

**Scene on Radio: Capitalism**  
**Season 6, Episode 4: BC: Invisible Hand Guy?**  
**Transcript**

**Arlene Arevalo, person-on-street interviewer:** How do you think capitalism started?

**Arlene 2, Washington Square Park, New York City:** Oh, God!

Music

**Arlene 2:** Long, long, long time ago. I don't know, my goodness. Capitalism has been around since, like, the beginning of dawn, I feel like. Like since, like, bartering, since, like, I don't know.

**Moses, Bed-Stuy:** I'm gonna guess. I'm going to say when Columbus got here. He probably started it because I know when the Natives were here, they probably shared a lot. I think maybe capitalism started around that time. Am I wrong?

**Nanette, Durham, NC:** It's a colonialist structure. So it would probably be – [pause]. Yeah, I'm just gonna say England is responsible. I would just lay the blame right there. (Laughs)

**Zachary, Southern California:** Capitalism started with our forefathers, with the designation of our Declaration of Independence, by laying out all of the different laws that make Americans Americans. That is capitalism.

**Lawrence, the Bronx:** You start a war, you take other people's shit, you charge them for their shit, you up the price. And then you say the rich could get rich, the poor could stay poor, and now you got to get rich to understand what we got.

**Sarah, New Jersey:** I would imagine, like, industrialism is when that started? When things just became more readily available and people just, you know, greed takes over, and people just want more and more.

**George, Durham, NC:** Um, I don't know the history. I just know that it's, this is definitely not the best version of capitalism. I think we could be doing much better.

Music

**John Biewen:** Ellen, did you ever watch Poldark?

**Ellen McGirt:** Oh yes I did. Yes I did, indeed. I binged it at the start of the pandemic and I can report that I got slightly obsessed with it. I'm a former history major, that's how I justify it, but the cast was so attractive. (Laughs)

**John Biewen:** (Laughs) For anyone not familiar, Poldark was a TV series, a British historical drama made by the BBC. It's set in the late 18<sup>th</sup> century – basically, 1780s to about 1800.

**Ellen McGirt:** In Cornwall, that picturesque peninsula that juts off the southwest corner of England.

**John Biewen:** The series is kind of a public-TV-style romance novel slash action-adventure series in some ways.

**Ellen McGirt:** But the show does also offer a pretty window into that time and place.

**Sound:** music from Poldark creeps in, clinks of hammer on pickaxe

**John Biewen:** Yeah, it came to mind because it's set during the first Industrial Revolution -- in Britain, where the whole thing took off like nowhere else.

**Ellen McGirt:** And, in fact, the dashing main character – as I mentioned, very attractive – Ross Poldark (laughing), just happens to be the owner of a mining company.

**Poldark, dramatic music, clinks of hammer on pick, miner 1:** Scarce sleep at night, dreaming of the lode, wanting to get back to her.

**Miner 2:** ‘tis a miracle, a mine that do actually pay.

**Ross Poldark:** Not just pay. Yields riches.

**Ellen McGirt:** Inevitably, there’s tragedy for some of the men who work in the mines.

**Sound, Poldark, dramatic music; Ross:** How is he?

**Dr. Enys:** He was buried too long. I can’t bring him back.

**Ross Poldark:** This mine has cost three lives....

**John Biewen:** Ross Poldark’s company was mostly mining copper and tin, but in the 18<sup>th</sup> century, Britain was the world’s leading producer of coal.

**Ellen McGirt:** And coal became the main power source for the steam engine – and sure enough, at one point our hero invests in a steam-powered mining pump.

**Sound, Poldark: Ross:** That’s our new engine ... (engine rumbles)

**Other man:** Fifty fathoms!

**Ross:** Just sunk the last of my capital into it.

**John Biewen:** The James Watt steam engine was first sold commercially in ... 1776.

**Ellen McGirt:** That's a big, eventful year. That's the same year that, you know, Adam Smith published *The Wealth of Nations*.

**John Biewen:** Yeah, such a – I don't know if anything else happened that year but it was an important year. Mainly because of the steam engine, coal would soon become the world's dominant energy source, through the 19<sup>th</sup> century and well into the 20<sup>th</sup>.

Music

**Ellen McGirt:** A couple episodes ago, we heard that Britain, during the Middle Ages, basically had no natural resources except sheep. But by the end of the 18<sup>th</sup> century, that's changed.

**John Biewen:** Britain is not only a burgeoning global empire, sending its ships across the world to strong-arm other nations for their resources and labor. It also finds itself rich in the world's most important source of energy, just as capitalism is *really* picking up steam. (Pause.) Sorry.

**Ellen McGirt:** Pun intended, apparently.

Music: Theme

**Ellen McGirt:** From the Kenan Institute for Ethics at Duke University, this is Scene on Radio Season 7: *Capitalism*. Episode 4. I'm Ellen McGirt.

**John Biewen:** And I'm John Biewen. This season we're telling the story of the world's dominant economic system and how people shaped it over time.

**Ellen McGirt:** Later in the season, we'll explore some of the ways that people are trying to reform – or transform – our economic system now that a lot of people are debating whether capitalism is the solution or the problem.

**John Biewen:** Here in Episode 4: Capitalism as a product of its place and its time. You know, there's no question that material changes move history. Those changes can come from nature, like the onset of an ice age or the end of one, or a plague or pandemic. Other shifts in the material facts on the ground come through new technology, like the invention of the steam engine powered by coal.

