TILLICH'S VIEW ON THE DEVELOPMENT OF CAPITALISM

Agus Rachmat | Department of Philosophy, Parahyangan Catholic University, Bandung, Indonesia

ABSTRACT

Historically, the original impulse of capitalism is to be the emancipatory social power to liberate mankind from the fetter of Religious Leviathan reigning in the dogmatic Medieval Era. Ironically, after its historical global triumph, it becomes an Economic Leviathan of its own. The acute sense of structural sin and existential finitude nurtured by religious consciousness should make us aware of the hidden carnivorous dimension working deeply in the capitalist system that creates waste, crisis and destruction due to the cultivation of instant profit and unbridled greed as the moving forces of capitalism.

Key Words:

- Watchman State
- Technical Reason
- Planning Reason
- Economic Leviathan
- Fascism
- Communism
- Global Capitalism
- Social Market
- Welfare State
1. Introduction

Modern capitalist society is characterized by the dramatic loss of its original utopian impulse. What is the primary cause for this loss of the utopian role of reason, namely its critical and creative functions in building a better society worthy to the newly discovered human dignity? According to Tillich, the loss of the utopian revolutionary impetus is closely related to the sociological status of the bourgeoisie as the new rising class in history. In the first period of the capitalist era, reason is conceived as the universal structure of mind and reality, comprehending both subjective rationality and objective rationality. Yet, in the second period, the victorious bourgeoisie transforms the notion of objective rationality into the notion of the rule of law within a constitutional democratic state: the order of reality is reduced to the legal order of society. Hence, it severely restricts the sphere and function of the state to that of “a night watchman” role, symbolizing that the main responsibility of the state is just to be the forceful guardian of rule and order within society.

2. The Watchman State

In the triumphant capitalist society, the state is expected neither to intervene nor to demand anything out of the economic process of society: “It has nothing to do except to guard with its means of power the free development of the powers of economic productivity.” Therefore, Tillich says that the object of the bourgeois political theory and political maneuver in its victorious period is solely “to define the limits of the state.” This bourgeois political concern finds its chief manifestations in the demands for constitutional limitation of the government, the threefold separation of political power, the protection of individual rights, and the enforcement of law to the masses. In short, the state becomes a Law State whose chief function is to be the law-giving and law-enforcing power to protect the smooth operation of the capitalist economic mechanism for profit accumulation.

In this political atmosphere, the demand for the establishment of an objectively rational order becomes a threat to the victorious bourgeois class who now shifts its social function into the strong defenders of the status quo. The concept of objective reason, namely, the sense of obligation and strenuous exploration about the meaning of the ultimate principles such as truth, justice, and common humanity validly judging human daily affairs,
recedes into the background and is finally utterly rejected altogether. The bourgeoisie are afraid that such lofty Enlightenment ideas could become critical weapons in the hands of the revolutionary masses. Reason is then reduced to technical reason. Tillich briefly describes the major functions of technical reason as follows: “Today it means the calculation of the businessman, the analysis of the natural scientist, and the construction of the engineer.” Hence the three aspects of technical reason are: the calculation of what we have to do in terms of financial cost and benefit, the analysis of a complex whole into its smallest elements in order to be capable of controlling it, and the construction of mechanical device or organizational means for effectively achieving a pre-established end. Wholly preoccupied with calculation, analysis, and construction, technical reason no longer raises any critical question regarding the meaning and validity of the ultimate ends that it previously has so loyally served in the former period. Technical reason either neglects or represses the unconditional demand for truth and justice that is formerly voiced vocally by revolutionary reason. The ultimate end is now given to it and is not critically and creatively envisaged by the autonomous reason itself. The self-evident cultural end demanded by “the objective situation” of the capitalist system is the accumulation of personal profit and the constant economic growth. Reason is then dethroned from its honorable place and is put to serve the anonymous market so that it is “no longer God but a craftsman collecting facts, explaining events, combining tools.” In serving the mechanism of production and consumption, technical reason shows its creative capacity by ceaselessly revolutionizing the market, constantly innovating both the means of production and the commodities produced. The ruling bourgeois class, however, represses the moral commitment of reason to transform society into a better social order for the whole of humanity. The cultivation of the original élan of the bourgeois revolution is done at the periphery of society by the socialist and communist movements. According to Tillich, the idea of “the classless society” is a symbol for “the fulfillment of the original purpose of the bourgeois revolution, which has been betrayed by the bourgeois class interest.” Therefore, those social movements are not merely the negation of capitalism. On the contrary, they are its radicalization. They demand the realization of freedom, justice, and humanity not only for a few privileged people but also for every living human being.
According to Tillich, the capitulation of revolutionary reason by technical reason is accompanied by far-reaching changes in the socio-economic structure of society. If the first period could also be called the period of individual laissez-faire liberal capitalism, the second period might be termed as the period of monopolistic capitalism. The structural change distinctively characterized the second period is the growing disappearance of individual entrepreneurs and their replacement by a comparatively few big business corporations: “The small competitors became more and more conquered by the big trusts and were finally annihilated, a process in which the basic element of liberal economy --free competition-- was increasingly restricted and confined to a comparatively small group of big competitors.” Only big corporations are able to survive the predatory competition because they have the ability to introduce huge capital investment and more sophisticated technology in order to enhance the quantity and quality of production. The weaker or smaller ones are either crushed or absorbed by the giant corporations.

