
Editorial

Different Species of Capitalism

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In May 1973, the then Prime Minister, Edward Heath, referred in the House of Commons to the behaviour of the head of the Lonrho conglomerate, ‘Tiny’ Rowland as an example of ‘the unacceptable face of Capitalism’. Much more recently the phrase has been used again to describe the infamous business activities and the immoral manipulation of pension fund resources by the entrepreneur, Philip Green. Why begin here? The answer is that this edition of *Crucible* issues effectively from a discussion within the editorial board of the influence of R.H.Tawney and notably his classic *Religion and the Rise of Capitalism*. The discussion followed the publication and reviews of David Marquand’s monograph, *Mammon’s Kingdom*,¹ in which Marquand referred – with some admiration – to the work of Tawney. Alongside this, he also referred to the impact of the churches, and notably the Church of England, on issues of social justice. Marquand writes as an agnostic but nonetheless someone admiring the contribution of the churches in the areas of social and economic policy and action.

Alas, Tawney’s work is largely unknown outside the world of the academic and historical study of economics, and possibly only relatively well known even within that restricted circle. Tawney was born in 1880 in Calcutta, the son of a Sanskrit scholar, Charles Henry Tawney. Educated at Rugby School, he started there on the very same day as William Temple, the future Archbishop of Canterbury; they became lifelong friends. Following his time at Balliol College, Oxford, where Tawney read modern history, he lived from 1903-1906 at Toynbee Hall, in east London. He was there alongside his friend William Beveridge who would later chair the committee which produced the report on what Temple famously dubbed ‘the Welfare

State'. The report thereafter was commonly titled the *Beveridge Report*. (Tawney later married Beveridge's sister Jeanette and they went to live in Manchester, from where Tawney lectured in Stoke-on-Trent and Rochdale for the Workers' Educational Association). After serving in the Great War, he was appointed first to a fellowship at Balliol College, Oxford and then to the London School of Economics; in 1931 he was given a chair in economic history at L.S.E.

Tawney wrote a number of books including *The Acquisitive Society*² in 1920, a book which Richard Crossman described as his Bible! It was, however, Tawney's 1922 Scott Holland Lectures, originally titled 'Religious Thought on Social Questions' and published in 1926 as *Religion and the Rise of Capitalism*,³ which would most significantly put him on the map as a key influence on economics and monetary policy in the early to mid-twentieth century, alongside John Maynard Keynes. In the context of this edition of *Crucible*, there is one particularly apposite quotation from his Preface to the 1936 edition. Tawney notes there:

'Obviously, the word 'Capitalism', like 'Feudalism' and 'Mercantilism', is open to misuse. The time has now come when it is important to determine the different species of Capitalism and the successive faces of its growth, rather than continue to labour the existence of the genus.'⁴

This is a crucial point in relation to the discussions which follow in the four essays below. Interestingly, and to some degree ironically, Tawney is buried in Highgate Cemetery in London and thus in the same hallowed ground as an earlier and more controversial economist, Karl Marx. The *irony* is that both their socialism and their economic views divide them as much as one might have expected them to unite them. That quotation above sets the scene. Tawney's historical analysis of the growth of Capitalism and its complex development is not ultimately used to discredit any form of the Capitalist economic basis for society. It is rather used to argue for a humane morally grounded form of Capitalism. This does not divert Tawney from offering a trenchant critique, as the following frequently quoted reflection makes clear:

'A society which reverences the attainment of riches as the supreme facility will naturally be disposed to regard the poor as damned in the next world, if only to justify itself for making their life hell in this.'⁵

In his analysis, Tawney brings together Max Weber's celebrated

argument about the relationship between the Protestant Ethic and the rise of Capitalism,⁶ with an analysis of the impact of the eighteenth century and later land enclosures in England. Tawney, however, is not uncritical of Weber's work.⁷ His own writings breathe a religiosity not present in Weber, who described himself as religiously 'unmusical', although at the same time not declaring himself as either anti-religious or without religion himself.