Music

**Ellen McGirt:** But material change takes place within a social and cultural context.

Take those huge developments you laid out in Episode 3, John, that signaled the arrival of capitalism in Western Europe: on one hand, the rise of mercantile trade and colonialism, including the slave-based economy. And, on the other, the enclosure of farmland in Europe. Those things happened alongside profound social and cultural changes.

**John Biewen:** In the big historical picture, we're talking about the shift from the Middle Ages to the Modern era – particularly in Europe.

**Ellen McGirt:** And just to be clear, John, you're using "modern" not in the everyday sense, talking about *our* time. We're using the word the way historians use it, to talk about the modern epoch that started around 1500.

**John Biewen:** Right. Post-medieval, basically. So, in this episode, we're gonna try to highlight a few of those tectonic shifts in the Western *mind* a few hundred years ago, that made capitalism thinkable.

**Ellen McGirt:** But then, we also want to explore whether the people who articulated those ideas and values – would they recognize 21<sup>st</sup> century capitalism, or approve of it? For example, Adam Smith, who is sometimes called the "Father of Economics," or the "Father of Capitalism." A lot of people today treat him as the patron saint of "free market" economics. Would that kind of talk make Smith toss and turn in his grave?

## Music

**John Biewen:** Before we go there, Ellen, let's you and I spend a few minutes kind of reminding ourselves, and our listeners, what historians mean when they talk about that shift from the medieval to the modern era. Economically speaking, and we really went over this in the last episode, it brought the shift from feudalism to capitalism. But so much of what we learn in history books about the birth of the modern era is about other things, stuff we learn in art history or science class. Changes that are often talked about separately from economics.

**Ellen McGirt:** But all of that – art, science, economics – it's all intertwined. In the last episode, our experts talked about the Black Death of the 1340s. It wiped out a vast share of the European population, creating a labor shortage that gave new leverage to the peasants who survived, and helped kill off feudalism. That unfathomable tragedy came during the early Renaissance, and many historians say the Plague added fuel to the Renaissance, too.

**John Biewen:** A lot of people living through that wave of mass death felt like the church had no answers and no solutions. That led to more skepticism and the start of a turn toward secularism. People started paying more attention to the here and now.



**Ellen McGirt:** The result, famously, was a flowering of the arts – more emphasis on human experience and feeling, even though most art was still about religious themes.

**Narrator, DW documentary, “The Renaissance”:** Michelangelo’s *David* is perhaps the best-known sculpture in art history. Men like Michelangelo were the managers of an era in which art and culture, knowledge and technology developed at near lightning speed.

**John Biewen:** This is from a Deutsche Welle, German public TV, documentary on the Renaissance. Michelangelo completed *David* in 1504. Here’s German scholar Christoph Markschies.

**“The Renaissance”:** Christoph Markschies in German, English voiceover:  
The image of mankind changed in the Renaissance. Pope Innocent the Third said at the end of the 12<sup>th</sup> century that man was rottenness, formed of slime and ashes, a contemptible creature, the medieval belief that the sinful nature of man was visible in his appearance. During the Renaissance we can see how this pessimistic view had become tiresome. The idea arose that man was almost like God. Man was God’s creation, endowed with reason, with strength, and created in His image. Man could almost become a god.

**John Biewen:** The Renaissance brought a new focus on the individual, and new emphasis on human ambition and advancement, inspired by a return to the principles

of Classical Greece and Rome. In 1450, Gutenberg's printing press lets ordinary people – those who could read – interpret the Bible for themselves without having to rely on their priest.

## Music

**Ellen McGirt:** Soon, along comes the Protestant Reformation, set off by Martin Luther in 1517. Protestants invited Christian believers to form a direct relationship with God, less mediated by the church and the clergy.

**John Biewen:** The Renaissance launched the Age of Discovery. With help from advancements in shipbuilding, this led to those world-changing voyages by Columbus, Vasco da Gama, Magellan, and the rest.

**Ellen McGirt:** It was during the high Renaissance, in 1543, that Copernicus published his finding that the earth was *not* the center of the universe but revolves around the sun.

**John Biewen:** Which makes for a nice segue to another huge historical development that overlaps with the Renaissance:

**Kate Rigby:** I think that the real break is actually with the Scientific Revolution, it's actually in the 17th century.

**John Biewen:** Kate Rigby is an Australian scholar, a professor of Environmental Humanities, now at the University of Cologne, in Germany. I interviewed her for our season 5 series, *The Repair*. When Rigby talks about a “break” that happened with the Scientific Revolution, she means the separation, in Westerners’ conception of themselves, between humanity and the rest of the natural world.

**Kate Rigby:** I don't say this because I'm down on science, because I'm not. You know, I mean, science is amazing, science is fantastic. But the cultural context within which the project of science was framed was one in which key figures—Bacon, Descartes—took a really aggressively human-chauvinist view.

**John Biewen:** René Descartes, the Frenchman, wrote in 1637 that humans should use science to make themselves “the masters and possessors of nature.” Then there’s Descartes’ contemporary, Francis Bacon, the English philosopher and government official who’s often called the founder of the scientific method:

**Kate Rigby:** Who really kind of casts that relationship of dominion in terms of mastery and even enslavement. And he says, through science, through

knowledge, humans will gain their God-given power, their mastery, that will extend throughout the universe.

**Ellen McGirt:** John, I remember hearing Kate Rigby in your climate season. In that series you and your co-host, Amy Westervelt, covered some of this same history but from a slightly different angle. You were looking at the steps people took, especially in the West, to arrive at this tragically false idea that humans stand apart from nature – that we can use non-human nature, and damage it in the process, without harming ourselves.