It is particularly since this monopolistic period that we are confronted with a new colossal economic phenomenon that dwells hauntingly upon the capitalist economic system, namely, the fact of the structural possibility for a widespread economic crisis that leads into depression, revolution, and war. Economic development does not move smoothly in the form of constant growth but happens by way of wavelike movements through the phase of prosperity, depression, and recovery. Intensive financial and technological investment creates an expanding and imminent sphere of uncertainty threatening both the investors and the workers alike, because nobody is able fully to control and predict the outcome of the competitive and innovative market. Several giant corporations, acting both in a responsible and irresponsible manner for short-term financial gain, control some parts of the economic process, but no one regulates the whole. In other words, the risk of a sudden market's failure eliminating a huge amount of capital investment and the necessity for structural unemployment to reduce the costs of production in order to survive the life-and-death competitive struggle become part and parcel of the inner tendency of capitalism. Crisis becomes recurrent and consequential. Tillich describes the imminent threat of economic crisis in this monopolistic stage in the following ways:
The large investments made by the monopolistic enterprises could remain profitable only in an expanding economy. In the moment in which the expansion came to an end . . . the investments could not return sufficient profit, and the crisis --the dark shadow of all economic liberalism-- became more and more permanent. The harder competition made obligatory the use of all means of technical progress and produced additional unemployment, thus further reducing the purchasing power of the masses and deepening the crisis.

3. The Economic Leviathan

After courageously liberating himself from the religious Leviathan of medieval authoritarianism, human being finds himself once more under the firm grip of a new face of Leviathan, i.e., the economic Leviathan of the giant monopolistic capitalism. Leviathan is a symbol for the institutionalized threat to human freedom and destiny. This economic Leviathan treats all people alike primarily as work force and consuming force. All human being's characteristics, such as religion, gender, age and nationality and anything else that contributes to his personal identity become greatly insignificant compared to this major economic determination that turns him into a work-force to be bought and sold; and into a consuming force to be cunningly manipulated so as to devour eagerly all that the system has produced. At the same time, however, people feel that the wavelike movement of this economic Leviathan is neither calculable nor controllable so that for many of them it simply becomes "an incomprehensible fate, determining their destiny, lifting them today to a higher standard of life than they had ever known, throwing them down tomorrow into utter misery and the abyss of chronic unemployment."