As might be expected from his earlier links with Toynbee Hall, with which both William Beveridge and Clement Attlee also had links, Tawney was a prototypical Christian Socialist, but never a Marxist. Political theory and economic analysis came together in his thought. Beveridge later became a member of the Liberal Party, even being elected very briefly in 1944 as Member of Parliament for Berwick-upon-Tweed. Marquand's plea, in his recent book, is for a political and economic settlement which reflects something of Tawney's analysis.

Of course, an enormous amount of change and development has occurred both globally and in Britain since the launch of Tawney's book in 1926 – the year of the General Strike! The economic collapse of 1929 and the subsequent impact on standards of living in the 1930s – with the Jarrow Hunger Marches and other responses to the economic downturn – meant that Tawney's classic book tellingly spoke to the age. In the U.S.A. President Franklin Roosevelt would launch the *New Deal*. While war was still raging, Beveridge's 'inter-departmental committee' which comprised entirely of officials from the various ministries involved in these issues, identified five towering social evils – want, ignorance, education, squalor and disease.⁸ The committee, and Beveridge himself, worked diligently and published its report, handing it over to Ernest Bevin in 1942. When it finally emerged, however, it had taken significant and key evidence from that group which included William Temple and R.H. Tawney. The report set the scene, alongside the influential contribution of John Maynard Keynes, for the 'Post-War Settlement' in Britain. This settlement described a consensus, sometimes known as *Butskellism*, picking up the names of two of the founding fathers of the consensus: R.A. Butler, a Conservative and progenitor of the 1944 Education Act and Hugh Gaitskill, future leader of the Labour Party. It was a consensus which would remain in place effectively until 1979, with the elections of Margaret Thatcher and Ronald Reagan.

Since that period there has emerged a new, albeit controversial consensus, influenced to some degree by Michael Novak, the Catholic

philosopher, and by the political ‘neocons’ in the U.S.A., following the economic theories of F.A. Hayek and Milton Friedman which have prevailed on both sides of the Atlantic. The re-emergence of a new economic ‘liberalism’ rooted in a laissez-faire monetary policy has heralded the drawing back from the interventionist economic policies rooted in Keynesianism. This has been accompanied by significant deregulation in financial institutions with an increasing reluctance to support state ownership in industry.

Thus far there has been little reference in these reflections either to the Church or indeed to theology, except through some of the key *dramatis personae*. Nonetheless, we have implicitly identified key contributions from the churches. Tawney himself was a committed (if frequently critical) Anglican. Temple was a key contributor to the emergence of the Welfare State and the consensus economics which were aimed at producing a more egalitarian society. Later, seminal thinkers in the realms of moral theology and Christian social ethics emerged. Ronald Preston was a disciple of both Tawney and Temple and strongly influenced by Reinhold Niebuhr’s theological analysis. In the same tradition stood John Atherton, until recently editor of this journal; Atherton’s doctoral thesis had been on Tawney and although increasingly critical of his mentor, Atherton never withdrew his admiration for Tawney’s contribution to Christian moral and social thought. The strength of these theologians was their parallel knowledge and expertise in the realms of theology and economic policy.

This, of course, all stands alongside the essential contribution of Catholic Social Teaching, tracing its main roots to Leo XIII’s key encyclical *Rerum Novarum* (1891). *Rerum Novarum* loosely translated means ‘revolutionary change’. It set out, as official Catholic teaching, the rights and duties of both capital and labour. It sought to respond to the impact of industrialisation and the advancement of capitalism. At its heart, stands the essential need to place limits on the ways in which capitalism is allowed to develop – notably when it impinges upon a proper egalitarianism in society. An emphasis on a preferential option for the poor is there, and rights of association to protect workers are also included. Central is the principle of the *Common Good*. In one paragraph of the encyclical, there are elements not dissimilar to those we encounter in Tawney. So we read:

“Therefore, those whom fortune favours are warned that riches do not

bring freedom from sorrow and are of no avail for eternal happiness, but rather are obstacles...⁹

Rerum Novarum has been followed by a series of later social ethical encyclicals: *Quadragesimo Anno*, 1931 (Pope Pius XI); *Mater et Magistra*, 1961 (John XXIII); *Populorum Progressio*, 1967 (Paul VI); *Centesimus Annus*, 1991 (John Paul II). The principle of the Common Good has been re-affirmed in Britain more recently by the statement issued by the Roman Catholic Bishops of England and Wales in 1996, and still more recently with the development of the movement, *Together for the Common Good*.