**John Biewen:** Yep. Obviously that whole discussion is deeply relevant to the development of capitalism as well. Here's some tape from Kate Rigby that we didn't use in the climate series, where she makes the link in a pretty striking way.

**Kate Rigby:** And why I think that the 17th century was so important and that, the context in which the scientific project emerges, was mercantile capitalism. And I guess I'm a bit of a historical materialist. I do think that economics has a huge sway and that economic interests inform the way that religious and cultural traditions are read. So this idea that humans have, should have, a free hand, and that they should aspire to complete mastery and exploitation, was an absolute necessity for the takeoff of capitalism. You can't have any taboos or limitations

on how you treat the land if your economy depends upon the exploitation of what, hey, we're going to call "resources."

Music

**Ellen McGirt:** Wow. Kate Rigby is arguing that the *economic* shift that was underway drove the ideological shift, not the other way around. But maybe the chicken-and-egg question, which came first, is not as important as the fact that the West's ideology *did* shift.

**John Biewen:** In Season 5 we talked about those lines in the Book of Genesis – written in about 500 BCE – where God instructs humans to “subdue” the earth and “*rule over* the fish of the sea and the birds of the sky,” and so on. There's not much evidence that the Hebrew writers, or early Christians, took that scripture to mean that God had created the whole shebang *for* humans and we could do whatever we wanted with it.

**Ellen McGirt:** But in the era of the Scientific Revolution, and early capitalism, European thinkers like John Locke would write things like this:

**John Locke, voiceover:** God, who hath given the World to Men in common, hath also given them reason to make use of it to the best advantage of Life, and

convenience. The Earth, and all that is therein, is given to Men for the Support and Comfort of their being.

**John Biewen:** Locke wrote this in 1690, and not in a vacuum. British colonization and enclosure were well underway, including in North America. Locke praised the greater productivity of “inclosed and cultivated land,” and lamented...

**John Locke, voiceover:** ...the wild woods and uncultivated waste of America left to Nature, without any improvement, tillage or husbandry.

**Ellen McGirt:** So, what we’re seeing, through the Renaissance and especially the Scientific Revolution, is a new permission structure. A permission slip.

**John Biewen:** Seems that way. These thinkers, people like Descartes, Bacon, and Locke, provided people – those with the power and wealth to make stuff happen – the go-ahead for their exploitative, wealth-building projects. A green light that would have been harder to find in the prevailing values of European culture a few centuries before.

**Ellen McGirt:** Just as the invention of a racial hierarchy served as justification for the enslavement and colonization of people labeled inferior. And by the way, that racial hierarchy also got the stamp of approval from the so-called scientists of the time.

## Music

**John Biewen:** Another important bit of European history to add to this picture: the Protestant Reformation. We mentioned it earlier, talking about the shift to more agency for the individual person. But the Reformation had another effect. Pre-Reformation, in the eyes of the medieval, Catholic, church, it was OK to *be* rich if you were born that way. But the *pursuit* of wealth for its own sake was not cool. Sinful.

**Ellen McGirt:** I'm thinking of the many Bible verses on that theme. "The love of money is the root of all evil," for one. Or the lines attributed to Jesus, like "man cannot serve both God and Mammon."

**John Biewen:** Or that oh-so-vivid line and image: It's easier for a camel to go through the eye of a needle...

**Ellen McGirt:** ...than for a rich man to enter the kingdom of God.

**John Biewen:** Medieval theologians like Thomas Aquinas took those scriptures seriously and literally. "Greed is a sin against God," Aquinas wrote. But protestant

reformers, notably John Calvin, in the 16<sup>th</sup> century, introduced, let's say, more tolerant views toward money making.

**Ellen McGirt:** Indeed. Calvin is known for promoting what came to be called the protestant work ethic. Work hard, be productive, and if that leads to some degree of wealth, well, that's OK, and in fact might be evidence that you're chosen for salvation – one of the elect.

**John Biewen:** Right. Calvin believed in predestination. Although, to be fair, in his time, you were still supposed to use your wealth for good, or give it away.

**Ellen McGirt:** Over time that requirement dropped away for many Christians, obviously. Evidently.

**John Biewen:** Calvin also softened what had been a strict objection, in the Christian world, to charging interest – what people called usury when they were condemning it. Basically, he looked around at the rising burgher class and the banking houses in places like Geneva, where he lived – and in fact as a leading author he was a businessman himself. He drove the printing business in his city. Calvin saw that markets depended on the flow of capital, and decided it just wasn't practical anymore to tell people they couldn't lend money with interest.



Music

**Ellen McGirt:** All of this seems to support Kate Rigby's thesis, that economic forces really drive what happens in society, and people tend to adjust their ethical frameworks and even their religious beliefs to align with the economic reality.

**John Biewen:** If that's true, it would explain a lot, wouldn't it.

Music fades...

[BREAK]

**Ellen McGirt:** All right, John, we've taken a speedy trip through the Renaissance, the Protestant Reformation, the Scientific Revolution – and their relationship to early capitalism. That brings us to the doorstep of another capital-letter era: The Enlightenment.

**John Biewen:** The Big E. The Age of Reason. Gotta say, I find it increasingly hard to talk about the Enlightenment without putting up air quotes every time I say it.

**Ellen McGirt:** It's quite a moniker. A *person* calling themselves enlightened will probably get some well-deserved side-eye. Pretty bold to give that highfalutin' label to a whole historical era.