In the first three decades of the twentieth century, the movement of the unregulated monopolistic capitalism had brought humankind into the rage of the First World War, multiple social revolutions and the cyclical economic breakdown in the 1930s. All those terrible historical events signaled that the foundation of the victorious bourgeois period had been broken down into pieces, namely, its conviction about the natural or spontaneously emerging harmony between the individual interest and the general interest of society as a whole. Instead of leading toward harmony, monopolistic capitalism had brought humanity toward the brink of destruction, misery and despair in all realms of life, particularly for the dispossessed.Expressing his own personal observation of and participation in those awful times, Tillich described the meaninglessness of life for the common people in the following fashion:

There is no more terrible fate than the fate of permanent unemployment. The bombed-out workers of London tell us that the threat of unemployment is worse than the threat of death...The faces of the permanent unemployed which I saw in Germany in 1931 and in England
in 1936 --faces I never shall forget-- are witnesses of the destructiveness of unemployment. The fact that this was the actual or threatening fate for millions in all countries of Western civilization is the background of the present revolutionary movements. The development of the second period of capitalism eventually leads toward tension and self-destruction on a world scale. Capital is enormously concentrated in a few giant corporations, resources are chaotically allocated, and income unequally distributed so that there reign various divisive forces within society. Every facet of life is ruled by the law of the market but no one rules the market. The result is the formation of a mass of desperadoes, people who are entirely open to either the communist promise of social justice or the fascist propaganda of national integration. According to Tillich, the awareness of these shortcomings creates a common structural trend characteristic of the capitalist countries in the inter-war period, that is, the determination to bring the incalculable mechanism of the free-market economy back under the political control of the state. Thus immediately after the First World War, the second period of capitalism turns into its third period: the period of the victorious bourgeoisie changed into the period of state-regulated-capitalism or more shortly into state-capitalism. This transition from the second toward the third period of capitalism is marked by the new role attributed to reason. From being predominantly technical reason, it now becomes the planning reason: The logic of bourgeois society in its struggle for survival is expressed in the development of reason from “revolutionary reason” through “technical reason” to “planning reason”....We must go forward under the direction of planning reason toward an organization of society that avoids both totalitarian absolutism and liberal individualism. This is not an easy course to define or follow. Repelled by the inhuman brutalities of totalitarian planning, we are tempted to seek a return to a more or less concealed laissez-faire solution.
rights of the rich and to promote the fate of the poor. Hence it supports and
protects the big monopolies on which the life and the pride of the nation are
essentially dependent. The breakdown of large industries threatens the
whole national economy: “So the state had to support them in the crisis, in
order to avoid a general breakdown and subsequent chaos. The state had to
’socialize the losses’.” On their turn, the giant corporations do not simply
oppose the state’s intervention. At every critical moment, they even eagerly
and vigorously look for the state’s support and protection. Furthermore, in
order to prevent national instability that could lead to internal breakdown,
the state also has to promote the rights and the needs of its disadvantageous
members. It has to correct the unfair initial condition, the unequal social
distribution of the free-market system, and its frightful incalculable
movement. Hence, in the service of the state, planning reason try to
reconcile the economic demand for efficiency with the social demand for basic
collective security and a decent standard of living for the whole population.

According to Tillich, the overall goal of planning by the state is “to
overcome unemployment and under consumption among the masses.” By
providing job opportunity and social security, hence liberating the masses
from the overwhelming fear and scarcity that once dominated the social
scene in the inter-war period, the state helps the people for having a chance
to participate meaningfully in the social process involving the nation as a
whole. Fate is turned into destiny where there is room for free personal
option and social mobility. National planning, however, can be performed
either in a totalitarian or in a democratic manner. Totalitarianism was carried out in Fascist and Communist countries. Nazism and Fascism were a turn from Enlightenment rationality toward
irrational vitalism. Repressed culturally by technical reason serving the
market, practical reason becomes empty, permeated by inner doubt,
overcome by moral cynicism: “Critical reason had become dangerous for the
ruling classes and it had become empty for the intelligentsia.” Cultural emptiness appeared as the incomprehensible fate of
unemployment for the masses and as the feeling of “the meaninglessness of
any fight for principles, an unwillingness to struggle and to die for an ideal”
amongst the intellectuals. This cultural emptiness provided a chance for the
irrational forces to appear and to dominate the whole society, namely, to arouse the general longing of the masses for the coming
of an all-commanding authority who would be able to promise them to
give economic security and a national’s will to power. The ideas of freedom and justice were engulfed by the fanatical pursuit for economic security and cohesive community based upon the mythology of national glory and racial superiority. For achieving these national purposes, the Fascist systems have employed technical reason in the most effective manner, leading ultimately to the Second World War. Its romantic glorification of racial and national power necessarily “increased the disruption of mankind instead of uniting it according to the principle of reason.”

