

## CAPITALISM WITH A HUMAN FACE II

### Why are Capitalists Hated?

By

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In my previous columns I have argued against various critics of capitalism. But what is capitalism? And why are capitalists hated? These are the questions I will explore in this column.

The French economic historian Jean Baechler in his important book *The Origins of Capitalism* has cogently argued, neither Marx's or Weber's outline of the distinctive features of capitalism allows us to differentiate its essence from the various cited features as they are to be found throughout human history and in many different cultures. For Marx capitalism was "defined as the conjunction of capitalist ownership of the means of production with the wage labourer who has neither hearth or home". But as Baechler shows whilst this might have been true of the full blown industrial capitalism which was in full flower in Victorian England when Marx was writing, capitalism itself predates this phenomenon. Nor is capitalism to be identified with markets, profit seeking, banking, bills of exchange, and business firms, for instance. For these are all to be found in ancient agrarian civilizations As are merchant capitalists.

But these merchant capitalists were looked upon as at best a necessary evil by these agrarian civilizations, as commercial activities were universally held in low esteem. Being intermediaries in the economic process, the merchants produced nothing in a tangible way, and were looked upon as parasites who were satisfying the demands of a tiny urban elite by transferring the rural surplus produced by those who wielded the plough to feed the warriors and priests in the towns. Devoted primarily to profit they became immensely rich, but their wealth was not matched by social acceptance or political power. It was only in the High Middle Ages in the western part of Eurasia, with the Papal legal Revolution in the 12<sup>th</sup> century creating the Church-State and all the legal and commercial infrastructure for a market economy, that this changed (see my *Unintended Consequences*). Thereafter these Western capitalists were eventually able to create an economy where their unceasing search for profit became not only acceptable but the norm. Thus capitalism as an economic system came about when the merchant and the entrepreneur finally were given social acceptance and protection from the predation of the state.

Who were these merchants and why were they universally despised in the ancient agrarian civilizations?. The answers are also relevant in explaining the ongoing cultural hatred of capitalism and in particular of its supreme embodiment - the United States of America. A recent book *American Mania* by a UCLA colleague Peter Whybrow, the director of its Neuropsychiatric Institute provides the answer. He is a world authority on bipolarity- manic depression. He argues, on the basis of recent genetic research that there is a gene for novelty seeking and risk taking which predisposed those who have inherited it to addictive behaviour, many of whom are bipolar. As novelty seeking and risk taking "are also behaviours essential to

exploration and migration...this should be reflected in a distribution pattern of the relevant allele [the D4-7 allele gene] that is similar to the ancient migratory paths of our species". Using the genetic mapping of the geographical dispersal of homo sapiens from their original home in Africa by Luigi Luca Cavalli-Sforza and his colleagues, Dr. Chauseng Chen of the University of California, Irvine, has found that a coherent pattern emerges "where those who stayed close to their original homeland have a higher percentage of the common D4-4 allele in the population and a lower prevalence of the exploratory and novelty-seeking D4-7 allele"

Thus in Africa, from where humans began their worldwide migratory dispersal between ten and twenty thousand years ago, those remaining behind ,who constitute Africa's current population, have "a far higher percentage (between 60 and 80 percent ) of the [non migrant version of the D4 gene] D4-4, compared with those who continued the initial migrant expansion of our species across the Asian continent". Within Africa, the Bantu who have migrated the farthest have a majority of the migratory D4-7 allele gene. In Asia, those Chinese who migrated from the mainland and Taiwan to South East Asia have a "greater percentage of D4-7 allele in the population than the aboriginal population of Taiwan who stayed behind". As our human ancestors crossed the land bridges linking Asia to the Americas in the Ice Age, we should expect that those who walked furthest down the South American peninsula would have had the migratory gene . This turns out to be so, as "those who pushed into the Southern Hemisphere, the Colombians and members of the Karitiana, Surul, and the Ticuna tribes- carry a *preponderance* of the [migratory] D4-7 allele." By contrast in Japan the frequency of the migratory gene is very low and in parts of East Asia does not exist at all.

Risk taking and novelty seeking are of course also the hall marks of the merchant and the entrepreneur. Both migrants and entrepreneurs are "mavericks who run at the edge of the human herd. Migrants are a self-selected band of seekers- those of adventurous and curious mind- who in their restless approach to life lie at the extreme of the bell-shaped curve of behavioural distribution". So the migrant and entrepreneurial gene will be rare. For even during the great disruptions of human history caused by the four horsemen of the Apocalypse "for every two individuals who sought their salvation in migrant flight, ninety eight remained behind to accept what fate would bring".

It seems likely, therefore, that the capitalists of yore carried this rare migrant gene like their cousins who migrated from the homeland. It explains why immigrant communities have often produced the merchants and entrepreneurs in so many countries, and why America with three centuries of continuing and substantial immigration would have a preponderance of the migratory gene predisposing its bearers towards novelty seeking and risk taking. It would be the capitalist country par excellence.

But novelty seekers do not make good farmers. Having over the centuries honed agricultural techniques to the natural variations of soil and place and the rhythms of the climate, the ancient sedentary agrarian civilizations of Eurasia would take a dim view of the novelty seekers and risk takers- the merchants and entrepreneurs in their midst. The periodic raids on its merchants' wealth by the predatory state would have been popular, as it is still today, as witness President Putin's raid in Russia on the oligarch Khodrovsky and his oil company Yukos.

Though these maverick capitalists existed in all the ancient Eurasian civilizations, it was only in the West after the 12<sup>th</sup> century Papal legal Revolution that they came to be given their head, and

their novelty seeking and risk taking behaviour eventually came to be the norm. This rise of capitalism led to the Great Divergence between the West and the Rest. But the manic tendencies arising with the ascendancy of the capitalists were held in check by various internalized moral codes: the Protestant ethic celebrated by Max Weber, and the Victorian virtues of 19<sup>th</sup> century Britain. Their erosion has led to many of the contemporary complaints against capitalism in the West. I examine this demoralization of Western capitalist societies in my next column.