**John Biewen:** Of course, there were principles that came out of the 17<sup>th</sup> and 18<sup>th</sup> centuries in Western Europe that most of us cherish today, and should, I think. But the Enlightenment and its best-known thinkers were, let's just say, complicated, by today's moral and ethical standards.

Music

**Ellen McGirt:** OK, John, you're gonna take it away now, for a somewhat deeper look at the ideas and values that grew out of the Age of Reason, and what the Enlightenment and capitalism had to do with each other.

**John Biewen:** Yes, and with help from a couple scholars, we're gonna dwell on two Enlightenment figures. Uh, they're both men, by the way.

**Ellen McGirt:** OK ... well. Because in that time men only allowed other men to have their opinions heard and respected. It's a given, but yes, it's good to point it out once in a while.

**John Biewen:** We did a whole season on patriarchy – Season 3. And we talked about the “Enlightenment” in that one, too. But, where were we? Those two guys: Baruch Spinoza, often called by his Latinized first name, Benedict de Spinoza, and Adam Smith.

**Ellen McGirt:** OK. Smith I get. But of all the Enlightenment guys, why *those* two?

**John Biewen:** Fair question. All will become clear, I hope.

**Ellen McGirt:** Well, off you go. We'll talk on the other side.

Music

**John Biewen, in interview:** Is it fair to say, at some level, that capitalism is a product of the Enlightenment?

**Glory Liu:** (Laughs) Can I punt on that one?

**John Biewen:** As it turned out, Glory Liu did not punt on my dumb question. Trained as a political scientist, Liu studies intellectual history, now at the Center for Economy and Society at Johns Hopkins University. She wrote the award-winning book, published in 2022: *Adam Smith's America: How a Scottish Philosopher Became an Icon of American Capitalism*.

**Glory Liu:** I will say that a lot of people, a lot of scholars, *want* capitalism to be a product of the Enlightenment....

**John Biewen:** Glory points out some big problems with this notion. First, there's the fact that capitalism started before the Enlightenment, as we've said in this series. Next, she says, before you can talk about its relationship to capitalism, you need to clarify what you mean by the Enlightenment. Just the good parts?

**Glory Liu:** Rationality, universalism, human rights, freedom from superstition, good government. Right? Like, these are all the kind of connotations with the Enlightenment. And if we associate capitalism with the Enlightenment, somehow capitalism seems, like, morally okay.

**John Biewen:** On the other hand, Liu says, there's the Enlightenment's ... dark side.

**Glory Liu:** Like, the Enlightenment also was entangled with slavery and was incredibly exclusive. And many of the figureheads of the Enlightenment believed that rationality and freedom from superstition and progress was available only to some and not others. And the only reason you could have that kind of progress was if you also subjected certain people to slavery, to domination, and other forms of oppression, right? So...

**John Biewen:** Based on our story so far, it looks like capitalism could get along with both the Dr. Jekyll and the Mr. Hyde of the Enlightenment. The Enlightenment's emphasis on individual liberty – for some people, not everyone – was a good fit for capitalism. So was the large-scale exploitation of people and nature that the Enlightenment West endorsed and practiced. But is it possible that the Age of Reason could have gone a different way?

**Zoe Sullivan:** Um, when John asked you about Spinoza and capitalism, what went through your mind?

**Steven Nadler:** I don't know anything about that topic whatsoever. I have nothing to say on that topic. So hopefully he's not going to ask me about that.

**Zoe Sullivan:** Okay. I guess we'll find out.

**Steven Nadler:** Yeah.

**John Biewen:** That's Steven Nadler, a philosophy professor at the University of Wisconsin, talking with producer Zoe Sullivan, who was there in Madison to record his side of our conversation.

**Steven Nadler:** We're all set here.

**John Biewen:** OK.

**Zoe Sullivan:** We're rolling.

**Steven Nadler:** We're rolling.

**John Biewen:** I didn't want to talk capitalism with Nadler, at least not directly. I wanted to ask him about the man that he's written and edited a half dozen books about: the early-Enlightenment philosopher, Baruch Spinoza.

**John Biewen, in interview:** How radical was he compared with the other Enlightenment names that we know?

**Steven Nadler:** I think he was as radical as you could get in the time. And now today, I'd say he's the one philosopher from this period who enjoys any kind of popular reputation. It's really, you don't go around today and you run into people who are Leibnizians or Cartesians, but you do run into people who are Spinozists, and we have novels and operas and plays and musical pieces and works of visual art all inspired by Spinoza. There are Spinoza bagels at Trader Joe's. They're not very good, but....

**John Biewen:** Spinoza was born in 1632, in Amsterdam.

**Steven Nadler:** So, he was born in the Netherlands, or in the Dutch Republic, but his family came from Portugal. This was a family of conversos – that is, descendants of people who in the 15th and early 16th century had been forced, in Spain and Portugal, Jewish families, they had been forced to convert to Catholicism.

**John Biewen:** By the early 17<sup>th</sup> century, the Dutch Republic, having gained independence from Spain, was allowing Jews to practice their faith openly.

**Steven Nadler:** He was raised and educated in the Amsterdam Portuguese, that is Sephardic Jewish, community. The family was a fairly well-off merchant family.

Music

**John Biewen:** So, what does Steven mean when he calls Spinoza radical? For one thing, Spinoza was among the earliest advocates of democracy – some say, the very first among major philosophers. He wrote this about democracy in the 1670s:

**Baruch Spinoza (voiceover):** I believe it to be of all forms of government the most natural, and the most consonant with individual liberty.

**Steven Nadler:** It was very unusual. I mean, there were democrats, there were democratic republicans, especially in Holland. So, it wasn't unprecedented. But I think Spinoza gives us the strongest and most systematic arguments for democracy as the preferable form of political organization.

**John Biewen:** As for the role of religion in society? Other Enlightenment thinkers said reason should replace the church as the main source of knowledge and authority. But Spinoza went further than anyone. He said politics should be entirely separate from religion, and that philosophy should free itself from theology.

**Steven Nadler:** Spinoza was a radical in the sense, in his conception of God, by identifying God with nature. And nature is simply the infinite, eternal, substantial cause of all things.

**John Biewen:** Spinoza's belief that there's no transcendent being beyond the natural world made him an atheist as far as Nadler is concerned – though other scholars debate that point. Because of Spinoza's views on religion, the Jewish community in Amsterdam excommunicated him in 1656, citing his "abominable heresies." The church and some cities banned his writings.



**Steven Nadler:** The rabbis didn't like it. The authorities of the Dutch Reformed Church didn't like it. Very few people were willing to go along with Spinoza. And by, you know, by the time he died, the term Spinozist was being thrown around the way in which in this country we use the term socialist or communist. It's just a label you use to tarnish anybody who you disagree with.

Music

**John Biewen:** Some of Spinoza's ideas would win support over time. He's been called the father of liberal democracy, even if the American revolutionaries, for example, were not directly influenced by him. But another essential aspect of Spinoza's thought *stayed* outside the mainstream in the Western world. We've talked about the influential French thinker, Descartes – who was alive, a few decades older than Spinoza.

**Steven Nadler:** If we were to pick a single philosophical mentor for Spinoza's thought it would be Descartes, no question about it. But he explicitly rejects many important features of Descartes' philosophy.

**John Biewen:** Spinoza, like Descartes, promoted the pursuit of knowledge about the world. But crucially, Spinoza rejected Descartes' notion that the purpose of science was to make humans the “masters and possessors of nature.”

**Steven Nadler:** No, in fact (laugh), that kind of mastery over nature would be a delusion that we suffer. He's very clear. Somebody like Descartes treats a human being, and he uses the phrase "a dominion within a dominion," that is, we are kingdoms unto ourselves. We stand outside the laws of nature, and our goal is to be able to make use of nature and control it in ways that that dominion implies. For Spinoza, we are a part of nature and subject to everything within nature. Nothing stands outside of nature.

Music

**John Biewen:** Nothing stands outside of nature. Of course, the Indigenous cultures that we all descend from once knew that truth. And some, unlike the modern West, never lost sight of it. Spinoza expressed another value that some non-Western cultures held onto: that the best society to live in is one that cares for the needs of everyone.

**Spinoza (Voiceover):** Man, I say, can wish for nothing more helpful to the preservation of his being than that all should so agree ... that the Minds and Bodies of all would compose, as it were, one Mind and one Body; ... and that all, together, should seek for themselves the common advantage of all.

**John Biewen:** No one is claiming that Spinoza was some kind of socialist or communist. Those notions, like capitalism, were not in anyone's vocabulary in Spinoza's time.

**Steven Nadler:** I wouldn't say he was an egalitarian in that he thought that wealth should be redistributed in any blatant manner. I think he was probably too Dutch for that.

**John Biewen:** Before he was excommunicated, Spinoza ran his family's importing business in Amsterdam.

**Steven Nadler:** And the Dutch were great businesspeople.

**John Biewen:** But Steven says Spinoza's political philosophy does make this clear:

**Steven Nadler:** I think he would be disturbed by great inequalities of wealth, because these inequalities make it impossible for some people to live a better life. And if the purpose of the state is to lay the foundations for people to live better lives, he would certainly see a bigger role for government in regulating our economic behavior and not allowing for such gross inequalities. As for public ownership of the means of production? Who knows? (Laughs)

Music

**John Biewen:** Nadler says there's no evidence that Spinoza was exposed to Eastern philosophy or Indigenous spirituality.

**Steven Nadler:** But the truths I think that Spinoza comes upon, about how we are a part of nature and how we flourish when we help others flourish, and that our happiness consists in understanding the limits of our power and what we can control and cannot control: this seems to me such an obvious and universal lesson that it's not surprising that it pops up among the ancient Stoics, it pops up in Asian philosophies. And it pops up in some of our most enlightened European thinkers as well.

**John Biewen:** Did you catch that – “most enlightened”? Maybe when it comes to Enlightenment thinkers, Spinoza was the real deal. But he was badly outnumbered, and the mainstream reviled him in his time.

Music

**John Biewen:** If core parts of Spinoza's thought lost the popularity contest, there's an even better-known Enlightenment thinker who seems to have won. Adam Smith was born almost a century after Spinoza, and his ideas did shape the world that would emerge over the next several centuries – right? Or, maybe that's an oversimplification that's unfair to Smith.

**Glory Liu:** I was really interested in Smith for a number of reasons. Started off reading the works of Smith as a graduate student and thinking, this guy is way more interesting than I kind of expected him to be based on his reputation as Invisible Hand Guy, right? The Father of Economics, the one that you encounter in high school....

**John Biewen:** Glory Liu again, the Johns Hopkins scholar who wrote the book on Smith and the way he's been understood and misunderstood in the U.S., in particular.

**Glory Liu:** I always wondered, like, why did Smith get like – if we as scholars know that Smith is not an apologist for laissez faire, he's not a champion of kind of endless growth, if you will, why did we get this narrow version of Smith to begin with?

**John Biewen:** Smith was born in 1723 to an upper-class family in the town of Kirkcaldy, a fishing village near Edinburgh. He entered the university of Glasgow at age 14, and Oxford as a graduate scholar by 17. Liu says the idea that Smith would someday be called the Father of Economics would have surprised *him*.

**Glory Liu:** Economics as a discipline didn't exist, at least as we know it, in Smith's time....

**John Biewen:** Yes, in *The Wealth of Nations*, Smith wrote at great length about economic history, markets, supply and demand, prices, the division of labor. But he considered himself a political economist and a moral philosopher.

**Glory Liu:** He teaches in moral philosophy at the University of Glasgow. His first work, *The Theory of Moral Sentiments*, published in 1759, is a work of moral philosophy.

**John Biewen:** In that first book, published before he started writing *The Wealth of Nations*, Smith's opening sentence pretty clearly rejects an idea that would eventually become central to mainstream economics: the claim that human beings are, first and foremost, self-interested.

**Adam Smith, *The Theory of Moral Sentiments*, (Voiceover):** How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it.

**John Biewen:** Smith wrote a lot about "sympathy," meaning concern for others, and "self-love," or selfishness. He said we learn these things by living together in society and that the two impulses coexist in each of us. This shows up in our experiences as buyers and sellers.

**Glory Liu:** So why is it that we can go to the butcher, the baker, the brewer and say, give me some beer, give me a pound of meat? It's not because we expect them to be nice to us, it's because it's in their own self-interest to sell me some meat or sell me some beer or sell me some bread. And it's in my interest to pay the money that they ask for to get my beer, my bread, or my meat. Right?

**John Biewen:** For Smith, Glory says, our self-interest, in these encounters, is intertwined with mutual sympathy – an understanding that the other person needs something, too.

**Glory Liu:** I can understand if I were the butcher or the brewer or the baker why I would want to sell me some meat, and vice versa. So, we would misread Smith very quickly to see sympathy and self-interest as oppositional. He sees them as two features of human nature that help explain huge, vast swaths of human cooperation and human society.

Music

**John Biewen:** Adam Smith's popular image, as a guy who described and praised commercial society, as he called it, is not wrong, of course. He wrote *The Wealth of Nations* just before the Industrial Revolution really took off, but capitalism was in full swing. Liu says Smith was amazed and impressed – *and* deeply concerned that nations try to get it right.

**Glory Liu:** On the one hand, modern commercial societies had this immense capacity to produce an incredible amount of wealth, right? He says, like, somebody in a commercial society, an advanced nation, consumes a hundred times more than what any one person could produce. Right? That's kind of an astonishing accomplishment in terms of, like, human accomplishments over history, right? To be able to produce that much, or to consume that much. Despite that, political societies are often violent and full of so many different forms of oppression. So, how do you balance that? How do you study which societies have pulled it off in a way that you can harness the powers of growth and kind of the emancipatory forces of modern society that allow people to be free from relationships of feudal dependency, but avoid new forms of domination and oppression that you see in the kind of imperialistic ventures of the British East India Company. Right? So, Smith is really looking at the world and seeing it like, wow, this is a transformational moment that we're living in.

**John Biewen:** Smith did call for economic freedom and free markets. But what did he want markets to be free from? Not government regulation of the kind that free marketeers complain about today. Instead, much of *The Wealth of Nations* is a full-throated attack on the prevailing economic system in Smith's time: mercantilism.

**Glory Liu:** You have private companies like the British East India Company with immense monopoly privileges, trying to secure markets in overseas territories in



the East Indies, as well as in the North American British colonies, so that they have exclusive rights to selling their products in colonies, as well as extracting resources from other areas. Right? So the tea that gets dumped in the Boston Harbor in the Boston Tea Party is from India, where the British had just recently secured a monopoly over the tea supply there.

**John Biewen:** Liu says today, arrangements like this could be called crony capitalism: elite merchants cutting sweet deals with lawmakers to gain exclusive privileges to lucrative markets.

**Glory Liu:** All at the cost of both people living in the colonies, colonial subjects, as well as consumers in the home country and in their colonies. And Smith is railing against that system because he thinks it's not only inefficient but it's also incredibly unjust.

Music

**John Biewen:** Smith wanted national leaders to use government power wisely, to create markets that worked. He hated monopolies, tariffs, and what economists call rent-seeking – people taking advantage of monopolies or distorted markets to jack up prices and profits. He also wanted more freedom for workers, the people who had to sell their labor to an employer. He objected to the arbitrary rules and requirements laid

down by groups of artisans, or guilds, that served to block people, especially people not born into those artisan classes, from breaking in and competing.

**Glory Liu:** So Smith is saying that, like, free trade is *not* “no restrictions whatsoever and the government stays out of all kinds of economic regulations.” He's saying that it should be free from these kind of unjust and oppressive restraints that restrict how people can employ their own labor and capital, whether it's because of the remnants of very old feudal law or bad laws that have been created by wealthy private interest groups.

**John Biewen:** Smith had no problem with government putting a thumb on the scale to help working people. He wrote that lawmakers usually sided with the ownership class, what Smith called the “masters,” so any exception to that rule was welcome.

**Adam Smith, *The Wealth of Nations* (Voiceover):** Whenever the legislature attempts to regulate the differences between masters and their workmen, its counsellors are always the masters. When the regulation, therefore, is in favour of the workmen, it is always just and equitable.

**John Biewen:** He clearly was pro-capitalism, though no one was using that word yet. But to say that Smith believed markets, left to themselves, were the path to prosperity

for all? That's way too simple. Which brings us to the Invisible Hand. It's the one idea that most people have heard about in connection with Adam Smith. He uses the phrase just once in *The Wealth of Nations*, in Book IV:

**Glory Liu:** ...where Smith is talking about why somebody would choose to invest closer to home than in a foreign country.

**Adam Smith, *The Wealth of Nations* (Voiceover):** As every individual endeavors to employ his capital as near home as he can, and consequently as much as he can in the support of domestic industry...

**John Biewen:** Smith writes, if a businessperson or investor can make as much profit, or nearly as much, by putting their capital into a venture in their own area as opposed to far away, most will do that. It's less risky, easier to keep tabs on the business, and so on. Now, an investment in a given community benefits that community, Smith says; it employs local people and fuels other business activity. But the investor, in Smith's thought experiment, is probably only thinking about the advantages for himself, not about the community benefits.

**Adam Smith, *The Wealth of Nations* (Voiceover):** By preferring the support of domestic to that of foreign industry, he intends only his own security ... and he

is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention.

**Glory Liu:** So the idea, the kind of core social insight in that passage, is that there are, sometimes, under certain circumstances, beneficial social consequences that are unintended based on a decision that was made purely to promote my own interests. And that's a pretty, like, powerful and yet not entirely mind-blowing insight. (Laughs)

**John Biewen:** Glory Liu says the problem is, far too many people have twisted the invisible hand metaphor into a kind of natural law of market economics: that *any* action we take to enrich ourselves is somehow, almost magically, good for society.

**Glory Liu:** That's not what Smith's saying! Right? Smith is explaining why there are unintended beneficial consequences when somebody chooses to invest closer to home than in a foreign country. But, you know, again, that kind of like mythology, or that social insight, you can see how it gets applied, right? Everything that I do in my interest promotes the public good. But that's not what Smith is saying when he's using that phrase in the specific passage in Book Four of *The Wealth of Nations*.

**John Biewen, in interview:** He's not saying greed is good, is he?

**Glory Liu:** He's definitely not saying that. (Laughs)

Music

**“Wall Street” movie, 1987, Michael Douglas as Gordon Gekko:** The point is, ladies and gentlemen, that greed, for lack of a better word, is good. Greed is right. Greed works.

**Ellen McGirt:** Ah, Gordon Gekko, from the movie “Wall Street.” There’s a lot here to chew on again, John. And I can see why you spent time on both Smith and Spinoza. They’re very different as thinkers, but both of their stories highlight some decisive turns that Westerners took at the time of the Enlightenment, and since then. And how things could have gone differently.

**John Biewen:** One of these men wasn’t listened to in his time. I’m talking about Spinoza and his holistic insight that everything is part of nature, humans included, and we shouldn’t see ourselves as the owners and exploiters of nature. Western science has come around to his view, though our societies are doing a miserable job of organizing ourselves accordingly.

**Ellen McGirt:** The other guy, Adam Smith, was influential in his time. In fact, some of the American founders, people like Madison and Hamilton, studied *The Wealth of Nations* carefully.

**John Biewen:** But the establishment, on both sides of the pond, ignored some of Smith's ideas, too. He called for the abolition of slavery, and he wanted governments to protect workers, farmers, and consumers.

**Ellen McGirt:** Later, as Glory Liu said, people turned Smith into a poster boy for a laissez faire, market-fundamentalist economic philosophy that Smith would not have recognized or accepted. So, to sum up: don't blame Adam Smith for the Gordon Gekkos of the world. But we can say that the values of the modern era in Europe, including the Scientific Revolution and the so-called Enlightenment, did pave the way for the spread of capitalism – or adapted themselves to it.

**John Biewen:** What we're talking about here, with the shift to so-called modernism, is the sort of thing folks are referring to when we talk about "Western" habits of mind. And of course none of this is innate to Europeans or their descendants. These things developed as cultural patterns. But things like the inclination to draw lines and to make distinctions: mind vs. body, human vs. non-human nature, male vs. female, and so on.

**Ellen McGirt:** And the impulse to reduce things to something less than they are as a means to some practical end. We left off in Episode 3 talking about the commodification of land and labor and human beings that marked the birth of capitalism.

Commodification is a kind of reductionism.

**John Biewen:** Yes. You're taking an entity with a multitude of aspects and meanings – a patch of earth, a person. And you're reducing that beautifully complex entity to something much more limited so you can use it for a narrow purpose – in this case, to generate profit. Reductionism is not always bad. It can have powerful uses, for example, in science.

**Ellen McGirt:** Right. Isaac Newton was a classic Enlightenment thinker. His mechanistic approach involved isolating an object and the forces acting on it, to figure out the laws of motion. This produced powerful mathematical tools that helped lead to countless inventions. The trouble starts when you treat a reductionist concept as if it represents reality, and structure your society around flattened, artificial measurements.

**John Biewen:** How about an example or two? Here's one: Declaring that a dominant measure of a society's prosperity is the total output of purchased goods and services.

**Ellen McGirt:** That would be gross domestic product, GDP. Counting every sale the same, whether you're talking about food or cigarettes.

**John Biewen:** Or, to take another example: deciding that *the* purpose of an enterprise that makes and sells things is profit, the bottom line. And all of its other effects on the world – say, oh, the spewing of greenhouse gasses – are an afterthought, somebody else’s problem. “Externalities” is the word economists use.

Music

**Ellen McGirt:** Speaking of business enterprises. In the series so far we’ve talked a lot about the social and economic forces that led people to start doing capitalism. But we haven’t said much about the fact that capitalism itself is a political choice. Remember that dictionary definition?

**Automated female Voiceover:** *Capitalism.* An economic and political system in which a country's trade and industry are controlled by private owners for profit.

**Ellen McGirt:** An economic *and political* system. For all the endless debates about the role of government in the economy, essential parts of a capitalist system depend on government and its institutions. And mostly we just take those for granted.



**John Biewen:** This is a crucial part of the capitalism story. We're talking about the legal underpinnings that make it all possible. Maybe first and foremost, the company. The firm.

**Ellen McGirt:** AKA the corporation. It's fundamental.

**John Biewen:** When I was in the UK, I went to see Wendy Carlin, a leading economist at University College London. I asked her a question that I've put to most of the people interviewed for this season: What is capitalism and when did it start? She started her answer by saying, capitalism has three elements:

**Wendy Carlin:** So, it has private property, markets – now, they've been around for hundreds and hundreds of years. But the third component that was necessary to turn that, a market system, into capitalism, is the firm. The capitalist firm.

**Ellen McGirt:** Those East India Companies, the British and the Dutch, were among the earliest and biggest firms, founded at the start of the 17th century. They were known as joint-stock companies.

**John Biewen:** They were monopolies, designated as such by their governments, and they were doing that gunboat mercantilist thing – but they had groups of investors.

They weren't the first – there were joint-stock companies in the Italian city-states and a few other places going back to medieval times. But now it started happening on a whole different scale.

**Ellen McGirt:** Just like the corporations of today, these early companies were a powerful mechanism for raising lots of capital and, at the same time, spreading risk. The main features are the ones we know: The workers earn wages, and the owners hold stock and earn profits. The stock may or may not be traded on a stock exchange.

**John Biewen:** By the way, the Amsterdam Stock Exchange was the world's first. It opened in 1602 – the same year the Dutch East India Company was founded.

## Music

**Ellen McGirt:** Today, corporations are just the furniture of our world. In fact, it's hard to think of any institution, any *kind* of institution, that has anywhere near as much power and influence as corporations, collectively. I guess governments would be the only possible competitor.

**John Biewen:** Wendy Carlin says the creation of the firm ignited economic growth. Unlike a business run by an individual or a family, a corporation can outlive its original owners. But Wendy says, paradoxically, another crucial superpower of capitalist firms is the fact that they can fail.

**Wendy Carlin:** So, if you go bankrupt as a capitalist, you're an ex-capitalist. Whereas if you just are a bad lord of the manor, then you're just kind of a shabby lord of the manor. But you're not, you don't lose your position in the hierarchy. And this makes capitalist firms quite different and point to the, what Joseph Schumpeter called the essential fact of capitalism. So he said the essential fact of capitalism is creative destruction.

**Ellen McGirt:** Joseph Schumpeter was an important 20th-century Austrian economist. He said creative destruction is a driving force behind economic growth, under capitalism, because it forces companies to keep improving their products and driving their prices as low as possible, out of fear.

**John Biewen:** Yeah. Unlike that medieval lord of the manor, who might use the proceeds of peasant labor to buy some fancy new drapes or beef up his little army, the stockholders in a corporation have a different incentive.

**Wendy Carlin:** So that's really the difference. It's this objective of the owner which switches towards gaining more profits. And once you're in that dynamic, then you're always thinking about what your competitors are doing and how to take a step ahead by continuing to innovate.

**John Biewen:** Carlin adds that the profit-seeking firm, because of the way it typically distributes the spoils, or doesn't, embodies the pro and the con of capitalism.

**Wendy Carlin:** It's also the side of capitalism which means that whilst it's great at innovation, it's bad at inequality.

Music

**John Biewen:** Wendy means, of course, that capitalism's bad side is that it produces a lot of inequality.

**Ellen McGirt:** When we talk about the legal scaffolding of a capitalist society, it's not just the corporation. There are laws backing up the fact that my property is private and I can tell you to stay off. There's limited liability, bankruptcy law. These things allow people to start businesses and take risks, knowing they might fail and lose their investment but they won't lose their shirt or their home and they can start over.

**John Biewen:** All of these processes are managed by the courts, which, last I checked, are a branch of government. This shows, again, that capitalism is a human construct and a choice. A whole big batch of choices. The legal structures that permit, protect, and regulate capitalism are one of the most basic and powerful illustrations of that reality.

Music

**Ellen McGirt:** John, where to from here?

**John Biewen:** Next time: On to the 19th century, and the rise of the United States as the world's leading capitalist power. And, class conflict grows more intense.

**John Biewen:** This episode was made by me, with Ellen McGirt and our story editor, Loretta Williams. Music by Michelle Osis, Alex Symcox, Goodnight Lucas, and Lili Haydn. Music consulting by Joe Augustine of Narrative Music. Person-on-the-street interviews by Arlene Arevalo, Lilly Clark, and Gabriela Glueck. Remote interview recording by Zoe Sullivan. Voiceovers of historical writings by Euan Kerr and Ian Bowater. Our website is [sceneonradio.org](http://sceneonradio.org). Follow Scene on Radio on Facebook and the website formerly known as Twitter. This season is produced in partnership with Imperative 21. The show is distributed by our friends at PRX. Scene on Radio comes to you from the Kenan Institute for Ethics at Duke University.