For Tillich, Nazism was a conversion of the German culture to a new kind of paganism, the polytheistic worship of a national god.

5. The Communist Planned Society

Originally, the Communist planned society, such as the Soviet system, was the reappearance of the revolutionary reason for transforming a feudal and authoritarian society into a new just society. The old feudal structure was legitimized by a sacramental type of religion that has no social mission and concern other than that of redeeming the soul for eternal salvation. The Soviet communist revolution, therefore, was a manifestation of “an ultimate concern about the transformation of reality which overcame an ultimate concern about the consecration of reality.” Yet, after a short while, revolutionary reason was extinguished at the hands of the state’s bureaucracy that lacked the democratic control and the consciousness of any moral criteria for judging its own absolute claim. It was again replaced by technical reason commanded and employed now by the bureaucracy in order to perpetuate its own grasp over the whole society. Cunningly, the bureaucracy used scientific technique for controlling nature, society and mind in order to maintain its complete control over the whole society and to thrust its monstrous power deep into the collective unconsciousness of the people in general. The revolutionary ideas such as social justice and collective property had become slogans and tools for propaganda, exported outside to the rest of the world for arousing revolutionary situation, and imposed inside for justifying the state’s inhuman brutalities towards its own citizens. No less than its Fascist brutal counterpart, the Soviet system ended not in a free and open society but in a controlled and compelled society: “It uses terror in a way which never would have been possible without the triumph of technical reason in Western Culture.” Thus once again we were confronted with a new face of Leviathan, the Fascist and Communist political Leviathan, that devoured its own children.
mercilessly. Individual freedom and critical thinking were completely lost under the reign of this political Leviathan. Tillich had spent the major part of his life in struggling against these triple faces of Leviathan: the religious, economic, and political Leviathan.

The totalitarian countries had taken a step toward national planning: “They did it in a distorted and finally self-destructive way.” Tillich envisages a form of democratic planning that is able to avoid the extreme dangers of both totalitarian absolutism and liberal individualism. In other words, he advocates the so-called mixed economy where there is a room for both free enterprise and governmental involvement in economic life. Therefore, according to him, the step ahead after the Second World War was represented by the British socialist movement, the democratic socialist in Germany, and the New Deal trends in the United States. Tillich does not offer any detailed account about his vision of the planned economy, except emphasizing that it has to regulate “the chaotic insecurity of monopolism” and to provide the possibilities for the individual “to participate actively in the process of production.”

James Luther Adams observes that in his American period, Tillich “saw many features of socialism being adopted by the welfare state.” Having once been a religious socialist himself, Tillich certainly endorses the planned and regulated form of capitalism that could be found in a welfare state. Tillich sees the mixed economy as a way to overcome the antithesis between individualism and absolutism. However, not being an economist, he does not provide us with a detailed account about how such a mixed economy could combine the economic demand for efficiency with the social demand for basic security. Hence, we have to look for other sources in order to supplement Tillich’s train of thought about the meaning of the welfare state. Furthermore, by continuing our discussion about the development of capitalism, we could also observe that since the last decade, capitalism has entered into a new stage, namely, global capitalism. Since he has passed away in 1965, the latest stage of capitalism is, of course, outside of Tillich personal observation.

6. The Social Market Economy

According to Michel Albert, the development of the economic trend of the various socialist and progressive movements mentioned by Tillich ultimately leads to the formation of the so-called social market economy (Sozialmarktwirtschaft) actualized in the Welfare State of most Western
European countries after the Second World War. In this form of mixed economy, it is acknowledged that the capitalist mode of production, greatly emphasizing the role of the free-market, indeed stimulates the economic productivity of the nation and the personal initiatives of each individual. Hence, free enterprise market should be encouraged by the state to be as productive and free as possible, particularly with respect to the arrangement of prices and wages. On the other hand, market forces alone cannot determine the whole aspects of society. There are several social requirements and social objectives that have to be secured by the active participation of the state in the economic process. Such as providing basic social security for the people, reducing income inequalities, and promoting the opportunity for the less-advantage members for improving their ability in order to have access toward upward social mobility. For that reason, the state's concerns for social welfare and social developmental program counterbalance its rule as the arbiter of the fair competition of the market forces. Michel Albert illustrates the role of the government in this state-regulated-capitalism in the following ways:

The state became the advocate of the poor and the only sure defense against the seemingly arbitrary and unfair workings of the free market. Governments everywhere -- often goaded into action by labor movements -- applied themselves to the task of humanizing and moderating the 'raw' form of capitalism. Laws and decrees were issued, working conditions were regulated, wage bargaining was encouraged, taxation was increased and made more redistributive . . . the USA kept pace with the European drive to discipline capitalism (although it did not go so far as to create a post-war welfare state).

For several decades after the Second World War, this model of welfare capitalism works pretty well as the mechanism for economic growth and the distribution of social benefits for the whole population. Its economic achievement could be seen in its ability to support the constant rise in the standard of living for the whole Western industrialist countries, which convincingly radiates its magnetic pull toward the rest of the world. Its moral mission is to promote and to universalize the Western humanistic values to the whole corner of the world: free-market, democracy, and human rights. Hence, it derives its moral energy and passion from its competition with the communist “kingdom of evil.” In other words, welfare capitalism is not solely conceived as the effective mechanism for achieving material prosperity but also as the moral and political weapon to
make the world safe and sound for democracy. Hence Peter Berger proclaims that compared to its ideological competitor, capitalism is the proved lesson from the past and the only way to a better world for the future: “The superior productive power of capitalism, as manifested in the advanced industrial societies of the West, continues to manifest itself wherever global capitalist system has intruded.” Therefore it is more likely than socialism to liberate “the people in the contemporary Third World, including the poorest groups” from their bondage to biological ancient regime and political ancient regime, namely natural poverty and social oppression.

7. The Nirvana of Global Capitalism

After the breakdown of the “communist imperium” in 1991, and its sudden conversion toward the nirvana of capitalism, Francis Fukuyama even proclaims that the complete victory of global capitalism is identical with the End of History. After groping about in the turbulent darkness and tumbling into numerous errors for long centuries, humankind finally discovers the secret grand design of universal History, namely its final meaning and ultimate fulfillment in the form of the modern democratic capitalism. Liberal democracy is the superstructure of history, while its infrastructure is the capitalist free-market economy. Technologically driven capitalism not only opens for us the road toward the endless accumulation of wealth but also the road toward the endless global freedom and peace:

What we may be witnessing is not just the end of the Cold War, or the passing of a particular period of post-war history, but the end of history as such. That is, the end point of mankind's ideological evolution and the universalisation of Western liberal democracy as the final form of human government.\(^3\)

With the collapse of communism, we could say that capitalism turns into its new period: the fourth period of global capitalism. The sign of the coming of global capitalism actually took place a decade earlier with the victory of the so called “conservative revolution” in the United States and United Kingdom: the election of Ronald Reagan and Margaret Thatcher. Conservative revolution means the coming of a general conviction that the European-style of social democracy is running out of its former power and inspiration, and that Adam Smith's liberal capitalism is ripe for a victorious come-back into a new social setting, namely the twenty-four-
hour global market. In distinction from Smith’s period, however, the main players of the present global capitalism are no longer the multiple small enterprises, each of which has a comparatively equal power. On the contrary, the major actors of the present day capitalism are just several giants transnational corporations that continuously crush the smaller ones out of the scene. The actual break-down of communism, though, really liberates the capitalist engine to operate freely across national and ideological frontiers. Supported by the perpetual development of high technology -- computer, communication, and transportation technologies -- time and distance cease to become a barrier for the multiple business activities. Therefore at present, it is possible to make the co-ordination of production and commerce on a global scale. In this global context, almost all important factors of production -- capital, labor, technology, and information-- are becoming more capable of moving speedily across national borders, and hence severely reducing the ability of the nation-states to regulate or to tax their economic subjects. The international movement of the market forces is solely governed by the unlimited drive to protect and to promote the growth of capital: “In the market, capital seeks out its highest and best use; technology has accelerated the flow and flight of capital to the speed of light.”

