

# Capitalism and Its Milieu

RECENTLY, I ATTENDED the lecture of a well-known defender of capitalism at one of the *hauts-lieux* of free-market economy and ethos, a midwestern university. To my surprise, the question in the title, "Will Capitalism Survive?" received an ambiguous answer: after an analysis largely indebted to Schumpeter, the lecturer concluded that the attacks on capitalism have become more vehement since Schumpeter wrote his *Capitalism, Socialism and Democracy* more than thirty years ago, so that today "we all must join forces" in order to prolong its life, even if we cannot make it immortal.

The merit of Schumpeter's classic work is that in answering no to his question, "Will capitalism survive?" he did not base his thesis exclusively on economic, that is, rationalistic, analyses, but also took into account the political environment, which is never entirely rational. The Austrian scholar saw three sources of danger to the capitalistic system: the businessman's concentration on efficiency; the university's steadily increasing production of abstraction-loving intellectuals who remain jobless; and the misinformed masses who do not understand that in capitalism they are the king, the businessman their servant.

These arguments have the merit, as I said, of studying the phenomenon in a political framework. In answering Schumpeter's question today, a generation and several revolutions later, we should widen this framework still further to include more political and cultural considerations. For example, Schumpeter still labored under the impact that unemployed university graduates made on Europe and America in the 1920s and 1930s. Today, with the tremendous growth of the so-called tertiary sector of the economy, one finds jobless university graduates in the Third World only—in India, Africa, and South America. In the West and in Japan full-employment policies benefit the intellectuals even before the blue-collar workers. Yet, the intellectuals are still as restless, radical, and prone to abstractions as before.

The masses are no longer "misinformed," as they were perhaps in Schumpeter's time. Today they constitute the core of the "silent majority": they do not vote for radical parties; on the contrary, they reward those parties which have come out of the cold of radical ideology. The workers' preference goes at times to center-Left, at other times to center-Right. This is what is called the condition of political stability.

What about the free entrepreneurs themselves? Like Schumpeter's other categories, the intelligentsia and the masses, they are much less monolithic than their fathers were in 1942 when *Capitalism, Socialism and Democracy* appeared. The government's fiscal policy, union pressure, and the cultural climate have divided them according to magnitude, degree of symbiosis with the State, the nature of their relationship with labor,

and the imperatives of public relations. In Germany, the cultural climate (I use this as a comprehensive term) compels them to take various, but increasingly favorable positions with regard to such issues as *Mitbestimmung*, the joint decision-making of stockholders, managers, and union members. In Peru, the cultural climate brings on *comunidad industrial*, a kind of cooperative at present half-owned by the workers, but to pass under their ownership completely in a number of years. In France, common decision-making is further radicalized, at least in theory (for the time being), under the label *autogestion*, with actual management of companies by the workers, which of course may mean the unions. (Lately, France's "young executives" [*jeunes patrons*] have been suggesting the distribution of the totality of economic power and decision-making among all wage-earners of the enterprise. But the union leaders oppose this idea, obviously worried that it might cancel their own function as representatives of the workers and wage-earners.)

Even if the entrepreneurs themselves wish to take a firm stand against these developments, the political parties representing them tend towards the more "socialist" solution. One might say that the only firms still managing their own affairs are medium-size enterprises—large enough to compete with reasonable means but not so large as to be drawn into the sphere of the State, and generally so dimensioned that the unions do not wish to squeeze them out of business and see their members out of work. In the United States these medium enterprises (500-800 employees) are still the backbone of the economy, although those who own or run them have few illusions about the future catching up with them: bigness, racial difficulties, government intervention, inflation, increasingly problematic capitalization, and so on.

This break-up of capitalism is not new; only the above-mentioned forms are new. However, these new forms may reflect not so much capitalism's demise as its adaptability to all sorts of conditions. In South America, for example, foreign and local companies since the 1950s have practically driven the revolutionists into despair with their investment, expansion, and industrial diversification programs. Capitalism has adapted to conditions there by absorbing with diversified city jobs the rural masses whose pressure on a fragile economy would normally have exploded in a gigantic revolution. The result is a proletariat on the fringes of cities (in favelas, villas miserias, etc.), but which is regularly drained into a petty-bourgeoisie in the towns themselves. This too, is the fruit of capitalism and its grudging but nevertheless positive coexistence with more or less populist governments. A similar situation exists in southeast Asia, mainly in Singapore and Taiwan.

But as precisely the South American situation shows, the problem of capitalism

is not the efficiency of private business, but its political-cultural milieu. Schumpeter's analysis, far as it goes, does not go far enough, for it is limited to a phenomenological study of social categories. We ought not only to update but also to complete his analysis by showing that capitalism, at every stage of its development, has created or contributed to the expansion of institutions and social movements destined in the end to turn against capitalism. What we witness today may be only one of the last phases of the offspring's turn against their genitor, in a cultural revolution that capitalists neither comprehend nor combat.

In the last century, at least four or five such destructive institutions and movements were engendered or promoted by nascent and dynamic capitalism. As Marx jubilantly pointed out, capitalism destroyed the land-owning class and thus the rural base of nations. It encouraged the peasants to settle in amorphous, impersonal cities, to be recruited by amorphous, impersonal political parties, and to be mentally shaped by an increasingly radical press. It promoted the universities in the hope that the professor would be an ally of the entrepreneur. Capitalism at least helped create the mushrooming urban existence and the ever-expanding democracy which was not limited to the vote but penetrated the managerial categories, the workshops, and the various cultural institutions. And the capitalist entrepreneur indiscriminately poured funds into organs of the hostile media, press, television, foundations, literary juries, and universities, either in the form of advertisement or as the cultural snob's tribute to culture; he assumed that the marketplace, including the cultural marketplace, is neutral, that ideas may clash under the same fair conditions as merchandise does.

## The Picture Today

What is the picture today? Capitalism has changed enormously since Schumpeter's time, but the change is far more drastic when we look at the political-cultural milieu surrounding it. First, it is hard today to find young men entering business with a "laissez-faire" mentality, even in the United States. (In South America the free market is still surrounded with an aura of pioneering.) They are impressed from all sides, not least from within the company, by a largely false communitarian spirit, by the idea of participation, public relations, image-making, cultural service, and so on. Second, the spirit of competition in application to one's work is on the wane: after all, jobs can always be had, social mobility is regarded as a good thing in itself, *recyclage* or return to school for a year or two may open new careers. Third, a loose public morality contrary to the entrepreneurial ethos prevails: an ever-larger segment of the potential and actual workforce takes it easy; this is mirrored in public argu-

ments for a negative income tax and a guaranteed annual wage, and solemn calls upon society to allow half the population to live in communes, work when they feel like it, and contribute to making life more "inventive," "imaginative," and what have you. Society trails off towards utopia, and if we follow the pertinent literature, we indeed find a tremendous increase, first, of utopian literature itself (Marcuse, Charles Reich, Dennis Gabor, Edgar Morin, Enzensberger, etc.), and second, of utopian utterings by politicians, public figures, and Churchmen.

The fourth and most concentrated force transforming Western societies and threatening capitalism originates from leftist political criticism, which draws strength by building on the previously listed phenomena. The Western intelligentsia, endlessly impressed by communist societies, yet

disturbed by their brutality, do not draw the obvious conclusion that Marxism secretes oppression as some glands secrete hormones. Consequently, they see the future not outside the utopian-communist society but transcending that society towards freedom, imagination, poetic values, re-shaped human relationships, and what have you. In other words, in the eyes of Western intellectuals the communist society is in an advanced stage compared with Western liberal-capitalist society: the latter is bound to pass through communism if it is to evolve, whereas the former ought merely to generate more freedom and to loosen its structures a little on the way to the ideal society. This built-in advantage and superiority of communist societies over Western societies—in the perspective of Western intelligentsia—forces Western society

into an imaginary bottleneck; to issue forth at all, to change and improve, it must become socialist first, and then when it catches up with the present state of Marxist societies, the two together will evolve toward "socialism with a human face." It is thus assumed that Western society has the longer and more arduous path ahead of it, while communist society must merely backtrack a bit from its extreme "Stalinist" position. But that the future will be socialist, nobody who is anybody dares question.

Mind you, a certain amount of market economy will remain foreseeably embedded in the structure of Western society. An Ota Sik or a Francois Mitterrand include this much in their calculations. However, we should not be surprised if one day it will be called "socialist market economy." □

Thomas Szasz

## Your Last Will and Your Free Will

IF YOU ARE NOT rich, are not interested in becoming rich, don't know anyone who is rich, and are not afraid of the capricious power of corrupt psychiatrists, then you may not want to read any further. For what follows is about your free will, and your Last Will, and about how, if you don't watch out, psychiatrists may deprive you of both.

Wealthy persons knowledgeable about the ways of the financial world are usually very careful about the arrangements they make for disposing of their assets after their deaths: they try to reduce, as far as possible, the expenses incurred in transmitting their material possessions to their heirs; and to insure, as far as possible, that these possessions will in fact go to the beneficiaries they have designated in their Last Will. I will not discuss or even list the numerous financial, legal, and informal-familial strategies which our legal and economic order provides for those proficient in playing the inheritance game. All I want to do here is to call attention to one strategy which wealthy testators and their advisors have often overlooked; such neglect may cost the testator dearly in the post-mortem defense of the validity of his Last Will, and may result in his bequests ending up in the very hands which, by his free will, he has tried to keep them out of.

The matter I refer to is the contesting of a Will by disinherited natural heirs on psychiatric grounds—that is, on the grounds that when the testator executed his Last Will, he was mentally incompetent to execute a valid Will. A hypothetical case—schematic but typical of the sorts of problems encountered with respect to the psychiatric invalidation of Wills—will help us to deal with the problem concretely.

The testator, John Doe, dies in his ripe old age and leaves millions of dollars to charities. Doe has never been married and has no children, natural or adopted. But he has several brothers and sisters, nephews

and nieces, who want his money and feel "entitled" to it. The "family" retains an attorney; the attorney retains a psychiatrist; the psychiatrist listens to the family's stories about the deceased and concludes, as his "professional opinion," that poor John Doe "obviously" did not know who his "rightful heirs" were and was mentally incompetent to execute the Last Will he signed. John Doe's lawyer or persons representing the charities inheriting his money or someone must have exercised "undue and improper influence" on him to write such a Will. Lubricated by lavish fees, brokers in law and lunacy can appear amazingly sincere and righteous in assuring courts and juries that men such as John Doe did not will what they had put in their Wills, but "really" willed what their disinherited relatives would have liked them to will.

What happens next in such a case is that either there is an out-of-court settlement between the contesting parties, the disinherited relatives getting paid off, or the suit goes to court and is decided by a jury. Because of the way the laws of inheritance are written, and because of the way courts interpret such contests, it is actually not easy to break a Will on psychiatric grounds. The burden of proof rests on the parties trying to set aside the Will. Nevertheless, there is always some risk—great or small depending on circumstances—that the court will set aside the Will and award bequests to persons whom the testator wanted to disinherit. Furthermore, even if the testator's estate prevails in court, it will have to bear the costs of defending the testator's free will and upholding the legal validity of his Last Will—a defense into which it can always be forced by disinherited relatives.

Is there a way in which this undignified, unprofessional, and uneconomic (except for lawyers and psychiatrists) eventuality, which can be easily foreseen in certain

cases, could be avoided or prevented? There is indeed, and it seems incredible that it has never, to my knowledge, been articulated.

The preamble to Last Wills usually begins with a phrase like the following: "I, John Doe, of the City of . . . , County of . . . , and the State of . . . , being of sound mind and memory, . . . hereby make, etc. . . ." Then follow the contents of the Will, the testator's signature, the signature and seal of a Notary Public, and the signatures of witnesses. Unless circumstances prevent it, the Will is signed by the testator and witnesses in the presence of the attorney who has prepared the document.

Clearly, there is one thing missing from Last Wills which would lessen the danger of their being contested on psychiatric grounds: namely, an "Attestation Clause" declaring that James Smith, M.D., a duly licensed physician specializing in psychiatry, having been retained by the testator and his attorney, has examined the testator immediately preceding the act of the testator reading his Last Will or having it read to him, and of his signing it, and that he finds the testator mentally competent to make a Will.

Ostensibly, a contest of Wills on psychiatric grounds revolves around the matter of the testator's mental competence to make a Will, or his lack of it; hence the need for psychiatrists. Actually, however, it revolves around the matter of the disinherited relatives' power, or their lack of it, to overrule the testator's free will, at least after death if not in life; hence the need for lawyers, juries, and judges. Since legislators, lawyers, courts, and juries deal, and indeed must deal, with the overt rather than the covert, the formal rather than the factual aspects of controversies arising out of Will contests based on the testator's mental state; and since Last Wills typically begin with the testator's self-proclaimed assertion of the soundness