social and political sciences, with a specialisation in Law, Politics,

Political Economy or Sociology, should be able to become active in most different spheres, in an enterprise, in a non-profit association, in the public service or in diplomacy.

*Indeed, very specialised – Bachelor or Master – degrees may become obsolete in a very short period of time if rapid changes go on in the real world. Given this, the job associated to a specialised Master may simply vanish leaving the holders of such degrees in a hopeless, or, at least, in a very difficult situation. A good example for very far-going specialisation is the Master in nail-design which is delivered by some educational institution in Switzerland.*

As Joan Robinson aptly remarked, principles and theories are tools enabling the theorist to tackle most diverse problems. Indeed, given some problem, the well-formed holder of a university degree must be able to select the appropriate tool to tackle the problem in question out of the tool box set up at the university. This also implies the capacity to adapt to an eventually rapidly changing real world.

### *Religion and Modernity*

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, or, contrariwise, coercion used to prevent conversion, to give examples, and, certainly, some alienation in the religious sphere 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, thereby, 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, frequently related to violence, could be eradicated to a large extent. However, 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 *system-caused* misery gets widespread, as it is in large parts of the world, religion and its teaching may itself get alienated through becoming pure cynicism, if not combined with social action aimed at changing an obviously unjust system; here Marx and the Theology of Liberation would enter the scene. Moreover, if misused by those in power, religion may become the opium of the people; again, this would represent religious alienation in the sense of Marx, who, incidentally, did not combat true religion, but alienated religion. In this context, the distinction between misery and poverty is very important: as mentioned in several instances, 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, as may be the case of a monk or of an artist; or if poverty is due to some objective circumstances, one may attempt to get out of it, through making a special effort.

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, fables, 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.

This leads quite naturally on to considering an important point related to education and modern technology. In fact, personal computers, computer games and watching television should be banned as far as possible in the early stages of education. Watching too much television at an early age heavily damages the faculties of intuition and imagination, using personal computers develops the analytical power in a very one-sided way and in a purposeless vacuum. Education thus gets one-dimensional and unbalanced. Intuition and the capacity to think holistically (*ganzheitlich denken*) and consciousness about values are largely eliminated. This prepares the terrain for violence and for manipulation. To counter such developments, telling stories to very young children, later on reading books and listening radio should be encouraged. This would strengthen all the faculties of the mind: intuition, imagination, reason and analytical powers. And, as has been emphasised in this essay, the theoretical and practical pursuit of Truth, Goodness and Beauty is, fundamentally, a matter of the mind. However, the mind has to be balanced, whereby the balance between the faculties has to be brought about by a traditional humanistic education, adapted to a modern environment. All this is not to deny the great importance of personal computers and of television. However, both are *means* that may be put to use in a reasonable way only once the mind has reached a sufficiently high degree of maturity. This also implies enhancing the faculty of critical judgement, which, in turn, reduces the possibility of successful manipulation.

A third reason for systematically teaching religion is cultural. Given the many religious elements in all spheres of life, political, social, individual, scientific, 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.

Fourth, 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.

Fifth and last, but not least, it has already been suggested that religion plays a particularly important role in strengthening consciousness about Goodness, that is about ethical issues. What kinds of behaviour promote the good life? Certainly, the Christian Ten Commandments

play a fundamental role here. Moreover, how should society be organised to increase the Common Good to get nearer to a good society? To promote the Common Good implies implementing to the largest possible extent the principles of Solidarity and Subsidiarity. Given the very complex socioeconomic situations that have come into being after the Great Transformation, to implement the principles of Solidarity and Subsidiarity, requires, as has been suggested repeatedly, a very robust economic theory, classical-Keynesian political economy to wit. Of course, religion also contributes to strengthening consciousness about Truth, associated to the duty of the scientist to pursue the fundamental value of Truth. To some extent, religion has certainly also promoted consciousness about the fundamental value of Beauty as is evident from religious teaching and writing about this fundamental values, and from the realisations in religious art.

And, finally, it should be mentioned that religious practice is, of course, of the greatest importance in any religion. A prominent example of religious practice is provided by the implementation of the Sacraments of the Catholic Church. Here is, of course, not the place to state what practices are invariable and which are historically variable. Probably, the *content* of principles ought to remain invariant in the course of historical time, while the *form* may change. Considerable changes of form were required during and after the Great Transformation from traditional agrarian societies to modern industrial societies, and great mutations may be required again, when moving from globalised capitalism to Social Liberalism. All we should say here is that in the complex situations of the modern age, where is knowledge is probable in Keynes's sense, traditionalists, progressive and modernist forces should be allowed to coexist. It is likely that this would enrich any religion. However, a strong authority will certainly be required to continuously supervise the invariable fundamentals making up the body of Faith, and the proper realisation of these fundamentals.

### *Fundamentalism in religion and science*

This leads, quite naturally, to the fifth issue to be dealt with here, that is *fundamentalism*. To avoid misunderstandings right at the beginning, it ought to be mentioned that fundamentalism should not be confused with clearly formulating the content of the invariable principles or the fundamentals underlying each religion and each approach in some science, or with the conservation of traditional implementations (forms) of fundamental values as have been established through a long historical practice. In fact, in each religion it is absolutely necessary to clearly formulate the content of the fundamental principles to establish the body

of Faith, in order to prevent a great religion to split up into various sects. To realise this a strong authority is required as is the case with the Catholic Church, to give a prominent example. Some principles might be implemented in a historically varying form. As has just been suggested, the coexistence of traditional, progressive or modern realisations of some principle seems highly desirable. To give an example relating to the Catholic Church, there should be no problem for the traditional Latin Ritual to coexist alongside with the Modern Ritual.

Given this, *fundamentalism in religion* might be defined as attempting to impose, eventually through coercion, some *historical form* of the *content* of some principle as *general and invariable*. Or, in the social and political sciences, fundamentalism might arise through attempts to fully implement some fundamental principle, the labour value principle for instance, in the process of forming the prices of production in concrete situations. Or ultra-liberal economists would propose to implement the law of supply and demand, that is, unrestricted free markets, generally and at any time, without the state interfering; in doing so the ultra-liberal fundamentalists, as a rule, completely ignore alternative theoretical approaches, transforming thus probable truth into absolute truth. On the one hand, fundamentalism may be well intentioned, that is, aiming at reducing alienation in some individual or social sphere, or it may, on the other hand, be directed towards maintaining or extending power in some domain. In practice, both variants will, probably, be mixed up in various proportions. Hence, Fundamentalism may occur in varying degrees in all spheres of art and science, theoretical and applied, specifically in religion (theology) and in the social and political sciences (we are not competent to speak about the natural sciences). A prominent example of fundamentalism in political economy relates to labour values and prices of production. Indeed, in centrally planned socialism prices had to be proportional to labour values, because living labour only produces 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 2003a, pp. 423-27 and pp. 436-45, specifically relation (19.5), p. 438). The calculations involved by the Pasinetti-transformation could, at present, be carried out 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. These distorted prices caused losses to some enterprises, and profits to others. This, in turn, led to the credit-debt relations within socialist enterprises, which implied enormous complications regarding the functioning of the economy. Moreover, the quantities to be produced, and the quality standards of the various goods, were also fixed by the planning bureau and plan targets had to be fulfilled by the socialist firm. 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 as to the nature of price; labour values – probably - express 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. As a rule, the prices of production, and even less market prices, will not be proportional to labour values. Given this, prices of production and markets are, in a way, imperfect. Nevertheless, they are socio-economically extremely useful because they render labour values operable, although in an inexact way only. However, in a social liberal economy, entrepreneurs enjoy large 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. Hence the possibility to fix prices and quantities in a *decentralised* way is associated to entrepreneurial liberty in various respects, and far outweighs the theoretical and practical imperfections of the prices of production and of market prices with respect to the theoretically perfect labour values. The prices of production and the market prices are simply a matter of socio-economic expediency.

This tedious example suggests that, jumping from fundamental principles, directly to the real world, that is, to concrete situations, may lead on to bureaucracy, lack of freedom, perhaps even tyranny. Religious fundamentalism implies, as a rule, and intolerance against moderate currents within some religion, and against other religions. Perhaps, as has been suggested, a possible remedy against fundamentalism is to accept different tendencies, traditionalists and modernists, for instance, within a religion. This would be reasonable since principles relating

to very complex situations, as is certainly the case with religious principles, are all associated with probable knowledge, and, of course, Faith. Given, this mutual acceptance of the various positions becomes a necessity. This stimulates discussion and promotes mutual understanding. In fact, in modern complex societies, only some principles of individual ethics relate to very simple situations; most of these principles have, in fact, far reaching implications. In any case, as soon as social ethical issues relating to the economy as a whole, or to society and the state at large enter the picture, ethical problems tend to get very complex. In relatively simple traditional societies, however, ethical issues were probably far less complex. Basic religious issues, though, always were of extreme complexity, and, although discussions during centuries took place, a full clarification can presumably never be reached. Given this, a strong authority is required to maintain the unity of a religion. If such an authority is lacking, disintegration of a religion may be the ultimate consequence.

In any case, as has been suggested in the preceding section, ethical principles based on religion are of the greatest importance in the modern world. The Christian Ten Commandments and the Social Doctrines of the Catholic Church are would be prominent examples of principles of individual and social ethics. Through teaching ethics consciousness about ethical problems comes into being. And, as has already been suggested, ethical consciousness is indispensable if the economy, the legal system and politics are to function properly.

*It will be suggested below that, on account of the complexity of socio-economic phenomena, social ethical principles, like the principles of Subsidiarity and Solidarity, require an appropriate economic theory to be applied properly.*

These ethical principles give more or less probable guidelines for individual and social action in a complex world where knowledge is probable and uncertainty prevails. To follow such ethical principles is, as is very likely, far superior to relying on an ethics of consequences; indeed, to assess the consequences of some action in a complex world is almost impossible. This is the main reason why religion is so important today. Indeed, it is a fundamental task of religion to enhance consciousness about ethical issues in all domains.

While enhancing consciousness about ethical issues is very important, it is not sufficient, above all, if fundamental or first ethical-ontological principles are considered. The problem is that first principles in the ethical-ontological domain always have far-reaching implications regarding visions of Man and Society, and, consequently, for socio-economic and political

theories and policies. Since the knowledge about such principles is bound to be probable and imperfect, there is a very great danger of fundamentalism coming into being, if principles are not discussed sufficiently, that is, compared with alternative, even opposed sets of principles as would be required to establish the most plausible principles. If the situation is of immense complexity, it may even be impossible to establish the most plausible principles governing the nature of Man. Given this, deterministic development processes may come into being on the intellectual-spiritual level alongside with the determinism in the socio-economic sphere. A prominent example is the gradual loss of importance of the Catholic-Christian values and the rise of Modernity, shaped by the rise of Protestantism, Liberalism, and, as a reaction, Socialism, and, ultimately, Fascism. Jacques Maritain and Eric Voegelin, and certainly others, have dealt with these intellectual-spiritual processes with unequalled depth. Here we provide some hints at these processes and their implications for fundamentalism on the basis of the first chapter of Maritain's *Humanisme Intégral* (pp. 305-33).

Maritain suggests that, on a fundamental level, the positions of medieval Christianity and subsequent Catholicism, and of modern developments in the form of Protestantism and Humanism, may be captured by two basic terms: *grace* and *liberty* (Maritain 1984/1936, p. 305). To simplify to the utmost, in the medieval view, which is also the Catholic position, *grace* represents a Divine invitation to Man to do the Good in all domains. Man, however, is *free* to accept or to decline this invitation (pp. 308-09). Grace is required because *fundamental alienation* – Maritain's *péché originel* – has damaged or distorted human nature, but not destroyed it; alienation may imply, to give an instance, that the striving for Goodness is displaced, to some degree, by the desire to exercise ruthless power or to acquire wealth by plunder.

Subsequently, Maritain speaks of the Protestant discovery, suggesting that fundamental alienation has *destroyed* human nature. This is the pessimistic vision of Luther, Calvin and Jansenius (pp. 313-14). The extreme Protestant vision, represented by Calvin, states that Man can only be saved through *grace*, free choice, liberty to wit, having been destroyed by fundamental alienation. "C'est, en bref, la doctrine de la predestination et de la réprobation au sens des écoles protestantestantes, la théologie *de la grace sans la liberté*."

Le calvinisme en est l'illustration la plus connu. Et nous sommes toujours en face de la meme antinomie: l'homme est courbé, annihilé sous des décrets despotiques"(Maritain 1984/1936, p. 314).

*In this context, Volker Reinhardt very aptly speaks of the tyranny of virtue in his Die Tyrannie der Tugend – Calvin und die Reformation in Genf (2009). In a similar vein, Max Weber, in his Die protestantische Ethik und der Geist des Kapitalismus (1904-05), speaks of “puritanische Tyrannie”, and Thomas Carlyle suggests that, in submitting to this tyranny, the rising economic bourgeoisie realises “the last of our heroisms” (Weber 1904-05, pp. 20-21).*

Maritain then goes on to say: “Mais, le prédestiné est sûr de son salut. Alors il est prêt à tout affronter ici-bas et à se conduire en élu de Dieu sur la terre; ses exigences impérialistes [...] seront sans bornes; et la prospérité matérielle lui apparaîtra comme un devoir de son état”(Maritain 1984/1936, pp. 314-15). Hence to postulate the destruction of human nature through fundamental alienation implies denying the free will eminently present in Catholic doctrine and paves the way for determinism, which, in turn, inevitably result in the doctrine of predestination.

Given all this, it is evident that there are important elements of fundamentalism associated to Protestant, specifically Calvinist, doctrine. Probably, this fundamentalism was inevitable, given the material, intellectual and spiritual circumstances of the time, perhaps most aptly characterised by Thomas Hobbes’s *homo homini lupus* world. Protestant pessimism was perfectly justified, if, in addition, account is taken of the alienation prevailing in the Roman Church, dramatically exemplified by Pope Alexander VI.

Having dealt with the implications of the Protestant discovery, Maritain now suggests that the humanist discovery basically consists, in the first place, in proposing a *deistic* metaphysical system (Maritain 1984/1936, p. 317), associated to a *humanisme mitigé* – moderate humanism (p. 319). This type of humanism postulates a clean separation between the natural and the supranatural, as is in line with Deism. “La théologie humaniste mitigée est cet humanisme ou plutôt ce naturalisme chrétien qui regarde la grâce comme un simple fronton venant couronner la nature (une nature qui n’a besoin d’elle même pour être parfaite dans son ordre); la grâce vient ainsi rendre méritoire pour le ciel, colorer d’un vernis surnaturel des actes dont la *raison* de l’honnête homme suffit à assurer la parfaite rectitude” (Maritain 1984/1936, p. 319). “Dans l’ordre pratique et moral [...] l’homme et la vie humaine sont ordonnés simultanément à deux fins *absolument dernières* différentes, une fin *dernière* purement naturelle qui est la prospérité parfaite ici-bas, et une fin *dernière* surnaturelle qui est la beatitude parfaite dans le ciel.

Ainsi, par une sagace division du travail que l’Evangile n’avait pas prévu, le Chrétien pourra se servir à la fois de deux maîtres, Dieu pour le ciel et Mammon pour la terre, et partager son

âme entre deux obédiences absolues chacune et ultime chacune, celle de l’Eglise pour le ciel, celle de l’Etat pour la terre” (Maritain 1984/1936, p. 319-20). All this has, of course, to be seen on the background of a perfect world, comprising Nature, and Man and Society, implying a self-regulating economy if competitive conditions prevail.

This background is even more pronounced in what Maritain calls *absolute humanism* (*théologie humaniste absolue*), which, in a way, was the inevitable consequence of Christian humanism as just sketched. Here the supernatural (grâce) is absorbed by the natural, that is, *the transcendent becomes immanent*. Rousseau has brought out clearly the consequences of this crucially important line of reasoning: “L’homme est [naturellement] saint, s’il s’établit dans l’union divine à l’esprit de la Nature, qui rendra bons et droits tous ses premiers mouvements.

Le mal vient des contraintes de l’éducation et de la civilisation, de la réflexion et de l’artifice. Qu’on laisse épanouir la nature, la pure bonté paraîtra, ce sera l’épiphanie de l’homme” (Maritain 1984/1936, p. 321).

The next inevitable step was the Pantheism of Comte and Hegel, implying Eric Voegelin’s *Apostasie*. “Il est clair que l’Humanité-Dieu de Comte est à la fois le genre humain dans sa réalité naturelle et terrestre, - et l’Eglise, le corps mystique du Christ, - et le Christ lui-même et Dieu” (p. 321). Mankind and Deity coincide. This type of reasoning culminates in Hegel’s system. Here theology and philosophy are merged. History becomes the process of self-recognition of the mind. Jacques Maritain admirably captures essential aspects of Hegel’s thought: “Et Hegel surtout, tandis qu’il demande à la philosophie de sauver la religion, et qu’il résorbe pour cela tout le contenu de la religion dans les suprêmes énoncés métaphysiques de la pure raison, Hegel introduit en réalité le mouvement même de la Rédemption dans la dialectique de l’histoire, et fait de la réalité de l’Etat le corps mystique par où l’homme atteint la liberté des fils de Dieu [!]” (Maritain 1984/1936, p. 321).

Maritain now states that the optimism of the Renaissance gradually came to dominate the pessimism of Protestantism. This process culminated in the fundamental optimism of Enlightenment. The sovereign reason of Man, in fact, Comte’s Mankind or, inversely, Hegel’s objective reason of the Mind, concretely appearing in Mankind, was associated to the idea of unlimited progress. In Maritain’s words, the Christian theocentric humanism had, through Protestantism and Renaissance, become an anthropocentric humanism. The tragedy of humanism now consists in the fact that, through the dialectics of anthropocentric humanism, humanism has in fact become inhuman (Maritain 1984/1936, pp. 326-33). Broadly speaking, this seems to be also Eric Voegelin’s view.

Maritain distinguishes three aspects of the tragedy of humanism. First, there is the tragedy of Man: “[Dans] les premiers moments de l’âge moderne, avec Descartes, puis Rousseau et Kant, le rationalisme avait dressé de la *personnalité* de l’homme une image hautaine et splendide, infrangible, jalouse de son immanence et de son autonomie, et finalement bonne par essence” (Maritain 1984/1936, pp. 326).

“Or, en un peu plus d’un siècle, cette fière personnalité anthropocentrique a périclité, elle s’est effritée rapidement, entraînée dans la dispersion de ses éléments matériels (p. 327). Maritain mentions two fundamental causes for the degradation of Man, both of which have been alluded to in this essay. One is biological and associated to Darwin, the second is psychological and linked up with Freud. “[En fait, l’homme sort de l’évolution] biologique *sans discontinuité métaphysique*, sans qu’à un moment donné, avec l’être humain, quelque chose d’absolument nouveau commence dans la série: une substance spirituelle, impliquant à chaque génération d’un être humain qu’une âme individuelle est créée par l’auteur de toutes choses et jetée dans existence pour une destinée éternelle. [En conséquence,] l’idée rationaliste de la personne humaine a reçu un coup mortel [par le darwinisme]” (Maritain 1984/1936, pp. 327).

“Le second coup, le coup de grâce [...], c’est, dans le domaine psychologique, Freud qui devait le porter [...]. Le Chrétien sait que le cœur de l’homme, comme dit Pascal, est creux et plein d’ordure, cela n’empêche pas de reconnaître sa grandeur et sa dignité spirituelles. Mais pour la pensée rationaliste et naturaliste, qu’est-ce que l’homme est devenu de nos jours? Le centre de gravité de l’être humain est descendu si bas qu’il n’y a plus, à proprement parler, de personnalité en nous, mais seulement le mouvement fatal des larves polymorphes du monde souterrain de l’instinct et du désir, [...] et que toute la dignité bien réglée de notre conscience personnelle apparaît comme un masque menteur. En définitive, l’homme n’est que le lieu de croisement et de conflit d’une libido avant tout sexuelle et d’un instinct de mort” (Maritain 1984/1936, pp. 327-28). Psychology now comes in to explain behaviour, and, as Dostojevskij says, with psychology everything becomes possible, as particularly the Apocalyptic Age 1914-1945 has shown. Given this, objectively given ethical values, Goodness as a *telos*, are absolutely necessary if Humanity is to survive. This is one of the basic tenets of the present essay.

The second aspect of the tragedy of humanism is the tragedy of culture (pp. 329-31). In Eric Voegelin’s terms: how could the optimism of Enlightenment, carried by the sovereign reign of reason and the prospect of infinite progress, end up in the totalitarian regimes of Stalin and Hitler. In this essay, we argue that crises-ridden and deterministic capitalism was of crucial

importance as far as the socio-economic sphere is concerned. However, the tragedy of humanism sketched also largely proceeded on deterministic lines to culminate in atheistic humanism, which took on three basic forms: liberal in Western Capitalism, socialist within Soviet-type Communism and pagan with German Fascism. While Capitalism produced large amounts of alienation, the violent reactions to Capitalism, the *doctrines* of Socialism and Fascism to wit, produced alienation on a gigantic scale. With Socialism and Fascism, the problem of *grâce* was, of course, non-existent, and *liberty* was abandoned in favour of *bread*, a tendency Dostojewskij had perceived in his reflections on the *Great Inquisitor*.

In fact, in Maritain's view, the third aspect of the tragedy of humanism is the evacuation of the Transcendent, Nietzsche's Death of God or Eric Voegelin's *Apostasie*. This results in the atheistic humanism just alluded to, a type of humanism which, in various shapes, is probably still gaining momentum at present.

All these developments and forms of immanent humanism necessarily produced Fundamentalisms. In fact, issues were so complex and the socio-economic and intellectual situation evolving so fast, particularly after the Great Transformation, that it was almost impossible to step back in order to get an overview and to assess in view of establishing the most plausible vision of Man and Society, and the corresponding system of social and political theory. Nevertheless, very great thinkers have succeeded to get fundamental and comprehensive insights into the intellectual developments of Modernity. Certainly, among others, Jacques Maritain and Eric Voegelin are important cases in point. Their work is the outcome of an intense life-long struggle on the most profound, that is, theological-philosophical, level.

Humanism had to develop in the dialectical way, sketched by Jacques Maritain and Eric Voegelin, to bring about the immense technological and scientific process on the one hand and to create the socio-economic and political preconditions for Social Liberalism. Indeed, the Great Transformation from *Agraria* to *Industria* is by now broadly accomplished in the economic, scientific and technical domains. However, immense inequalities have arisen, and Western materialism has resulted in a spiritual void. This goes along with a loss of sense and purpose, and of perspective. What is the sense of History? What is the ultimate end of life? In many sciences specialisation has led to a loss of perspective. For example, while in economics excellent theoretical-empirical work is done to explain the behaviour of individuals and collectives, the great problems, value, distribution, employment, money, are hardly dealt with in the light of the history of economic theory. This specific line of thought is, in fact, gravely neglected in most universities. And, finally, on the level of social and political organisation,

the great answers given to the Great Transformation, Liberalism-Capitalism and Socialism, seem to have largely failed.

Given this, it would seem, that, at present, time is ripe to assess the overall developments that have taken place not only since the advent of Modernity from the 15th and 16th centuries onwards, but in history as a whole. This assessment is required to prepare the way to move ahead in the broadly right direction.

This essay precisely aims to provide a broad and probable sketch of a philosophy and theory of world history to prepare the way for future policy action. On the practical level the conclusion is that the two great socio-economic and political answers to the Great Transformation, Liberalism-Capitalism and Socialism, have both failed. This opens the way to an alternative, that is, the Catholic natural-cum-supranatural vision of Man, leading on to the the Social-Political Philosophy of Social Liberalism and the associated system of social and political sciences, grounded on Classical-Keynesian Political Economy. The policies emerging from the social liberal system of socio-economic and political sciences would structure and order the scientific and technological achievements that have emerged from Humanism-Enlightenment. This would imply bringing in metaphysics again on which the natural sciences as well as the social and political and the humanities would be grounded. And on the socio-economic and political level the preconditions for the prospering of the social individuals would be created worldwide. Emancipated and openminded thinking would be an essential components of this prospering of the social individuals. This would imply a decisive reduction of alienation in the scientific sphere of which Fundamentalism is a component.

However, at present, Fundamentalism does not only goes on to exist in the religious and in the theological-philosophical sphere, but also 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 may variations and elaborations, culminating in the *rational expectations* system. This type of neoclassical economics always implies that competitive economies are self-regulating.

*To avoid misunderstandings, neoclassical theory may be very useful in explaining the behaviour of individuals and collectives in various domains, economic, legal, and political, for example. Moreover, some mathematics is indispensable for the economist, first, to understand complex economic theories, Walras's general equilibrium model, for example, and, second, to be able to set forth principles underlying very complex phenomena, and the interrelations between these principles. Finally, it is of the greatest importance to know about*



*the neoclassical theories of Walras and Marshall; in fact, without knowing about Walras and Marshall, one cannot understand the meaning and the significance of the Keynesian and Sraffian double revolution that occurred during Shackle's Years of High Theory 1926-1939. Indeed, Walras brought to the open the implications of Adam Smith's invisible hand, which, in turn, implies a self-regulating competitive economy. However, Keynes's monetary employment theory and Sraffa's classical theory of value and distribution both imply that in a monetary production economy there is no self-regulation at all.*

Relying on Walras, non-mathematical liberal economists, Friedrich Hayek being a prominent example, also 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. However, already in the 1940s the liberal economist 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). And very significantly, Duncan Foley recently wrote a fine book on *Adam's Fallacy – A Guide to Economic Theology* (Foley 2006).

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, jumping from dogmas or principles to reality has sometimes been termed as “theological short-cut”. However, in Bortis (1997/2006) it is implied that both principles, subsidiarity and solidarity, require a theoretical underpinning, that is, 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 even of a 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, as has been alluded to already, 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 be shaped by religion.

In this context, another crucial point arises. In fact, it has already principles can, as a rule, not be applied in pure form. This would be dogmatism or fundamentalism, which, as has been alluded to in the above, in relation with labour values on the one hand, and with prices of production and market prices on the other hand, would result in economic tyranny through central planning and bureaucracy. Two central reasons provide a case against fundamentalism. First, there is the probable character of principles, of political economy for example. And second, principles, labour values for example, have to be applied to an immensely complex socio-economic reality in a way that is socially expedient. In the above, it has been suggested that prices of production and market prices are, as is very likely, the most expedient ways to implement labour in a very complex monetary production economy. This

proposition, that is, principles can never be realised in pure form in a complex world, also holds in other spheres, most importantly, perhaps in the religious sphere. This implies that religious principles, too, can sensibly be implemented in a socially expedient form only.

Moreover, 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 in a historical perspective, allowing us 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. And explicitly setting out the values as are implied in the visions underlying differing theories in the social and in the natural sciences, may greatly contribute to the mutual understanding between scientists.

To move away from dogmatism, most importantly religious, and economic, in the form of Neoliberalism for example, implies a reduction of alienation in the realms of religion 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, in a culturally diverse world, the philosophy of history must become the science of comparative civilisation seems basically sound (see the last section of the concluding chapter). On the literary level this fundamental and now, again, highly relevant idea is beautifully expressed by Ivo Andrić’s *Die Brücke über die Drina*, the bridge at Visegrad (Wischehrad), some miles east of Sarajewo, linking East and West, where, among many other events, the Imam, the Pope and the Priest, and the Rabbi met in Ottoman times to discuss fundamentals of Theology in the light of their respective theological positions. Ivo Andrić’s book is not only of the highest relevance for former Yugoslavia, but also for South Eastern and Central Europe, the former Soviet Union, large parts of Africa, Israel-Palestine and the Middle East; Afghanistan, Kashmir, India and Pakistan, and for many other parts of the world.

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 other parts of the world, too. 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.

*European leadership in the transition from neoliberal globalised Capitalism to Social Liberalism*

The profound need for a fundamental change in the socio-economic and political domain on a world level was already the deep conviction of Maynard Keynes and Jacques Maritain at the end of the great catastrophes of the 20th century, that is, by the end of World War Two. In this essay we argue that, precisely, Maynard Keynes' *Social Liberalism*, to be implemented on the basis of *Classical-Keynesian Political Economy*, and grounded upon Jacques Maritain's *Humanisme Intégral* should provide the beacons in the tempest of a, second, Great Transformation, that is, in the transition from globalised neoliberal Capitalism towards a natural, *social liberal*, order within and between nation and nationalities states, in fact, the various political societies of the world. In this second Great Transformation, Europe, mainly on account of her intellectual and spiritual heritage, should take the lead, simply through giving the example, in the domain of socio-economic and political ideas and their realisation in the main. Europe must go on playing the role of the Laboratory of World History in these matters. In the present essay this has been called the *great duty* of Europe. Indeed, in the course of first and second *axial age* Europe has been largely on the receiving side. It is now up to Europe to share with the entire world the *great wealth of ideas* (Alessandro Roncaglia, speaking of the history of economic ideas) she has accumulated in the course of the two *axial ages* in the sphere of socio-economic and political ideas and their implementation. Ideally, this should enable each country and each historical-geographical federation to go its own way in the direction of the social liberal, that is, the natural state of liberty.

*It has already been suggested, that the present situation, characterised by a negligible European political and military influence on the world level, could provide the opportunity for yet another new start for Europe, the Laboratory of World History. This emerges in*

*analogy with the fate of ancient Greece. Indeed, looking back briefly, the Peloponnesian World destroyed the Greek political world, and its military strength; however, through the Empire of Alexander the Great and the Roman Empire, Greek ideas spread all over the West and deeply into the East. Similarly, the breakdown of the Roman Empire in East and West brought about Christian Europe, Catholic, Protestant, and Orthodox. Subsequently, Europe and Russia rose to world dominance. Finally, the two World Wars resulted in the end of European political domination in the world. However, as has already been suggested, European social, political and educational ideas could, eventually, rise to world significance presently. Indeed, Europe has, on account of her spiritual, intellectual and political history, ideal preconditions to become a model for the social and political organisation of a new world, in line with Keynes's Social Liberalism, and its wider implications.*

Throughout this essay it has been insisted upon the fundamental importance of Keynes's Social Liberalism as set forth in Bortis (1997/2006, 2003a, 2003b, 2012, 2013a, 2013b, 2015 and 2016) representing an alternative to Socialism and Capitalism. The gradual implementation of Keynes's social doctrine indeed emerges as the only possible way out of the difficult socio-economic and ecological situation brought about by the presently ongoing capitalistic Globalisation as has come into being with increasing intensity after the breakdown of Socialism in Eastern Europe and the Soviet Union around 1990. It seems normal that Europe, who has initiated the Great Transformation from Agraria to Industria (Gellner) and where the great contradictions of Modernity became evident most clearly during the Apocalyptic Age 1914-1945, should take the lead in undertaking the way towards a social liberal world; given this, it will be argued subsequently that Europe should go on playing the role of the Laboratory of World History, simply because all the preconditions, historical, social, political, and, most importantly, intellectual and spiritual, are most favourable here.

However, in our view, it would seem that the lead towards Social Liberalism cannot be taken by the United States of America which has been the dominating capitalist country after World War Two. Indeed present globalisation is largely shaped by the American model characterised by materialistic capitalism, implying ferocious competition, worsening socio-economic and ecological conditions, spiritual desertification – we have mentioned Jaspers who, in this context, spoke of a drying up of the mind (*Austrocknen des Geistes*). In his *Le nouveau XXIe siècle – Du siècle "américain" au retour des nations*, Jacques Sapir points into the same direction; in fact, Sapir envisages the coming into being of a multipolar world characterised by several power centres, possibly characterised by different ways of life. In any case, the

strong implementation of neoliberal capitalism in the United States does not provide the preconditions required to lead the West, and, subsequently, other parts of the world in the direction of Social Liberalism.

This is of course not to criticise a great nation, which the United States of America undoubtedly are; indeed, the United States have greatly contributed to the development of science and technology, and enjoy a remarkable freedom of expression. However, the United States have, on the other hand, simply continued to practice an aggressive capitalism on European lines after World War Two based upon the external employment mechanism and on profit-seeking financial capital operating through multinational and transnational enterprises; to be sure, this capitalism is different from West European industrial and financial capitalism, which had emerged from Mercantilism. European capitalism in the mercantilist and industrial era was based on colonialism and imperialism, frequently associated to predation, European *Sendungsbewusstsein* and shaped by an inter-European striving for power and worldwide domination. However, US capitalism is based, first, on a free-market-cum-democracy ideology, which in a monetary production economy without self-regulation, results in the domination of the socially and economically strongest, and, second, as Greil Marcus suggests, on a religiously based *Sendungsbewusstsein*: the chosen people, having concluded an alliance with itself to implement and to defend Liberty and the Rule of the Law, eventually worldwide. This is an impossible undertaking if market economies are not self-regulating, but, on the contrary, are producing ever-growing disequilibria, mainly increasing unemployment and more and more inequality in the distribution of incomes and wealth. The impossibility of the American undertaking in such a situation is put to the fore in Greil Marcus's *The Shape of Things to Come - Prophecy and the American Voice*. In fact, both Liberty and Law will remain alienated to a large extent in the presence of mass unemployment and a highly unequal distribution of incomes and wealth. Indeed, in a materialistic society, liberty can be effectively realised to degrees in line with the material means available. For those living in poverty or even misery freedom becomes purely formal in societies, in which no tendency towards full employment exists and cumulative processes bringing about increasing inequalities in income and wealth. And given the fact that knowledge is always imperfect and probable in complex situations, the positive Law implemented in the Western countries, and all countries following them, tends, in many instances, to become the law of the financially strongest, the most ruthless, and also the shrewdest; indeed, legal practice in the West is more and more based on so-called objective economic-scientific factors; these elements on the level of phenomena can, as a rule, be interpreted very differently; given this, power, financial in the

main, and shrewdness may decide upon the outcome of a legal case. An outstanding example is the O.J. Simpson case, on which the conservative-liberal and highly correct Swiss newspaper *Neue Zürcher Zeitung* dryly commented: *In den Vereinigten Staaten ist es besser reich und schuldig zu sein, als arm und unschuldig*. Certainly, the very great majority of judges and lawyers in the US and elsewhere are doing their work properly. In fact, judges and lawyers, when passing judgements or assessing some legal situation and making, spontaneously think in terms of natural law; this cannot be otherwise, because the principles of Natural Law are objectively given and accessible to unalienated human reason, broadly equivalent to Maynard Keynes's instructed *common sense*. However, the Simpson case illustrates that if positive law is not explicitly grounded on the fundamental principles of Natural Law, *iustitia distributiva* and *iustitia commutativa* to wit, the legal system may legally produce very great injustice. Moreover, such outcomes are favoured in neoliberal societies in which money-making is, in practice, possibly the highest value, implying that the highest ethical values, justice in this case, can be bought without the law being violated.

*To be clear, this is a critique of the American system, not of American individuals. In the next chapter on the philosophical underpinnings of the great transformation it will be suggested that in the United States the ultimate consequences of the individualistic protestant-cum-enlightenment revolution of the 18th century are now most clearly visible. This is probably a major reason why the United States now claim the leadership in this Enlightenment undertaking shaped by the idea of progress, associated to the implementation of liberty, democracy and, in a wider view, of human rights. However, we shall also suggest in the next chapter that the Enlightenment conception of liberty, that is, the liberty to do anything, which contributes to enhancing individual wellbeing (utility) within the framework of positive law, could eventually work if the economy and society were brought into a harmonious equilibrium through some social law, Adam Smith's propriety for example. However, if the economy is not self-regulating, this notion of liberty may, in a neo-liberal free-market world, lead on to growing disequilibria, mass unemployment and a more and more unequal distribution of incomes most importantly. Neo-liberal liberty ultimately turns out to be self-destructive, mainly because of the linear striving for infinity associated to this notion of liberty. Indeed, the striving for more and more consumer goods and for money can in fact never be satisfied, as can the striving for power. It will be argued below that the notion of liberty ought to be conceived as the Liberty of the Will, which ought to be directed towards*

*realising the fundamental objectively given fundamental values of Goodness, Truth and Beauty in all domains to the largest extent possible for human beings.*

All this implies that without objectively given ethical foundations, or principles, both law and liberty tend to become alienated. Liberty is, in fact, a property of the will, directed to an aim that can be reached with certain means. And the means and even more the ends are a matter of ethics. And positive law ought to be the realisation of the principles of natural law. To probably know these principles requires a very comprehensive argument on the nature of man and of society. In fact, the various visions of man and society must be considered, compared and legal principles, similar to the principles of political economy, must be based on the most plausible vision. Given this, distributive justice (*iustitia distributiva*) and justice in exchange (*iustitia commutativa*) will emerge as the basic principles of Natural Law.

Now, the Western, and particularly the American vision of man and society, is based upon the individualistic Deistic-Protestant-Liberal *Weltanschauung*. The problem is to create an appropriate framework, a system of positive law and democratic institutions. Given this, the self-regulating market will take account of all the great economic problems, value and price, distribution and above all employment in a socially satisfactory way.

In this essay, however, we argue that, this liberal view of things is fundamentally mistaken, because monetary production economies are not self-regulating at all, but may produce cumulative processes leading to increasing inequalities between individuals, social classes, regions, countries and continents; and involuntary unemployment may grow, too. Given this, to bring about a state of natural liberty, based on natural law, the socio-economic foundations must first be created, most importantly, full employment and a socially acceptable distribution of incomes, a public education system, and a compulsory social insurance system. Liberty remains more or less formal and the Rule of Law cannot in fact be imposed through regulating behaviour, if there is heavy alienation. Hence both Liberty and the Rule of Law require socio-economic foundations, which result from solid and appropriate policy making within each country, based upon equally solid socio-economic theory. This is to say, that the system must be organised. Time and again, we have argued in this essay that the role of the state is to set up socially appropriate institutions, or to favour the coming into being of such institutions, in a way that the social individuals may prosper.

Finally, the nature of US capitalism was shaped through the Cold War, in the framework of which the Soviet Union also tried to expand her influence in the Third World of the time. This aggressive, and one must admit, selfish, capitalism, combined, at times, with political and



even military interference, is, of course, not practised by the American people, but, probably, by a small fraction of her ruling *elite*. Incidentally, it is very likely, that each country in the world is, directly or indirectly, governed by some *elite* having an economic, social, political and intellectual (ideological) basis. This *elite*, possibly consisting of several power centers, may shape policy making in the direction of the public interest or of particular interests, hence as of some combination of both. To give an example, the United States undertook, positively, immense efforts to strengthen the position of the West; incidentally, the Soviet Union did the same for the East. However, more negatively, two points may be noted. First, when President Dwight D. Eisenhower was about to retire from Office in January 1961, he warned the United States against the growing power of the military-industrial complex. And, second, relating to more recent times, there is the significant title of James K. Galbraith's 2008 book: *The Predator State*, which deals with the deviations that occurred in the Bush era.

Given all this, the United States are, on account of her very great economic and military power, **a centrally important country regarding the speed** at which a fundamental change of direction away from aggressive capitalism, based upon the external employment mechanism (Bortis 1997/2006, pp. 190-98, and 2003b) and profit-seeking financial capital, will take place, **to bring about a movement** towards a natural world order as is broadly sketched above in a separate chapter; in this natural world order the internal employment mechanism would dominate (Bortis 1997/2006, chapters 4-7). The faster and the more profoundly changes occur in the United States, the faster the world as a whole will be able to change, hopefully, in the direction of the social liberal world order conceived by Maynard Keynes after the First World War. Keynes's life and work in its historical and political context is set out extensively in Robert Skidelsky's splendid three-volume biography (Skidelsky 1983, 1992, 2000).

After the election for President of Barack Obama there is now great hope for change in the United States. Moreover, hope for fundamental change is also related to the strong ecological movement in the United States led by Al Gore and others. **[However, it would seem that this optimistic stance is much less justified now, in 2016, when Hillary Clinton and Donald Trump are campaigning for the Presidency of the United States, and optimism is reduced even more by the election of Donald Trump!]** But let us state immediately here that to repair and to eventually regulate in a more appropriate way, hence to improve the present capitalist system should be of short- and medium term nature only. In the long run, the presently prevailing capitalism, still run, broadly, along Washington Consensus lines, must be fundamentally changed in view of establishing Keynes's social liberal system. This has been argued extensively in this essay.

The transition from neoliberal Finance-cum-Monopoly Capitalism to Social Liberalism is linked with a fundamental change in the monetary and financial order on a world level which will require a great sacrifice from the United States. Indeed, the US will have to abandon the primacy of the dollar as medium of exchange in international trade and as a reserve currency. This implies abandoning an immense, entirely unjustified privilege established at the Bretton Woods conference in 1944. The supremacy of the dollar has indeed provided the US with a strong instrument of power, allowing the US to buy anything anywhere in the world and to dominate foreign investment and the financial markets; moreover, the dollar as an international currency has enabled the US to intervene almost unhampered on the social, political and military level all over the world.

It seems quite evident that the Dollar as world currency and the Washington Consensus, even if somewhat weakened, have, in a Kaldorian vein, brought about cumulative processes leading on to more involuntary unemployment, to immense inequalities in the distribution of incomes and wealth and, as a consequence, to more poverty and misery, poverty being the lack of superfluous, misery the lack of necessities; as the British economist Guy Standing notes, a new dangerous class is constantly growing: the precariat (Standing 2011). Moreover, ferocious competition on world markets has resulted in dramatic climate changes, and an environmental catastrophe cannot be excluded if there is no fundamental change in the world economic and financial order, that is, a movement from neoliberal capitalism to social liberalism and Classical-Keynesian political economy.

Given all this, the dollar will have to give way to a **supranational** currency, **Keynes's Bancor** to wit, as proposed by Keynes at the 1944 Bretton Woods conference (Keynes 1980/1940-1944). With the Bancor system, each country would have its own currency in order to be able to pursue an incomes policy aimed at establishing a broadly fair distribution of incomes and, very importantly, a full employment policy. Moreover, each country would be in a position to ensure a broad equilibrium in the balance of current account and to control capital movements, mainly in order to prevent speculation and to render impossible illegal financial transactions (for example, tax evasion and transfers of money associated with criminal activities). Given all this, the stability of the world real and financial system would be greatly enhanced on a world level. The world as a whole could move nearer to the material common good, in the main given by a fair distribution of incomes and full employment, implying the absence of involuntary unemployment, in all countries. And the natural environment could be preserved by bringing about sustainable development worldwide.

Finally, it is likely that change may be more profound and also more rapid in a crisis situation because the economic and financial strength of socio-economic power centers is probably to be weakened. Given this, the present – 2008-09 – crisis might provide an opportunity for a fundamental change of direction in matters of the socio-economic order within and between countries on a global level.

Given the actually prevailing capitalistic world order, it is perfectly understandable that, presently, the newly emerging great powers, specifically China, but, eventually, India and Brazil, too, have to broadly adopt an aggressive capitalism on American lines in order to get established economically and politically on a world level, and to gradually strengthen their position. Since monetary production economies are not self-regulating, this could prove highly dangerous because a ferocious struggle for raw material and energy resources and outlets for final products will almost certainly develop, and is, in fact, already going on. Just let us remember that the first phase of industrial capitalism, 1815-1914, with the struggle for economic, military and political dominance in the world between the British Empire and Imperial Germany intensifying from 1890 onwards, ended in the catastrophes of the Apocalyptic Age 1914-1945. At the time, relatively small European powers were struggling to dominate more or less intensely the very large ‘rest’ of the world. At present huge powers – the United States of America, China, a set of small and medium-sized European states, Russia, India and Brazil, covering large parts of the globe, are struggling for predominance in relatively small areas: Africa, parts of Latin America, the Middle East, Central, South and South East Asia. This is a highly dangerous Orwellian situation. To be sure, large hot wars seem unlikely, because the globe might be destroyed; however, small wars might occur occasionally, and, above, ferocious struggles in the religious, demographic, economic, technological and political domains might intensify.

In this context, *the great duty of Europe* to take the initiative to move towards a social liberal world order clearly emerges. This duty arises from the fact that, in Europe, the preconditions to initiate a movement towards Social Liberalism are most favourable, for several reasons to be alluded to in passages, sections and chapters below.

First, Europe may be considered the Laboratory of World History; in fact, this makes up her particularity, which, as has been insisted upon, does not mean superiority at all. The first *axial age*, the breakthrough to the problem of Truth, took place in Europe (Greece) in a very specific way, which turned out to be immensely fruitful regarding its development potential. The Greeks could realise this exceptional performance because they could heavily rely on Middle Eastern achievements, Egypt, Mesopotamia and Persia in the main (Martin Bernal,

Walter Burkert); moreover, they had the unique opportunity of a new start, which allowed them to leave behind traditional ways of thinking to produce a system of philosophy, which greatly contributed to prepare Europe for the Breakthrough to Modernity. And the second *axial age*, the Great Transformation or the Breakthrough to Modernity took place in Europe. Once again, Europe could rely on various outside resources, benefiting greatly from the Islamicate civilisation, China and India, above all concerning Science and Technology (John M. Hobson and Konrad Seitz).

Second, the way in which the European laboratory functioned was crucially shaped by Christianity in the course of Europe's specific way from the Early Middle Ages onwards; this is Michael Mitterauer's *Europäischer Sonderweg*; here the Middle Ages do not appear as a period of obscurity and stagnation, but a solid basis enabling Europe to undertake the perilous march in the direction of the Great Transformation, and beyond. The fundamental role of Christianity is also put to the fore by Jacques Maritain who argues that modern Christianity will also shape future societies attempting to realise his *Humanisme Intégral*, which, as has been insisted upon, is closely associated with and, in fact, underlies and complements Keynes's *Social Liberalism*, putting thus Keynes's system into a wider context, linking the natural to the supranatural.

Third, a specific development in the working of the mind took place in Europe and in regions deeply shaped by European thought. There were the Patristic and Scholastic systems, combining Christian Faith and Greek Philosophy, Plato and Aristotle most importantly, through Augustine and Thomas Aquinas in the main. Wilhelm Haas argues that the Scholastic method, originally applied to Theology and Philosophy, was gradually applied to man, society and nature. This gave rise to the development of the human, social and natural sciences, with the theological and metaphysical foundations being gradually eliminated. This dialectical process culminated in the era of Enlightenment. Here pure science was conceived, devoid of any metaphysical foundations, and the idea of general progress was coined, in fact the idea of unlimited human, social, economic, scientific and technological progress. The Apocalyptic Age 1914-45 destroyed this belief in progress and consciousness about the necessity of metaphysical foundations for the human, social and natural sciences started to grow. This kind of argument was set out on a fundamental level by Jacques Maritain in his *Science et Sagesse*, and specifically by John Eccles for the natural sciences and, implicitly, by Maynard Keynes's for the social and political sciences.

And, forth, the idea of the nation-state was developed and carried on by France, and a great French statesman, Cardinal Richelieu conceived of Europe as a Christian Family of Nations.

Based upon Richelieu's vision, it has been argued that the social liberal world should, similarly, be conceived as of a family of nations structured through historical-geographical Federations.

Finally, it may be mentioned that Europe has almost ideal geographical and climatic conditions. Given this, and the *very rich historical heritage* in the intellectual, spiritual, scientific, socio-economic and political spheres, Europe has *by far* the best possible preconditions to initiate the transition to Keynes's social liberal world order. Indeed, if it is not possible to set up reasonably good political societies in Europe, where else in the world could this be possible? This is particularly true of France, where the geographical and climatic conditions are most favourable; France also possesses an outstanding material, intellectual and cultural heritage; moreover, she has been the historical carrier of the idea of the modern state, which now will have to be realised in a natural, social liberal, form. And, probably, it is not by chance that a Frenchman, Jacques Maritain, has, in his *Humanisme Intégral*, laid the metaphysical foundations for the polity of history proper, in which alienation would be reduced to a minimum through realising Keynes's *Social Liberalism*.

Jacques Maritain emphasises the importance of Christianity in shaping the course of European development directly in the Middle Ages and increasingly indirectly since around 1500 to the present. He also insists on the future significance of Christianity, specifically in his *Humanisme Intégral*. This implies in no way a return to a past historical situation. In fact, Maritain emphasises that while Medieval Christianity put the sacred to the fore, modern Christianity would have to be fundamentally secular (Maritain, *Humanisme Intégral*, 1984/1936, p. 475) to be able to constructively shape the modern world, where Liberty would be the fundamental value (Maritain 1984/1936, p. 476) – in this spirit we subsequently speak of natural liberty, which consists in choosing the means to approximately realise the fundamental values of Goodness, Beauty and Truth in all domains of individual and social life, and also regarding nature. This project requires elaborating a specific philosophy of history, a social philosophy and, and building on these philosophies, a system of social and political sciences (Maritain 1984/1936, pp. 303 and 427). In the present essay we attempt to contribute somewhat to the philosophy of history; contributions to political economy, based upon a social liberal social philosophy and with links to the social and political sciences in general are sketchily set forth in Bortis (1997/2006 and 2003a).

*To avoid misunderstandings it should be mentioned that the Medieval Sacred would of course be preserved in Modernity. In fact, the Sacred would form the basis of Secular Christianity.*

Given all this, Europe has a real duty to launch the movement towards the natural social liberal world order and, in doing so, Europe would return something to the world in exchange for what she has received, from the times of Ancient Greece to the present. It has been suggested, that this act of giving should be done, not through exercising force or through interfering into the domestic affairs of other polities, but through *providing an example*. In a way, Europe must become the *beacon in the tempest of the movement towards the natural state of liberty* associated with Keynes's *Social Liberalism* and Maritain's *Humanisme Intégral*. This implies that paving the way towards Social Liberalism ought to be based upon socio-economic and political ideas and their implementation domestically so as to provide an example. There would be no question of imposing these ideas through using some kind of power. Indeed, in conditions of natural freedom, each country must be able to go her particular way to Social Liberalism as is adapted to the mentality of her people. Given this, there should be no foreign interference of some kind at all. International relations should, indeed, proceed on the basis of cooperation and of exchange of goods and ideas.

In a wider view, to initiate, then, the transition toward Social Liberalism, Europe should provide an example in developing and implementing socio-economic and political theories along social liberal lines. Once orderly conditions are broadly established worldwide on the basis of existing technology, technological improvement in line with social and, above all ecological requirements may set in. *Technology must indeed adapt to Man and Nature and not the other way round*. Here the United States, in association with other technologically advanced countries and regions, Japan and Europe in particular, to be joined by China and India, could contribute decisively to set the world economy on a self-sustainable basis. This would prepare the social liberal era of cooperation and exchange in the technological, intellectual and spiritual domains worldwide.

And very importantly in this context, the movement towards the social liberal natural state may be brought about by ways of *reform*; no revolution and no violence will be required, as was the case with Liberalism (Capitalism) from 1789 onwards, and with Socialism (with Central Planning) in 1917 and during the following decades. What is required, however, is very solid socio-economic theory, most importantly, classical-Keynesian political economy, and a wider vision of Man and his destiny, linking the natural and the supernatural. Only strong theory, based on a clear vision, may deliver the policy conceptions required to guide the transition from the actual situation to the order of natural liberty by ways of reform of national and international institutions, and through the creation of new institutions.

### *The need for a second Great Transformation*

We may appropriately conclude this chapter on *ways ahead* by pointing to the necessity of a *second Great Transformation for the world as a whole*. This suggestion, put in a wider context, might contribute to rendering the *theory* of history set forth in this essay somewhat more elaborate. Indeed, as has been alluded to in the above, *Greece* had the chance of a new start after the breakdown of the Cretan-Mycenean civilisation and produced, relying on Middle Eastern ideas, the great philosophical systems by Plato and Aristotle (Walter Burkert). Following up the breakdown of the West Roman Empire, *Europe*, based upon Western Christianity and the Carolingian Empire, had the opportunity of another new start, which ended up in the breakthrough to Modernity (Michael Mitterauer). This breakthrough was linked with the breakdown of traditional society in Western Europe through the great revolutions at the end of the 18th century: the English Industrial Revolution and the French Political Revolution. In Russia and China traditional society was destroyed, or at least heavily damaged, in the first half of the 20th century by Socialist Revolutions. Given this, the *first* Great Transformation resulted in Capitalism and Socialism. The realisation of both doctrines represents, in fact, a *third* new start for humanity.

*On the dynamic role of revolutions in history, see Martin Malia's History's Locomotives - Revolutions and the Making of the Modern World (Malia 2006). In the first part of his work Malia considers revolution as religious heresy, Luther, Zwingli and Calvin, most prominently. The political revolutions in England, North America and France are the subject of part two. And part three deals with the quest for a socialist revolution.*

*In this essay we have suggested that the Reform resulted in a tremendous dynamic process within the Catholic Church, initiated by the Counter Reform, leading the Church on the way to Modernity, without giving up the heritage of the past. The political revolutions in France and in Russia resulted in two great socio-economic and political answers to Modernity, that is, Liberalism (Capitalism) and Socialism (on the historical sense of both revolutions see the above chapter on the importance of the Great Revolution in France 1789 and the significance of the Russian Revolution 19197).*

It would seem that, after the breakdown of Soviet (War) Communism in Central and Eastern Europe and in China, and the dramatic difficulties global Capitalism is now facing, *the world*

as a whole needs a *second* Great Transformation, which ought to result in a *forth*, new, start for humanity as a whole. The era following up this new start would have to be shaped by Keynes' Social Liberalism and Classical-Keynesian Political Economy. Both doctrines rest, in turn, on the Catholic *Weltanschauung* as has been built up in the course of the last two thousand years.

The sense of Malia's book now broadly emerges. His three revolutions were necessary to set up specific historical processes, given by the historical test of Liberalism (Capitalism), based on Protestantism, and of Socialism respectively. The historical realisations of both doctrines seem to have failed, clearing thus the way for *Social Liberalism*, as is based on the Catholic vision or *Weltanschauung*.

However, the transition towards Social Liberalism is going to be a difficult process. Actually dominating interest groups will dress up obstacles. And reforms of the existing system may be proposed. For example, a specific proposition arising from the decline of the US dollar and from the necessity to move gradually in the direction a new world economic and financial order, is made more and more insistently just now, at the end of 2008 and the beginning of 2009. There seems indeed to be a tendency toward currency areas, for example, a US dollar zone, a Euro area, zones dominated by the Russian rouble, the Japanese Yen, the Chinese Yuan RMB, and, eventually, others. It is likely, however, that such a tendency would greatly exacerbate the Orwellian power game, which is already going at present, and might even constitute a danger for world peace. Three main reasons account for this.

First of all, each currency area would attempt to strengthen its position at the expense of others. The basic aim would be to export as many high quality manufactured goods and services to conquer as large world market shares as possible to ensure a high employment level within a common currency area. At the same time access to raw materials and energy resources would have to be ensured. This is the classic power game, taking place on the basis of the external employment mechanism. Given this, some currency areas might literally become fortresses. However, with various currency areas existing, the economically weaker areas would eventually react through protectionism, formal and informal, and devaluations in order to ensure a balance in the current account and an employment level as high as possible. Given this, the power game would become more complex.

A second reason for possible conflicts arises from the relations between countries of the same currency area. It is evident that the large country issuing the currency could heavily influence the domestic affairs of small countries in the same currency union. Given this, the smaller



states might even become a kind of satellite states, if the large country exercises its power ruthlessly.

A third great danger for peace would be associated to the question as to whom belongs to which currency area. Perhaps, the most important case in point is provided by the Ukraine. Should the Ukraine belong to the Euro zone as she seems to wish, or to the rouble zone, as might be the aim of Russia. Hence with an international order based upon an Orwellian currency zone concept, the Ukraine would become a permanent source of conflict between Europe, and, eventually NATO, and Russia. However, on the basis of a Social Liberal world order, the Ukraine would have her own currency and would, based upon the Principle of Solidarity, be able to pursue an economic and social policy of her own. Moreover, based upon the notion of *historical-geographical federation* alluded to at the end of the chapter *on the world order of Modernity*, the Ukraine would, as a linking country, belong to two Federations, the Central-Eastern and South Eastern European Federation and to the Commonwealth of Independent States. Given this, the Ukraine would, together with Poland and Lithuania, become a crucially important link between Europe and Russia, and, as such, a factor of peace. And, as has already been suggested, the Commonwealth of Independent States would become a bridge of peace between Europe and Asia. This, in turn, would be a crucial element for permanently securing world peace.

Given all this, there is no way out. Common currency areas are bound to be blind alleys. And in the above it has been suggested that the regulation of behaviour in the real and in the financial sector is an impossible undertaking. The result would be a legal jungle in which the shrewdest and the financially strongest would ultimately win through.

Hence, superficial reforms of the capitalist system would not lead anywhere. The only possible way out is to move from Capitalism in the direction of Social Liberalism. Here, Keynes's *Bancor* will constitute a *supranational* world currency, and each country will have its own currency to be able to pursue appropriate social and economic policies, adapted to the mentality of the people. Hence the new Great Transformation will definitely have to be a movement from neoliberal Capitalism to Social Liberalism. A new system will have to be built up, bringing about the Natural Order within and between states alluded to in preceding chapters.

However, the transition from neoliberal Capitalism to Social Liberalism has far-reaching philosophical, also social philosophical, implications. To broadly clarify these issues is the object of the next chapter.

## Philosophical underpinnings of the second Great Transformation

In preceding chapters and sections the theoretical foundations of neoliberal Capitalism and of Social Liberalism regarding the state, society and the economy, have already been broadly dealt with, specifically from the chapter “Attempts to master the effects of the Great Transformation” to and including the chapter “Concluding remarks: Some fundamental issues related to the breakthrough to Modernity.” Most remarks on the political and socio-economic foundations of Social Liberalism are to be found in the chapters “The natural order within states leads to a natural world order: the world as a family of nations” and “The natural political world order as a precondition for polities in line with human nature.” These broad sketches imply the corresponding political and socio-economic changes required in the second Great Transformation.

In this chapter we deal with some philosophical issues underlying Liberalism and Neoliberalism as well as Social Liberalism and hence of the second Great Transformation, leading from Neoliberalism to Social Liberalism. Two great issues move to the fore in the context of neoliberal Capitalism and of Social Liberalism: the notion of *Liberty* and the question of *Human Rights*. To deal with these issues, problems related to religion, the legal system and to the role of history will also have to be taken account of.

In the presently dominating neoliberal view *Liberty* is conceived as liberty from restrictions (*Freiheit von*) and represents, as such, the heritage of the individualistic movements of Enlightenment and Protestantism. In principle, the autonomous individual is allowed to do anything, which contributes to enhancing his wellbeing or utility within the framework of Law. In this view, Man is the measure of all things; Arnold Toynbee repeatedly speaks of the *self-adoration* of Man. Individuals act in various domains, which, in principle, are separated from each other; specifically religion and ethics are separated from economic, social and political life as well as in Law. Given this, the striving for utility maximisation may imply a large range of values, from religious-cum-spiritual and intellectual and aesthetical values, associated to the striving for Goodness, Beauty and Truth, down to material and associated values – consumerism, money-making, and power of some kind.

*In this context we may mention that, in the 1960s, the Polish philosopher I. M. Bochénski insisted in his lectures on the existence of two kinds of materialism, Soviet materialism, which is of a philosophical nature, and materialism in the sense proper which dominates in the West*

*[and, one could add, increasingly in the entire world, although there are, at present, strong spiritual reactions; in any case, when materialism goes without saying, the spiritual simply peters out, it evaporates like water in the desert.]*

The unrestricted pursuit of material values in the widest sense may ultimately result in the destruction of individuals and families. For instance, an excessive consumption of alcohol and drugs resulting in the physical destruction of individuals, and an exaggerate practice of money-games which may lead on to the destruction of families. But these types of behaviour are predominantly not an outcome of free choice, but are largely due to a *misfunctioning of the entire socio-economic and political system* brought about by a highly unequal distribution of incomes and massive involuntary unemployment. Such a state of affairs represents system-caused alienation originating in the economic sphere and having effects on the social and other spheres. At present, various factors tend to increase system-caused alienation. Perhaps, the most dangerous cause exerting a highly damaging influence upon the socio-economic system and the social individuals, is systematic moneymaking, that is, making more money out of a given amount of money as primary aim of activity. This phenomenon has been dubbed *financialisation*. It is well known that huge amounts of money have accumulated in the financial sector in recent decades. These represent the monetary wealth of very rich people, but also of small savers; pension funds, non-profit organisations, large, medium and small enterprises, but also banks and hedge funds also contribute to increasing the amount of money in the financial sector. Now, in a monetary production economy, the volume of new investments determined by effective demand and hence is given in the long term; new investments can easily be financed by bank credits and own financial means. Given this, the huge amounts of money circulating in the financial sector look for investment opportunities in already real and financial assets (land, real estate, firms, gold, old masters, bonds, shares).

Now, *financialisation* of the economy takes place if financial capital is massively invested in *already existing* assets and results in extracting surplus (profits) on an *abnormally high* level from the real sector. Now, the point is that a large proportion of these profits will move back to the financial sector and increase the volume of profit-seeking financial capital, implying that the financial sector is continuously fed and, as a consequence, steadily grows. In this way the real sector becomes ancillary to the financial sector, which is an abnormal, one could even say, an alienated situation. Indeed, in normal circumstances, the financial sector should be in the service of the real sector through providing credits for socially useful investment. Needless to say that with the domination of the financial sector, resulting, for example, in unfriendly take-

overs, asset-stripping, high-profits goals for real sector enterprises, we are a far cry from this desirable situation.

It is remarkable that the French philosopher Jacques Maritain has, in the 1930s already, pictured this rather perverse relationship between financial and real sector. In theory, Maritain says, one may easily conceive of an association between money (and finance) and productive labour, with money feeding, in a way, the various enterprises, contributing thus to increase a country's wealth. In reality, however, this scheme operates in an entirely different, even pernicious, way. In fact, money becomes a living organism nourished by the real economy. Profits are no longer the normal result of enterprise nourished by money, but the fruit of money fed by productive enterprise. This reversal of values most importantly implies that the claims to dividends become primary at the expense of the claims to salary. In this way, the real economy becomes ancillary to the power of money, which thus gets primacy over goods useful to man (see on this Maritain, quoted in Dembinski 2008, French original, pp. 178-79).

Let us note, however, that, in a first step, only part of the financial system does *not* stand in the direct service of the real sector; services provided to the real sector by the financial sector might comprise commercial banking and granting credits to small and medium-sized enterprises, or traditional wealth management in the service of individuals and institutions, non-profit organisations, for example; moreover, some hedging is also required due to the permanent presence of more or less uncertainty about the evolution of prices, including of course exchange rates. All these services of the financial sector in favour of the real sector are indeed normal and socially necessary.

As a rule, the individuals and institutions active in the financial sector *in excess* of the normal and socially necessary activities participate more or less intensely in excessively draining the real sector of surplus, mostly without being conscious of it. The actors in the financial sector eventually think that they are acting responsibly in contributing to the best possible allocation of resources. Among these actors banks obviously play a pivotal role, since all transactions are carried out by banks, either for their customers, including hedge funds, or for the banks themselves. Since the banks and some big customers command the whole of the liabilities of banks, the entire quantity of money ( $fM$ ) circulating in the financial sphere of an economy may, in principle, be put to use for excessive surplus extraction. This means that, through some large banks and hedge funds, the entire financial system may participate in excessively shifting money from the real sector to the financial sector. In theory, the actors in the financial sector presumably simply think along the dominating *neoclassical* mainstream view: they are convinced of permanently allocating resources in an efficient way. In practice, most small and

medium actors simply follow the general trend set by the big players regarding the composition of their portfolio. However, the trendsetters, that is, some large actors on the financial markets presumably know fairly well what they are doing. These big actors possibly also knew that they were too big to fail.

Why do these problems with the financial sector arise, given the fact that the activities of this are in itself good in the social ethical sense? It is, in fact, normal that there should be markets for financial assets (bonds and shares), raw materials and energy resources, for old masters, and so on; and wealth management would be an important financial sector activity. But these markets should ultimately enhance the proper functioning of the real sector. For example, if a non-profit organisation wants to finance some project it should be able to sell financial assets it possesses at a good price. This implies that there must be buyers of these assets wishing to invest profitably money they do not need at the moment, that is, to hold wealth in terms of specific financial assets. On a general level this implies that the quantity of money in the financial sector,  $(fM)^*$  say, should be large enough to satisfy the *long-period* precautionary motive of individuals and families, firms in the production and service sector, social and cultural institutions of all kinds, mostly non-profit institutions, and, in part, of the state, to hold monetary wealth and to provide for reserves and incomes to ensure the proper functioning of these institutions (on institutions, see Bortis, 1997, pp. 20-27).

Given this, the problem of the financial sector can now be assessed. In the *classical-Keynesian* perspective put to the fore in this paper, the *financial sector becomes increasingly an extractor of social surplus* through *financialisation* because it is *far too large* compared with the real sector. *Too much money* circulates in the financial sector [ $fM \gg (fM)^*$ ], subduing thus increasingly the real sector to the financial sector. Given this, 'monetary *production* economies' tend to become 'monetary *finance* economies', in which, as has been alluded to in the above, the banks and some big customers, including hedge funds, will tend to play a crucial role. Instead of factories, *banks and hedge funds* will tend to dominate an economy as is particularly visible in economically underdeveloped and transition economies. As a result, financial transactions more and more dominate the production of goods and the rendering of services. In fact, the production and service enterprises in the real sector, whether listed at the stock exchange or not, have to maximize their short-term profits in order to maximize shareholder's values. Otherwise takeover threatens. Given this, all firms have to reduce costs, wage costs most importantly, to realize high and rising profits. Distribution gets more unequal and internal demand stagnates or declines. Exports are the only way out. This, in turn, leads to *a world war between workers and employees* through a downward pressure on wages,

worsening working conditions and delocalisations. These processes are enhanced through the fact that real sector enterprises have to reinvest large parts of their profits in the financial sector because reduced effective demand also reduces investment opportunities in the real sector. The final result is a continuous downward pressure on living standards worldwide, accompanied by growing poverty and misery and an increasing number of the working poor. This process of financialisation occurs because, in some or all banks of an economy, *traditional commercial banking becomes secondary and investment and private banking, complemented by the activities of the hedge funds, move to the fore*. This process goes on deterministically, driven by a dramatic excess of money ( $fM$ ) above the socially necessary quantity of money, ( $fM$ )\*, circulating in the financial sector. This means that, to fully restore monetary production economies, the size of the financial sector has to be reduced, until socially appropriate relations between the financial sector and the real sector are established. We shall briefly deal with this issue in the policy conclusions set out below.

*This is of course not to degrade the material, and associated values in general if these are practised in an appropriate way, which is shaped by ethics. Material values in the widest sense are an essential part of what the French call joie de vivre, the Germans Lebensfreude, and are as such, an important part of the good life. Incidentally, it would seem that authentic joie de vivre is nowhere greater than in Catholic and Orthodox regions and countries. In this context, one might add that the way of life associated to Merry Old England is certainly preferable by far to the Icy Efficiency England of Margaret Thatcher.*

*Two further points must be made here. First, we have already mentioned that implementing ethical principles in a pure form in a complex and uncertain world where knowledge as a rule is probable would lead on to a tyranny of these principles. This is not to say that no authority is needed which deals with ethical principles per se, for instance Rome for the Catholic Church. However, the implementation of the principles in a complex and imperfect real world, where uncertainty is ever present and knowledge is always probable, requires a good deal of common sense associated to considerable experience of life (Lebenserfahrung), mainly because the good life is a complex entity. Given this, what appears as a shortcoming in the light of religious principles regarding secondary and less important aspects of human life, may be reduced to insignificance through high-level or even outstanding achievements in the political, social, humanitarian, artistic, and scientific spheres; after all, Man is essentially a spiritual, reasonable and social being, and it is performances in these spheres, taken in the widest possible sense, manual work included for example, that really matter for the good life, and not*

*secondary elements of the good life as are connected to material and associated values. For example, for some wealthy individuals, intense moneymaking and luxury consumption on a grand scale, within legal limits of course, may go along with generosity, intense high-level intellectual activities and promotion of the arts. Some degree of imperfection makes the world colourful and interesting; a strict application of all principles in the accidental material domains, even if it were possible in a complex and more or less alienated world in which knowledge is probable, would make the world dull and boring. However, the striving for perfection is crucially important in the realm of cultural values in the widest sense, as these are essential to the good life.*

*Moreover, if, in a world with imperfect and probable knowledge, it were attempted to eliminate alienation at the individual and social level on the basis of a single doctrine, the society in question would tend to become entirely rigid and arbitrary, with no change and improvement possible. Indeed, some alienation is required to bring about change associated to progress and improvement, that is, a living society; true progress and improvement means, in turn, striving for the fundamental values in very different ways in the various societies. This gives rise to cultural diversity, which is absolutely essential for additional true progress.*

*In fact, in a world where knowledge on complex issues is probable and imperfect, a seemingly unalienated society and perfect individuals would imply an entirely totalitarian society similar to Aldous Huxley's Brave New World or to George Orwell's 1984. Hence attempts to totally eliminate alienation on the basis of some doctrine would, in a world with imperfect and probable knowledge, end up in most heavily alienated societies.*

*The second point concerns the plurality of the modern world, which also shows up in the plurality of ethical systems; to simplify for the case of Europe: Catholic-Orthodox ethics based on tradition and modern secular neoliberal ethics based on the freedom of action of the autonomous individual within the existing positive law. In a pluralistic world, the Catholic and Orthodox Churches must of course respect the existing positive law, and also neoliberal secular-humanist ethics. Yet, and this is the point to be made in this chapter, the Neoliberals must also respect the tradition-based ethics of Catholicism and Orthodoxy. Yet, in the above it has been suggested that the system of social and individual ethics closest in line with the invariable human nature will ultimately dominate.*

*It is very important, however, that discussions about differing systems of individual ethics ought to go on in a spirit of generosity and of attempts of mutual understanding. Even matters of individual ethics are complex because philosophical, socio-economic and political elements, as a rule, enter the scene. Given this, knowledge about individual ethics is always probable if*

*concrete complex situations are being considered, while ethical principles may be absolute within the vision of man and society from which these principles emerge. Moreover, as has been alluded to in the above, and on this one must insist, the good life is a complex entity, and, given this, what may appear as a shortcoming in the light of ethical principles based on religion, may be reduced to insignificance through high-level or even outstanding achievements in the political, social, humanitarian, artistic, and scientific spheres. Man is, essentially, a spiritual, reasonable and social being, and matters linked up with material and associated values, are not essential and, therefore, of secondary importance. Moreover, nobody is perfect. And, finally, and very importantly, it would seem that in a world where two thirds of humanity live in system-caused misery, and where immense inequalities exist, and where involuntary mass unemployment causes anxiety and despair, and social injustice widely reigns, social ethical issues are certainly far more important than matter of individual ethics. This point will be alluded to below, but for the moment we may retain that the Theologians of Liberation and Bishop Oscar Romero have been and are profoundly aware of this; and in this context the great achievements in Fidel Castro's Cuba must be recognised, even if many imperfections remain, which are in part due to the boycott imposed on this country; as to future developments, it would seem that Cuba has now solid preconditions to move in the direction of Social Liberalism without major difficulties. It has been mentioned elsewhere that the Theology of Liberation and similar movements all over the world need a very solid theoretical foundations, other than Marxism, to underpin social and political action. In this essay it has been argued that Social Liberalism and Classical-Keynesian Political economy seem most appropriate.*

Now, to take up the main theme again, it is quite evident that the autonomous, frequently lonely and isolated, neoliberal individual has to make a tremendous effort of will to overcome the temptations of excessive materialism, always taken in the widest sense. This is all the more true because of the tremendous commercialisation of materialistic values. Such an effort of will can, as a rule, only be sustained if there is a very strong religious underpinning of the actions of individuals. This religious foundation underlying the striving for high-level values is provided by Protestantism, which, through its strict regulation of life, is closely associated to traditional Liberalism; here, an intense religious life may lead on to ascetism, even in case of very wealthy individuals. The regulation of life becomes very intense with some Protestant sects, with wealth acquisition and professional success becoming God's will. Calvinism might interpret



wealth and professional success even as indications of belonging to the chosen people (Max Weber).

With Neoliberalism these religious regulations largely tend to loosen or even to fade away, resulting in more intense materialism; parallel to this violence and crime increase. The will without religious underpinning may indeed not prove strong enough to resist the temptations of materialism in the widest sense, which exerts an almost irresistible attraction. On the level of materialism, consumerism, money making, exercising power, for instance, there may be very intense, even hectic activity. In this context Karl Jaspers has compared modern human societies with anthills: very busy individuals are moving around with ever increasing speed, but what for? Is to die very rich really a basic aim to be pursued? With spirituality and religion largely petering out, there is in fact no high-level sense of life, for example striving after the fundamental values, Goodness, Beauty and Truth, in all domains. Indeed, the sense of life boils down to pursuing material aims; consuming becomes an almost religious activity, money-making and professional success move to the fore. However, given the striving after the infinite inherent in human nature, the modern dominance of material and associated values may ultimately prove destructive. Indeed, in Jaspers' modern anthill-societies, the pursuit of these values implies striving after infinity through moving along a straight line. Given this, the striving after infinity can never be satisfied (Goethe). If there was a strong tendency towards a full-employment equilibrium brought about the law of *decreasing* marginal utility, anthill-societies could eventually last for quite long time-periods. More generally, the Enlightenment conception of liberty, that is, the liberty to do anything, which contributes to enhancing individual wellbeing (utility) within the framework of positive law, could eventually work in practice if the economy and society were brought into a harmonious socio-economic equilibrium through some social law, for example Adam Smith's *propriety*, combining *fellow feeling* and *self-interest*. However, if there is no tendency towards full employment, if involuntary mass unemployment sets in and distribution gets more and more unequal, the striving after infinity will be aborted for large parts of the population. Frustration sets in, resulting in fundamentalism of some kind; populism, racism and, eventually, fascism may gain in strength and even wars may come into being. The frustration will be the greater, the more money and power become the supreme values in modern societies, and the more the struggle for socio-economic and political survival intensifies.

*The broad analogy of such developments to the splendour and the subsequent decay and collapse of the West Roman Empire, vividly pictured by Michal Rostovcev, is quite evident;*

*indeed, Karl Christ emphasises that Rome was essentially a Timokratie, that is, governed by the rich. To a large extent this also holds of the leading country of the West, the United States, and increasingly so in many other countries all over the world.*

Neoliberal societies can only be broadly stabilised through a more or less tough Law-and-Order State. Law is strictly positive, without any natural law content, implying that Law and Ethics are strictly separated. Given this, legal cases become, in many instances, power games, in which the financially stronger and the shrewder will as a rule overcome.

Human Rights are strictly formal. The implementation of the Rights is uncertain and uneven. In highly developed countries the pursuit of material, and associated values may be declared human rights; contrariwise, in many parts of the world, basic rights – access to food, water, education – are denied to large of parts of the population. This is due to the functioning of global neoliberal Capitalism with its cumulative tendency towards more inequality and higher involuntary unemployment. This goes along with ethical shortcomings, showing up in increasing corruption and crime, to give instances. In this context, Catholic social doctrine rightly asserts that Rights, if not bounded and shaped by Duties, tend to result in limitless claims.

Finally, history and tradition are entirely neglected by Liberalism and, above all, by Neoliberalism – Post-Modernism even declares the study of history entirely useless. Only the present counts and the basic question is how to shape the future so as to bring about material and human progress by the means of science.

In this context, eminent representatives of the Russian Orthodox Church have, recently, rightly pointed to the inevitable tension between the Western *secular-humanistic* way of life and the *religious-traditional* one. Indeed, the religious-traditional way of life aims, in principle, at a balanced and integral human development associated to the striving at the fundamental values of Goodness, Beauty and Truth. In pursuing these fundamental values in very different ways, most remarkable achievements have been made in a great many regions and countries all over the world. It is one of the fundamental tenets of this essay that each region and each country should have the possibility, even the right to preserve its positive historical heritage, summarised by religious, social and cultural institutions, and to build the future upon this heritage in a manner in line with human nature. This means, in the first place, a harmonious integral development of the very different human beings living in the various countries and regions of the world, that is, the aim is to realise the good life in very differing circumstances as far as is possible for fallible human beings. But, and this is the second point, the good life

can only be fully realised in a well-organised, good, political society. It has been insisted upon in this essay, that, to bring about good societies, knowledge is required, above all about the functioning of the immensely complex monetary production economies that have come into being since the double revolution at the end of the 18th century. Given this, political economy has emerged and now remains the key social science of the modern era.

On this point, the relation between religious-traditional and secular-humanistic societies, we may conclude, then, by saying that the West, specifically the presently leading country, the United States, have *no right at all* to impose their model to the countries attempting to preserve their religious-traditional way of life and to develop along lines in accordance with human nature. Indeed, a worldwide generalisation of Karl Jaspers' anthill-societies and Herbert Marcuse's unidimensional Man (*der eindimensionale Mensch*) would lead on to gravely damaging, even destroying Man, Society and Nature. This is what Karl Polanyi broadly says in his book on the *Great Transformation*. Given this, the West, Europe and the United States, will have to initiate a renaissance of tradition and to move the fundamental values to the fore again, of course, upon a modern material basis. This would result in a synthesis between Tradition and Modernity. Probably, Nikolai Berdjajew had this in mind when he wrote about reviving the Middle Ages in modern form (*Ein neues Mittelalter*); Jacques Maritain in his *Humanisme Intégral* argues along similar lines.

The neoliberal conception of Liberty sketched above is now realised in its purest form in the United States, and there is a tendency for the American way of life to spread worldwide. Again Russian-Orthodox religious leaders rightly complain about this secular-humanistic system as being considered a model for the whole world. Indeed, the American-Western system is by now considered universal and goes without saying, and can, as such, not be criticised. This contradicts the basic principle of Liberalism, namely the acceptance of a plurality of differing opinions and theories which form the basis for discussion; and on open-minded discussion would eventually lead on to selecting a dominating opinion or theory through an explicit or implicit majority. This liberal ideal is definitely not realised in present Neoliberalism. The neoliberal values are imposed upon individuals and even entire states and regions by more or less strong coercion. Russian-Orthodox leaders therefore rightly speak of Neoliberalism as of a threat to liberty. Indeed, true liberty, the liberty to choose the means of realising the fundamental values of Goodness, Beauty and Truth in all domains, is greatly hampered by the onslaught of materialistic Neoliberalism.

In the light of the overall argument set out in this essay, the American-Western view about the *absolute* validity of their secular-humanistic neoliberal system is entirely mistaken. In fact, this

system produces destructive tendencies in various spheres, economic, social, human and ecological, which, at present, increasingly gain momentum; in terms of our essay, alienation increases in these domains. In the above it has been suggested that such destructive tendencies inevitably occur, if the economy is not self-regulating, that is, if there is no inherent tendency towards a full employment equilibrium (on this see also Bortis 1997/2006, chapters 6 and 7). Indeed, mass unemployment and growing inequalities in income distribution may come into being. Grave social consequences arise in the context of the struggle of survival, which inevitably sets in if there is massive involuntary unemployment. More or less organised power groups along social, ethnic and religious lines engage in a mostly hidden struggle for economic, social and political power, resulting in a weakening of the state. In such a situation human life is dominated by a large degree of uncertainty, mainly because of the continuous threat of unemployment; the loss of a job may eventually lead on to a lower social status and may end up in poverty, in many regions and countries even in system-caused misery. As a consequence, life may become a series of more or less connected episodes (Richard Sennett); to realise the good life in such a situation becomes exceedingly difficult since a high-level sense of life no longer exists; given this, consumerism and moneymaking and associated values move to the fore, and, simultaneously, are a source of gigantic frustration for large parts of the population, because the materialistic values cannot be realised, or can be realised to an unsatisfactory degree only. Moreover, mobility requirements, the pressure at the workplace and the possibility to get unemployed threatens social institutions in general, even the smallest social institution, that is, the family. Finally, countries and enterprises are facing a more and more ruthless competition on the world level. Given this, social and environmental policies become very difficult, since everything has to be done to remain competitive, while, at the same time maintaining acceptable profits levels.

*Once again, what has just been said is a critique of the American shaped system of the West, not of individual Americans and West Europeans. Indeed, in the United States the ultimate consequences of the individualistic protestant-cum-enlightenment revolution of the 18th century are now most clearly visible. This is probably a major reason why the United States now claim the leadership in this Enlightenment undertaking shaped by the idea of progress and by the rule of science, associated to the implementation of liberty, democracy and, in a wider view, of human rights.*

Now, what about *Liberty* and *Human Rights* in relation to Religion, Law and History in the *social liberal* view? To provide a tentative answer to this question, it has to be recalled that social liberal political and social philosophy broadly coincides with the Catholic vision of Man and of Society; Orthodoxy, in turn, largely intersects with Catholicism.

To be able to get hold of the social liberal notion of *Liberty*, something on the concepts of life and, specifically, the good life has to be said. In the social liberal vision, life is not just governed by individual choices in view of enhancing utility, the dangers of which have been alluded to in the above: the individual is inevitably attracted by material and associated values; in the social liberal vision the issue is about the *good* life, that is, life in line with human nature and its finality. This finality of human nature is *objectively* given and is, therefore, *not* a matter of individual choice. To permanently strive after the fundamental values of Goodness, Beauty and Truth in *all* domains, material, intellectual and spiritual, is the basic characteristic of the good life. However, the good life is a complex entity, and the various components making up the good life – material, intellectual, spiritual - have to be harmoniously ordered. The good life is, in principle, realised in a different way for each individual since each individual is unique. The way of life in a certain region or country is also unique in the sense that, ideally, the good life is realised in a specific way in each region and country.

To fully realise the good life requires a well-organised economy, society and state, that is, the economy, society and the state have also to be in good shape. Otherwise, alienation prevents the full realisation of the good life, above all on the material level, which, however, is the material basis for intellectual-cultural and social activities. Given this, the *good society* in the widest sense is a prerequisite for the full realisation of the good life of the social individuals. In this context it has been insisted upon in this essay that Man is a social being in the sense of Aristotle and of Catholic social doctrine. Man can realise the finality of his nature only *within* society (on the basis of society) and *through* society, a crucial point to be put in a wider context in the final section of this essay: *The essentially social nature of Catholicism and the meaning of history – Henri de Lubac*.

However, in a complex world, it may be difficult to know what Goodness, Beauty and Truth in the various domains mean. Therefore, to act in an ethically appropriate way requires knowledge, a fact already perceived by Aristotle. For example, a good society can only be set up on the basis of well-organised economy; such an economy would be characterised by a high employment level and a socially acceptable distribution of incomes and wealth. To achieve this, theories of employment and distribution are required. Hence the social and political sciences, the old *Staatwissenschaften* – Social Philosophy and Social Ethics, Politics, Law,

Political Economy, Sociology – are required to be able to set up the good society. This is why, in 19th century England, the social and political sciences have been denoted *Moral Sciences*, and the corresponding Faculty the *Faculty of Moral Sciences*. This incidentally implies that Ethics based on Religion must permeate the entire body of the Social and Political Sciences, in fact, all dimensions of theoretical and practical life.

Given this, teaching about the fundamental values and their implications for the good society and the good life, that is, the nature of Man, the finality of human nature, and the sense of life, is absolutely necessary. This is the task of the great religions. It must be admitted that the doctrine of the Catholic Church, specifically the social doctrine of the Church, is certainly by far the most elaborated and also the most attractive. Moreover, the social doctrine of the Church and the associated social philosophy provides a most solid basis for erecting a comprehensive and consistent system of the social and political sciences, the social liberal system to wit, which includes classical-Keynesian political economy. And the social doctrine of the Church is based on a grand and comprehensive system of theology.

To set up these systems of thought represents a tremendous intellectual performance, which cannot but be the result of a long historical social process. Indeed, the Church has wrestled for two thousand years by now to come to grips with the natural and the supranatural dimensions of Man and of Society and the relations between them, and, therefore with human nature in the widest sense. In fact, to be clear about the *nature* of Man and of Society is a prerequisite for setting up principles of individual ethics, and for establishing a coherent system of social and political sciences, based upon a social philosophy and leading on to a system of social ethics. Both the social and political sciences and social ethics are, in turn, the basis for sensible political action, aiming at approaching the Good Society, to fully render possible the Good Life of the social individuals. Given this, to direct the will in the right direction, religion, individual ethics, social philosophy and social ethics must be taught at the appropriate levels of education.

*Of course, in a pluralistic world, all religions must also given the possibility to teach their fundamentals on the various levels of education. It has already been mentioned that, in the long run, the religion, which captures most closely the essentials of human nature in the widest sense will ultimately turn out to be the most attractive.*

Given this, the separation between Church and State, between religion and ethics and politics, is not appropriate in the social liberal view. Man is an immensely complex reasonable being with a natural and a supranatural dimension. Therefore, Church and State are complementary,

simply because Man is an entity and the natural and the supranatural dimensions cannot be separated without greatly damaging or even destroying the Human Being.

Given the *objectivity of the fundamental values, the conception of Liberty in the social liberal sense* now emerges. According to Social Liberalism, Liberty is no longer associated to a *subjective* choice on the whole scale of values, from high-level intellectual and spiritual values, to materialistic, and associated values. In Social Liberalism, *Liberty is a property of the will*. Hence Liberty is the liberty of the will, and *the choice to be made is about Good or Bad*, both given in various degrees. Liberty is thus essentially of an *ethical* character. Liberty is about what Man *ought* to do, a philosopher once said. In the ethically ideal case, the will of the social individuals would be entirely directed towards realising the *objectively given* fundamental values – Goodness, Beauty and Truth – in all domains. Time and again it has been insisted upon in this essay that, if phenomena are complex, ethically correct action requires knowledge, that is, social and political theories, if the economy, society and the state are considered in their entirety. Thus, in the social liberal view, the will must be instructed by reason and directed towards an objectively given finality of human nature, which is the good life, comprising of course the sense of life. And one must always bear in mind that knowledge is probable – in Keynes's sense - to various degrees if complex phenomena are considered.

Since the good life is a complex entity and differently realised by each social individual, the ends and means in line with human nature and its finality have to be set out systematically to direct the will in the right direction, that is, in the direction of the fundamental values. This does not go on without saying but has to be brought about by systematic work, which sets the will on the right or natural track. This points to the absolutely *essential role of education* in complex modern societies. Teaching about the ends – the fundamental values -, the finality of human nature and the sense of life is of course essentially religious. Subsequently, the religious values must, so to speak, permeate all spheres of social and individual life. The knowledge required to reach the ends is a matter of public educational institutions, that is, primary and grammar schools, high schools and universities. An appropriate system of *curricula* that embody, as a rule, a long historical experience, hence tradition, is of fundamental importance. Educational institutions preserving the positive elements of the historical heritage are thus crucially important. It is evident that the Catholic Church has, since Carolingian times, done immensely important fundamental work in developing *curricula* through the teaching of theology and, subsequently, of philosophy, out of which the modern teaching of the various sciences has emerged (William Haas). It is very important, however, that teaching, above all on the higher levels, must be completely open-minded. It has been insisted in several instances

that it is the study of the history of ideas, most importantly dealing with contradictory theories, that leads on to openmindedness and independent thinking or the *emancipation of the mind* (Keynes). Openminded thinking leading on to the emancipation of the mind has been precisely a fundamental characteristic of the great Scholastics and, in fact, of teaching along authentic Catholic lines, which, it must be insisted upon, has deeply shaped modern scientific thinking in all spheres of science.

Given this, setting the will in the right or natural direction, that is, to realising the fundamental values in all domains, comprising all types of activities, manual, intellectual and spiritual, is associated to an immensely complex educational process. This process is of an essentially social and historical nature. Once the will is set into the direction of the finality of human nature, the realising of values in all domains will create increasing happiness and satisfaction; Aristotle even spoke about the bliss resulting from intellectual activities; but, obviously, bliss may also result from manual and spiritual activities. Given this, the Natural will more and more attract the social individuals. The striving after infinity inherent in human beings will become more and more of Goethe's circle type. This is the striving after perfection, which, as has been mentioned in several instances of this essay, will, if generalised, result in a harmonious and stable society.

This social liberal notion of Liberty – Liberty as a property of the will – directed towards the finality of human nature sharply contrasts with the neoliberal notion of Liberty as has emerged from Enlightenment. Here very strict regulations are required to direct the will into the right direction. These regulations are, as a rule, provided by religion, some kind of Protestantism or some sect. However, relatively few individuals will be disposed to undertake the immense effort required to follow these regulations. In his *Protestantische Ethik und der Geist des Kapitalismus*, Max Weber explicitly mentions that the large scope of liberty prevailing within Catholicism, with the Church generously pardoning the sinners, was replaced by a large set of immensely restrictive regulations by Protestantism (Weber 1904/05, pp. 20-21). Given the fact that these regulations have gradually become more and more loose within Neoliberalism, most individuals no longer undertake the immense effort required to include the fundamental values in their utility function. Material values (consumerism, making money, striving after professional success, exercising power) and associated values become dominating. Here the effort of the will is directed in a very specific direction and is, as such, easy to realise. Or no effort of the will is required at all. A great number of individuals simply tend to become slaves of passions. In a disequilibrium world with a cumulative tendency to disequilibria and growing alienation, frustration sets in because the ambitions of probably most individuals are aborted to



a greater or less degree. Frustrations sets in, which, as has already been mentioned, lead on to fundamentalism, extremism, populism and ultimately racism and fascism. Dostojewski clearly sensed the problem: without objectively given ethics, individuals become helpless in an immensely complex and uncertain world; they do not know how to use Liberty; as a consequence, they are ready to give up Liberty and are equally ready to submit to an authoritarian, even totalitarian regime in order to get bread (material security). In the first half of the 19th century already, Alexis de Tocqueville went into the same direction. In the introduction to his great work *De la Démocratie en Amérique* he compares conservatives and liberals: “J’aperçois des hommes vertueux et paisibles [the conservatives] que leurs moeurs pures, leurs habitudes tranquilles, leur aisance et leurs lumières placent naturellement à la tête des populations qui les environnent. Pleins d’un amour sincere pour la patrie, ils sont prêts à faire pour elle de grands sacrifices: cependant la civilisation trouve souvent en eux des adversaires; ils confondent ses abus avec ses bienfaits, et dans leur esprit l’idée du mal est indissolublement unie à celle du nouveau.

Près de là j’en vois d’autres [the liberals] qui, au nom des progrès, s’efforçant de matérialiser l’homme, veulent trouver l’utile sans s’occuper du juste, la science loin des croyances, et le bien-être séparé de la vertu; ceux-là se sont dits les champions de la civilisation moderne, et ils se mettent insolument à sa tête [...]”(de Tocqueville (1981/1835-40), p. 67). And then these terrifying and prophetic words: “Il faut une science politique nouvelle à un monde tout nouveau [at present, this *science politique nouvelle* would broadly coincide with the social and political sciences along social liberal lines]. Mais c’est à quoi nous ne songeons guère: placés au milieu d’un fleuve rapide, nous fixons obstinément les yeux vers quelques débris qu’on aperçoit encore sur le rivage, tandis que le courant nous entraîne et nous pousse à reculons vers des abîmes”(p. 62). Dostojewski and de Tocqueville are both rightly considered as 19th century prophets of the 20th century, specifically of the Apocalyptic Age 1914-1945. In this essay we have attempted to argue that 20th century Apocalypse was essentially due to the implacable determinism exercised by the capitalist system and the free-market-cum-democracy ideologies associated to it. When the current is too strong, the boat is no longer steerable and is attracted by the waterfall and finally precipitated into it. The inevitable conclusion is that Maynard Keynes’s *Social Liberalism* is presently more needed than ever!

The socio-economic, political and technological developments of the 20th century have resulted in a world of deepest contradictions. On the one hand, there are islands of immense wealth and technological top standards, and booming cities with very high costs of living. On the other hand, there is very widespread abject poverty, in fact, system caused misery,

rendering the life of about two thirds of humanity extremely precarious; this is accompanied by mass unemployment: about one third of the world labour force is unemployment or underemployed. Given this, *social ethics* on social liberal lines, essentially based on Catholic social doctrine, and the associated social and political sciences along social liberal lines, become of *overwhelming importance*. Hence the main preoccupation of the great religions, should be about the social ethical issues of employment and distribution; given the immensity of system-caused alienation, problems of individual ethics, unessential shortcomings above all, move into the background as being of secondary importance. However, as we have insisted upon throughout this essay, social ethical aims, like full employment, that is, absence of involuntary system-caused unemployment, and a broadly fair distribution of incomes, can be realised only if there a very strong economic theory, which, in our view, can only be classical-Keynesian political economy (Bortis 1997/2006 and 2003a).

Three problems remain to be just alluded to: the social liberal view on human rights and on the legal system as well as the importance of history in Social Liberalism. All issues are broadly in line with Catholic social doctrine.

*This incidentally implies, as Jacques Maritain noted, that Catholicism is not something obsolete, but, is, on the contrary, ultramodern. John Nef went into the same direction.*

First, to human rights correspond duties. This is a crucial point. Duties, in fact, limit and shape rights ethically. For example, the liberty of expression is shaped by the duty to respect deep religious sentiments; blasphemy, ridiculising Mahomet or Christ for instance, is not in line with the ethical principles that ought to regulate journalism. The ethical regulation of rights through duties strengthens the rights. In principle, rights and duties are universal because they are derived from objectively given natural law, which is the law in line with the finality of human nature.

Second, the social liberal legal system has also to be in line with human nature. The principle of *commutative justice (justice in exchange)* is basic for private law, and the principle of *distributive justice* is fundamental for public law. The written legal system should consist of principles only. Given this, principles can be applied to most various situations. If we take as an example the legal regulation of the economy, then, to start with, the political economist has to tell the lawyer how the economy functions. Subsequently, the lawyer has to set up laws in the economic domain in a way that the economist can always act sensibly in complex and

frequently unforeseeable situations on the basis of economic theory without being hampered by legal prescriptions.

Third, the great importance of institutions in a complex modern world has already been alluded to in the section *Institutions in a wider context* above. Institutions are there to realise *permanently* some individual or social aim in a complex world. Indeed institutions arise out of the complexity of modern socio-economic phenomena, for example, production, distribution and employment. Since the economy as a whole, economic structures linked up with social and political institutions, is something more than the aggregate result of individual actions, the economic system possesses its own laws.

From this a basic reason for the existence of institutions emerges. 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. There must be a social groundwork, which enables individuals to act.

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.

In the social liberal view, social institutions prevent the total or partial breakdown of the immensely complex system of production and hence of socioeconomic, political and cultural life altogether. Evolving social structures (the network of institutions) embody society's experience of creating the preconditions for rational behaviour of individuals who plan and act within this structure.

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. With the ascent of *Industria* (Gellner) the institutional organisation of society had, in an Aristotelian vein, become crucial as a precondition 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, the fundamental value of which is the Common Good.

In this view, the Western, in fact, Greek-Christian, obsession with institutions, and, eventually, with institutional change, is also the search for the Good Polity in ever changing material and intellectual conditions. In fact, the mode of production and the *Zeitgeist* have been continuously evolving since Carolingian times, to dramatically accelerate after the Great Transformation. Given this, *institutions embody the historical experience of a society* in view of attempting to establish a society in line with human nature. Therefore, representatives of the Orthodox Church rightly speak of “religious-traditional” societies in contradistinction to the “secular-humanistic” societies of the neoliberal West, which are individualistic and ahistorical.

The term “religious-traditional” is particularly felicitous. Indeed, past attempts to do better, to get nearer to the Good Life and to the Good Society must, on account of the invariable nature of Man as is in line with the creationist view, be based on invariable principles of individual and social ethics. These principles must, in turn, be based on religion. Churches are thus, in a way, fundamental institutions because they provide the basic principles of social and individuals ethics upon which the Good Society, fully enabling the Good Life of the social individuals, may be erected. Without diminishing the merits of other religions, it must be admitted that the Catholic Church, existing now for about 2000 years, has been particularly active, and permanently so, in working out a most impressive theological-philosophical system, dealing with all dimensions of human nature, mainly the supranatural. This theological-philosophical system results from an incessant struggle about establishing fundamental principles regarding the Creator and Creation in general, and Man as a

reasonable socio-political being specifically, and the application of these principles to all dimensions of the supranatural, natural, human and social for two millennia by now. Given this, Catholic anthropology and Catholic social philosophy and social doctrine have become extremely solid, because these bodies of knowledge are entirely and thoroughly thought out. In this essay we have insisted that both the system of social liberal social and political sciences in general, and classical-Keynesian political economy in particular, are entirely in line with the Catholic vision of Man as a reasonable *and social* being. For example, according to Catholic social doctrine the state is the general employer in being responsible for a high employment level, the various enterprises are the specific employers. All this implies that religious-ethical principles must pervade all domains of individual and social life in a good society. Moreover, this is why in 19th century England the *social and political* sciences have been termed *moral* sciences; incidentally, Keynes's thinking was decisively shaped by this tradition.

However, to broadly understand the present and to act appropriately requires the study of history, that is, the history of facts, and the history of theories and of ethical doctrines. In this essay it has been emphasised that the study of the history of socio-economic theories is of the greatest importance for obtaining solid economic theory in the present, enabling us to come to grips with an immensely complex reality. History is particularly important as far as ethics is concerned. Indeed, theories in all domains emerge from visions of Man, Society and Nature, and the associated social philosophies. Within a vision invariable ethical values necessarily play a fundamental role; for example, in the social and political sciences the way in which the Good Society is conceived is decisive for the kind of knowledge obtained in these sciences; knowledge on socio-economic and political phenomena, employment and distribution for instance, is, in turn, required for sensible social and political action. Given this, we may say that the way of life and its evolution in time in each region or country is shaped by a particular way of realising invariable social ethical principles. In the above, it has been alluded to, that, in a very long historical process, the Catholic Church has worked out a system of social ethical principles, the principles of the Common Good, of Subsidiarity and Solidarity for example. These social ethical principles are, in turn, associated to a social philosophy based on Aristotle, Thomas Aquinas and Jacques Maritain.

This implies, in turn, that the acquisition of knowledge and of principles of action can be greatly enhanced if real-world phenomena are hypothetically ordered according to their degrees of persistence. This reflects a broad arrangement according to essentials. Moving from the upper layers of reality to the lower ones implies penetrating into more and more

essential spheres of the real world. To understand probably (in Keynes's sense) parts of the real world in terms of ever deeper causes means that truth becomes correspondingly more and more profound. More essential elements of material and spiritual reality, embodying deeper truth, are also ethically better and are aesthetically more satisfying. This shows up in the fact that societies tend to preserve those institutions considered to be appropriate, reasonable and natural, thus 'good' for the society in question; simultaneously, the individuals or groups of individuals who created these institutions are favourably remembered. This is not to argue that defective or heavily alienated institutions, dictatorships for example, do not persist or that only great statesmen are favourably mentioned in history books. However, heavily alienated institutions cannot last for ever because they are not based on attempts to bring about justice and can, therefore, only be maintained by sheer force. Similarly, history books presenting tyrants as great statesmen are not based on the search for truth but on deliberate deception. Both force and deception are doomed sooner or later as historical experience shows. The fundamental reason is that heavily alienated institutions are in contradiction to human nature. A similar argument holds for the aesthetically satisfying, that is beautiful elements of the material and spiritual world: each society tries to preserve and to remember these elements of reality, be this in the spheres of architecture, painting, music or literature, in order to derive enjoyment from them in the present and in the future. All this is typically Aristotelian, and also Keynesian. Time and again, Keynes points to the fact that truth, goodness and justice, and beauty are not only the most fundamental, but also the most complex concepts as they relate to all spheres of the real world, which together form an immensely complex whole.

To approach the natural, essential or unalienated in the various spheres of social and individual life takes time. In periods of rapid change the sense of the essential may even be temporarily lost. This seems to be the case at present. The traditional values based upon religion gradually fade away. The social, so important in Catholic social doctrine, dissolves. Society gradually falls into pieces to become individualistic and atomistic. In order to survive in a complex and uncertain world, individuals tend to form power centres, which may be within or outside positive law. This implies a weakening of the state as we witness it at present.

Given these developments, the great problem consists in transforming the immense material and technical improvements that have been made since the Great Transformation at the end of the 18th century 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 society to be elaborated by

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.

Since the whole of society must be considered, such knowledge is likely to be of immense complexity and should partly result from an evaluation of the significance of historical socioeconomic facts and ideas. The problem is to learn from the past in order to be able to tackle present problems more appropriately. The study of history seems, therefore, indispensable at all levels of education, in the humanities in general and in the social sciences in particular. 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 entities, 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. 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 Good” (Schack 1978, p. 18, a.tr.).

Hence the term ‘religious-traditional’ is so felicitous because, on the one hand, the fundamental values Goodness, Beauty and Truth to be realised in all spheres of social and individual life rest on Religion and, on the other hand, we can only understand the present and act appropriately in the socio-economic and political spheres, in fact in all spheres of individual and social life, through knowing about the history of facts, theories and doctrines (*Die Geschichte als Lehrmeisterin*). Fundamentally, in this essay, we have concluded that liberal and neoliberal Capitalism as well as Soviet style Socialism are not able to provide satisfactory socio-economic and political solutions in an immensely complex modern world, where knowledge is probable and uncertainty lurks everywhere. A new, intermediate way is

required, that is, Keynes's Social Liberalism in an elaborated form, which takes fully account of the individual and of the social nature of Man, and of his situation in this complex world.

The philosophical underpinning of the second Great Transformation from neoliberal Capitalisms to Social Liberalism can now be put into a nutshell. Enlightenment, Protestantism, Liberalism-Capitalism are all shaped by Individualism with the consequences for the notions of Liberty, Human Rights, the Legal System and the attitude to History as have been very briefly outlined in the above. The second Great Transformation now requires a reaction in the sense that the *social* has to be promoted; the *liberal individuals* have to become *social individuals* or *persons*. This essentially means that the individuals can prosper, unfold their dispositions and broaden and perfect their capacities, only within and through society. This switch from the individual to the social also means a switch from Protestantism to Catholicism as the dominating religion in Europe, and possibly beyond, as can be seen from the very last section of this essay: *The essentially social nature of Catholicism and the meaning of history – Henri de Lubac*.

An amateur philosopher of history once said that, broadly, every five hundred years something important seemed to happen. Around 500 B.C. there was the flourishing of the Greek culture at the centre of Karl Jaspers's *[first] axial age*. The year zero marks the birth of Christ and the foundation of the Roman Empire. Just before 500 A.C. (476) the West Roman Empire definitely broke down, initiating a time-period of great disorder – with the exception of the immensely important episode of the Carolingian Empire – until the year 1000, which marks the coming into being of Medieval Christianity. Around 1500 there is Humanism and Renaissance, and also the coming into being and the rise of Protestantism, which, through the Enlightenment era and the twin revolution at the end of the 18th century produced the first Great Transformation. If our amateur philosopher of history is broadly right – and he seems to be broadly right – we should now, around the year 2000, experience a second Great Transformation resting on Keynes's Social Liberalism and the associated system of classical-Keynesian political economy and, in fact, a whole system of social and political sciences along social liberal lines; moreover, and this is fundamentally important, we have, in this essay, insisted upon the fact that Social Liberalism fundamentally rests on the Catholic vision of the world (*Weltanschauung*) and of history. This proposition implies that Catholicism is not obsolete, but is, on the contrary, ultramodern, as Jacques Maritain has indeed suggested.

These crude considerations of an amateur philosopher on turning points in history lead on to a tentative proposition on the theology of history. Indeed, we have already mentioned above that the Judaeo-Christian tradition starts with Abraham around 2000 years B.C. This time-period is,



in a way, preparatory for the arrival of Christ. From the year zero onwards, Christianity has more and more intensely shaped history. Indeed, Christianity first became State Religion in the Roman Empire, and in the Carolingian Empire the foundations for the Modern World were laid (Mitterauer). However, with Protestantism and Individualism from, broadly, the 16th century onwards, the Aristotelian-Thomistic vision of Man and Society as a structured unity has gradually faded away. At present, the various spheres of life – religious, economic, legal, social, political, cultural – are increasingly separated; specifically, laicism pushes religion into the sphere of privacy. Simultaneously, the natural sciences are actually becoming more specialised on the basis of Evolutionism; in the sphere of the social and political sciences specialisation is grounded on the vision of a self-regulating economy. This movement seems to have reached a climax now, around the year 2000, in a time when the economy and economic values have become basic, relegating the realisations of the fundamental values – Truth, Goodness and Beauty – to a secondary position; nihilism and materialism have indeed been steadily growing since the Great Transformation at the end of the 18th century.

In the above we have suggested that a new Great Transformation is need to restore the natural order of values: the economy as a means producing a social surplus, which, in turn, enables to set up an institutional superstructure aiming at permanently realising the fundamental religious, ethical, cultural and scientific values, realising thus the fundamental values of Goodness, Beauty and Truth as perfectly as is possible for human beings. This transformation process will be accompanied by a movement towards reestablishing Man and Society as entities, that is, towards Jacques Maritain's *Humanisme Intégral*, encompassing the natural *and* the supranatural. This will mark the beginning of history proper, where alienation is reduced to a minimum achievable by imperfect and fallible human beings.

In this perspective, the 2000 years A.C. of more or less alienated history initiated by Christianity in the Roman and the Carolingian Empire represents a *preparation for history proper*. Here the unity of Man and Society brought about by the essentially social nature of Man, will, ideally, be accompanied by harmony with Nature, enabling a sustainable development. Catholicism implied in Keynes Social Liberalism will, as is highly likely, shape the social and political sciences – there is, in fact, no alternative. And Creationism will shape the Natural Sciences in a spirit of deep respect for Creation (*Ehrfurcht vor der Schöpfung*); in a wider sense, this attitude is conducive to sustainable development, which, as is widely recognised, is an absolute necessity in our times.

This scheme exhibits a remarkable symmetry putting the Birth of Christ at the Centre of World History. Indeed, as we have suggested in the above, the Judaeo-Christian tradition, stretching

from 2000 B.C. to 2000 A.C. forms the *Backbone of World History*. Given this, the crude considerations on the philosophy of history mentioned above inevitably end up in a Theology of History.

## Philosophy and Theory of History

### Final considerations on progress and alienation

The unfolding of the potential of human nature may be considered progress, *if* this unfolding goes on in line with human nature, not disturbed by alienation. As rule, however, progress and alienation go together. In fact, as has been suggested in several instances, true progress, that is the unfolding of the human nature, even would not be possible without alienation as, for example, the events of second *axial age* demonstrate. This implies that progress and regress, alienation to wit, may coexist. Moreover, progress and alienation may lead on to Hegelian type dialectical processes. For example, in the Middle Ages, Faith dominated philosophy, in general and as applied to specific domains, society and nature for instance (thesis). Following up Humanism and Renaissance, the sciences, moral and natural, got increasingly autonomous; in the course of the Age of Enlightenment the metaphysical basis of the various sciences was eliminated (antithesis). This emancipation of the various sciences from metaphysics was perhaps necessary to bring about the subsequent fabulous progress in science and technology. Possibly, a strong metaphysical basis is now required again to order and to consolidate what has been achieved to make science and technology compatible with Man, Society and Nature (synthesis). This would imply that science and technology become means again for the prospering of man, to enhance social harmony and to bring about increased harmony between Man and Nature.

Let us now consider some historical instances of the relationship between progress and alienation. In the first place, it would seem that periods of great and intense suffering are frequently followed by highest cultural performances: Germany after the Thirty Years' War with her immense performance in literature, musical creation and philosophy; the European High Middle Ages following up the chaotic conditions in Western Europe after the breakdown of the Western part of the Roman Empire: the Roman Churches and the Gothic Cathedrales in France and the incomparable flourishing of the arts in France, Germany and Italy are prominent examples; the crisis of the late Middle Ages gave rise to Humanism and Renaissance; France entered her great age after the Hundred Years War.

Somehow, it would seem that movements away from the Natural State are followed by tendencies towards this state. Alienation is perceived as a lack, giving rise to challenges, and, as a consequence, produces a reaction against the alienated state of affairs. This might explain why alienation is necessary to produce true progress, conceived as a tendency towards the Natural State at a higher level of unfolding of human nature. However, the, perhaps, most

dramatic instance of the interaction between alienation and historical progress is provided by the Roman Empire and early Christianity. The power and splendour of Rome went along with deep alienation: the institution of slavery and the gladiators fighting in the arenas – human life counted little; the destruction of polities, Israel in 70 A.C. being a most prominent example; and the persecution of the Christians for about three centuries. In fact, the survival of Christianity in the hostile Roman environment can, without exaggeration, be termed a miracle: a tiny, strictly non-violent religious community, based upon deep belief and unshakable moral convictions grounded on charity, stood firmly against the most powerful and best organised Empire of the premodern world for about three centuries, and, against all the odds, won through at the end. Indeed, as a reaction to Roman-type alienation, the agony of the Empire went along with the triumph of Christianity, becoming State Religion. Subsequent to the breakdown of the West Roman Empire and the ensuing chaos, the Roman Church was the only stable institution. As such the Church was able to provide great relief to the Roman population now dominated by the Germanic invaders, particularly in North Western Europe where, finally, an island of stability was to be created through the Empire of Charlemagne. To be sure feudal alienation, frequently associated to exploitation, very quickly distorted this Christian Empire. However, as has been insisted in the above, the Carolingian Empire was the starting point for developments that would lead on to the Breakthrough to Modernity in Western Europe and, subsequently, in the entire world (Mitterauer, Barbero). Moreover, nation building immediately set in Western Europe following up the partition of the Empire in 843 through the Treaty of Verdun. France was to become the great supporter of the national idea, and, as has been suggested in the above, it is not by chance that a most eminent French statesman, Cardinal Richelieu – the Church again! –, has conceived of the new European order after the end of the Thirty Years' War as a Christian community of nations. This conception perhaps foreshadows the future world order; indeed, in the above it has been suggested that the natural world order of the future might reasonably be conceived as a family of nations structured through historical-geographical Federations.

As just suggested, the breakdown of the Roman Empire and the subsequent chaos were followed by the Christian Middle Ages with an incomparable cultural flourishing, first in Carolingian times, and, subsequently and mainly, in the High Middle Ages. The political center of this age was the Holy Roman Empire, in a way, the exact counterpart of the Antique West Roman Empire - the counterpart, or, perhaps better, the follower of the East Roman Empire after the fall of Constantinople 1453 was the Russian Empire. The cultural flourishing

of Christianity went on in Renaissance times and, after the Reform, Catholicism produced the Counter Reform and the Baroque Age.

In this context, two important points have to be noted. First, the Roman Church managed to remain independent of the state following up the breakdown of the Carolingian Empire while always attempting to find a natural relationship between State and Church. Second, the shock produced by the Reform, already due to alienation within the Church, led, on the one hand, to increased alienation within the Church, most importantly, the Inquisition and an ongoing very strong grip on the mind of the believers to preserve the fundamental Christian values in the face of emerging Modernity, with progress in science and technology running parallel to socio-economic alienation. On the other hand, the shock of the Reform and the gradual emergence of Modernity initiated an immense effort of the Church to adapt to the conditions of Modernity and to eventually shape the modern world through the fundamental Christian values to bring about a state of natural liberty within which the social individuals may prosper. This process still goes on very intensely at present. The central problem is to realise the immutable values upheld by the Church in a modern way in order to reduce alienation.

Somehow, it would seem, then, that movements away from the Natural State, that is various types of alienation, are followed by tendencies towards this state. Alienation is perceived as a lack that produces a reaction. This perhaps also explains why alienation may, in many instances, be necessary to produce true progress, conceived as a tendency towards the natural state at a higher level of unfolding of human nature. The interaction between alienation and true progress – unfolding of human nature -, might, in fact, provide a fruitful way of interpreting the course of world history. World history could be seen as the interaction between *the driving forces in history: the striving after perfection, the struggle for power, and socio-economic determinism* as have briefly and broadly sketched in the fifth section of the first chapter *Setting the stage*. A prominent example for this interaction is the historical process, which started with the age of Enlightenment. Considering these interactions it is crucially important to note that the Free Will of Man is, in principle, always respected. However, socio-economic and political determinism may decisively shape decisions taken and actions pursued; the German notion *Sachzwänge* brings the all-pervasive influence of *determinism* to the open more explicitly.

Indeed, the philosophers of the Enlightenment thought that the French Political Revolution political would bring about democracy, and the individuals would enjoy liberty and equality, and, given this, there was no reason why fraternity should not reign, too. The English

Industrial Revolution would initiate material progress in the form of unlimited economic growth. And the sciences, natural and social, and the humanities would flourish.

There can be little doubt that these promises have been fulfilled in part. Time and again, Marx points to the fundamental historical role of Capitalism, which would promote the forces of production in an unprecedented way through more efficient techniques of production and the introduction of ever new products. However, Marx also argued that, under 19th century Capitalism, system-caused alienation culminated through the precarious condition of the working classes, and it seems evident that present-day globalisation is, in part, also a globalisation of poverty and misery. As Marx perceived, alienation arose because there was a contradiction between the rationality of individuals and the rationality of the system. In Marx's view, this contradiction arose on account of the institution of private property. Later Keynes argued that the principle of effective demand embodies contradictions between the behaviour of individuals and the functioning of the system, the paradox of thrift being a prominent example. On the political side, problems also arose. *Who really governs in a democracy*, remained a favourite question in the sociology of politics. Democracy as is embodied in Rousseau's *volonté générale* could even change into terror in the hands of the idealist and purist, as was Robespierre.

Probably, alienation arose because of two factors in the main: imperfect knowledge and excessive striving for power, economic, political, and military. Individualism as was embodied in liberal doctrine and in capitalist reality did not prove appropriate to organise modern monetary production economies, with the large-scale proprietors of the means of production and those in control of the financial institutions dominating economically and, in the last instance, also politically. There was no tendency towards harmonious full employment equilibria. Quite the contrary, cumulative processes lead, as a rule, on to self-reinforcing disequilibria characterised by large-scale poverty and misery, with high involuntary unemployment, on the one hand, and expanding islands of immense wealth and luxury consumption on the other.

Nevertheless, as suggested repeatedly, Marx's considered Capitalism as historically necessary because it developed the forces of production through technical progress, creating thus the preconditions for Socialism, where contradictions and antagonism between social classes were supposed to vanish. The breakdown of Capitalism would, according to Marx, come about through increasingly deeper crises, which occur on account of the contradictions inherent in the capitalist system. Here, as Marx suggested, the crisis appears as the violent solution of the contradiction (*Die Krise ist die gewaltsame Lösung des Widerspruchs*).

From an entirely different perspective, Hegel also argued that World History did not provide a fertile soil for happiness (*Die Weltgeschichte ist nicht der Boden des Glücks*). In a way suffering seems to accompany the march of the Mind through history. Nevertheless, with Hegel reason reigns also in alienated circumstances (*alles Vernünftige ist wirklich, und alles Wirkliche ist vernünftig*) and liberty is insight into necessity (*Freiheit ist Einsicht in die Notwendigkeit*). Only when all contradictions are overcome and alienation has vanished true liberty comes into being. With the Mind having found himself, his nature, concretely through the experience of history, he acts through human beings in line with his nature.

*Many writers have criticised Hegels theory of liberty – Einsicht in die Notwendigkeit – in relation to his explanation of reality, which he sees as reasonable, while, conversely, all that is reasonable will become real (Alles Wirkliche ist vernünftig, und alles Vernünftige ist wirklich). Given this, how to explain that the Thirty Years' War, the two World Wars, the Holocaust, and the massacres of Civilians in the East were necessary and reasonable stages on the way to the state of liberty? And, even more, how could all those who perished have had the insight into the necessity of these events, not knowing the final state of liberty?*

Hence with the liberals, with Hegel and Marx, the idea of progress dominates, though in differing shapes. Spengler and Toynbee are on the opposite side: civilisations rise, flourish and decay. Real progress is absent. Happiness and suffering coexist. Suffering can even be a precondition for happiness. Probably, Schopenhauer's pessimism comes in prominently here. Ultimately, there is no sense in the course of world history, or time is not yet ripe to perceive this sense.

What now about progress and alienation in an openminded, undogmatic and openended *Catholic-Theistic* vision of world history, set out in this essay? First of all, as we have suggested in line with Jacob Burckhardt, there is no consideration of the first and last things here. This is the subject matter of the Theology of History, which, as Jean Daniélou, and certainly others, have perceived, is associated with Mystery and Faith. Hence the present essay represents an attempt to provide a *reasoned* sketch of World History founded on some kind of evidence and *based upon* the Catholic-Theistic vision. It must be emphasised, it is an *attempt* associated with *probable* knowledge; as suggested at the outset of this essay, the degree of probability, that is the degree of rational belief that may be placed in our conclusions (Keynes), depends upon the quantity and, above all, upon the quality of the evidence considered, that is on the width and depth of the argument.

*To avoid misunderstandings, we do not want to argue here that the Catholic religion is the only true religion, a claim, which, incidentally, is made by each religion, explicitly or implicitly; this type of argument would be theological. We only want to suggest that the Catholic-Theistic vision of the natural and supranatural dimension of man and society, and the conception of Deity as Trinity, provides, in our view, the most appropriate, or the most probable, and, as such, the most plausible, basis (Keynes), for providing a reasoned outline of world history.*

*Given Keynes's probable nature of our knowledge, a plurality of religions is presumably an appropriate state of affairs. The absolute domination of one religion would in all likelihood imply the danger of fundamentalism and dogmatism, and the striving for power, associated to alienation, might eventually invade the religion in question. What is crucially important, however, is the dialogue between religions. Each religion, would, in dialogue with others, think through the basic theological issues time and again, perfecting thus the system of thought making up its doctrine. There would be mutual enrichment of the various religions. Again, this does not mean that all the religions are on the same level. There are religions that are richer or more comprehensive and, hence, more complete than others. This, in turn, may imply that some or even only one religion will prove more attractive than others in the long run and in the very long run. Here, comprehensiveness and the associated completeness are of crucial importance. A great religion must not only dispose of a theological system, but, as Jacques Maritain has suggested in relation with his "Humanisme Intégral", must comprise a Philosophy of History and a Social Philosophy as well as a system of Social Ethics. And, as has been emphasised throughout this essay, on this philosophical basis a system of social and political sciences must be erected, with political economy, the key social science of the modern era, at its center. And in all this the vision on the nature of man and of society, and Man's relation to the supranatural is of fundamental importance. In this context, one might suggest that Deism, Protestantism and Individualism underlies Liberalism, and the economic theory of Liberalism, that is neoclassical economics; Theism, Catholicism and Personalism are constitutive to Social Liberalism, and Classical-Keynesian Political Economy; the social individuals mutually enrich each other through society to become persons on the basis of a well organised economy, with the employment and distribution problem solved as far as in line with human possibilities. Given all this, it is highly plausible that Catholicism captures most appropriately the natural and the supra-natural dimension of the essence of Man as a reasonable and social being.*



The Catholic-Theistic position regarding progress and alienation could, perhaps, be summarised as follows. There is progress, and progress is the unfolding of the potential of human nature. The basis for this unfolding has been laid in the first and second *axial age*. The first *axial age* (800-200 B.C. approximately, with a focus on around 500 B.C.) brought as, based on Jaspers, has been suggested above, the breakthrough to the issue of *Truth* in all domains, also in the realms of *Goodness* and *Beauty*, which had been discovered before. In a way, first *axial age* was a revolution, taking place within the mind, equipping humanity with the intellectual tools to get hold of the objectively given real world. However, the second *axial age* (800 A.C. to 2000 A.C.) was about improving the material foundation of human life by the growing mastery of nature through Science, resulting in economic growth through technological progress. The time-period from 800 – 1500 was of a preparatory nature: socially, there was the formation of the European bourgeoisie, most importantly the economic bourgeoisie, in the Medieval cities; and around the water-mill a machine-building tradition emerged, culminating in the construction of relatively complex clockworks (perhaps based upon Chinese descriptions of clockwork construction as J.A. Hobson reports). The great discoveries and overseas trade resulted in a tremendous strengthening of the bourgeoisie, on which the European Kings had to rely upon to build their nation states through establishing a state administration and building up standing armies using ever more sophisticated weapons. The crucial time-period of second *axial age* was 1750-1830: the English Industrial Revolution and the French Political Revolution brought about Karl Polanyi's *Great Transformation* of traditional agrarian-cum-trade societies to modern industrial societies. And Enlightenment brought the reign of sovereign reason, totally cut off from metaphysics and Faith, and the confident belief in unlimited progress in all domains. As insisted upon repeatedly, this Enlightenment attitude was, presumably, the precondition for the fabulous progress in sciences and technology in the 19th and in the 20th centuries.

*Goethe's life (1749-1832) exactly covers the core period of second 'axial age' and, like no other, Goethe has understood the deeper implications of the Great Transformation. Indeed, his Faust, particularly volume two, points to the great danger of the modern era: unlimited, straight-line striving for power and money, which gets out of control and, as such, is ultimately destructive, as Hans Christoph Binswanger has beautifully pictured in his Geld und Magie – eine ökonomische Deutung von Goethes Faust. Goethe's Zauberlehrling points into the same direction. Here it might be added, that Shakespeare, too, extensively dealt with*

*themes of power and money, as did Marx at the outset of the first volume of Das Kapital (Marx 1973-74, vol. I, pp. 109-60).*

The time-period 1815-1914 was the period of the *Pax Britannica*, followed by the Apocalyptic Age 1914-1945 with Germany at the centre. The Second War was followed by an age of nuclear-terror equilibrium between Capitalism and Socialism. The breakdown of Socialism in Eastern Europe and in the Soviet Union at first seemed to result in the complete victory of Liberalism as embodied in Capitalism to increasingly give way to an Orwellian scenario of several power groups attempting to extend their power base through laying hands on primary products and to find outlets for final products; in this context Jacques Sapir's *Le nouveau XXIe siècle – Du siècle américain au retour des nations* is of great importance.

On the one hand, in both *axial ages* basic breakthroughs resulted; there was progress. On the other hand, both were times of intense alienation, and somehow alienation seems necessary to enable progress. Hegel and Marx thus seem to have got a point. However, Spengler and Toynbee seem also to have got a point, different though: Civilisations rise, flourish and decay, and decay seems also due alienation: if human societies are not in their natural state, there is some kind of lack, and this deficiency leads on to their decay (Rome), or, as Toynbee remarks, to a sort of petrification which results from perfecting to a very high degree certain dimensions of man and of society (Egypt, Mesopotamia); probably this perfection took place by insight into Goodness and Beauty on the basis of intuition and imagination – the problem of Truth, that emerged in the first *axial age*, did not yet exist. The lack of freedom to varying degrees seems to be the fundamental cause of decay or of immobility.

In this context, another issue moves to the fore: the very strong resistance of highly perfected polities, civilisations, and religions against liberal-capitalist modernity, because of the alienation produced by Capitalism. Important cases in point are China, the Islamic Civilisation, which cannot be separated from Religion, and the Roman Catholic Church. Traditional China, as has been mentioned above (*Konrad Seitz: The sequence of events in China*), has produced an ethically high-ranking and culturally refined civilisation, with a highly developed art of governing and a foreign policy based upon peaceful relations with her neighbours. Islam, also, has given rise to a highly refined civilisation and a flourishing economic life as has been emphasised by Marshall G.S. Hodgson (1993) and John M. Hobson (2004). The Roman Catholic Church had developed the Scholastic system of thought, a comprehensive synthesis of Aristotelian realist philosophy and Christian faith, a system of thought that has been perfected and refined by great thinkers. Here Jacques Maritain certainly

figures prominently. And the Roman Church has decisively shaped Western art and civilisation, and the way of life of Western Christianity altogether.

Now, traditional China, Islam and the Catholic Church, have developed great resistance against Liberal and Capitalist Modernity because all three saw their values, and also their power position, threatened. Nineteenth century Europe, for example, saw an intense ‘cultural struggle’ (*Kulturkampf*) between modernist Liberals and Socialists on the one hand, and the anti-modernist Conservatives, led by the Catholic Church on the other. Jacques Maritain wrote his *Antimoderne* just after the First World War. To the liberal and socialist emphasis on socio-economic and scientific progress, the Catholic Church frequently tended to reply by fundamentalism and dogmatism, and an increased grip on the mind of the faithful.

However, within China, Islam and Catholicism, there were also important forces aiming at reconciling Tradition and the associated values with Modernity, society and science. For example, Jacques Maritain says that his *Antimoderne* could have equally been called *Ultramoderne*, expressing thus the desire of the Catholic Church to cope with and even to go beyond Modernity. Moreover, this attempt of the Catholic Church to deal with the socio-economic problems that arose from the Great Transformation gave rise to a specific Catholic Social Doctrine.

It is at this stage that the *truly gigantic* performance of Maynard Keynes emerges. In our view, through his notion of *probability* – knowledge obtained by argument is always probable to some degree - and through his *new political economy*, dealing with modern monetary production economies, no longer with traditional exchange economies, Maynard Keynes enables *all civilisations*, for example Chinese, Indian, Islamic, Western, and *all great religions* – Jewish, Christian, Islam, Hindu and Buddhist – to cope with Modernity and, simultaneously, to preserve their fundamental values. For example, Keynes’s notion of *probable knowledge* gives a tremendous impetus to Aristotelian realism, enabling the Catholic Church to bring her doctrine into line with modern social and natural science. And the *surplus principle* implied in *classical-Keynesian* political economy enables the various societies to permanently put to use the social surplus in very differing ways; indeed, institutions allow each country and each region to realise permanently, eventually in changing forms, its specific social and individual values, also traditional values. Hence, as has been emphasised in this essay, the fact that knowledge is probable renders possible a diverse world, rendering possible mutual enrichment, and with alienation largely eliminated. The same values may, in fact, be aimed at in very different ways. In this vein, the great religions appear, as a Mongol Chief remarked in the 13th century, as different ways to the same mountain peak. This does of

course not exclude that some ways, not necessarily easier, are more appropriate than others because they enable to more fully appreciate and to more intensely enjoy the vision offered by the peak. These ways would be more closely in line with human nature, including the relation of Man to the supranatural, and, as such, would be more attractive than others because they would lead to a broader and deeper unfolding of the human nature.

This way of interpreting Sacred History has a very important implication. The religion, whose doctrine is closest to, or even entirely, in line with human nature, would, in fact, be a complete and universal religion. Since human nature is the same everywhere and in all ages, all human beings would, explicitly or implicitly, belong to the religion in question. In any case, this religion would be attractive to all human beings pertaining to most various civilisations. Or, in a different perspective, the religion in question would potentially encompass, again explicitly or implicitly, all the other religions, or, at least, there would be more or less large intersections. Given this, all human beings and all peoples and civilisations, in fact, *Mankind as a whole*, would, on account of their fundamentally common human nature, belong to the complete and universal religion, whether they formally adhere to it or not. Moreover, the implementation of human nature through the natural order within and between states, enabling a natural way of life, leading on to the prospering of the individuals would produce an irresistible attraction. In a way, the natural as a *telos* would attract alienated existence everywhere. All that is required is that there are some countries giving the example. It has been repeatedly argued in the above that, to provide an example for socio-economic and political organisation in line with human nature is, at present, the great duty of Europe, the Laboratory of World History.

At the end of the chapter on *the vision and the values underlying the essay* and at the close of the section on *the necessity of theorising* of the chapter on *concluding remarks*, it has been suggested that the *Catholic Church* is very likely to be the all encompassing and universal religion. In fact, the doctrines of the Church on the relation between Creator and Creation, the nature of Man and his destiny, and the meaning of History have been elaborated through an intense social process of intellectual-spiritual activity lasting for two thousand years. This is unique and distinguishes Catholicism from all other religions. It is important to note that this argument is *not* of a theological nature but emerges from historical considerations based on social and political science. Indeed, it has been argued in this essay that the Catholic Church has set Europe and subsequently the entire world on the way to Modernity, which came into being in an alienated form almost by necessity. Now, on the threshold of the third Millennium, a largely alienation-free natural order will probably have to be based on the

Catholic *Weltanschauung*, which underlies the doctrine of Social Liberalism, on which, in turn, classical-Keynesian political economy and an associated system of social and political sciences may be erected.

Given all this, the visible and formal Church would be a kind of beacon providing orientation in all domains of social and individual life, including of course a sense of life, for all those not formally being members of the Church. Both the visible and the invisible Church would encompass Mankind as a whole. The orientation provided by the visible Church will result in the gradual coming into being of institutions in line with human nature. The Western family (Mitterauer) and an organisation of the state and of society along social liberal lines would be examples for such institutions. Further institutions in line with human nature could relate to education, and, as a consequence, to intellectual and spiritual life.

Suggestions about what *is* natural have been made in several instances in this essay. Three features of the natural, all of which have been alluded to in the above, move to the fore. There is first the natural socio-economic and political order along *social liberal* lines *within* political societies, and *between* societies and states. Given this, the world would constitute a family of nations, structured through historical-geographical regions. A second feature of the natural society is a specific type of family, that is the Western type family. As Michael Mitterauer suggests this family type is, in a Christian vein, not based on the descent, father to son, principle and the subsequent formation of family clans comprising various generations. Instead attention is 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 (Mitterauer 2003, p. 83). Moreover, the traditional family based on descent and associated to clans is natural in the sense of the original, where determinism associated to the efficient cause prevails. However, the Western type Christian family is linked up with the natural in the sense of an aim to be realised, the good family to wit, with the final cause dominating and with liberty prevailing. A third basic characteristic of the natural state of affairs is an education system in line with the natural way the human mind works. Here the acquisition of knowledge is, indeed, a matter of the mind as is the case with Aristotelian realism. Through intuition, reason and analysis, human beings attempt to get hold of the essence of phenomena; however, as Maynard Keynes had emphasised, knowledge is bound to be imperfect and probable, if complex phenomena are considered.

Of course, these three dimensions of the natural represent principles, which may be realised in very different ways in space and time. And, very importantly, the state, the family and the education system are in an approximately natural form if the social individuals may prosper to the greatest possible extent and if a maximum scope of freedom obtains. Incidentally, this implies that modern religions should no longer try to convert, or to exercise coercion of some kind to prevent members from leaving. Modern religions ought to convince through an all-encompassing project, that is an openminded and openended system of thought: a theological system, a philosophy of history, a social philosophy, a system of social and political sciences, and a system of social ethics associated to a system of ethics for the natural sciences. The aim would be the setting up of good political societies, as a precondition for the good life of the social individuals based on a sense of life, and to bring about a broad harmony between man and nature. In this way religions would become attractive through contributing to the setting up of examples of good societies in which the social individuals may prosper in conditions of freedom.

Hegel clearly perceived that *freedom for all* was the basic feature of a society free of contradictions, in line with human nature and, consequently, with alienation absent. But the problem is that there are different conceptions of the human nature and hence of freedom. For example, in Hegel's pantheistic system, human beings are just fractions or tools of the Deity, the Mind, and it is just the Mind who is free, not human beings, whose thinking and acting is entirely determined by the Mind. Moreover, society also must be organised according to the social nature of man; in fact, social organisation ought to be such as to bring about a maximum scope of freedom. With heavy unemployment and a highly unequal distribution of incomes and wealth, the determinism of the system moves to the fore and crushes material – real – freedom, which becomes largely formal for large parts of the population.

Now, in this essay it has been attempted to argue that basically there three options of social and political organisation for humanity, World Empire, the Orwellian situation, and the World as a Family of Nations structured through historical-geographical regions.

World Empire, be it capitalist or socialist, is not feasible simply because the system would crush man (see the above section on *the natural world order*). Incidentally, this seems to be the case with all *too large* social organisations, for example, too big enterprises degrade workers and employees to pieces of a huge mechanism. Similarly large universities are simple not compatible with the idea of university, where scholarship should be conducive to holistic, emancipated and creative thinking, which, in turn, would lead on to good teaching and to fruitful research. In large universities, teaching and research tend to become more and more

specialised; simultaneously, the philosophical and historical basis, for example the history of facts and ideas in economics, are gradually eliminated, with teaching and research both tending to become a system; original and creative thinking gradually gets eliminated, and there is a danger for the system to dominate thinking along standardised lines, governed by power relations, and enhanced through rankings and evaluations. And there is the additional great danger for the system to become self-preserving through Alexis de Tocqueville's tyranny of the majority.

Given the dangers of large and complex systems, Edgar Schumacher's *Small is Beautiful* should really be taken account of in this context, and should, in fact, be generalised. Indeed, smallness goes together with diversity, out of which fruitful interaction may result. As suggested above, Jaspers certainly got the fundamental point when he says that large systems – he thinks of a World Empire – would reduce human beings to ants, busily maintaining the system, but not aiming at realising higher values, and with the mind gradually drying up (*Austrocknen des Geistes*). This drying up of the mind is presumably strongly related to the vanishing of the metaphysical basis in the social, human and in the natural sciences emphasised by Jacques Maritain; and in practical life spirituality is fading away, above all in the highly industrialised countries. Eric Voegelin in his *Die Krise: Zur Pathologie des modernen Geistes* seems to go in the same direction (Voegelin 2008). Indeed, in this work, Voegelin analyses the intellectual movements, which, since the Age of Enlightenment, have led to the gradual destruction of the spiritual foundations of Western Civilisation and ended up in the Apocalyptic Age 1914-1945. Here, as has been suggested, Nihilism became total in the totalitarian regimes of the time. Significantly, the first part of Voegelin (2008) is entitled with *Apostasie* (break away from the Church).

*At this stage, it must be mentioned that the implications of the presence or the absence of a metaphysical basis for the individual have been appropriately pictured by Erich Fromm in his Haben oder Sein (To Have or To Be). Erich Fromm's book is also in line with Edgar Schumacher's ecological preoccupations set out in Small is Beautiful.*

The second option, the Orwellian struggle between huge power blocks, would, in all likelihood, reproduce many characteristics of world empire and would lead humanity to the brink of social and environmental collapse and, possibly, even lead to effective collapse.

The third option, applying Schumacher's *Small is Beautiful* to political organisation, seems the only way out. The small and medium-sized state as has emerged in a long and painful

historical process in Western, Central and Northern Europe is the only type of polity in line with human capabilities. And the natural political world order outlined above would complement the natural political order within states. It has been suggested that the world as a family of states should be structured through *intersecting* and *superseding* historical-geographical Federations. This Social Liberal world order would, on the one hand, *preserve* the achievements of the historical past in the realms of Goodness, Beauty and Truth to immensely enrich the present and contributing to shape the future (*im Sinne von Hegel würde der ganze Reichtum der historischen Vergangenheit in der Gegenwart aufgehoben sein*). On the other hand, this view of history would greatly stimulate historical research, enhance the search for roots, and favour development – material, intellectual and spiritual - as coming from inside societies, based upon their own values; this immanent development process would be complemented and enriched by the interaction with other societies and civilisations. This historically grounded Social Liberal world order, based on the Catholic-Theistic vision of man, would give history a remarkable unity and a profound sense, provided by the unfolding of the potential of human nature, which also means moving from determinism to liberty. Moreover, as will be seen in the very last section of this essay, world history may also be seen as the movement from the social harmony of the original state, through the break-up of this harmony resulting in alienation, to end up in the universal striving after the *telos* of social harmony in the form of small and medium-sized states brought together in historical-geographical federations.

*Incidentally, Schumacher's Small is Beautiful does not imply that large-scale production associated with far-going specialisation within the process of production should be abolished. Large-scale production may remain necessary in many domains, car production for example. However, as has been suggested in previous chapter, alienation within the process of production, boring work in the main, may be largely eliminated through setting up automatic production systems, in which computers and robots will play the dominant role. Hence computer-steered production would largely eliminate alienation with the process of production.*

We may now make the crucial point. Humanity had to go through the alienation of the two *axial ages*, to progress and to acquire the intellectual and material means to create richer, in fact, intellectually and materially very rich societies. And throughout history, man, specifically decision-makers, have, in principle, been able to act freely, although freedom of



choice has always been greatly restricted through objective conditions. Since the Great Transformation the pressure of objective conditions on the decision-makers has become increasingly stronger. Indeed, the capitalist system has produced almost irresistible determinism, which finally led on to the Apocalyptic Age. In the section *Germany 1871-1945 and the Apocalyptic Age 1914-1945* it has been suggested that the interactions of determinism – the determinism of the system – and chance – the silk thread -, led on to a very large degree of alienation in National Socialist Germany and in Soviet Russia and, finally, to the total defeat of the mightiest military power that ever existed. What indeed could have happened in case of a German victory? It is not completely fanciful to imagine that Germany would have crushed her capitalist competitors, the British Empire and the United States, and would have been the first power to acquire the atomic bomb. Given this, German world dominance would have become a real possibility. This would have been a truly fearful state of affairs because nihilistic and ferocious National Socialist Germany was, in a way, the exact opposite of the peaceful and culturally high-ranking Holy Roman Empire of German Nation. However, the silk-thread element of chance, the faithful would speak of providence, directed the stream of determinism in a certain direction, that is to the defeat of Germany. Through the intervention of Klaus Fuchs – yet another silk-thread element - this cleared the way to the nuclear-based equilibrium between the Western Capitalist and the Eastern Socialist Block. Since the late 1980s both seem to be disintegrating, to hopefully preparing the way for Keynes's *Social Liberal World Order*.

From all this one might conclude that human action, based on free will of the relevant decision takers, with the freedom of choice more and more restricted through objective factors, the immensely complex socio-economic system that emerged after the *Great Transformation*, through the heavily alienated turbulences of two *axial ages* to the present, where the preconditions exist to greatly reduce alienation by creating a natural world order – the world family of states - which, in turn, would go along a natural political order within states. This natural political order within and between states would be associated with a maximum scope of freedom, enabling emancipated and openminded thinking in all domains. This would, in turn, provide the basis for the mutual spiritual, intellectual and material enrichment of the various civilisations. The world would be a diversified, active and living place. This would be in analogy to the Christian conception of the Deity: the active and living, hence dynamic Trinity.

*This conception of the Trinity is, perhaps, brought to the open most appropriately by Andrei Rublev's Trinity Icon exhibited at the Tretiakov Gallery in Moscow. While this Eastern view of the Trinity reflects Platonian objective idealism, Western Christianity is realist in the sense that it emphasizes the link between the supranatural and the natural established through Christ, which amounts to strongly linking the Creator with his Creation.*

All this is just another way to say that social and political theories, Social Liberalism in this case, emerge from a wide and all-encompassing vision of man and of society, whether social theorists are conscious about this or not.

To put it in a nutshell, in the course of world history humanity has moved from a natural state of social harmony, characterised by the determinism of the *efficient* cause, to the neighbourhood of a natural state characterised by social harmony and natural liberty both implying the *final* cause. The aims are provided by the objectively given fundamental values, Goodness, Beauty and Truth in all spheres of social and individual life. To approximately realise these values in all domains represents striving for perfection, the natural driving force in history. Since absolute perfection is outside the reach of human beings, the striving for perfection is infinite, and nevertheless limited. As Goethe said, the human striving after perfection may be represented by moving in a circle: always doing the same thing with ever growing perfection. To generalise the striving after perfection and to broadly order it, an appropriate education system is fundamental. The generalised striving after perfection requires liberty. This, in turn, requires an appropriate social organisation, precisely such that the scope of liberty is maximised. Societies in which the striving for perfection dominates would be stable and harmonious and, as such largely free from alienation.

In the present times, it is, indeed, a *duty* for Humanity to attempt to realise Keynes's natural, largely alienation free Social Liberal society, and the associated natural world order, the world as a family of nations, structured through historical-geographical regions. *This would, in fact, mean consolidating and bringing into a natural order what has been achieved during the two axial ages, thus largely eliminating alienation, in a way, bringing in the harvest of human history.* Indeed, to arrive at the threshold of this possibility, Humanity had to endure immense suffering and huge sacrifice had to be made, perhaps most intensely during the two *axial ages*, and on a dramatic scale during the Apocalyptic Age 1914-1945, when alienation – *Gottferne* - culminated. To establish a natural order within and between states, such that human beings of all nations, and all states and religious communities, may live in peace and

may mutually enrich each other, would mean that the suffering and the sacrifice of alienated history has not been vain.

Once again, however, facile optimism is not warranted here. Gigantic problems have to be solved, Israel-Palestine, Iraq, Afghanistan, Kashmir and Tibet, Darfur, the Eastern Congo, Rwanda, the problems that arose from the break-up of Yugoslavia and of the Soviet Union, to name but a few. Here, courageous action of statesmen and stateswomen, and diplomats, of churchmen and churchwomen and of religious men and women in general, will certainly be required. However, courageous action can only be undertaken if sensible solutions may be proposed. There is considerable reason to believe that, based on Keynes's doctrine of *Social Liberalism* and the associated system of *classical-Keynesian political economy*, both alluded to in this essay, and relying upon their political and socio-economic implications, constructive solutions for complex socio-economic and political problems may be found. In this context, we cannot but mention Spinoza, who wrote: "If courageous action resulting in mutual pardon succeeds in reconciling mortal enemies, the love that will ensue will be the greater, the greater has been the hatred prevailing before." There is immense hope in this proposition.

## Epilogue: Remarks on the course of history and its meaning

### *The course of history – a suggested interpretation*

To end these considerations, some tentative remarks as to the course or path and the meaning of history may now be made on the basis of what has been said in the preceding. The path of history seems to start with man as part of nature, with natural laws prevailing deterministically; in fact, the efficient law dominates and possibly enforces social harmony. The unfolding of human nature seems to tend towards a natural state of liberty where the final cause dominates and social harmony becomes an aim to be reached. Alienation prevails throughout. This means that alienated history is characterised by a gap between historical reality and the natural state. More or less intense alienation creates a tension between the natural and the historically prevailing state, which, in turn, produces a tendency to reduce alienation. These efforts to reduce alienation may result in progress characterised by the unfolding of the potential of human nature. The two *axial ages* referred to in the above are associated with breakthroughs in this unfolding. It has been suggested that the course of history has been such as to lead to the threshold of a fully unfolded natural state where the final cause associated with liberty may enable mankind to realise the fundamental values of

Goodness, Beauty and Truth in all domains in very different ways, characterising the various civilisations. With alienation reduced to a minimum achievable by human beings, this natural state would enable the social individuals to prosper in conditions of freedom. This would, in fact, be the aim of history, a state of the world in which the path of – alienated - history terminates. This final state would not be something static, however. The natural state would be dynamic and living. For example, the mutual enrichment between social individual and, on a larger scale, between civilisations would produce new ways of realising the fundamental values in all domains.

In a way, the whole path of history is shaped through the interaction between behaviour and the determinism exercised by an objectively given situation. ‘The historical circumstances shape man, and man gradually forges the circumstances’, Marx and Engels state in the German Ideology: “[...] dass also die Umstände ebensowohl die Menschen, wie die Menschen die Umstände machen”(MEW, vol. 3, p. 38). If the circumstances are complex, human actions always take place on the basis of imperfect knowledge, probable knowledge in Keynes’s sense, and under material and formal constraints (*Sachzwängen*). This implies that chance elements direct the stream of determinism in very different directions, a fact that has been emphasised in the preceding lines in relation with ‘silk-thread’ elements in the main. Given this, there would have a very large number of alternative paths. For example, history would have taken an entirely different course if the Persians had remained victorious against Alexander the Great, if Carthage under Hannibal had crushed Scipio’s Rome, if the Mongols had destroyed Europe in the 1240s, if Germany had not annexed Alsace-Lorraine in 1871, as Bismarck had perhaps wished.

A crucial question now arises? Why out of this very large, perhaps even near-infinite number of possible paths of human history, one precise path has prevailed, leading humanity to the threshold of a potentially immensely rich natural state in which the social individuals of all polities may prosper. Is it a series of chance elements, or something else, Providence in the first place? Even the sceptic must admit that Providence is a very plausible, probably even the most plausible explanation of the specific path human history has taken up to now. This might imply that Man thinks and acts in conditions of imperfect knowledge and under material and intellectual constraints – the *Zeitgeist* providing the dominating ideas – in more or less alienated conditions and that a Supernatural Power directs the stream of determinism in a specific direction – related to this is the highly appropriate German saying: *Der Mensch denkt, Gott lenkt*. And it is possible, even likely, that the Creator also intervenes through directly inspiring the thinking and the actions of outstanding human beings through providing

them with exceptional abilities. Cases in point would be eminent Men of the Church like Pope Gregory the Great and Alcuin of York, great philosophers (Aristotle, Plato, Thomas Aquinas, and Descartes), writers and poetes like Shakespeare and Goethe, composers: Bach, Mozart and Beethoven for instance, great political leaders like Churchill and de Gaulle, natural scientists, Newton and Einstein for example, and, last but not least, political economists who contributed to the understanding of immensely complex monetary production economies: François Quesnay, David Ricardo, Karl Marx and Maynard Keynes. Going back further in history, the thinking and the actions of the Biblical Prophets, the coming into being of the first Civilisations, and the breakthrough to Truth in the course of Jasper's (first) Axial Time can probably be explained through Divine intervention only. Thus, the Creator also guides thought and action of outstanding individuals to direct the stream of determinism in a certain direction. This is the essence of *Theism*, which implies that Humanity would not be able to solve the exceedingly difficult exam puzzles arising in the course of World History without Divine help and to remain on the path leading to an ultimate Natural State synthesising and preserving all the great achievements of human history or, perhaps more appropriately, realising Hegel's *Aufhebung*.

*In this context, it may be mentioned that, in War and Peace, Tolstoi suggests that the outcome of great historical events, battles for instance, is due to chance, not to Providence. At the time, this incurred him the displeasure of political, religious and other authorities and, as a consequence, Tolstoi did not become, as was generally expected, the first Nobel Prize winner in Literature – in fact, he never got this prize!*

*Indeed, looking at isolated events inevitably gives the impression that the course of history is governed by chance elements. However, attempting to establish Providence as guiding history requires a comprehensive vision of world history as is tentatively suggested in this essay. Events have not to be considered isolation, but as linked in specific way, giving rise to the particular course history has taken, leading humanity to the threshold of the possibility to realise a Natural Order within and between states as has been sketched in preceding chapters.*

But if *Providence* guides History, the question as to the sense of the immense suffering associated with the specific path human history has taken inevitably arises. Understandably, many could not accept the tremendous amount of suffering that occurred and still occurs in human history. Given this, Marx proposed that Man himself should become master of his

destiny, and should not rely on supernatural powers, just as Prometheus wanted to do; and Iwan Karamasov, in view of the terrible suffering of Mankind, of children specifically, wanted to return the entry ticket to the world theatre to the Creator of this world. It has already been suggested that human beings can only attempt to provide an answer to the question of suffering, a definite answer being outside the reach of human capabilities.

Probably, permanent large-scale social suffering arises because of alienation, with societies not being in their natural state. Given this, political, military, intellectual and religious leaders have to take decisions under various constraints and imperfect knowledge. With mistrust and hatred prevailing, a struggle for survival may come into being, and suffering increases. However, and this is certainly a crucial point, the *Free Will of Man* is, in principle, respected in all circumstances.

Perhaps, suffering may be considered a test (*Prüfung*) for individuals and societies. Suffering represents a challenge for Man, and facing and attempting to master most difficult situations reveals the immense potential of human nature and may contribute to the unfolding of precisely this human nature. It would seem that the specific path history has taken has perhaps brought about the greatest possible challenges which could be imagined. In a way, if history is considered a huge exam for Mankind – social individuals and political societies -, then the questions have certainly been most difficult and intricate; and if we think of the huge problems of the present age: economical, social, political, cultural, and environmental problems, then the examination questions put to Humanity go on to be most difficult. This would be an ontological suggestion to interpret the sense of history, associated to the fundamental values of Beauty and Truth. In a moral perspective, in relation to Goodness to wit, Schiller was perhaps right: *Die Weltgeschichte ist das Weltgericht*. This proposition should be taken very seriously since it is certainly based on deepest insight and direct knowledge of crucially important facts. Indeed, as is well known, Schiller was a very great poet and writer; moreover, he wrote a history of the Thirty Years' War; and, finally, having lived from 1759 to 1805, he witnessed the core time-period of the *Second Axial Age* (1750-1830) which brought about the *Great Transformation* through the *English Industrial Revolution* and the *French Political Revolution*. It is well known that Friedrich Schiller very intensely dealt with the significance and the implications of the *Great Revolution* in France.

However, social and personal suffering may become so immense that it would be unbearable without faith and the associated hope of relieve from pain in another life. Perhaps, without profound faith the Jewish, the Polish and the Russian People could not have survived the Apocalyptic Age. Moreover, it is a fact, that, in regions where profound faith prevails in

specific ages, people are, as a rule, joyful and serene, even those to whom fate has been unkind. The great importance of religion to cope with suffering is expressed most appropriately by the representation of the Final Judgement in the Sophia Cathedral in Kiev through a balance. The left hand side of the balance is charged with suffering, the right hand side indicates the position in Paradise. The more intense has been the suffering, the higher up is the right-hand side of the balance. This can perhaps be explained best by an analogy: Imagine Paradise – which is the same for all - a nice room being at a pleasant temperature. All those who had an easy and successful life, will find the room normal and ordinary. However, those who had to endure intense cold, suffering and failure to wit, will find the same room wonderful and extraordinary.

These are of course just tentative suggestions. A rational explanation of the meaning and the significance of large-scale social suffering through wars, economic crises and natural calamities, and, of course, also of personal suffering through heavy illness, for example, exceeds the capacities of the human mind. The profound meaning of suffering is bound to remain a mystery.

### *Catholicism and the course of history - Eric Voegelin*

Toward the end of the 19th century many writers complained about the increasing fragmentation of the social and political sciences, and the ensuing loss of perspective. And these processes went on unabated in the course of the 20 century, specifically in the domain of economic theory, such that, presently, a coherent system of economic theory, capable of providing a conceptual basis for sensible socio-economic policies, simply does not exist. However, it would seem that a system of post-cum-classical-Keynesian political economy is slowly and gradually emerging (Bortis 1997/2006, 2003a). This system of political economy emerges from the social philosophy of Social Liberalism (broadly sketched in Bortis 1997/2006, chapter 2), which, in turn, is based upon the Catholic *Weltanschauung* and can, as such, be associated to Jacques Maritain's *Humanisme Intégral*. Throughout this essay it has been argued that, in the social and political sciences, philosophising and theorising on very complex issues, involving man and society as a whole, can only proceed on the basis of a vision or *Weltanschauung*. Isolated pure theory is meaningless.

This is in line with a claim made in 1900 by Hermann Diels, a prominent member of the Prussian Academy of Sciences, at a time when the fragmentation of the sciences was far advanced, the metaphysical basis had entirely vanished, and the lack of theory implied in the

inductive method of the historical sciences led on to a feeling of frustration. Diels in fact writes: “Thus the coming [20th century] calls upon all the sciences for concentration, for unity. We are tired of collecting materials, we want to come to grips with the available stuff; we want to penetrate the details conceptually in order to approach the great aim of science: a general and comprehensive *Weltanschauung*” (quoted in Bortis 1997/2006, p. 129; a.tr.). Hence Diels seems to think that a comprehensive system of sciences, grounded on a vision, may be reached inductively. In Bortis (1997/2006 and 2003a) it is argued, however, that theorising and vision interact. Given this, theorising on complex socio-economic and political issues always takes place on the basis of a vision, and the results of sciences may reshape the vision. This has, in fact, been the method of reasoning of the Christian-Catholic Theologian-Philosophers right from the beginning. Indeed, Johannes Hirschberger remarks that the first steps to bring together Faith and Philosophy were undertaken in late antiquity already, in a first step, not only by the Christians, but also by Islam and Judaism (Hirschberger, vol. I (1984), pp. 317-18). However, Augustine then went on to coin a proposition that was to become the central and fundamental idea of Medieval Philosophy: *Intellege ut credas, crede ut intellegas* (p. 328). This proposition involves that, on the one hand, reasoning was seen as a means to make intelligible doctrines of Faith, and, on the other hand, Faith provided, to use a modern expression, the *vision* upon which reasoning on Man, society and the state, and on nature could take place. The Scholastic system realised this synthesis between Faith and Philosophy to culminate in the work of Thomas Aquinas (Hirschberger, volume I, chapter 2). Hitherto, the *disputatio* had brought life into the system, subsequently, rigidity, associated to system dominated thinking, became more and more pronounced. This gradually rendered traditional Scholasticism increasingly irrelevant to tackle problems of the day.

In any case, this Christian-Catholic way of thinking has a double dimension. First, the Christian-Catholic Theologian-Philosophers linked the prime results of first *axial age*, the philosophical systems of Plato and Aristotle, to Christianity, a line of development culminating in the Scholastic system, which reached its peak with Thomas Aquinas (Hirschberger). And second, in the view of William Haas (1956), the Scholastic method, based on tradition, the history of thought, and the *disputatio*, was gradually and increasingly, applied to subjects other than Theology and Philosophy, that is, to Man, Society and Nature. This was the birth of modern science. In a first step, scientific reasoning was still metaphysically based (William Haas), with the metaphysical basis gradually weakening, however. Now, in the view of Eric Voegelin, and of Jacques Maritain, Enlightenment brought about a definitive breakdown of the metaphysical-spiritual basis of modern science. Both,



Voegelin and Maritain, have explored the path leading to this breakdown, and, subsequently, its effect on the modern mind. In this section, we have just a glance at the central sections of the first chapter of *Die Krise* (Voegelin 2008), which, significantly, is entitled *APOSTASIE*.

The starting point of considerations is Bossuet who suggests that “true Faith is to be found in the collective wisdom of the Church and of the Fathers of the Church, while innovations of individuals would be a source of error. The individual thinker will not be able to comprehensively grasp all the implications of an innovation, and the problems, which occur subsequently will require corrections, implying further deviations from the Truth. The intellectual forces of the individual, and, eventually, isolated, thinker, cannot replace the cumulative wisdom of the collective of the Church. With these considerations, Bossuet touches upon a fundamental problem regarding the role of ideas in modern history: it is indeed impossible to elaborate a body of knowledge based upon a vision (*geistige Substanz*) and a certain way of thinking (*intellektueller Stil*) within a community *through competition between individual intellectuals*” (Voegelin 2008, pp. 39-40; our emphasis; a.tr.).

This important point has been emphasised throughout this essay. If problems are complex, involving the whole of Man and of Society, theorising must take place on the basis of a vision, whereby theorising and vision interact (see, for example, Bortis 2003a, pp. 411-15). In fact, this passage of Voegelin’s links **up** with the modern Aristotelian-Keynesian theory of knowledge put to the fore in this essay, involving *probable realism*. The crucial point, directly linked to the Bossuet-Voegelin passage just quoted, is that thinking is essentially a complex *social* process. Moreover, the degree of certainty that can be attached to knowledge based on Faith increases with the quantity and quality of evidence taken account of. Finally, with theorising on the basis of a vision *essentially* being a social process, mainly means taking account of the great authors and their theories, present and past. The history of thought, that is, of theories and doctrines, plays a very important role when first principles are to be distilled in some sphere, political economy for instance. Indeed, dealing with alternative and even contradictory theories is, perhaps, the best way to deeper knowledge; for the sphere of political economy Keynes has always maintained that the study of the history of economic theories led on to the emancipation of the mind. This way of proceeding is, incidentally, part of the Scholastic method, which has led to the setting up of Catholic doctrine.

*It has already been suggested above that competition between individual economic theorists does not necessarily lead to deeper truth, but may result in a system of standardised thought based on power, as is indeed the case presently in economic theory, utterly dominated by*

*ultra-liberal neoclassical theory. Incidentally, in economic theory, the whole problem of so-called value-free, that is, purely scientific thinking, has led to a barren situation. In this essay it has been persistently maintained that theorizing necessarily takes place on the basis of a vision, which ought to be as solid as possible, that is, resulting from a long and intense social process. In matters of religion, the doctrine of the Catholic Church precisely results from such a process, and Bossuet's arguments, as are presented by Voegelin, are based on the results of this intellectual-spiritual process.*

Given then the body of the doctrine of the Catholic Church, Voegelin goes on to quote Bossuet, precisely on the problem of knowledge in matters of religious doctrine: "It is pure vanity to think, that an individual thinker could better understand the word of God than the rest of the Church; in this case there would be more religions than individuals" (Bossuet, quoted in German in Voegelin 2008, p. 41; a.tr.). Given this, Voegelin suggests that Bossuet did not worry in the first place about Protestantism, but "about the indifference of historical and philological investigations: Christianity as a Divine entering (*göttliche Evokation*) in history would be prone to atrophy and destruction, if, in its quality as a Myth, it were subject to rational critique and psychological investigation. [...] Bossuet thought that Protestantism and historical critique were not, in the first place, a danger for the Catholic Church, but essentially a danger for Christianity. Through the free judgement and individualistic interpretation, Protestantism anticipated the gradual dissolution through rationality of the Christian mysteries, which took place in the 18th century within the movement of Deism and Atheism" (Voegelin 2008, pp. 41-42).

This is broadly the position that has also been taken in this essay and was one of the factors which has led us to consider the Catholic *Weltanschauung* as the most plausible one, always from the point of view of the social and political sciences, associated to a realist, Aristotelian – Keynesian, theory of knowledge.

Voegelin now goes on to consider "the crucial point regarding the transition from schismatic Protestantism to historicist Christianity, a point taken up by Bossuet casually in a religious colloquium with M. Claude, the Huguenot Minister of Charenton. Bossuet insisted on the authority of the Church, while Claude emphasised the necessity of the individual judgement. Finally, Claude brought in the example of the Synagogue, who condemned Christ, declaring that he was not Messiah announced by the Prophets. Claude asked Bossuet whether he would insist, that an individual, who, contrary the decision of the Synagogue, followed Christ, had acted wrongly? In this case the independently acting individual had evidently done right, and

this Bossuet wanted to refuse to Christians in the future. However, Bossuet was up to Claude's challenge. He gave his opponent to understand that he was implicitly denying that God would have no other means (*moyen extérieur*) than the Church, to dissipate the doubts of the ignorant. To maintain this argument, one would have to assume, that at that time no authority existed, on which the believer could rely. 'But who', Bossuet went on, 'would say *this*, subsequent to the presence of Christ on earth, that is Truth herself, who had appeared visibly among the human beings. Surely, His authority was contested in the same way as it happens actually to the Church, and yet His authority was infallible.'

Claude did not reply to Bossuet. Evidently, by this argument Claude found himself in a dilemma: Either he would have to deny the evidently visible presence of Truth embodied in Christ, or he would have to allot a visible presence of Truth to the founders of the Reformed Churches. The first assumption would have transformed Incarnation into a historical judgement of human beings on the nature of Christ, which could eventually be attacked by others. The second assumption would have perverted the significance of the Reform and would have made of the Reformers [advocates before God to obtain grace and salvation for the believers](#). Claude did not want to accept the one or the other postulate. Given this, he remained in that strange inconclusive position of early Protestantism, that is, to interpret the historically forward directed step as a step back to the origins. Bossuet sensed the step forward, which emerged completely only in the centuries to come. Indeed, under the pressure of historical critique and of liberal Theology, Protestantism gradually took on 'progressive' forms: Christianity was watered down to a system of social ethics and Christ was put into line with other great Masters of Mankind, Confucius, Einstein, and others. On the other hand, the active religious forces give rise to sentiments calling for new empires and new leaders. We may observe Voltaire's hesitation; Voltaire declared himself a defender of Enlightenment, but did not want to be Illumination. Comte and Marx hesitated less in this respect: The newly developing mass movements [associated with Liberalism (Capitalism), Fascism, and Socialism] – barely covered by the veil of antireligious ideology – gradually became the new *corpora mystica*" (Voegelin 2008, pp. 42-43; a.tr.).

[Digression: [Bossuet's argument would seem to imply that the Christian Schism was not really justified on theological grounds. Indeed, outstanding dignitaries of the Roman Church were conscious of the deplorable state of parts of the Church, specifically the way of life of Pope Alexander VI and the selling of indulgences. Given this, these dignitaries advocated profound reforms of the Roman Church. Perhaps the most prominent critic and advocate of](#)

reforms was *Kardinal Matthäus Schiner* (1465 – 1522), originating from the Upper Valais / Oberwallis (today part of Switzerland) – for an excellent biography see Albert Büchi: *Kardinal Matthäus Schiner als Staatsmann und Kirchenfürst* (Büchi 1923 and 1937). Moreover, Luther and Zwingli initially also advocated Reform and did not think of establishing a New Church. In fact, *Kardinal Schiner* was, at times, in close touch with both Luther and Zwingli. The position of Schiner is characterised most appropriately by a proposition he made at the *Reichstag zu Worms 1521*: “Eck mag disputieren so viel er will, Luther spricht die Wahrheit.” However, once he realised that the Schism was inevitable he strongly turned against Luther and contributed to the setting up of the Edict of Worms. Nevertheless, an agreement had seemed possible on a *theological* level between 1517 and 1521. Given this, the Protestant Reform was, as is very likely, mainly brought about by *powerful secular forces*, also dealt with by Eric Voegelin: the *process of individualisation* that had set in at the end of the Middle Ages and resulted in the Hobbesian *homo homini lupus* world to end up in the autonomous individual of Modernity, implying Voegelin’s superbia of modern man; associated to this process of individualisation is the striving for wealth: the rapidly increasing quantity of Spanish silver and gold, which spread all over Europe, and the lands of the Monasteries and Convents and of the Church in general became really objects of desire! In mercantilist times, broadly from 1500 to 1750, the economy, including the highly profitable overseas trade, was still ancillary to the gradually emerging Nation States. However, the rise and the growing strength of the Nation States were inevitably linked up with the weakening and final destruction of the *Holy Roman Empire of German Nation*. Given this, Protestantism was also strongly promoted by many German and European princes, who wanted the independence of their Territorial States from the Empire *and* from the Roman Church. Breaking with the Roman Church led on to subordinate the Protestant Churches to State authority. A most powerful secular force was of course Capitalism, the emergence of which is closely associated to Protestantism, above all in its Calvinist form, as is most impressively pictured by Max Weber in his *Die protestantische Ethik und der Geist des Kapitalismus*. Modern Capitalism gradually resulted in the primacy of the economy and of the financial sector over the State, society and man (Max Weber’s *Stählernes Gehäuse!*). And, last but not least, there is the vanishing of the metaphysical basis in the natural, human and socio-political Sciences, a point particularly emphasised by Eric Voegelin. As Max Weber aptly remarks, the coming into being of Modernity is associated with the *Entzauberung der Welt*.

Given these powerful secular forces, *Kardinal Schiner's* efforts for Church Reform in view of preventing the Schism proved vain. In fact, the ultimate aim of Schiner's was to complete and to perfect the medieval world of Church and Empire. As a kind of Prime and War Minister (Päpstlicher Legat) of the Popes Julius II and Leo X, he wanted to extend the Empire to the whole of Western Christianity, also in view of fighting effectively against the Ottomans who were rapidly advancing through the Balkans. Moreover, Schiner aimed at becoming Pope after the death of Leo X in order to establish a Roman-Occidental *Papacäsarismus* in contradistinction to the Byzantine and now slowly emerging Russian-Orthodox *Cäsaropapismus!*

*Kardinal Matthäus Schiner* was a gigantic historical figure whose ultimate failure was equally gigantic and, given this, of truly tragic dimensions – his strong action aiming at maintaining and perfecting the medieval world dominated by the Church and the Empire indeed proved vain in view of the powerful secular forces that were to bring about the Modern world. Schiner's failure became visible in the crushing defeat of the Swiss mercenaries, hitherto the strongest military force in Europe, against the French under King *François I.* at *Marignano* in 1515. In fact, Schiner personally led the Swiss into the battle, against the advice of the Swiss officers, who knew about the devastating effects of French artillery. Inevitably, French artillery decisively influenced the outcome of the battle, putting thus an end to the supremacy of the Swiss infantry and announcing modern warfare.

Schiner's gigantic project of establishing an Occidental Holy Roman Empire implied no less than the destruction of the Kingdom of France (!), which was to be partitioned between Germany-Austria, England and Spain. Given this, Schiner became the mortal enemy of France. As a consequence, the ferocious opposition of the French Cardinals prevented Schiner from becoming Pope in 1521 after the death of Leo X. However, *Kardinal Schiner* greatly contributed to the election of *Pope Adrian VI* in early 1522, and in 1519 already, he had decisively contributed to electing *Karl V* as Emperor of the Holy Roman Empire.

Under his Pope and his Emperor, *Kardinal Schiner* continued to work hard and restlessly on the Reform of the Church, really until the very last moment of his life, always greatly worried about the threatened Church. The *Memorandum* he presented to Pope Adrian VI on March 1, 1522 contains the best Reform Proposals coming from Rome at that time. And Schiner continued to work as the Pest spread in Rome in 1522, and most Cardinals had left the city. The Plague attacked him on September 12, on the 28<sup>th</sup> he established his last will and he died on October 1, 1522, lonely and humbly (see Arnold 1967/68, p. 54).]

The stage is now set for a more detailed picture of *APOSTASIE*, the consequences of which make up the bulk of Voegelin's work. Indeed, the central fifth section of the *APOSTASIE* chapter is entitled with *The Dynamics of Secularisation*. Voegelin starts with sketching the dissolution of Western Universalism. "The preceding analysis pictures the continuity of the process of rendering Christianity historical, and of secularising History. [...] The 18th century is the Age in which the dissolution of the three features of European Universalism reached the stage of critical consciousness. The harmonic balance of Mind [the Spiritual], Reason and *Imperium* could be maintained to the extent only, as the dissolution did not cross certain limits. The first component to disintegrate was *Imperium*. The fragmentation and particularisation of the Empire resulted in the emergence of nation states, which represented an alternative order for the Western world. [In this context, Richelieu's conception of Europe as a family of Christian States, has been mentioned earlier; the French Revolution brought a gradual secularisation in all these states.] The formation of nation states was accompanied by the rise of international law (Grotius' *Völkerrecht*). Through establishing a secularised and autonomous political sphere outside the spiritual-secular unity of medieval Christianity, the spiritual order was shifted into the Church in the modern sense, that is, the religious organisation in contradistinction to the autonomous political organisation of the state. The second component to become autonomous was Reason. This tendency started with Nominalism and Averroism in the Middle Ages already, and was socially supported by a growing number of lawyers, royal administrators, philosophers and scientists outside the order of the Church. The stage of autonomous and secularised reason was realised in the natural sciences and in natural law of the 17th century" (Voegelin 2008, p. 44; a.tr.).

Subsequently, Voegelin speaks of guilty omissions, which confronted the Church with her own spirituality. In fact, "the rise of the Church in the Middle Ages not only rested on her spirituality, but also on her strong and superior civilisatory force guiding the Christian part of Mankind. And the Church could exercise the civilisatory function on the basis of the heritage resulting from a compromise with the roman-hellenistic civilisation. Around the 12th century this civilisatory function as well as the heritage, rendering it possible, became a source of frictions, which inevitably accompany any process of dissolution. On the one hand, the civilisatory work of the Church had been successful to an extent such, that this work could have been carried on by the towns and the emerging nation states on their own; however, this would have required from the Church giving up her position as an overwhelming economic power, a position which was justified earlier, that is from Frankish times onwards to around 1200, through her immense civilisatory performance. Yet, the Church did not give up her

economic and political position voluntarily. Since, on the other hand, an independent secular civilisation was developing, a conflict between the content of this new civilisation and the heritage of Church since Antiquity, necessarily arose. On the one hand, this new situation would have required from the Church abandoning voluntarily all those civilisatory elements, incompatible with the new Western civilisation; on the other hand, a new civilisatory compromise would have been required, similar to the compromise set up between the Church and the roman-hellenistic civilisation. And again, the Church hesitated to adjust appropriately and in time. From these hesitations of the Church frictions resulted in the process of dissolution of Western Universalism” (Voegelin 2008, pp. 44-45; a.tr.).

Subsequently, Voegelin goes on to consider three phases in this process of dissolution, which are characterised by the friction prevailing in a given period of time, whereby overlappings could occur. “The first phase comprises the time-period between 1300 and 1500, in which the dissolution of the Empire had reached a critical stage. The refusal of the Church to give up her economic and financial power position, led to the Anglicanism of 14th and to the Gallicanism of the 15th century and finally to the Reform, accompanied by very extended confiscation of Church property. [...] The second phase comprises the time-period from 1500 to 1700. Astronomy and physics developed, and the heliocentric vision of the universe clashed with the geocentric Babylonian cosmologie of the Old Testament. It was the age of the *causes célèbres* of Giordano Bruno and Galileo Galilei. The subsequent effects of these frictions went on during the 19th century and resulted in the quarrel on [Darwin’s] theory of evolution [this quarrel is, in fact, still going on]. The third phase consists of the period from about 1700 until the present. It is the age of historical science and of elaborate critique, which led to a clash involving the critical treatment of the Holy Scriptures, the History of the Church and of the Dogmas, and the interpretation of the true Faith by the Church” (Voegelin 2008, pp. 45-46; a.tr.).

In a masterly passage Voegelin now goes on to consider more deeply the first and second phase just mentioned. Somewhat dramatically he **speaks** of the destruction of the mind and of evacuation of spirituality (Voegelin 2008, p. 46). “The sequence of these frictions culminated in the victory of the [secular] civilisatory forces which emerged from the medieval community, leaving deep scars in the spiritual and intellectual structure of the West. The adventures of political and rational autonomy have not only heavily damaged the spiritual dimension of the Church. The frictions and maladjustments also left a deep spiritual destruction in the autonomous secular sphere and have, as such, crucially weakened the civilisatory position of the Church. The first type of friction resulted in a far-going

confiscation of Church property. In fact, this confiscation should not yet have threatened the spiritual position of the Church. However, the decisive result of the struggle on economic matters, going right back to the conflict on the nomination of Bishops (*Investiturstreit*), was the political tension between Church and State. This tension led to the political marginalisation, in fact a kind of privatisation, of the Spiritual Institution, while the autonomous political institutions increasingly dominated the public sphere, to finally obtain a monopoly here. This privatisation of the spiritual sphere prepared the way for increasingly filling the public sphere with spirituality (*Respiritualisierung der öffentlichen Sphäre*) of an entirely different type though, originating from alternative sources. In fact, this ‘spiritualisation’ of the public sphere took on the forms of *nationalism, humanitarianism, liberal and socialist economism, biologism* and so on. This increase in number of ‘counter-spirits’ (*Gegengeistern*) is the most fateful consequence of the failure of the Church to reach a compromise with the new pluralistic world of politics” (Voegelin 2008, p. 46; a.tr.).

Having dealt with the first tension as situated in the socio-economic and political sphere, Voegelin now comes to consider the second tension, located at the scientific level, intensifying the overall tension between the Church on the one hand and the State and Society on the other. Again, Voegelin argues, the Church failed to adapt to the developments of science, in Astronomy for example.

*In this context, there are natural scientists who argue that, on purely scientific grounds the Church was entirely right in maintaining her geocentric stance far beyond Galileo. Probably, the heliocentric position was definitely established by Newton only. This is due to the fact that, when complex phenomena are considered, knowledge is bound to be probable.*

This second failure, that is, the failure to adapt to scientific developments, made that the Church was denoted obscurantist, and this stigma of obscurantism is still attached to the Church, even though she has concluded a peace agreement with Science. This clash between Church and Science did not just lead to an autonomous development of the sciences only, which would not have threatened the spiritual substance of Christianity. Of far greater importance was the spiritual desert left, associated to the conviction that the rational-scientific approach could substitute for the spiritual integration of the personality (on this, see Voegelin 2008, p. 47). “The acceptance of the scientific faith produced a result, which effect was similar to the establishing of autonomy in the political sphere, namely the openness of the individuals towards non-Christian spiritual values. [Given this,] *the Church lost her leading*



*position not only in the civilisatory process, but also regarding spiritual leadership”* (Voegelin 2008, pp. 47; a.tr; our emphasis). And again, Voegelin accuses the Church of having missed a civilisatory compromise, not only with Society and the State, but also with the emerging Sciences. This leads to the third phase (around 1700 until the present), which will be considered subsequently. Before doing so, we provide a very brief assessment of Voegelin’s argument set forth so far.

While Voegelin’s description of the process of marginalisation of the Church, that is, the dynamics of secularisation, is masterful and, as far as we can see, captures the essential elements, we would disagree with him on the possibility of a compromise between the Church on the one hand, and State and Society, and the Sciences, on the other. The gradual emancipation of the nation state, social formations and individuals from the Medieval Political Society shaped by the Church, let loose tremendous forces and everything was in a flux. Individuals and social formations became active in various domains. In the economic sphere there were the Great Discoveries and the formation of the mercantilist system, in the political domain nation states gradually took shape, in the scientific sphere there were the discoveries of the laws of nature and the subsequent rise in the natural sciences, the Reform brought spiritual emancipation of the individuals from the authority of the Church. A new society was in the making on the global level. New socio-economic and political formations, Mercantilism-Absolutism, Liberalism-Capitalism and, subsequently, Socialism to wit, came into being. This huge transformation process with its continuously evolving situations was accompanied by uncertainty, associated to probable pieces of knowledge in all spheres, socio-economic, political, and scientific. How, in such a context, ask for a compromise between Church, and State and Science? In a way history had to take its course, almost deterministically, with the stream of determinism steered by chance, or, what is far more likely, by Providence. The great Medieval Order shaped by the Church has gradually turned into an immensely creative disorder. Now, time seems to have come to consolidate what has been achieved. This can only be achieved if a new world order is established. This new, social liberal, order has been broadly sketched above in the chapters on *the natural order within and between states* enabling to realise a situation of *Natural Liberty*. In principle, this will amount to putting the conception of Jacques Maritain’s *Humanisme Intégral* into concrete existence.

Let us now consider Voegelin’s third phase in the dynamics of secularisation: The Authority of the Church and of the Christian Symbols (pp. 47-50). Voegelin considers the conflict between Christian symbolism and its rational and historical critique as the fundamental problem regarding the spiritual substance of Christianity (p. 47). “The symbolic language in

which the Christian Truth is expressed originates from Hebrew and Hellenistic sources. At the time of its original use the language of myth was a precise tool, to express the incoming Transcendental Reality, her Incarnation and her effect on Man. At the time of Christ and in the subsequent centuries of Early Christianity this language was *no* Myth, but an exact terminology to capture the essence of religious phenomena. This mythical terminology became, in fact, a set of myths only with the rise of Rationalism, which destroyed the transcendent significance of the symbols taken from the sensual world. In the course of the evacuation of the transcendent God from this world (*Entgötterung der Welt*) the link between the sensual symbols and transcendent reality was cut; the symbols lost their meaning and were no longer a window offering a spiritual look from the finite world to the transcendent infinite sphere. Christianity became historicised; in fact, the universe of symbols, pertaining to the mythical age, was now looked at by means of categories forged in the age of rationalism. In this perspective, symbols and dogmas are looked at through rational glasses and become, as such, irrational; given this, conflicts arise with logic, rational biology, critical history, and other domains of modern science” (Voegelin 2008, pp. 47-48; a.tr.).

However, as William Haas had suggested, the mythical and the magical cannot be evacuated without problems; both are always there in some shape. And Voegelin suggests that the same is true for the Christian symbols and dogmas, including the Corpus Mysticum. He rightly points out that Marx’s Classless Society is a piece of derivative, in fact immanent, Eschatology; given this, Scientific Socialism simply does not exist.

*This does not exclude the fact that Marx has elaborated a brilliant critique of Capitalism, while recognising the positive aspects of this social formation, that is, the increase in the forces of production through stupendous technical progress.*

And Voegelin goes on to say that notions like ‘World Peace’, ‘peace loving nations’, ‘agressors’, and others, are not concepts of empirical politics, but symbols of an immanent, inner worldly Eschatology (see Voegelin 2008, p. 48).

Thus, according to Voegelin, *with Enlightenment the transcendent becomes immanent*, an idea also implied throughout in this essay. Immanent or worldly religion reached its most forceful expression in Stalin’s Soviet Union and in Hitler’s Germany. In this context, Voegelin rightly suggests (p. 43) that immanent *corpora mystica* have emerged as a consequence of *Enlightenment Apostasie*, most prominently in the shape of Soviet Communism and German Fascism. In a softer sense this is true also of Liberalism-Capitalism.

This becomes particularly evident in the case of Liberalism-Capitalism in the United States, which is openly based on variants of Protestantism, as emerges forcefully from Greil Marcus's *L'Amérique et ses Prophètes – La République perdue? (2006) / The Shape of Things to Come – Prophecy and the American Voice*: “[L’idée de l’Amérique est] celle d’un pays qui s’invente et rejoue la vieille scène du peuple élu et de son alliance avec Dieu. Mais dès que le pays prit forme et se proclama nation, le terrain se déplaça. L’Amérique devint une nation parce qu’elle avait scellé un pacte avec elle-même. Elle promettait certaines choses: qui pourraient être ses citoyens, comment ils pourraient vivre, et avec quels objectifs. Même si la benediction de Dieu et Ses jugements étaient invoqués, en réalité cela n’avait rien à faire avec Dieu. Si le pays trahissait ses promesses, il se trahissait lui-même, et chaque citoyen se sentait trahi par les autres. [This is perfect Deism, which, as Voegelin argues, immediately leads to an immanent *corpus mysticum*.]

Les promesses continues dans la Déclaration d’indépendance et dans la Constitution – que chacun serait libre de dire ce qu’il veut, que la justice régie par le droit serait la même pour tous, que les gouvernements auraient pour mission de respecter et de protéger ces droits, que les citoyens ne devraient aucun respect aux gouvernements ne les respectant pas [and all this on the basis of a perfectly self-regulating market, and the political sphere being regulated appropriately by democracy] – étaient tellement immenses qu’elles contenaient en germe leur propre trahison”(Marcus 2006, pp. 22-23). Hence, in a way, America wants to export a model, which she is not able to realise, which, in fact, cannot be realised since the model is utopic; in fact, this model still reflects the simple conditions of the Agrarian age, as does Adam Smith's *Wealth of Nations*, and, in fact, the whole of liberal or neoclassical economic theory.

*The greatest failure to export the simple democratic model based upon a supposedly self-regulating economy is of course Iraq. If there is deep-going economic alienation and social antagonism, parliamentary democracy, ideally based upon an equilibrium of forces, simply becomes the starting point for civil war. This was the case with Iraq after the downfall of Saddam Hussein, a fact that justified in a cover-up way the presence of Western troops there. Given this, parliamentary democracy functions satisfactorily in favourable socio-economic conditions and represents, as such, a 'fine-weather' political system.*

*In the above it has been argued that a presidential democracy, with the Parliament controlling the presidential government is the only possible way of government in a socially heterogeneous country like Iraq. However, a solid system of political economy, enabling the government to largely eliminate economic alienation, involuntary unemployment in the main,*

*and to set up an institutional system adapted to the mentality of the people, is an essential precondition for the proper functioning of this type of government. This precondition was in no way given in Iraq, nor is it in all other economically developed and underdeveloped countries.*

*The far-going destruction of the Iraq, its people and civilisation, following up a ferocious dictatorship through Western powers under UN cover is forcefully pictured by Marie de Varney in her *Parfois le silence est une trahison* (2009). Indeed, in the introduction, Yasmina Khadra writes: “Marie de Varney ne trébuche pas. Son pas est accablé, mais précis; son souffle vous assiste, son courage vous rassure”(p. 12). However, the beautiful and deeply touching literary style of Marie de Varney’s book is penetrated by immense sadness, which is up to the dreadful situation in which the people of Iraq find themselves at present. She states mercilessly: “Comme Carthage, l’Irak devait être totalement détruit”(p. 228). And, quoting Nobel Prize Winner of Literature 2008, Jean-Marie Gustave Le Clézio: “Parce qu’il s’est laissé entraîner par sa propre violence, l’homme de l’Occident doit réinventer tout ce qui faisait la beauté et l’harmonie des civilisations qu’il a détruites”(p. 17). And Marie de Varney goes on to say: “Car s’il est sûr que détruire, c’est se détruire, construire, c’est aussi et encore se reconstruire”(p. 17). This is entirely in line with the social liberal vision of the world order set out in earlier chapter of this essay: The problem is to build up a world of cultural variety, where, relying on its historical heritage, each country and each region may set up its own way of life, characterised by a specific way to realise the fundamental values of Goodness, Beauty and Truth, as far as is possible for imperfect human beings. It is to be hoped that this situation of natural liberty will become reality in Iraq in not too far a future; and not only in Iraq, but in all oppressed countries and regions of this world.*

Today’s world, however, is not based on simple agrarian, but on immensely complex industrial conditions, and knowledge, in most instances, is probable to various degrees; given this, much time-consuming work is required to get nearer to probable truth on the basis of empirical-historical and theoretical-philosophical knowledge, also in the spheres of Ethics and Law. This is the basic reason why it is argued in this essay that Europe, grounded on her immense historical heritage, must assume intellectual-spiritual leadership again on a world level. - In any case, one cannot but admire here the profound insights of both Greil Marcus and Eric Voegelin in matters of sociology and politics and of theology and philosophy respectively.

Voegelin now goes on to present some most important and most profound statements on the reaction of the Church against the tide of rationalism and immanence. As to the defensive position of the Church, her reaction was, in Voegelin's view, one of remarkable wisdom (p. 48). "[The Church] resisted firmly and admirably all manipulations of the symbols through modernistic rational interpretations, which aimed at reducing the mystery of the transcendent drama to a psychology of innerworldly human experience. Nothing could have been gained through concessions, which would have threatened the spiritual substance stored up in the symbols. However, less admirable was the helplessness of the Church in dealing concretely with the problem. And undoubtedly, there is a problem, and it cannot be solved in the same way, in which the problems of the first and second phase were handled, that is, through a belated acceptance of the new situation. It is not up to us to offer solutions. Undoubtedly a new Christian philosophy of history and of the mythical symbols is required; this would render intelligible, first, the new dimension of meaning, which has accrued to the historical existence of Christianity due to the fact that the Church has survived two civilisations. In this way, one could, second, render intelligible the categories of the Myth as an objective language, expressing transcendence" (Voegelin 2008, pp. 48-49).

Voegelin then goes on to suggest that a philosophy of history could be linked with ever more profound levels of spirituality to make intelligible historical situations to the believers in general (p. 49). This leads to a very important passage: "If one attempts to capture the most profound sentiment underlying the spiritual tensions in the West since the Middle Ages somewhat more insistently, one could say, that those who uphold Western Civilisation do not want to be a meaningless appendix to the history of Antiquity. Quite the contrary, the Western peoples, [and, in fact, all the peoples of the globe], strive for expressing their civilisatory existence in a meaningful way" (Voegelin 2008, p. 49). And now Voegelin sets out the crucial point: "If the Church is not in a position to perceive God's activity in this world, Man will be deeply disappointed, and long for Gods interested in their civilisatory efforts. The Church abandoned her spiritual leadership, when she left alone post-medieval Man in his efforts to find a meaning in a new and complex civilisation, entirely different from the old civilisation shaped and penetrated by the Church. In view of this abandoning of the *magisterium* it is vain, when Christian thinkers complain about the *superbia* of modern Man, not willing to subordinate to the authority of the Church. There is still enough *superbia* in Man to justify the scolding; nevertheless, the scolding misses the crucial point; in fact, Man is looking for authority, but is not able to find authority by the Church, and there is no fault of his own involved here. The profound discontent emerging from a seemingly meaningless civilisatory

process, led Voltaire to the attempt to elaborate a new ‘Sacred History’, to give a meaning to what was going on. And Voltaire started an attack on the Christian Symbols; moreover, he attempted to elaborate a vision of Man as part of the Cosmos under the guidance of immanent reason. We have now to deal with this highly effective attack, which led the anti-Christian movement (*apostatische Bewegung*) within one generation from the Deism of Descartes and Locke to the Atheism of Holbach and Lamettrie” (Voegelin 2008, pp. 49-50). Given this, Voegelin has now laid the basis for his book. Starting from Voltaire, he devotes large chapters to *Helvetius* (pp. 65-113), *Positivism* (pp. 115-194), *The Apocalypse of Man: Comte* (195-289), *Revolutionary Existence: Bakunin* (pp. 291-347), and *Gnostic Socialism: Marx* (349-424). Of course, these chapters cannot be dealt with here, but can only be mentioned that *Nietzsche* should have deserved a chapter, too, which, it seems, was Voegelin’s original intention.

While we basically agree with Voegelin, we nevertheless disagree with him on one issue. We do not think the Church could have assisted Western Christianity on her way to Modernity, simply because the power and the knowledge were lacking. The breakthrough to Modernity had to go on almost deterministically as has been broadly sketched in earlier chapters. The various interrelated processes on the spiritual, intellectual, scientific and technological, socio-economic and political levels had to work out themselves. There is really a broad Hegelian movement at work: the medieval thesis was almost dialectically and deterministically followed by the anti-thesis of Modernity, which, as repeatedly alluded to, produced gigantic results in the natural sciences, technology, but also in the Humanities and in the social and political sciences. As has been suggested earlier in this essay, it is likely that time has now come for synthesis, which would also be consolidation of what has been achieved and bringing about a natural order. After the failure of Socialism with Central Planning and the grave difficulties Protestant Liberalism-Capitalism is experiencing, it would seem that time has come for Catholic Social Liberalism. Somehow, the present crisis, which is intellectual and spiritual as well as socio-economic and political, is a tremendous opportunity to reduce alienation and to move in the direction of the catholic-cum-social liberal order of natural liberty based upon a natural order within and between states. At this stage, the historical meaning of the breakthrough to Modernity begins to emerge. In fact, this breakthrough enables Mankind to have at her disposal the material means to greatly enhance the unfolding of the potential of human nature. All these issues have already been alluded to in previous chapters.

In this essay, it has been argued, then, that Social Liberalism, associated to a state of Natural Liberty, is grounded on the Catholic vision or *Weltanschauung*. More concretely, this could

be Jacques Maritain's *Nouvelle Chrétienté*. This would in fact represent a new synthesis on a Christian-Catholic basis, synthesising the Christian Middle Ages – the thesis - and the positive results of the Great Transformation, from 1500 to 2000 broadly speaking – the Modernist anti-thesis. In this social liberal state of the world all the results of history would be preserved, *aufgehoben* in Hegel's sense. Given all this, Catholicism can cope best with Modernity through becoming its foundation.

*Perhaps, Nikolaj Berdiajew was right: we need a new Middle Age. In essentially being profane, this new age would broadly realise Jacques Maritain's Humanisme Intégral associated to his Nouvelle Chrétienté. The Sacred would underlay and penetrate the profane sphere.*

In Voegelin's terms this would imply that the Church would have to exercise spiritual leadership again. On this spiritual basis, Natural Liberty would prevail in the natural and in the moral sciences, the social and political sciences to wit. Each country and each region would freely choose its way of life based upon its specific historical heritage. Given this, the fundamental Christian-Catholic aims of Goodness, Beauty and Truth, objectively given by Creation, would be approximately realised in very different ways in the cultural and religious domains and, equally, in all spheres of individual, socio-economic and political life. This would, probably, also be in line with Jacques Maritain's *Nouvelle Chrétienté*. However, on the basis of this *Nouvelle Chrétienté* the Church would also have to accomplish a crucially important civilisatory mission. It has been suggested in the above that this should go on, not through exercising any coercion, simply through giving the example through good societies and the good life to be realised in Christian states in very different ways; both the good society and the good life would comprise the socio-economic, political and cultural domains, as well as the sphere of the natural sciences, upon which the Creationist vision will have a crucial impact, too. This differing ways of realising fundamental values in these spheres would be shaped by the very different ways of life in the various countries and regions as have developed historically. Given this, the way of life in line with the good society and the good life of the social individuals would be entirely different in the Chinese, Indian and African regions, to give some prominent examples. In this essay it has been insisted upon time and again that the diversity of the ways of life is absolutely essential in a social liberal world order of natural liberty. Worldwide standardisation along materialist Western-American

lines would be a deathblow to modern civilisation as has developed since the *Great Transformation* in the second half of the 18th century.

Both missions of the Church, the spiritual and the civilisatory, are associated to Eric Voegelin's call for a philosophy of history, which ought to give a *meaning* to historical situations and to historical change. In this essay it has been attempted to do the preliminary work for an outline of a philosophy and theory of world history. Here, the Judaeo-Christian tradition in general and the Roman Catholic Church specifically, stand at the center of considerations. It has indeed been suggested that the Judaeo-Christian tradition, which starts from about 2000 years B.C. (Abraham) until the present, about 2000 years A.C. could be regarded the *backbone* of world history. Moreover, it has been argued that Christianity initiated the movement away from the natural as determinism, with the efficient cause ruling, to the natural as a *telos*, with the final cause moving to the fore, which, through the free will, is associated to what we have called Natural Liberty. In this gigantic historical process the Roman Catholic Church has played the crucial role. This conclusion is, as has been insisted upon, not of a theological nature, but emerges from reasoned historical considerations (*histoire raisonnée*).

In broad accordance with Jacques Maritain and Eric Voegelin, the philosophy and theory of history very broadly and tentatively outlined here, can probably be linked to Sacred History in particular, and to Theology in general. This would enable the Church to fulfil its spiritual mission more fully in the sense that a concrete meaning of history, historical situations and historical developments could be provided from a theological perspective. This could be very attractive to the believers.

However, as Voegelin notes, the Church has, in addition to the spiritual mission, also a civilisatory task, through the *magisterium* to wit. Again, the philosophy and theory of world history set out in this essay may, perhaps, contribute to give a new impetus to the teaching of the Church. The civilisatory mission of the Church concerns, in turn, two wide spheres. First, there are the human, and the social and political sciences, dealing with the social individuals, living within society and the state. And second, there would be the natural sciences, considering inanimate and animate nature. Teaching in both spheres would be based on the Catholic vision or *Weltanschauung*. In the sphere of man and society, there would, first, be the teaching on the ethical foundations of the good life, and, second, the teaching on the good and well-organised society and the state. This second kind of teaching would comprise the social and political sciences, that is, social philosophy and social ethics, political economy, law, sociology, and, most importantly, politics. In this context, it has already been suggested



that the social philosophy of Social Liberalism rests on the Catholic *Weltanschauung*, and based on Social Liberalism, a system of social and political sciences may be erected. Here, post-cum-classical-Keynesian political economy is of particular importance, on account of political economy being the key social science of Modernity (on this see Bortis 1997/2006 and 2003a).

The teaching of the Natural Sciences would, in accordance, with the Catholic *Weltanschauung*, be based on the *Creationist* vision, and *not* on Evolutionism. Given this, Nature as a whole, and all the elements of Nature, the human body in particular, would now appear as immensely complex entities, in fact, as *marvels* shaped by a subtle harmony; simultaneously, the Medieval awe, the deep respect for Creation would naturally be enhanced through the *Creationist* vision. Given this, the natural sciences might become much more complex and interesting, because part-whole relationships would have to be persistently considered. One particular problem emerging from the *Creationist* vision concerns genetic manipulations on human beings, animals and plants. As a rule, genetic manipulations should only be aimed at *repairing* some biological damage, and *never* should genetic manipulations be put to use in order to *modify* nature, in whatever sphere, simply because knowledge on the functioning of immensely complex *system* of nature as a whole will always be lacking to a greater or less degree; this is also true of parts of this system, the human body perhaps most importantly. One need not be natural scientist to guess the unpredictable and disastrous consequences genetically modified plants might ultimately have on the human body. Indeed, when complex entities are considered, knowledge is bound to be probable to a greater or less degree, and certainty can, perhaps, never be achieved. This certainly holds for the social and political sciences, but, probably, also for the natural sciences. In this context, we should remember that John Eccles, supported by Karl Popper, upheld the *Creationist* vision, also because the coming into being of Life has not been demonstrated scientifically, and, probably will never be. Given this, the *Creationist* hypothesis seems far more plausible than the evolutionist postulate.

Considering the above and, in fact, this essay as a whole, a conclusion irresistibly emerges. After the failure of the immanent *corpora mystica* (Voegelin), Socialism and Capitalism to wit, the great religions only are capable of providing an alternative. Without diminishing the merits of other religions, it would seem that the Roman Catholic Religion possesses *by far* the most solid spiritual and intellectual foundation to lead Mankind into the direction of the natural state within and between nations, potentially enabling all social individuals of this world to prosper. It has been suggested that the Roman Church has moved into this situation

on account of an immense and intense intellectual and spiritual *social* process stretching over two thousand years, and based upon the entire Old Testament Hebrew spiritual tradition.

Given this, Catholicism, underlying Social Liberalism and the associated social and political sciences, provide, at present, the only solid and complete spiritual-intellectual doctrine, capable of leading Mankind to a natural order within and between nation and nationalities states, associated with Natural Liberty, and the possibility for all individuals to prosper. This natural state would also imply a drastic reduction of alienation. However, in this essay, the alienated alternative to Catholic Social Liberalism has also been alluded to. It is, in fact, the Orwellian situation, with power blocks struggling for economic, political and military on a world level. And the ideology, which could eventually rise to dominance, above all in times of deep economic crisis, could be Fascism. It would indeed seem that signs on the slow but persistent rise of Fascism are multiplying. To be sure, these movements go on below the surface, in the underground so to speak, but from time to time unmistakable evidence rises to the surface. Given the multiplying indications pointing to a rise of Fascism, Eric Voegelin is, once again, entirely right: When the transcendent *corpus mysticum* is eclipsed, immanent and alienated *corpora mystica* will immediately step in and fill the spiritual vacuum.

Voegelin's, Jaspers's and Haas's, considerations, briefly taken up in this essay, now lead on to a wider view. Karl Jaspers's [*first*] *axial age* (800 B.C. – 200 B.C.) brought the breakthrough to the problem of Truth. This went along with a shift of the mind from Myth and Magic to Reason and Analysis. Subsequently, Christianity went on to synthesise the two realms. This synthesis found a harmonious expression in the Scholastic (Thomistic) balance between Faith and Reason. This harmony was disrupted in the course of the 16th century to culminate in Enlightenment, completely dominated by Reason, with Faith, that is, the Transcendent and Mythical, eliminated (Voegelin). In this context, Joan Robinson, in her *Economic Philosophy*, spoke of 'our propensity to rationalise', and Max Weber coined his famous *Entzauberung der Welt*. But William Haas argues that the Myth and Magic of pre-Christian times, or the Transcendent and Mythical of Christianity, can be suppressed, but cannot be eliminated. Given this, Voegelin now rightly argues that the suppression of the Christian Transcendent and Mythical through Deism and Atheism lead to the rise of alienated mythical constructions: the harmonious and self-regulating world of Liberalism, with progress being all-pervasive; Marxist-Communist Eschatology, and the National Socialist *Tausendjährige Reich*. And, as insisted upon in the above, Voegelin rightly goes on to say that, to eclipse the Church, the true and transcendent *corpus mysticum*, inevitably leads to the rise of alienated and immanent *corpora mystica*.

Hence the shift from myth and magic to reason and analysis in the course of Jaspers's [first] *axial age* culminated in the total triumph of Reason in the age of Enlightenment, first in the West and, subsequently, in the entire world. With Christian spirituality largely eliminated, non-Christian spiritual values gained in importance. Without reducing the significance of these values, *a Christian-Catholic spiritual counter-revolution seems needed now*, because, again without diminishing the importance of other religions, only the Catholic Church is truly universal and comprehensive in that she takes *full* account of the natural and supranatural dimensions of the invariable nature of Man and its potential to be realised in history, and of his ultimate destiny, which consists in the salvation of Mankind as a whole (Jean Daniélou 1982 / 1953).

The uniqueness of the Catholic Church arises from the fact that she, the *corpus mysticum*, is essentially a *social* entity. This *crucial* point has been insisted upon in the above to explain the immense performance of the Church in the intellectual-spiritual domain on the basis of Eric Voegelin (2008). Indeed, as is implied in this book, through social activities in the spiritual-intellectual domain – cooperation, mutual exchange of ideas, taking account of tradition, dealing with alternative doctrines and with contradictions – the Church has, in the last two thousand years and always under firm direction, established a very solid body of principles of Faith, as would have been impossible even for a very great number of more or less isolated individuals.

In this essay, it has also been suggested that the *social* is at the center of the social philosophy of Social Liberalism, which is indeed based on the Aristotelian-Thomistic vision of Man as a *reasonable* and *social* being (see also Bortis 1997/2006, specifically chapter 2). And the *social* process of production and the production of the *social* surplus stand at the center of the economic theory of Social Liberalism, that is, Classical-Keynesian Political Economy (Bortis 1997/2006 and 2003a). Given this, in this system of political economy, the processes of value and price formation, of income distribution and of employment determination are all of an *essentially social* nature; and money is also an essentially social institution. All this suggests that Social Liberalism and Classical-Keynesian Political Economy may be plausibly called the social philosophy and the political economy of Catholicism. The crucial importance of the *social* for *Catholicism* has been put to the fore by the French theologian Henri de Lubac in a great work, *Catholicisme*, published in 1938, just at a time when alienation reached its peak through Stalin's Soviet Union and Hitler's Germany. This book will be very briefly considered in the last section of this final chapter.

*Some additional suggestions on the meaning of history*

It has already been mentioned that human history seems to start with man as part of nature, with natural laws prevailing deterministically; here, the efficient cause dominates. In the course of history, the unfolding of human nature, beginning with consciousness about his existence, seems to gradually lead Man on to a natural state of liberty where the final cause dominates. In this section we mention some landmarks that have shaped the course of history and have directed it towards the state of natural liberty, giving thus history a specific meaning. On account of the alienation still prevailing, this state of natural liberty is only partly and very imperfectly realised at present. But it seems to be definitely emerging.

However, an important question remains. Can the state of natural liberty be realised, approximately and imperfectly though, in this world or is this a matter for the next, supranatural world? In this essay we have adhered to Aristotelian-cum-Catholic optimism represented by Keynes's *Social Liberalism*, which is about creating the social and economic conditions for natural liberty enabling the prospering of individuals on this earth. However, Platonian-cum-Orthodox pessimism, as is pictured, for instance, in the legend of the *Grossinquisitor* set out in Dostojewskij's *Die Brüder Karamasow*, is a real possibility that has to be taken very seriously. Before tackling, very briefly, the issue of an optimistic or a pessimistic scenario regarding the future course of history, some landmarks that have shaped alienated past history are considered.

Karl Jaspers's first *axial age* – the breakthrough to the problem of Truth in our view - was certainly *the* crucial landmark before the birth of Christ and the foundation of the Roman Empire. As Haas rightly remarks, this momentous event decisively weakened the link between Man and Nature, much more so in the West than in the East.

In line with Jaspers it has been mentioned that the turbulences of the first *axial age* were followed by the formation of large and powerful empires. Historically, most important perhaps were the foundation of the Chinese Empire in the East and the coming into being of the Roman Empire in the West. Konrad Seitz and Joseph Needham have pointed to the degree of perfection reached in traditional China in the fields of ethics and science. However, as Haas notes, these great achievement were still very much embedded in nature with its deterministic laws. This shows up, for instance, in the fact that, in traditional China was, very profoundly, an agrarian society, in which immense care was taken to maintain the fertility of the land. In the above, mainly in the chapter *Konrad Seitz: The sequence of events in China* it

has been argued extensively why the breakthrough to Modernity could not have taken place in China.

The power and the splendour of the Roman Empire, however, went along with deep-going alienation: slavery, gladiators who had to fight each other in the arenas, frequently, the ruthless exploitation of some provinces, and the far-going deforestation of Sicily and North Africa leading to heavy damage done to nature. In this alienated and hostile Roman environment, the great miracle of the three-century long survival of Christianity took place.

A fact of crucial importance now emerges. Christianity almost immediately established very close links with the results produced by the first *axial age* as occurred in Europe, in Greece to wit. Plato was the dominating figure in the Early Church, with his influence culminating in the work of Augustine. Aristotle gradually gained momentum, specifically after 1000 A.C. and was incorporated into the Scholastic system of thought, which, in the hands of Thomas Aquinas, really became a synthesis between Classical Antiquity, Aristotle foremost, and Christianity, *which, in turn, builds on the Judaic heritage.*

*On the link between Judaism and Christianity, the Old Testament and the New Testament, and the wider and deeper implications of the Judaeo-Christian Tradition, Christian Faculties of Theology all over the world have done an immense amount of most important work. A representative and outstanding example is the Faculty of Theology of the University of Fribourg in Switzerland, specifically the Department for Biblical Studies, until recently directed by Professor Dominique Barthélemy, whose work has subsequently been carried on by several distinguished scholars, now all Emeriti: Professors Othmar Keel, Adrian Schenker, Hermann-Josef Venetz, and Benedict Viviano. At present, the remarkable scientific activities of the Department are continued by Professors Hans Ulrich Steymans and Philippe Lefebvre (Old Testament), as well as Max Küchler and Luc Devillers (New Testament).*

*In this essay the overwhelming importance of the ecumenical movement for Modernity is repeatedly alluded to. Here, too, Fribourg occupies a leading position through the Institute for Ecumenical Studies led by Professors Barbara Hallensleben and Guido Vergauwen. [The Fribourg tradition of Ecumenism has already found its way into Pastoral practice, Chanoine Claude Ducarroz of Saint Nicholas Cathedral, Fribourg – Switzerland, being a prominent exponent.](#)*

*There are other eminent members of the Fribourg Faculty of Theology. In a representative vein we may mention [Otto Wermelinger und Franz Mali \(Patristik und Geschichte der Alten Kirche\)](#), [Guy Bedouelle and Mariano Delgado \(History of the Church\)](#), [Bénézet Bujo](#)*

*(Moral Theology and eminent expert on African Theology)* and Johannes Brantschen (Dogmatik).

Looking far ahead, one may reasonably argue that modern science, and finally technology, emerged, as William Haas suggests, from an application of the Scholastic method to the phenomena of nature, with the philosophical and theological foundations gradually receding into the background. Similarly, the Scholastic idea of a natural order was present, explicitly or implicitly, and in widely differing shapes in the great systems of Liberalism and Socialism; and, as has been extensively argued in the above, the Scholastic Aristotelian-Christian vision of man and of society also underlies Keynes's Social Liberalism, and, specifically, Classical-Keynesian Political Economy. In a way, Christianity made use of the results of first *axial age* in Europe to initiate the exclusively European second *axial age*, which brought the breakthrough to Modernity.

Now, in a very important, and also fascinating book, Sylvain Gouguenheim convincingly argues that the link between Greek Antiquity and Western Christianity was *direct*, Greek-Latin to wit, *not indirect*, that is Greek-Arab and Arab-Latin. The title of his 2008 book is indeed revealing: *Aristote au Mont Saint-Michel – Les racines grecques de l'Europe chrétienne*.

*The subtitle of Gouguenheim's book could give rise to a misunderstanding, however. The term roots (racines) should, in fact, apply only to the domain of the intellect (reason and power of analysis) and the 'products' of the intellect resulting from the first (European) axial age in Greece: systems of philosophy, systematic thinking in the natural and in the social and political sciences. In the fundamental sphere of religion and faith the roots of Christianity are of course Judaic; there is inevitably the basic Judaeo-Christian tradition alluded to in the above. Both Israel and Greece have, in turn, been heavily influenced by Egypt and Mesopotamia, as, for example, Jaspers emphasises. This way of looking at things is in the spirit of this essay, which is anti-reductionist, and positively speaking, all encompassing. As has been suggested in the chapter on Setting the Stage, an attempt is made to put all elements put to use here – religious and philosophical, scientific and historical – at their approximately right place to provide a reasonably balanced, though very sketchy and tentative picture of the Philosophy and Theory of World History.*

Western – Roman - Christianity has thus Greek roots *on the level of the intellect (Verstand und Vernunft) and its philosophical activities in the widest sense*, which, according to Gouguenheim, have never been broken, particularly not after the breakdown of the Western part of the Roman Empire, and the ensuing – partial - chaos in the West. Specifically, the link was *permanently* maintained through scholars originating from the Eastern part of the Roman Empire (Byzantium – Constantinople) and through Christian scholars who had left formerly Christian territories conquered by the Arabs. However, since Greek was less and less spoken in the West after the breakdown of the Western part of the Roman Empire, Greek manuscripts, Aristotle's works in the main, had to be translated into Latin. This, Gouguenheim argues, was achieved by *Christian scholars*, mostly originating from Byzantium and from formerly Christian territories, now under Arab control. The translations from Arab into Latin were of secondary importance and used, in some instances, to check the Greek-Latin translations performed earlier, or vice versa; specifically Guillaume de Moerbeke checked all the Arab-Latin translations carried out in Spain (Gouguenheim 2008, p. 104). All in all, Gouguenheim's argument is extremely robust, as such very plausible, and, consequently, highly convincing.

*To avoid a further possible misunderstanding it should be mentioned here that Gouguenheim's book does not diminish the great achievements of Islamic civilisation at all. This directly follows from the spirit of this essay, which puts, as far as essentials are concerned, all civilisations at the same footing, although the realisations of the various civilisations may be very different; in this context we have spoken of the very high degree of perfection achieved in various domains by the Egyptian, Chinese and Islamicate civilisations in the Agrarian Age. Now, each great civilisation embodies immanent forces that fundamentally govern its development; these immanent elements also provide a specific identity to each civilisation. This does not exclude interactions between civilisations. Specifically, we have argued that Europe had the unique opportunity of two new starts; indeed, after the sudden disappearance of the Bronze Age cultures in Greece around 1200 B.C. (Burkert 2003, pp. 13-14) the Greeks had the chance of a new start, and subsequently made creative use of Middle Eastern ideas (Burkert 2003) to produce the European first axial age; the opportunity for a second new start in Western Europe arose after the breakdown of the Roman Empire in the West and was realised through the Carolingian Empire which set Western Europe on the way to Modernity; in the course of this second axial age, Christianity, building upon the Greek intellectual heritage, played the crucial role (on this see the above*

*chapter Michael Mitterauer: Europe sets the stage for the road to Modernity). This comes to say that Gouguenheim's Greek-Christian axes provided the crucial immanent factor governing Europe's way to Modernity; now this specific way of European development was influenced, and eventually, modified by outside forces; as John Hobson argues, Europe greatly benefited from the Chinese and the Islamicate civilisations (see the above chapter John M. Hobson: Asia influences Europe but does not dominate her); there is no problem to include the translation of Greek authors from Arab into Latin among these outside forces having eventually modified Europe's way to Modernity as was essentially carried by Greek-Christian forces, and also by dialectic reactions to these forces. As Mitterauer convincingly argues these forces provided the foundations of Europe's specific way – die mittelalterlichen Grundlagen des europäischen Sonderwegs (Mitterauer 2003). In the above, it has been suggested that Europe might be called the Laboratory of World History, which is certainly an appropriate way to express the particularity of Europe.*

*To conclude, Gouguenheim's book implies that the link between Western Europe and its immanent Greek forces were only weakened through the breakdown of Roman Empire in the West, not entirely cut. Hence Arab help was not needed to re-establish this link, since it had not been broken. However, the translations of Greek texts from Arab into Latin may have strengthened the link between Western Europe and her Greek heritage. All this is by no means to diminish the greatness of Islamicate civilisation, which is essentially produced by factors immanent to this civilisation, to which the translation of Greek texts into Arab may belong, and not through its impact on another civilisation.*

Hence, in Gouguenheim's view, the Greek heritage, Aristotle foremost, has not been submerged and forgotten in Western Europe in the Early Middle Ages, and preserved by the Arabs through Greek-Arab translations, to be subsequently transmitted to Europe through translations from Arab into Latin. The crucial point now is that most of the works of Aristotle were translated from Greek into Latin about forty years *before* the translation from Arab into Latin. Indeed, Jacques de Venise started his Greek-Latin translations at the Monastery of Mont Saint-Michel before 1127; the Arab-Latin translation, undertaken by Gérard de Crémone at Toledo, took place after 1165 (Gouguenheim 2008, pp. 106-07). And very importantly, Thomas Aquinas entirely relied on the translation of Aristotle's *Metaphysics* by Jacques de Venise and other, unknown, translators. In fact, Aristotle's *Logic*, *Metaphysics* and *Physics* were made available in the first half of the twelfth century to the great thinkers of the West. Aristotle's *Nicomachean Ethics* and his *Politics*, neglected by the Arabs because they



were not compatible with the *Koran*, were translated from Greek into Latin by Guillaume de Moerbeke (1215-1286) (Gouguenheim 2008, p. 104). In this way, a kind of rational theology was created. The Medieval Theologians needed, first Platonian and, subsequently, Aristotelian philosophy to present clearly and in an orderly way the mysteries of the faith: “la foi recherche intelligence”(Gouguenheim 2008, p. 55). Out of philosophy the natural, human, social and political sciences gradually developed. Hence, as already suggested, *Christianity took up the result of first ‘axial age’ in Europe (Greece)*, the breakthrough to the problem of Truth, in a mode specific to Europe, *to prepare the way for the breakthrough to Modernity on a world scale, performed in second ‘axial age’*, on all levels, intellectual, scientific-technological and social-political. The second *axial age*, in turn, has led Humanity to the threshold of the – natural – *social liberal* world order alluded to in the above. Once again, the birth of Christ and the simultaneous foundation of the Roman Empire emerge as *the* turning point in world history.

*However, from the 16th century onwards, philosophy gradually lost its metaphysical basis grounded in theology. The way was clear for ‘value-free’ modern science, as had definitely come into being in the age of Enlightenment. There is, perhaps, a change of direction taking place at present. Indeed, as has been suggested in the above, John Eccles for the natural sciences and Maynard Keynes for the social and political sciences, have convincingly argued that theories dealing with complex phenomena are, explicitly or implicitly, based on a vision, of nature, and of man and society, respectively.*

Hence, as has been extensively argued in the above, mainly in the chapter *Michael Mitterauer: Europe sets the stage for the road to Modernity*, Christianity laid the basis for the breakthrough to Modernity in the course of second *axial age* through the institutions of the Carolingian Empire and increasingly relying on a synthesis between Christian Faith and Greek Philosophy. In this way, Christianity took the decisive steps to reduce the significance of the natural in the sense of the original and to implement the natural as an aim, as a *telos*, and prepared the way to greatly augmenting the means to reach aims. An attempt to implement the good state was undertaken in the Carolingian-cum-Holy Roman Empire; institutions, which are independent of persons, were created by the Empire and by the Church. Conceptually, the idea of the good state was developed by Thomas Aquinas, based upon Aristotle, in the main. The Christian hostility towards descent led on to the conception of the ‘Western Family’ (Mitterauer). Moreover, under Charlemagne education was based on

performance, not on descent. Through the Western education system, in principle based on performance, not on descent and power, the Church became a powerful factor of social mobility.

In fact, in the High-Middle Ages, the struggle for the natural social and political order in view of establishing the good society went on two levels. First, there was the conceptual or philosophical level. The Scholastic system came into being, culminating in the work of Thomas Aquinas who dealt with the good society, based on Man as a reasonable *social* being, and coined the notion of the Common Good. Second, there was also a political-theological struggle for the natural social and political order; most importantly, there is the Reform of the Church (*Pope Gregor VII*) and the conflict over the investiture of Bishops (*Investiturstreit*). The latter had indeed been denoted a ‘struggle for the right and natural order of the world’ (Goez 2000).

After the break-up of the Medieval Order and the gradual rise of the nation state the search for the natural order within and between states relentlessly went on after the Great Discoveries, with the *Zeitgeist* being shaped more and more by Humanism and Renaissance, with Religion gradually pushed into the background. In a common Graeco-Roman vein, the natural was again defined as a *property of nature*, not as aim, a telos, in line with the *finality of human nature*, as Aristotle and Aquinas had done. Thomas Hobbes put forward a pessimistic view on the natural state: *homo homini lupus*. A strong law-and-order state only could bring in some order and higher levels of civilisation through a solid legal system, accompanied with harsh punishment in case of violation of the law. This required a strong state. Absolutism was born. In the corresponding economic system, Mercantilism, the economy still stood in the service of the state, in fact of the Prince. ‘The merchant is the servant of the King’, Thomas Mun still said. Things changed with rise of the Bourgeoisie, which rose to economic and political power through the English Glorious Revolution and the Great Revolution in France. A new, fundamentally optimistic vision of the natural state (*Naturzustand*) came into being with Enlightenment. Locke and Hume, Montesquieu and Voltaire, Goethe and Schiller all emphasised important characteristics of this new vision of nature: reason, science, liberty, equality, and fraternity. And very importantly, the political economists, Adam Smith in the first place, conceived of the economy as being self-regulating. In fact, the self-regulating *markets* were considered *part of nature*, and the law of supply and demand had, in competitive conditions, the same function in the economy as had the law of gravitation in the universe. On the political side, representative democracy constituted the natural complement to the self-regulating market system. Moreover, the optimism of Enlightenment heralded

unlimited progress, scientific in the main, but also social and moral. Broadly, all this implied the Protestant (Calvinistic) view of man and of society, based on Deism. God had created the perfect world, and then retired. It was up to Man *alone* to go on shaping the future.

The doctrine of Enlightenment brought the total separation between the natural, social and human sciences on the one hand, from metaphysics and theology on the other as Jacques Maritain has perceived with unsurpassable clarity. Progress, in the natural sciences and in technology, but also in the human and social sciences, took place on the level of phenomena. More and more, Man was considered the measure of all things. Goethe's *Faust* emerged alongside with Marx's *Prometheus*, Hegel's *Spirit* embodied in great historical individuals, and Nietzsche's *Übermensch* entered the scene.

To master the immensely complex socio-economic and political situation as had emerged after the Great Transformation, to great doctrines emerged, Liberalism and Socialism, realised in various shapes through Capitalism and really existing Socialism. Both implied that the natural society was implied and *immanent* in nature in general. Joseph Schumpeter explicitly states that Liberalism represents the last natural law system; indeed Adam Smith systematically opposes the natural state to the positive state, as does François Quesnay, and all great liberal authors, explicitly and implicitly; for example, Ricardo spoke of the natural wage and John Bates Clark considered the marginal productivity theory of distribution as a natural law associated to social harmony. And, at this stage it should be recalled that Marx equated Communism with Humanism and Naturalism. The communist natural state, resulting from alienated natural history, would be free from alienation.

Now, as Marx has perceived with unsurpassable clarity, the breakthrough to Modernity brought an immense amount of alienation. The condition of the working class in the 19th century gave rise to the social question. Since the first oil price shock and, above all, since the breakdown of the Socialist countries, neoliberal globalisation has come to dominate, resulting in increasing world-wide poverty and misery, and involuntary unemployment. These developments now culminate in rising food prices with the threat of famine emerging again. Moreover, the presently ongoing 2008 financial crisis is likely to become a crisis of the real economy as well. To all this, environmental problems add; global warming and the resulting climate change might result in an environmental catastrophe.

However, historical experience has shown that there was not only capitalist alienation. Socialism produced a type of alienation of its own; Marx's alienation-free communist society proved to be utopian, too.

The failure of both Liberalism-Capitalism and Socialism suggest that the natural *cannot* be realised on an *immanent* basis, with the natural embedded in nature as is implied, in very different ways though, in Liberal-Protestant Deism, in Hegelian Pantheism, eventually implied in Fascism, and, in association with Gobineau and H. St. Chamberlain, and, eventually, Nietzsche, in National Socialism, and, finally, in deterministic Socialist Historical Materialism. With the modern answers to the immense complexity brought about by the Great Transformation, alienation and determinism continue to prevail.

Given this, the natural as an aim, the finality of the human nature to wit, must be transcendent and, as such be objectively given, with the fundamental values immutable, though capable of realisation in widely differing ways. What the finality of human nature is, can only be worked out through an all-encompassing social philosophical-cum-theological argument. In this domain Aristotle, Thomas Aquinas and Jacques Maritain have certainly done fundamental work. And Jacques Maritain has also worked out a social ethical system in his *Humanisme Intégral*. This Aristotelian type social philosophy is broadly in line with Keynes's *Social Liberalism*; in fact, Maritain's *Humanisme Intégral* puts Keynes's *Social Liberalism* into a wider context. However, as Jacques Maritain notes, a sound philosophy of history is also needed. In this essay, it is precisely attempted to provide a starting point for a philosophy of history on Catholic-Theistic lines, necessarily associated to Creationism. The various manifestations of life, particularly Man as a social and reasonable being, capable of perceiving fundamental values in the realms of Goodness, Beauty and Truth, cannot be the result of evolution but must have required outside interference. Moreover, as Aristotle noted, the whole must always exist before its parts.

However, to master the complexities of Modernity, a social philosophy and a philosophy of history must be complemented by a system of social and political sciences, with political economy, the key social science of the Modern era at the center. In this essay, it has been insisted upon that Metaphysics and social – and natural science – must be combined to come to grips with the immense complexities of the Modern age. This implies that, as Schumpeter explicitly states, theoretical reasoning is, by necessity, always based upon a vision of Man and of Society. Moreover, the presence of Metaphysics in the social and political sciences allows the scientists to establish links with Theology. And the philosophy of history broadly outlined in this essay enables to set up links with Sacred History.

In this essay, an optimistic stance has been taken. This means adopting the Aristolian point of view that the natural as a *telos*, an aim to be achieved, may be realised in this world, as is in line with the vision of Thomas Aquinas's, and also with Jacques Maritain's *Weltanschauung*.

In a way, the natural as a *telos*, set by a supranatural instance, is in the world, potentially capable of unfolding through being implemented through Humanity. This would mean eliminating alienation as far as this lies within human possibilities. Given this, the aim would not be to create the perfect society, which is outside the reach of human beings. We must be content with bringing about a reasonably good society and the reasonably good state, in which the social individuals may prosper to the widest possible extent, and where the scope of freedom is the largest possible. Politically, the optimistic view would imply that insight and statesmanship would prevail to bring about a world made up of a family of nations, structured through historical-geographical federations. It has been insisted upon repeatedly that statesmen and stateswomen can only courageously act, if they may rely on very solid theoretical conceptions, Keynes's *Social Liberalism* and the associated system of Keynesian and Classical-cum-Post-Keynesian Political Economy. Moreover, as has been alluded to at the outset of the first chapter of this essay, Keynes's notion of *probability*, linking premises and conclusions, gives a new impetus to Aristotelian realism, enabling us to tackle very complex problems; for instance, we may ask what, in principle, the natural order within and between nation and nationalities states probably is. Hence Maynard Keynes's new – social liberal – political economy and his realist Aristotelian type theory of knowledge enables us to come to grips with the immense complexities of the modern world and sheds light on the way to the natural world order we should aim at. All this puts Keynes's immense intellectual performance into a world-historical perspective.

However, there is also a pessimistic view on the ultimate course of world history. Indeed, in his *Great Inquisitor* Dostojevskij suggests that Man, thrown into a complex world, as had emerged after the Great Transformation, is, as a rule, not capable of Liberty. Indeed, in a complex world making judgements and decision taking may become agonising. Above all, this is true for the moral level, but also in the logical-scientific and in the aesthetical sphere. To this would add the objective uncertainty and instability of modern life brought about by involuntary unemployment as might come into being in heavy economic crises. Moreover, great inequalities of income distribution might condemn large parts of the population of a country to a miserable existence. Man therefore wants a quite life, made up of happiness, above all material security; *Man wants Bread, not Liberty*, Dostojevskij states. Given this he is ready to submit to an absolute authority, the totalitarian state who regulates his life in all domains, material and intellectual, with spirituality and faith, associated with uncertainty and doubt, largely eliminated – incidentally, such a state came into being in Russia about 40 years after Dostojevskij's death in 1881; given this, Dostojevskij definitively appears as visionary.

However, Dostojevskij obviously has in mind also the Catholic Church, who after the Reform, and after the Great Transformation, took – undoubtedly with good intent - a very strong grip on the mind of the faithful, to preserve the fundamental Christian values against the tide of individualist Modernity, with its tendency towards Nihilism and Materialism.

*The Lithuanian philosopher Antanas Maceina wrote an excellent book on Dostojevskij's Great Inquisitor and its implications for the philosophy of history (Maceina 1952). In an equally important postface to this book the Slavist Vladimir Szykarski writes on the relation between Dostojevskij and Solovjev, also regarding the Catholic Church. Szykarski argues that Solovjev inspired Dostojevski to write on the Great Inquisitor, with its evident attack on the Roman Church. However, immediately after Dostojevskij's death in 1881, Solovjev started to change his mind. In an already mentioned passage Szykarski writes: "In the next two years he [Solovjev] gradually came to the conviction that the historical ways of Rome were not wrong at all, this in spite of inevitable human weaknesses which are present in any Church. With the greatest enthusiasm Solovjev now pictures the immortal and unique achievements of the Roman Church, regarding the shaping of the Christian Body of Principles of Faith, and in the direction of the entire life of Western Christianity" (Szykarski, in Maceina 1952, p. 324; a. tr.). And, very importantly, Szykarski goes on to say: "The argument of Dostojevskij's Great Inquisitor need not be advanced by a representative of the Roman Church at all. The Great Inquisitor's case could equally be made by any worldly power, having nothing to do with the Roman Church; in fact, the worldly power in question could even be engaged in a life-or-death struggle with the Roman Church [perhaps Szykarski, who taught Slavic languages at the University of Bonn in Germany, thought of the situation of the Catholic Church in Nazi-Germany; almost certainly he had also in mind Stalin's Soviet Union who, at the time, ruled over Catholic Hungary, Lithuania and Poland]. Therefore, even if the attack on the Roman Church is eliminated, Dostojevskij's Legend of the Great Inquisitor continues to keep its profound meaning and its immortal significance" (Szykarski, in Maceina 1952, p. 324; a. tr.).*

The pessimistic line of the course of world history runs from Plato to Augustine and is, perhaps, also strongly anchored in Russian Orthodoxy. At the center of the pessimistic view stands Augustine's *De Civitate Dei*, which, in a Platonian vein, represents the Christian ideal society. As is very likely, Augustine thought that the Christian ideal society is definitely not of this world. Hence, all the historically existing societies would, in a Platonian vein, always

be pale and shadowy reflections of the ideal society. Only the strong and absolute ruler – possibly instituted by God himself, *von Gottes Gnaden* - is able to reduce somewhat the gap existing between the ideal and the really existing, that is, to reduce alienation to some degree. In these circumstances religion runs the risk of becoming a tool of the state. But alienation, and social suffering, would remain essential features of earthly polities – given this, as already mentioned, Iwan Karamasov wants to return the entry ticket to the world theatre to the Creator of this dreadful world of suffering. In terms of what has been said in the above, the pessimistic view would be in line with the Orwellian scenario, with large power blocks fighting each other on various levels, economic, financial, technological, political and, even military, for raw material, energy resources and agricultural products, as well as for outlets for final products. Asia and Russia on the one hand, and Europe and North America on the other, could constitute these future power blocks. It would seem that Jacques Sapir (2008) and the present Russian leadership consider the pessimistic – Orwellian – scenario the most probable. Given the respective historical experience, the pessimism of Augustine and of the actual Russian leaders is understandable. Augustine witnessed the agony of the Roman Empire, and the Russian leaders have certainly in mind the economic collapse of the country in the 1990s and the ensuing armaments race, and perhaps also Russian history from the Mongol invasions in the 13th century to the Apocalyptic Age 1914-1945. Indeed, in these 31 years Russia lost around 70 million people out of a population of less than 200 million.

*Michael Ellman (1994, 2000) gives an impressive account of the worsening social situation in the Soviet Union in the late Perestroika period (1987-1991) and in the Russia of the 1990s in terms of increasing morbidity and alcoholism, high mortality and increasing poverty; the hopes of large parts of the population had been bitterly disappointed. A fundamental reason for the failure of the reforms was certainly the strict application of an entirely inadequate economic theory, liberal-neoclassical theory to wit, building on the idea of economic self-regulation. Once again the importance of being as clear as is possible for human beings about the basic issues of economic theory emerges. As has been suggested repeatedly, political economy had become and has remained the key social science of the modern era.*

If the pessimistic view prevailed, the meaning of World History would remain what Augustine suggested, a struggle between the Worldly – Power and Splendour - and the Divine – the natural order of liberty and the associated prospering of the social individuals. Alienation would remain on a high level, and the Orwellian scenario, implying economic,

technological and even military wars, would go on prevailing. And the threat of socio-economic and environmental catastrophes would remain permanent.

However, Aristotle, Aquinas, Maritain and Keynes also experienced most difficult historical periods. For example, Aristotle witnessed the aftermath of the Peloponnesian War, which had destroyed the Greek world, and Keynes and Maritain had both lived through the Apocalyptic Age. Nevertheless, they were all optimists. But why, for example, Maynard Keynes and Jacques Maritain could have been optimists, given the terrifying tragedies both have witnessed? In our view, they remained optimists because both undertook a tremendous intellectual effort to understand the complexities of the modern world, enabling them to make constructive propositions for shaping a better future. Indeed, both ended up with all-encompassing systems of thought in political economy and in social philosophy respectively that will enable statesmen and stateswomen to approximately come to grips with these complexities. This is why, in the chapter on *Concluding Remarks*, a section on *the necessity of theorising* has been included. It is indeed theorising – on a metaphysical basis – about complex issues in the social and political sciences, as well as in the natural sciences, that may overcome Plato's, Augustine's, Dostojewskij's and Russian-Orthodox pessimism.

Hence, based upon solid theory, most importantly a solid system of Political Economy, the key social science of the modern era, insight and statesmanship, assisted by chance or guided by Providence, may bring about Keynes's *social liberal* world order broadly sketched in the above. This would go along with a reduction of large-scale system caused alienation to a minimum achievable by human beings. Maritain's *Humanisme Intégral*, which puts Keynes' *Social Liberalism* in a wider perspective, could become a serious possibility. The social individuals of all polities would, potentially, be able to prosper. In the above, we have alluded to the fundamental role of *education in line with human nature* if Maritain's *Humanisme Intégral* is to be realised; indeed, appropriate *curricula* on all levels of education should lead on to openminded and emancipated thinking, rendering superfluous a paternalistic or even totalitarian state and also Dostojewskij's *Great Inquisitor*. And the *Western type family* (Mitterauer) and Keynes's *social liberal state and society* based upon a well-organised *monetary production economy* with full employment and an equitable distribution of incomes and wealth, are also essential components of *Humanisme Intégral*.

In the above it has been suggested that realising Maritain's *Humanisme Intégral* would mean bringing in the harvest of human history. Subsequently, history would be shaped by the finality of unfolded human nature, with the decisive steps in the unfolding having taken place in the heavily alienated context of the two *axial ages*. And the unfolding of human nature



would of course go on, largely on natural paths, in the course of history proper, with alienation greatly reduced.

If the optimistic Aristotelian-Catholic view were to prevail, world history would have a definite meaning. Human History would be a movement from the determinism of nature, with the efficient cause prevailing, to a state of natural liberty, associated to the domination of the final cause, with the natural becoming a *telos*. In a wider view, Man would, in the course of history, complete Creation through unfolding his nature, giving thus History a definite meaning.

*The essentially social nature of Catholicism and the meaning of history – Henri de Lubac*

In view of the rising tide of Neoliberalism since the 1970s and culminating with the breakdown of Socialism in Central and Eastern Europe around 1990, the theologian and teacher of social ethics at the University of Fribourg - Switzerland, Arthur Fridolin Utz, suggested that the centuries long gigantic battle over the *social* was reaching a climax at the end of the 20th century. It would indeed seem that the *social*, as a concept, a doctrine, or as a dimension of socio-economic and political reality constitutes the core of discussions on theoretical and practical politics, in fact, in the social and political sciences in general, or applied to particular spheres, the economy for example, or the legal sphere. And the *social* also plays a fundamental role in the spiritual sphere as emerges from Henri de Lubac's great work on *Catholicism*.

In this essay we have alluded to the *social* in various instances. However, to be able to deal with the subject of this section on *the essentially social nature of Catholicism and the meaning of history*, based on a work by Henri de Lubac, some definitional remarks have to be recalled. The aim is to specify the very general and theological notion of the *social* put to use by Henri de Lubac so as to be able to link it with the social and political sciences. This will enable us to deal with the problem of this section.

Evidently, the notion of the social is inextricably linked to the question as to what society is. A tentative answer to this question is indispensable to organize systematic thinking in the social and political sciences, and to link these sciences with de Lubac's spiritual notion of the *social*. This, in turn, requires attempting to come to grips with the nature of society, i.e. with the fundamental conceptions of society, which exist. In trying to grasp the basic constitution of society theorizing must go on at the most fundamental level, that is, on the level of principles. The raw material for reasoning is provided by the history of social and political

facts, ideas and theories. Of course, the knowledge of principles so obtained is always probable in Keynes's sense (Keynes 1973/1921), that is, the intersection between the systematic thinking of the subject and the objectively given essences is necessarily partial and fragmentary, above all if the phenomena considered are complex. Given this, probable knowledge depends on the evidence in the widest sense we possess of a subject: philosophical or metaphysical, scientific, empirical and historical, i.e. the history of facts and theories (Keynes 1973/1921). In the process of obtaining knowledge historical considerations, specifically those relating to the history of theories, are very important: deeper knowledge obtains from comparisons of divergent or even opposed theories and eventual syntheses that may be established. Metaphysics, which deals with the fundamental properties of all the existing, is fundamental. According to Aristotle metaphysics is the architectonic science, which enables scientists to bring order into scattered pieces of knowledge, i.e. to build up broadly ordered systems of knowledge or bodies of science.

Two meanings of the *social* may now be worked out to prepare the way to elaborate social theories. It has already been mentioned that each social theory rests on a preanalytical vision (Schumpeter 1954, p. 41) which, in turn, implies a social philosophy, whether this is made explicit or not. To characterize social philosophies, the notion of the *social state of affairs* or, for simplicity, the *social* is fundamental. "It would seem that two basically different meanings of the social are conceived of and used in a great number of varieties and combinations in systematic thinking on social matters. With the first meaning, the social denotes relationships and interactions between formally equal, autonomous and self-contained individuals and collectives striving at individual aims; specialization, competition and substitution characterize these relations. Social phenomena come into being through explicit and implicit contracts between individuals and collectives. The relationship between sellers and buyers would be a social phenomenon in this sense.

The second [- more fundamental -] meaning of the social stands for the relationship between unequal, incomplete and therefore mutually dependent individuals who require each other to be able to reach common aims, on the one hand, and social [...] entities, including society as a whole, on the other. Such part-whole relationships are characterized by complementarity between various functions, which in turn requires co-operation and co-ordination. [...] Examples for this meaning of the social are the position and the function of individuals or groups in some enterprise within which a sophisticated division of labour prevails, the determination of shares in a given national income, the structure of wages in a monetary production economy, [and the social process of production as is pictured by Leontief-Sraffa

models]" (Bortis 1997/2006, p. 21). These two notions of the *social* may be used to bring to the open the basic features of social philosophies. In fact, "the meaning and the significance of the term *social* [...] determines the property of social philosophies and the systems of social science ensuing therefrom" (Bortis 1997, p. 27).

At the level of principles, there are three conceptions of society associated to corresponding social philosophies: *liberalism*, *socialism* and *social liberalism* [called *humanism* and *comprehensive humanism* in Bortis 1997/2006]. Liberalism and socialism have become familiar since the French political revolution and the English industrial revolution, the former emphasizing the individual, the latter society. Social liberalism, however, builds on the social dimension of man, whereby the *social* is used in the second, more fundamental sense defined above. In this doctrine, the individual emerges as a social individual, and, on a higher stage, a person or even a personality: the individual is enriched through social activities in the socio-economic, political, intellectual and spiritual domains.

In the social philosophy of *liberalism* "the autonomous individual is primary, social phenomena are derived and come into being through explicit and implicit contracts between individuals. This holds for social groupings such as the family and the various economic, social and cultural associations to be found in a society. Some liberal philosophers even claim that the state has come into existence through a contract between individuals" (Bortis 1997/2006, p. 30). Liberalism thus rests on the principle of individualism; individuals are, in principle, self-contained and autonomous, and the primary aims pursued are thus individual. Social institutions - associations of some kind - are merely vehicles, which enable individuals to reach their aims more easily and more completely. Liberalism also postulates the existence of automatic mechanisms, which are supposed to deal with specific social problems. Competitive markets are expected to solve economic problems, voting procedures political issues. In a liberal view, the social sciences in a broad sense ought to explain economic, social and political phenomena on the basis of the behaviour of individuals. Specifically, this implies that liberal economics, that is, neoclassical theory is based upon the social philosophy of liberalism.

*Socialism* in its totalitarian form is based on the principle of holism. Society is considered a tightly organized entity, similar to a complex organism or a huge machine of which individuals are parts, defined by the functions they exercise within society. The isolated individual is as useless as are the individual parts of a machine. Consequently, society and social goals - military strength for example - are basic and all-encompassing, and individuals and their aims are secondary and integrated into the totalitarian society; individual liberties

are sacrificed in favour of social duties. In fact, individuals do not count and can be replaced as are the defective pieces of an engine. This holds for totalitarian socialism of the right and of the left type. Central planning of prices and quantities is characteristic for totalitarian socialism. Given this, the political economy of centrally planned socialism is of a distorted or alienated nature.

*Social Liberalism* considers Man a social individual. "This double dimension of man makes each individual a unique person who has duties towards society and simultaneously possesses personal dignity, associated to individual rights" (Bortis 1997/2006, p. 33). The *social* is taken here in its fundamental, second, meaning: common aims are pursued by unequal and incomplete individuals, exercising complementary functions, requiring co-operation and co-ordination. The social emerges most forcefully in the social process of production - pictured by Leontiev-Sraffa models - and within enterprises; however, the social is present in all spheres of life: for example, orchestras or literary circles are social institutions pertaining to the cultural domain. Within institutions social and individual aims are permanently pursued; all institutions taken together form the social structure or society. A double-sided relationship exists between society and individuals. On the one hand, society - the economy, the legal system, social and cultural institutions - provide the social foundations within which individuals act; society is, in a way, ancillary and thus stands in the service of the individuals composing it. On the other hand, the social individuals reach higher degrees of perfection in performing social activities. That is, social activities enhance the unfolding of the potential contained in human nature. This is a crucial point: the *social* emerges as the main vehicle of the unfolding of the potential of human nature.

Social liberal social philosophy is fundamentally ethical. The fundamental concept of social ethics is the *common good* which is broadly equivalent to the *public interest*. This notion encompasses the social foundations required for the prospering of all individuals through social activities, most importantly full employment and a socially acceptable distribution of incomes and wealth.

The complementary principles of *solidarity* and *subsidiarity* specify the relationship between society and individuals. The principle of solidarity states that society should take care of all the individuals composing it, that is there should be no exclusion: full employment, implying the right to work, and a fair access to education - to ensure social mobility - are essential elements of solidarity. The principle of solidarity thus requires political and social interventions, which, however, must be minimized in order to bring about a maximum scope of freedom for the social individuals. This is ensured by the principle of subsidiarity, which

affirms that the state and higher-order social entities should intervene only if individuals or lower-order social formations, for example families or associations, are not able to deal with some problem.

Social Liberalism is closely associated with the vision of man and society expounded by the Social Doctrine of the Church, which, in turn, is based on Aristotle and Aquinas. The application of social liberal principles to complex social problems requires knowledge, which is to be provided by the science of political economy. It has already been mentioned that in Classical-Keynesian Political Economy all the important problems, most importantly, value and price formation, distribution of incomes, employment determination, are all social problems and money is a social institution.

Let us now very briefly compare the three social philosophies considered here, and the notion of the social associated to them. In fact, the social in the liberal sense has dominated since the advent of modernity. While the results of Liberalism-Capitalism are very impressive on the individual-behavioural level, above all in terms of science and technology, the system as a whole has not worked in a satisfactory way, mainly because of the fact that capitalist economies are not self-regulating. In fact, the Liberal-Capitalist system has led to very crises, which, in the 1930s have almost deterministically resulted in totalitarian societies. Hence the social in the liberal sense is an inadequate principle to organise very complex monetary production economies, and therefore, the liberal *social* is of an alienated nature.

On the other hand, it should be evident that the *social* is heavily alienated with totalitarian Socialism, whether of the right or the left type. Here man is just a piece of the social machine, and can, as such, be substituted at will. The totalitarian social is, as a rule, at the basis of some power system, military and political for example.

*It may be added here that the notion of the social implied in humanist Socialism might also lead to a harmonious society. It is likely, however, that such a society would be materially far less well off than a social liberal one, mainly because of the absence of private property. This would also imply a lack of means in view of reaching socially appropriate aims, and the principle of Subsidiarity would be inadequately realised only. As a rule, common property can, as a rule, not be sustained. Important exceptions are possible, however. For example, geographic and climatic conditions may render common property necessary, at least in part, as is the case for example in Russia. In India, too, land has been common property of the villages until the beginning of the British dominance at the end of the 18th century; at this*

*time, Indian land gradually became private property through the Permanent Settlement Act: the Zamindars, former tax collectors, became the owners of the Indian land.*

In this essay it has been argued that Social Liberalism and the underlying notion of the social are, probably, most closely in line with human nature, that is, Man as a reasonable and social, and also a spiritual being. Given this, Social Liberalism and the social and political sciences that may be erected upon this social philosophy, specifically Classical-Keynesian Political Economy, are capable of leading the various polities towards a state of broad harmony, which, in turn, is a precondition for harmony between polities.

With these considerations, the way has now been broadly prepared to deal with Henri de Lubac's *spiritual* notion of the social, and some of its implications for the meaning of history. He starts by quoting a fellow theologian: "Il y a au fonds de l'Évangile la vue obsédante de l'unité de la communauté humaine"(de Lubac 1983/1938, p. IX). Given the fact, that Mankind forms a community, Catholicism is essentially social, not only because of its applications in the domain of natural institutions [the family and the state], "mais d'abord en lui-même, en son centre le plus mystérieux, dans l'essence de sa dogmatique" (p. IX). A possible misunderstanding has immediately to be dealt with. In fact, the social as leading on to the unity of Mankind has no totalitarian implications at all, for example, the individual as part of an organism, having no autonomy at all. The contrary is true. The social in the Catholic sense is the spiritual equivalent of the social underlying Social Liberalism and the associated social and political sciences, as has been alluded to in the preceding definitional remarks. Social activities in all spheres of life – economic, socio-political, intellectual, cultural and spiritual – enrich the individual, who becomes a social individual, a person or, eventually, a personality. This reflects Aristotle's vision of man as a reasonable and social being, who can prosper only within, that is, based upon, and through society and the state.

In this view, Mankind appears a structured unity, which is the richer, the more diversified its parts are. This appears very clearly in chapter IX of de Lubac (1983/1938). Given this, Catholicism applies the social in the sense proper, as a part-whole relationship, to the spiritual domain. This implies relations between social individuals or social formations and society as a whole.

Hence, in the spiritual view, Mankind forms a harmonious, though diversified unity (de Lubac, pp. 5-10). Now, "fundamental alienation [this notion is preferred to that of *péché originel* used by de Lubac] breaks up this unity to result in separation and fragmentation; one could even say that a kind of individualisation occurs" (p. 11). With alienation persisting,

individuals, clans and tribes, later on city-states, larger polities and empires come into being, with war and conflict always raging more or less intensely. Hence, according to de Lubac, fundamental alienation is given by the destruction of social harmony, the social unity of Mankind. And this alienation goes on to persist through history. This has not only negative aspects. Indeed, in the preceding chapter on progress and alienation and in many other passages it has been suggested that alienation may be a source of progress, that is contribute to the unfolding of the potential of human nature. In particular, the two *axial ages* were epochs of political fragmentation, conflicts and wars. And yet, Jaspers's first *axial age* brought the breakthrough to Truth, and the second *axial age* resulted in the breakthrough to Modernity in Western Europe and, gradually, worldwide; in the crucial-time period of this breakthrough, Enlightenment has played the central role; autonomous human reason was applied to the natural sciences, the social and political sciences, and in the Humanities; however, as Eric Voegelin remarks, the great Western Spirituality of the Catholic Church has gradually been pushed into the background and, in part, replaced by other spiritualities.

In the above, it has been suggested that, by now, time has come to consolidate what has been achieved and to gradually establish a natural order within and between states as has been suggested in preceding chapters. Fundamentally, this natural order would mean implementing the social in the sense proper, which implies taking a holistic view of social phenomena, and the ideal of which is social harmony. In the socio-economic and political sphere social harmony would be approximated by bringing about a world as a family of nations, structured through historical-geographical federations. The underlying social philosophy would be Social Liberalism, with Classical-Keynesian Political Economy as the economic theory associated to this social philosophy. This all-encompassing social harmony would be completed through a harmonious spiritual basis as is precisely set forth in Henri de Lubac's *Catholicisme*. One may perhaps add here that this harmony would not be uniform and standardised, but rich and diverse, fully preserving past achievements, that is, the results of history. Aristotelian-Keynesian philosophy and Catholic spirituality would be powerful ordering factors. Both doctrines are, most plausibly, in line with human nature and, as such, universal.

This potentially possible movement towards an all-encompassing, socio-economic and political, intellectual and spiritual harmony provides an alternative perspective on the meaning of world history. At the end of the preceding section human history has been conceived as a movement from the determinism of nature, with the efficient cause prevailing, to a state of natural liberty, associated to the domination of the final cause, with the natural

becoming a *telos*. In this view, Man would, in the course of history, complete Creation through unfolding his nature, giving thus History a definite meaning.

The argument of this section specifies what is, more concretely, meant by the unfolding of human nature. Based on Henri de Lubac's *Catholicisme* and on Keynes's *Social Liberalism* and its elaborations, post-cum-classical-Keynesian political economy in the main, it may now be suggested that the unfolding of human nature basically consists of unfolding the *social*, that is, the *social activities of Man in all spheres*, economic-technical, social-political, intellectual, ethical, aesthetic, and spiritual. Indeed, the isolated individual can achieve very little, the social individuals taken together can produce truly immense results. This is just another way of saying that society is much more than the sum of the individuals composing it. Given this, outstanding social individuals, Aristotle, Cyrus the Great, Charlemagne and Alcuin of York, Albertus Magnus, Thomas Aquinas, Descartes, Newton, Einstein, François Quesnay, Marx and Keynes, to give but a very few examples, were able to make *creative* use of the work done by others, so as to open up new perspectives and directions in their sphere of activity. In this essay, two great stages of this unfolding of human nature on the basis of the *social* have been alluded to very sketchily.

The first stage is provided by Karl Jaspers's first *axial age*, which brought the breakthrough to Truth. Here, as far as the West is concerned, the notion of the *social is crystallised*, so to say, *in Aristotle*, who could rely on Middle Eastern ideas creatively taken up by Greek natural philosophy (Walter Burkert), the results produced by this natural philosophy, and, above, his great predecessors, Socrates and Plato (Johannes Hirschberger). It has been suggested in the above, that Aristotle, stood at the end of the chain and was able to bring in the harvest. In a way, first *axial age* provided Humanity with the intellectual tools required to unfold human nature on the basis of the *social*.

The second stage is the breakthrough to Modernity, which was a huge and almost global social process, given dramatic speed through 18th century Enlightenment as well as the English Industrial Revolution and the Great Political Revolution in France, and bringing about the breakthrough to Modernity in the time-period 1750 to 1830, broadly speaking. The breakthrough to Modernity dramatically enhanced the *means* put at the disposal of Mankind to reach most various aims in the sphere of Goodness, Beauty and Truth. This immensely increased the *social* potential of Humanity. However, the dangers of Modernity have also been alluded to. In fact, the means may move to the fore, the ends in the spheres of Goodness, Beauty and Truth, receding into the background. This is bound to create a tendency towards Nihilism. Given this, it has already been suggested that a *spiritual counterrevolution* is



required to set the intellectual as well as the socio-political and technical institutions and structures on the way toward the natural order within and between states sketched in the above. In fact, religion and spirituality must become the basis, which penetrates all the spheres of social and individual life. This spiritual penetration will, however, not be associated with regulations and coercion, but will bring about a state of Natural Liberty. Here the great scientific and technical *means* brought about by Modernity will be put to use to reach the ever-present fundamental *aims* associated to the fundamental values of Goodness, Beauty and Truth in most diverse forms. It has already been suggested that a rich and diversified present will preserve the achievements of History in all domains in the spirit of Hegels *Aufhebung*.

*A spiritual counterrevolution can, however, not be produced at a stroke. Perhaps, the philosophy and theory of world history tentatively suggested in this essay might be an appropriate starting point to gradually enhance a general interest in spiritual matters, specifically as set out in Henri de Lubac's Catholicisme and in Jean Danièlou's Essai sur le Mystère de l'Histoire, and, certainly, exhibited in a great number of other works. On the other hand, the philosophy and theory of world history put to the fore here might lead on to reasoning in the social and political sciences on the basis of the social philosophy of Social Liberalism, grounded, in turn, on the Catholic Weltanschauung. Moreover, Creationism might provide the vision underlying the Natural Sciences on the basis of a greatly increased respect for the wonders of Creation, specifically, the human body, and, of course, of Creation in general, above all the necessity to maintain a broad harmony between the various parts of Creation, precisely to preserve Creation.*

Hence Henri de Lubac's disruption of the social as originally embedded in nature has led on to social and political fragmentation and division, and to profound alienation in the course of history. However, alienation also became a source of progress. The potential of human nature was immensely widened and deepened in times of alienation. This is not only reflected in the greatly increased intellectual and technical means brought about by alienation, but also in a socially, culturally and spiritually very diverse and hence immensely rich world. In Henri de Lubac's view the unity within polities and harmonious relations between polities would be brought about through the *social – coordinated cooperation* - in the intellectual, socio-economic and political domains. In this essay it has been suggested that the result would be the world as a family of nations structured through historical-geographical federations, which

would preserve the heritage of history and elaborate it creatively in the socio-economic-political and intellectual-cultural domains through social processes. Underlying these secular social processes, the *social* in the spiritual domain would produce unity for Humanity as a whole on the basis of a universal religion in line with the natural and supranatural dimension of Man, constituted by the invariable Human Nature. Again, the unity of Mankind would be rich and diverse and structured by the *social*, which, precisely, unites the diverse, that is, unites peoples and polities of all epochs to bring about the unity of Humanity.

It must be insisted upon that this conclusion, as has emerged more and more clearly in the later stages of writing up this essay, has been arrived at from the *point of view of reasoned history*, that is, historical reasoning on the basis of the social and political sciences in the Keynesian tradition and grounded upon a realist, Aristotelian-Keynesian, theory of knowledge. It has already been suggested that, in his 1938 *Catholicisme*, Henri de Lubac arrives at the same conclusion from a *theological* perspective, as is particularly evident from the statement on the backpage of his book:

“Comment une religion qui se désintéresserait de l’avenir terrestre et de la solidarité humaine offrirait-elle un idéal capable de rallier les hommes du XXe siècle? Critique lucide des cheminements de l’humanisme athée, le Père de Lubac connaît le sérieux de la question, et il définit dans ce livre, paru en 1938, la réponse que lui a donnée l’Eglise de Vatican II: l’Evangile est traversé par la recherche primordiale de l’unité de la communauté humaine; l’Eglise, au coeur de l’histoire, est le creuset où s’inaugure la réconciliation universelle. Bonheur individuel et salut du genre humain ne peuvent être séparés.

Cette septième édition offre de nouveau aux lecteurs ce que le Père de Lubac appelle avec modestie *un certain accent de jeune enthousiasme, faible echo de cette allégresse qui se dégage des premiers écrits chrétiens, et dont le miracle se reproduit de siècle en siècle, au sein même des pires calamités*” (de Lubac 1983/1938, backpage comment).

*While Henri de Lubac’s Catholicisme is certainly grandiose, many members of the clergy and of the lay public did not agree with all the decisions of Vatican II, substantially influenced precisely by Henri de Lubac. For example, considerable Catholic forces were in favour of maintaining the Latin Ritual, since this ritual expresses most appropriately the mysteries of Faith, and, as such, remains an essential part of the spiritual heritage of the Church. Moreover, the Latin Ritual constitutes a powerful testimony of the universality of the Church. Given this, the Modern Ritual could coexist with the traditional one.*

*However, in an ecumenical spirit, it was certainly appropriate to give the Modern Ritual preeminence. In the spirit of the essentially social and universal character of Catholicism the ecumenical movement is obviously of fundamental importance in the modern world. In this context one should always remember that the social does not mean standardisation and domination, but diversity, cooperation, dialogue and mutual understanding, and mutual enrichment. Hence, the basic aim of the ecumenical movement, the unity of Christianity, would imply a unity in diversity and mutual understanding and enrichment. On a higher level and on the basis of their respective positions, the various religions - Christianity, Judaism, Islam, Buddhism, Hinduism – could cooperate and enrich each other in the spirit of Henri de Lubac's Catholicisme. In this context, it is evident that the dialogue between Christianity and the sister religion of Judaism is of primary importance, given the Judaeo-Christian tradition, stretching over thousands of years. In the above it has been suggested that this great religious tradition might plausibly be considered the backbone of World History.*

*This thread of thought may be carried on further, always in the spirit of Henri de Lubac. One might imagine that there be various kinds of Catholic Theology: African, Islamic, Hindu, Chinese, and others, all expressing in different ways the same fundamental Truths, and all having their own ritual. In collaboration with all regional Churches, Rome would always deal with preserving the invariable Fundamentals and with maintaining the unity of the Universal Church, which, as a consequence, would appear in various forms all over the world. To this theological edifice would correspond, on the level of the ritual, the fundamental and universal Latin Ritual, providing the basis, upon which the Modern Regional Rituals could be established. This unity in diversity would appropriately express the social nature of Catholicism put to the fore by Henri de Lubac. Ultimately, this way of organising the Roman Catholic Church would reflect the unity of a rich and diversified Humanity. But a rich and diversified Humanity would also be a living entity, within which the social individuals of all nations and continents could prosper and mutually enrich each other on the basis of Natural Liberty. In this way the social nature of Catholicism would decisively contribute to unfolding human nature worldwide.*

*Moreover, other problems would have been of equal significance in relation with adapting the Church to Modernity. For example, it would have been of great importance for the Church to step beyond Catholic Social Doctrine and to move into the sphere of the social and political sciences. In fact, a catholic social philosophy and an associated system of social and political sciences, most importantly a system of political economy, in line with the social aspect of Catholic doctrine, as set out in Henri de Lubac's Catholicisme, was and is greatly required.*

*The teaching in these domains should have become part of the Magisterium of the Church, with the end of shaping economic and social policies universally. However, in the 1960s a fully blown alternative to the economic theories of Liberalism-Capitalism and Socialism – with Central Planning - did not yet exist. Such a system is gradually emerging only now, in the shape of post-cum-classical-Keynesian political economy, based on the social philosophy of Social Liberalism (Bortis 1997/2006 and 2003a). In this last section of the present essay, it has precisely been attempted to show that these doctrines are in line with the social aspects of Catholic doctrine as are set out in Henri de Lubac's *Catholicisme*, and can, as such, become part of the Magisterium of the Catholic Church.*

In any case, the splendid text commenting on Henri de Lubac's *Catholicisme* on the backpage of his book is going to be valid in the 21st century, too, and probably very far beyond. Again, the situation at the outset of this century is a very difficult one, and firm leadership based upon a clear conception will be required to lead Humanity out of this situation on the way to the Keynesian Social Liberal Order of Natural Liberty. In this context, let us recall that the Roman Church took this firm leadership in the chaotic situation that prevailed after the breakdown of the West Roman Empire. The result was the Carolingian Empire and Medieval Christianity, which set Europe, and subsequently, the whole world on the track to Modernity, as Michael Mitterauer convincingly argues.

Could it be that the Roman Church has to step in again at present? In fact, no other possibility seems to exist. No political force is presently able to set the world on the track towards a social liberal natural order as sketched in preceding chapters. The Roman Church only has the solid institutional structure, established worldwide, and the strong leadership required to get in touch with *all* social and political forces at work presently, including, for example, revolutionary and terrorist groups and Mafia-type organisations, all of which are also fighting against, or, like the Mafia, are a consequence of the presently ruling neo-liberal system of Monopoly-Finance Capitalism; the aim would be to reconcile and to reintegrate so as to strengthen the forces working for a *peaceful* transition from neo-liberal capitalism to humanist Social Liberalism. Only a *supranational* institution without any selfish aim and working entirely for the Common Good of Humanity on the basis of clear and thought out conceptions can undertake the huge task of setting Humanity into motion in the direction of the Keynesian Social Liberal Order of Natural Liberty. Indeed, once there is a movement in the right direction, politics would naturally take over to complete the task and the Church would step back to concentrate on fulfilling her original spiritual and pastoral tasks, to which

the educational task, the *magisterium* would add. Most of the teaching would, of course, be indirect, that is, effected by the laity active in public schools and state-run universities in the main, as would certainly be in the spirit of Jacques Maritain. The teaching of the social and political sciences would be based upon a social philosophy, Social Liberalism to wit, grounded, in turn, on the Catholic *Weltanschauung*, specifically the social aspects of Catholic doctrine. Presumably, this would be in line with Henri de Lubac's vision, set out, precisely, in his work on *Catholicisme*.

As already alluded to in the above, Henri de Lubac's *Catholicisme* opens up new perspectives as to the meaning of World History. Henri de Lubac in fact conceives of the original natural state of Man as a state of social harmony. This original natural state also implies determinism in the sense that the efficient cause prevails. In fact, Man, still unconscious, is governed by the instincts of the subconscious. When Man becomes *conscious* the social harmony of the original state of nature breaks up. This break-up results in *fundamental alienation* (de Lubac's *péché originel*), showing up in individualisation and the coming into being of antagonistic social formations, for example, clans, tribes, later on, states and empires. Conflicts and wars occur. In a way, Man errs in the dark, only gradually becoming aware of the values he should pursue. In this context, the *Old Testament*, specifically the *Pentateuch*, provides ample evidence on Goodness being imposed through coercion, in fact, coercion by the Law established by the Deity. As emerges from the Old Testament Books in general, this went along with imposing Monotheism through force and destruction, even ruthless destruction for all those worshipping other gods than the unique and almighty God, the God of Israel; this is particularly evident from the *Book Esther*, where it is told that the Jews ruthlessly destroyed their enemies by permission of the King of Persia. The determinism associated with legal coercion and the exercising power uncompromisingly rendered possible the survival of the people of Israel, the carrier of the eschatological hope for the establishment of orderly polities worldwide, broadly in line with Natural Law, with system-caused alienation largely eliminated. In modern times, the work of Karl Marx, his *Frühschriften* in the main, but also his *Kapital*, perhaps represents most impressively this eschatological hope. Ernst Bloch's *Das Prinzip Hoffnung* might be added here.

A fundamental change, laying the basis to realise the Jewish hope, occurs with Christianity and the New Testament. The *social* becomes normative, that is, an aim or a *telos* to be realised through continuous efforts. Social harmony, implying the realisation of the Common Good, characterises the Good Society, which is a precondition for the full realisation of the Good Life by the social individuals. This is the natural state *within* a polity, enabling the

social individuals to prosper. Moreover, in the above, a natural state *between* polities has been conceived of: the world as a family of states, eventually to be structured through historical-geographical federations. In principle, the realisation of these fundamental social values, and, in fact, of the fundamental values of Goodness, Beauty and Truth in all domains, should go on in conditions of Natural Liberty, with alienation reduced to a minimum. And the social state of affairs represented by a world consisting of a family of nations, structured by historical-geographical federations, would be rich and diversified. Hence in the New Testament Christian-Catholic era, individualisation and diversification ideally do not appear as a source of conflict, as was the case in the pre-Christian, Old Testament age, but as mutual enrichment and increasing material as well as intellectual and spiritual wealth, both rendered possible by the two *axial ages*, linked by Christianity. The two *axial ages* have indeed contributed tremendously to the unfolding of the potential of human nature.

Given this, in Henri de Lubac's, terms world history may be conceived of as a movement from the social harmony deterministically imposed in the original natural state to a rich and diversified social harmony, appearing as a *telos* to be aimed at in conditions of Natural Liberty, and enabling a further development of the potential of human nature in peaceful conditions. Within both natural states alienation prevails to a greater or less degree. In a way, alienation implies that Man is not with himself, that is, with his nature, but is outside, abroad, and, as such, Man is alien to himself, as Marx, starting from Hegel, beautifully suggested, in a spirit, though, of what has later been called *atheistic humanism*.

*However, it would certainly not be correct to consider Marx an atheist, although, in the Ökonomisch-Philosophische Manuskripte aus dem Jahre 1844 he attempts to prove that Nature is eternal, which, in any case, would imply a kind of Pantheism. Here, Marx is on a familiar terrain, because he had written his doctoral thesis on Greek Natural Philosophy. However, Marx breaks off the argument, probably because he feels that he is unconvincing. In this context, a German theologian said in 1983, a hundred years after Marx's death, in a television documentary: 'Karl Marx was not an atheist; he was an anti-theist who could not accept the dreadful world of suffering God had created. Man himself, Prometheus to wit, Marx's hero, must, therefore, become master of his own destiny and forge a new and better, Communist, world' – with Communism being equal to Humanism and Naturalism. In a way, Marx broadly joins here Dostojewskij's Iwan Karamasov.*

Hence, in the course of World History, Man leaves his original very simple and natural home for the wilderness of alienation, which permanently prevailed to a greater or less degree, culminating in some instances, for example in the course of the Apocalyptic Age 1914-1945. The events that occurred during this modern Apocalyptic Age suggest that no expression characterises more appropriately a state of alienation than the German *Gottferne*. Nevertheless, through suffering and overcoming challenges, alienation enables Man to build a new, rich and diversified home. When time is ripe, as it seems by now, Man has the possibility to fully enter this new, rich and diversified residence, which he may go on improving and perfecting through pursuing the fundamental values of Goodness, Beauty and Truth in all spheres of social and individual life. This amounts to completing Creation through unfolding the immense potential of his nature.

*Indeed, time seems ripe to implement Keynes's Social Liberalism. Once the movement is launched, things might move on speedily, because, as Gregor Gysi recently said: "Nichts ist mächtiger als eine Idee, deren Zeit gekommen ist [orig. Victor Hugo]."*

*It would indeed seem that there is growing resistance to the dominance of the economic and, above all, of finance, which characterises the world of neoliberal Capitalism. In the face of an economic, financial, humanitarian and ecological crisis, a fundamental change in the value system is, perhaps, gradually making its way. The traditional bourgeois values – professional success, consumerism, getting rich, money making – might gradually lose their attraction, and give way to the rise to dominance of the fundamental values of Goodness, Beauty and Truth to be pursued in all domains. However, two important – Keynesian - preconditions would have to be fulfilled to fully enable this change in the value system to take place: first, a well-organised economy, with near full employment (absence of involuntary unemployment) and a broadly 'fair', and, as such, socially acceptable distribution of incomes; and, second, an education system primarily based upon the acquisition of fundamental knowledge, with specific, and applied, knowledge becoming secondary; this would mean taking up in a modernised form the great tradition in education as has developed in Europe since the Early Middle Ages in the Carolingian Empire, greatly enriched by Humanism and Renaissance, the establishment of Catholic grammar schools from the seventeenth century onwards and by the fundamental reforms initiated by Wilhelm von Humboldt in Prussia. Both preconditions would make up the core of Keynes's Social Liberalism: the economy taking up its ancillary role again, to enable, by the intermediation of education, the realisation of the fundamental values in all domains, as far as this is possible for fallible human beings.*

Should Humanity succeed in reaching approximately the *telos* of the natural state within and between nations, the immense suffering endured in heavily alienated epochs and the sacrifice of all those who died on battlefields would not have been vain. This vision might contribute to a deeper understanding of the historical sense of social suffering. Given this, the present generations have a duty towards the earlier generations to bring state and society and the international order into line with human nature. And Human History would, in the spirit of Henri de Lubac, be a movement from the social harmony of the original deterministic natural state, across the desert of alienation where diversity has frequently been a source of conflict and war, to the social harmony in diversity of the ethical and civilised natural state, the natural as a *telos*, where Natural Liberty prevails and where diversity is a source of mutual enrichment. In the ethical and civilised natural state, the unity of Mankind would be broadly realised through historical-geographical federations cooperating in the material and intellectual sphere within and between continents on the basis of the spirituality of a universal religion appearing in most diverse forms, with all these forms building on invariable principles in line with human nature and being based upon the immutable fundamental values of Goodness, Beauty and Truth.



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