Time has not stood still, however, since Tawney published his classic analysis almost one hundred years ago. The global alternative to Capitalism, which was Marxist-Leninist planned economics, has now been almost entirely discredited with the collapse of the Soviet Union in 1991. Socialist economies exploiting intermediate technology and local cooperatives have not thrived; perhaps the most celebrated experiment during the late twentieth century was that of Julius Nyerere in Tanzania, now sadly one of the poorest countries in the southern hemisphere. China, despite remaining a communist one-party state has embraced Capitalism with almost as little regulation as in the West!

This entire landscape must also now be placed within the context of the 2007-2008 global economic crisis. Beginning in the U.S.A. with the sub-prime mortgage crisis and the collapse of Lehman Brothers, these tremors led to a further European financial earthquake and later to the European debt crisis which threatened the future of the Eurozone. Among the multitude of analyses seeking the reasons for the global financial crisis, none has denied the need for more safeguards and some form of global and national regulation. All the indicators point to an increasing rich/poor gap and to a very small group of the very rich owning and controlling a disproportionate amount of the world's economic resources. Internationally there has been a realisation of a *crisis in Capitalism*. It is naïve to expect nations individually or corporately to be able to withdraw from a system or culture that has developed organically over a substantial period of time, arguably almost half a millennium. We still understand too little of the emergence of Capitalism – even following the analysis of Weber, Tawney and others.

Marquand's book which, as we have noted, partially stimulated

the editorial board of *Crucible* to focus on Tawney and his inheritance, calls for a rethinking of the framework within which capitalism has grown, thrived and overreached itself. Perhaps another extract from Tawney's classic may be a suitable bridge to the four essays which follow, and which indicate only too clearly that there still remains no consensus. Early on in his conclusion, he writes with more than a tilt at an uncritical following of Enlightenment assumptions:

‘The rise of a naturalistic science of society, with all its magnificent promise of fruitful action and of intellectual light; the abdication of the Christian churches from departments of economic conduct and social theory long claimed as their province; the general acceptance by thinkers of a scale of ethical values, which turned the desire for pecuniary gain from a perilous, if natural, frailty into the ideal of philosophers and the mainspring of society – such movements are written large over the history of the tempestuous age which lies between the Reformation and the full light of the eighteenth century. Their consequences have been worked into the very tissue of modern civilisation. Posterity still stands too near their source to discern the ocean into which these streams will flow.’¹¹

Of course, almost a century later, Tawney's book cannot solve the problems of a vastly different society, nor necessarily will his nostrums respond to the new challenges which we face. His prophetic words to Christian thinkers, however, may be important to acknowledge and to revisit, at this timely moment.

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Notes

1. David Marquand, *Mammon's Kingdom: An Essay on Britain Now*, Penguin, London, 2014.
2. R.H. Tawney, *The Acquisitive Society*, Bell, London, 1920.
3. R.H. Tawney, *Religion and the Rise of Capitalism*, John Murray, London, 1926.
4. *Ibid.*, 1936 edition, p. xi.
5. *ibid.*, 1936 edition, Chapter 4, section iv, p. 267.
6. Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, Oxford University Press, fourth edition, 2008.

7. Interestingly enough, Eamon Duffy in his recent book, *Reformation Divided: Catholics, Protestants and the Conversion of England*, Bloomsbury, London, 2017, p. 5 points to earlier origins of capitalism dating from before the start of the European Reformation: ‘...the roots of capitalism were already evident in mediaeval and renaissance societies.’
8. Social Insurance and Allied Services (*The Beveridge Report*), London, 1942.
9. *Rerum Novarum*, para. 22.
10. <http://www.togetherforthecommongood.co.uk>
11. R.H. Tawney, *Religion and the Rise of Capitalism*, op. cit., p. 277.