For the sake of protecting and promoting capital, giant multinationals corporations operate and move their productive factors internationally in order to reduce the costs of production, to evade taxes, to expand markets, to acquire resources, and to avoid the local political or financial instability. In short, global capitalism tries not only to overcome the national state’s border but also its regulating power, so that it can freely pursue its chief aim of accumulating profit endlessly:

For 100 years or so, the forces of democracy and the nation state had gradually caged and tamed capitalism, and now the tables have turned. Divided and disunited, the nation states and their puny borders can offer no real resistance to the globalized capitalist economy. In 1991, this much is obvious. Capitalism intends to tame the state; eventually, it hopes to do without it altogether."

8. Conclusion

The raise of global capitalism is the historical hegemony of the free-market economy all over the world. However its triumphant success not only buries its rival ideology, communism, into the past; but it also signals a crack at the very foundation of the welfare capitalism that has been the
cultural consensus for the last four decades after the Second World War. The loss of the state’s effective capacity to regulate the capitalist enterprises greatly undermines its capacity to act on behalf of the whole society and to protect the communal interests. Hence, capitalism is able to operate beyond governmental control and public accountability in pursuing its own economic ends. Furthermore, the very notion of state’s involvement in the economic process is continuously coming under sharp criticism from the neo-liberal thinkers: “The state is no longer seen as a protector or organizer but as a parasite, a strait-jacket, a dead weight on the economy.” The neo-liberal thinkers demand a minimal state, whose principle sounds: “Less government is better government.” The orders of the days, therefore, are deregulation, privatization, tax cuts, profit for profit’s sake, and shareholder’s value. However, by dignifying profit too much, global capitalism can easily escape from both political control and ethical consideration so that the historical foundation of the modern society shakes all over again anew in our present era.

End Notes:

2. Ibid.
3. Tillich quoted this phrase from Humboldt, see ibid., p.101.
7. Ibid., p.240.
8. Ibid.
10. Ibid., p.7.
11. According to Tillich, the First World War was the result of the breakdown in the balance of power between several great bourgeois-nationalist countries. Bourgeois nationalism is the fusion between the capitalist spirit and the patriotic spirit. In this way, any domestic criticism toward capitalist practice is judged as unpatriotic, and the capitalist international expansion is justified as being done for national glory and national interest. The logical consequence is the merging between the militaristic nationalism and the imperialistic capitalism that brings international tension. The constellation of events surrounding the First World War, that is, the protection of domestic markets combined with international competition for foreign markets and
colonies, greatly heightens the international tension so that the harmonious balance of power collapses. The murder by a Serb of Franz Ferdinand, the heir to the Austrian Empire on June 28, 1914, is only catalysis of an already boiling international situation. The real cause is bourgeois nationalism: “But when the imperialistic competition of the great nations led to the First World War, this system of harmony balance of power] collapsed.” See The Protestant Era, p.242. The brackets are mine. Cf. The Protestant Era, pp.241-242.


Ibid.


Ibid.


Tillich, Theology of Culture, p.184.

Ibid., p.185.


See Also Paul Tillich, Theology of Culture, p. 186.

See Michel Albert, op.cit., p.118. Philip Wogaman remarks that the term “social market capitalism” is derived from the program of the West German Social Democratic Party (SPD) which is socialist in origin. See J. Philip Wogaman, Christian and the Great Economic Debate (London: SCM Press LTD, 1977), p.99. It would be worthwhile to remember that Tillich once joined the SPD. In 1933 when the SPD seemed to be under the influence and control of the Nazis, Tillich withdrew his membership in order to show his resistance to the Nazis. See John R. Stumme, Socialism in Theological Perspective: A Study of Paul Tillich 1918 – 1933 (Ann Arbor, MI.: Scholars Press, 1978), pp.228-231.

Michel Albert, op.cit., p.252. Phrase within brackets is from the author’s.

It is well known, for example, that the foreign policy of the United States actively promotes its moral goal and its principles of governance abroad: “Support for American Principles around the world can be sustained only by the continuing exertion of American influence. Some of that influence comes from the aid provided to friendly regimes that are trying to carry out democratic and free market reforms.”


33 Michel Albert, *op.cit.*, p.256.

34 Ibid., p.253.


### Bibliography:


